

PRELIMINARY OFFICIAL STATEMENT DATED JULY 15, 2025

NEW ISSUE
SERIAL BONDS

RATING: S&P: “AA”
(See “RATING” herein)

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Town, assuming compliance by the Town 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.

\$40,785,000* BONDS
Consisting of
\$39,660,000* GENERAL IMPROVEMENT BONDS and
\$1,125,000* SWIMMING POOL UTILITY BONDS
TOWN OF SECAUCUS,
IN THE COUNTY OF HUDSON, NEW JERSEY
(Book-Entry Only) (Callable)

Dated: August 1, 2025

Due: August 1, as shown on the inside cover page

The \$40,785,000* Bonds consisting of \$39,660,000* General Improvement Bonds (the “General Bonds”) and \$1,125,000* Swimming Pool Utility Bonds (the “Swimming Pool Bonds”) and together with the General Improvement Bonds, the “Bonds”) of the Town of Secaucus, in the County of Hudson, New Jersey (the “Town”), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York (“DTC”), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof. See “THE BONDS – Book-Entry Only System” herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on August 1 of each of the years set forth on the inside cover page, and interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2026 in each year until maturity or prior redemption. The Bonds are subject to optional redemption prior to their stated maturities. See “THE BONDS – Prior Redemption” herein.

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

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. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Town in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about August 1, 2025.

**ELECTRONIC BIDS VIA PARITY AND
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O’CLOCK A.M. ON JULY 22, 2025
AT THE MUNICIPAL GOVERNMENT CENTER
1203 PATERSON PLANK ROAD
SECAUCUS, NEW JERSEY 07094**

* Preliminary, subject to change.

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

Year	General Improvement Principal*	Swimming Pool Principal*	Total Principal*	Interest Rate	Yield	CUSIP**
2026	\$1,825,000	\$65,000	\$1,890,000	%	%	
2027	1,830,000	65,000	1,895,000			
2028	2,215,000	65,000	2,280,000			
2029	2,300,000	70,000	2,370,000			
2030	2,500,000	75,000	2,575,000			
2031	2,600,000	75,000	2,675,000			
2032	2,625,000	80,000	2,705,000			
2033	2,650,000	80,000	2,730,000			
2034	2,725,000	85,000	2,810,000			
2035	2,825,000	85,000	2,910,000			
2036	2,900,000	90,000	2,990,000			
2037	3,025,000	95,000	3,120,000			
2038	3,125,000	95,000	3,220,000			
2039	3,215,000	100,000	3,315,000			
2040	3,300,000		3,300,000			

* Preliminary, subject to change.

** Registered trademark of the 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 issuance of the Bonds and the Town 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 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.

**TOWN OF SECAUCUS
IN THE COUNTY OF HUDSON, NEW JERSEY**

MAYOR

Michael Gonnelli

TOWN COUNCIL

John Gerbasio
Robert Costantino
James Clancy
Mark Dehnert
Orietta Tringali
William McKeever

TOWN ADMINISTRATOR

Gary Jeffas, Esq.

CHIEF FINANCIAL OFFICER

Patrick J. DeBlasio, CMFO, CGFM, CPA

TOWN CLERK

Michael Marra, RMC

SPECIAL COUNSEL

Chasan Lamparello Mallon & Cappuzzo, PC
Secaucus, New Jersey

TOWN AUDITOR

Bowman & Company, LLP
Voorhees, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

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

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

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

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
THE BONDS	1
SECURITY AND SOURCE OF PAYMENT	4
AUTHORIZATION FOR THE BONDS.....	4
PURPOSE OF THE BONDS.....	5
NO DEFAULT.....	6
MARKET PROTECTION – BOND AND NOTE FINANCING	6
CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT	6
MUNICIPAL BUDGET	9
ASSESSMENT AND COLLECTION OF TAXES	13
TAX MATTERS.....	14
STATEMENT OF LITIGATION.....	16
LEGALITY FOR INVESTMENT.....	16
FINANCIAL STATEMENTS	17
RATING	17
UNDERWRITING	17
MUNICIPAL ADVISOR.....	17
INFECTIOUS DISEASE OUTBREAK – COVID-19	18
CYBER SECURITY	19
DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS.....	19
SECONDARY MARKET DISCLOSURE.....	20
PREPARATION OF OFFICIAL STATEMENT	22
APPROVAL OF OFFICIAL STATEMENT.....	23
ADDITIONAL INFORMATION.....	23
MISCELLANEOUS	23
 Economic and Demographic Information Relating to the Town of Secaucus.....	 Appendix A
Independent Accountant’s Compilation Report and Independent Auditor’s Report and Financial Statements	Appendix B
Proposed Form of Bond Counsel Opinion.....	Appendix C

**OFFICIAL STATEMENT
OF THE TOWN OF SECAUCUS
IN THE COUNTY OF HUDSON, NEW JERSEY
relating to**

**\$40,785,000* BONDS
Consisting of
\$39,660,000* GENERAL IMPROVEMENT BONDS
And
\$1,125,000* SWIMMING POOL UTILITY BONDS**

INTRODUCTION

This Official Statement (the “Official Statement”) which includes the cover page and the appendices attached hereto, has been prepared by the Town of Secaucus (the “Town”), in the County of Hudson (the “County”), State of New Jersey (the “State”) in connection with the sale and issuance of its \$40,785,000* Bonds consisting of \$39,660,000* General Improvement Bonds (the “General Bonds”) and \$1,125,000* Swimming Pool Utility Bonds (the “Swimming Pool Bonds” and together with the General Bonds, the “Bonds”) dated August 1, 2025. This Official Statement has been executed by and on behalf of the Town by the Chief Financial Officer and the Town Clerk and may be distributed in connection with the Bonds.

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 Underwriter 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 will be dated and bear interest from August 1, 2025 and will mature on August 1 in the years and in the principal amounts as set forth on the inside cover page. Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2026 (each, an “Interest Payment Date”), in each year until maturity or prior redemption at the respective interest rates set forth on the inside cover page of this Official Statement. Principal of and interest on the Bonds will be paid to The Depository Trust Company, Brooklyn, New York (“DTC”), acting as securities depository, by the Chief Financial Officer, as “Bond Registrar/Paying Agent”. Interest on the Bonds will be credited to the DTC Participants (as hereinafter defined) as listed on the records of DTC as of the fifteenth 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).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of each issue of the Bonds, in the aggregate principal amount of such maturity of each issue. The Bonds will be issued in book-entry form only. Purchases of the Bonds will be made in book-entry form, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates

* Preliminary, subject to change.

representing their interest in Bonds purchased. 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 by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC, which will remit such payments to the participants of DTC which will in turn remit such payments to the owners of beneficial interests in the Bonds. See “THE BONDS – Book-Entry Only System” herein.

Book-Entry Only System

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 bond certificate will be issued for each year of maturity of each issue of the Bonds, in the aggregate principal amount of each maturity of each issue, and will be deposited with DTC.

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

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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Town 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).

Redemption proceeds and 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 Town 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 Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and 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 Town or the paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town 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.

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

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

Prior Redemption

The Bonds maturing on or before August 1, 2032 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2033 are subject to redemption at the option of the Town prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after August 1,

2032, upon notice as hereinafter set forth at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Town determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Town, and within any maturity, by lot; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Bond Registrar/Paying Agent shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Bond Registrar/Paying Agent at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. Such mailing is not a condition precedent to redemption and the failure to mail or to receive any redemption notice will not affect the validity of the redemption proceedings. If any Bond subject to redemption is part of a greater principal amount of the Bonds not to be redeemed, such entire amount shall be surrendered to the Bond Registrar/Paying Agent and, for that portion of the Bond not to be redeemed, a new Bond shall be issued in the name of the registered owner in an amount equal to the principal amount of the Bond surrendered less the amount to be redeemed.

SECURITY AND SOURCE OF PAYMENT

The Bonds are general obligations of the Town, and the Town has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Bonds are direct obligations of the Town and, unless paid from other sources, the Town is required by law to levy *ad valorem* taxes upon all the real property taxable within the Town for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount.

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

AUTHORIZATION FOR THE BONDS

The Bonds are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law"). The Bonds also are authorized by various bond ordinances adopted by the Town Council and by virtue of resolutions adopted by the Town Council on June 24, 2025.

The bond ordinances included in the sale of the Bonds were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond

ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Bonds by the Town.

PURPOSE OF THE BONDS

The proceeds of the Bonds will be used to (i) currently refund \$38,838,500 of the Town's \$40,153,000 Bond Anticipation Notes maturing on August 1, 2025 and (ii) to provide funding for unfunded capital projects in the amount of \$1,946,500.

The projects to be funded by the sale are listed below:

General Bonds

<u>Ordinance</u>	<u>Description</u>	<u>Amount</u>
2014-10	Improvements of the Ice Rink and Acquisition of Equipment	\$820,000
2014-25	Various Improvements	575,000
2015-10	Improvements of the Ice Rink and Acquisition of Equipment	240,000
2015-17	Various Improvements	1,610,000
2016-11	Various Improvements	2,786,000
2017-15	Various Improvements	3,450,000
2017-25	Various Improvements	187,000
2018-16	Various Improvements	3,049,000
2019-13	Various Improvements	5,245,000
2020-13/2023-25	Various Improvements	5,059,000
2021-20	Acquisition of Fire Truck	783,000
2021-23/2024-16	Various Improvements	7,330,000
2021-25	Installation of Solar Panels	1,295,000
2022-21	Various Improvements	5,332,000
2025-16	Various Improvements	<u>1,899,000</u>
Total General Projects		<u>\$39,660,000</u>

Swimming Pool Bonds

<u>Ordinance</u>	<u>Description</u>	<u>Amount</u>
2015-18	Various Improvements to the Swim Center	\$261,000
2017-16	Various Improvements to the Swim Center	640,000
2018-17	Various Improvements to the Swim Center	61,000
2019-14	Various Improvements to the Swim Center	59,000
2020-14	Various Improvements to the Swim Center	28,000
2022-22	Various Improvements to the Swim Center	28,500
2025-17	Various Improvements to the Swim Center	<u>47,500</u>
Total Swimming Pool Projects		<u>\$1,125,000</u>
Total Projects		<u>\$40,785,000</u>

NO DEFAULT

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

MARKET PROTECTION – BOND AND NOTE FINANCING

The Town does not anticipate issuing any additional bonds or any tax anticipation notes during the remainder of 2025. The Town may issue bond anticipation notes for new money borrowing, as needed, during the remainder of 2025.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

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

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

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director of the Division (the “Director”), a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Town’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 units’ financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

Debt Limits

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

The Town has not exceeded its statutory debt limit. On December 31, 2024 (unaudited), the statutory net debt as a percentage of average equalized valuation was 0.889%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$14,130,000.00	\$14,130,000.00	\$0.00
Self-Liquidating	1,180,600.00	0.00	1,180,600.00
General Purposes	56,471,984.98	95,897.22	56,376,087.76
Total:	\$71,782,584.98	\$14,225,897.22	\$57,556,687.76

Exceptions to Debt Limits - Extensions of Credit

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

Overlapping Debt

The County is not considered in the calculation of the debt limits of the Town. It represents the debt outstanding at the County levels, for which the Town will fund its portion of debt service through the normal payments of County taxes contained in the municipal budget, respectively.

Short-Term Financing

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

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

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

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

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

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

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

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

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

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

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

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

Investment of Municipal Funds

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

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in U.S. Government Securities, Federal Government Agency obligations, certain short-term investment-grade corporate obligations, commercial paper rated “prime”, certificates of deposit, repurchase agreements involving U.S. Government Securities and Federal Government Agency obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Town has no investments in derivatives.

MUNICIPAL BUDGET

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

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

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

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Tax anticipation notes are limited in amount by law and must be paid in full within 120 days of the close of the fiscal year. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

Limitations on Municipal Appropriations and Tax Levy

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the Town to levy *ad valorem* taxes upon all taxable real property within the Town to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

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

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

The Town's appropriation and tax levy increases for 2011 to 2025, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and available "CAP" banks and without conducting a referendum to exceed the cap limits.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." See "INFECTIOUS DISEASE OUTBREAK – COVID-19" herein for a discussion of recent amendments to N.J.S.A. 40A:4-26 in response to the COVID-19 outbreak.

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

Real Estate Taxes

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

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

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

The reserve requirement is calculated as follows:

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

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

Deferral of Current Expenses

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

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, property revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project. See “INFECTIOUS DISEASE OUTBREAK – COVID-19” herein for a discussion of recent amendments to the special emergency provisions in the Local Budget Law in response to the COVID-19 outbreak.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may be transferred during the first three months of the year to the previous years’ budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to approval by the governing body.

Operation of Utilities

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

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

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

Fiscal Year

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

Budget Process

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

Capital Budget

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

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Town, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Town. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Town.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

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 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 Town 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

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Hudson County Tax Board on or before the first day of April of the current tax year for review. The Hudson County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Hudson County Tax Board, appeal may be made to the State Department of Taxation, Division of Tax Appeal, for a further hearing. State tax appeals tend to take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period. In addition, pursuant to Assembly Bill No. 2004, signed into law by Governor Phil Murphy on August 9, 2019, commercial tax appeal refunds exceeding \$100,000 may be paid to the property owner, with interest, in substantially equal payments within a three year period - rather than within sixty days of the final judgment (the standard period for refunds). Further, pursuant to Assembly Bill No. 862, signed into law by Governor Murphy on January 18, 2022, residential tax appeal refunds, or commercial tax appeal refunds exceeding \$100,000, may be paid to the property owner, with interest, as a credit against the balance of property taxes that become due within a three year period, with any excess after three years being paid immediately.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the 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 Town 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 Town 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 Town'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 Town, in executing the Tax Certificate, will certify to the effect that the Town 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 Town, assuming compliance by the Town 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.

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.

STATEMENT OF LITIGATION

To the knowledge of Chasan Lamparello Mallon & Cappuzzo, PC, Secaucus, New Jersey (the "Special Counsel") there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Bonds, 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 the taxes, affecting the validity of the Bonds or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Town or the title of any of the present officers of the Town to their respective offices.

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking

business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Town, including the Bonds, and such Bonds are authorized security for any and all public deposits.

FINANCIAL STATEMENTS

The firm of Bowman & Company LLP, Voorhees, New Jersey, Certified Public Accountants, takes responsibility for the financial statements to the extent specified in the Independent Accountant's Compilation Report and Independent Auditor's Report as presented in Appendix B.

The firm of Bowman & Company LLP, Voorhees, New Jersey, assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which Bowman & Company LLP, considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency") has assigned a rating of "AA" to the Bonds.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency at 55 Water Street, New York, New York 10041. The Town furnished to the Rating Agency certain information and materials concerning the Bonds and the Town. There can be no assurance that such rating will continue for any given period of time or that such rating will not be revised downward entirely by the Rating Agency if, in their judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds have been purchased at a public sale from the Town at a public sale by _____, (the "Underwriter") at a price of \$ _____.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Town in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

INFECTIOUS DISEASE OUTBREAK – COVID-19

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the “Governor”) of the State declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which has spread throughout the State and to all counties within the State. The Governor has also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. Throughout the COVID-19 pandemic, the Governor has signed multiple executive orders instituting mitigation protocols limiting certain activities as well as permitting the resumption of certain activities, based on the evolution of the COVID-19 pandemic within this State. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022. On January 11, 2022, the Governor reaffirmed 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. On March 4, 2022, the Governor issued an executive order ending the new public health emergency effective March 7, 2022. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

The Town’s finances and operations had certain reduced revenue streams due to the COVID-19 pandemic; however, the overall finances and operations of the Town have not been materially and adversely affected due to the COVID-19 outbreak. The finances and operations of the Town may be materially and adversely affected going forward as a result of the COVID-19 pandemic through reduced or delayed revenue streams, which include the collection of property taxes, which is the Town’s primary revenue source for supporting its budget. The Town cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain facilities, or costs to operate remotely and support Town functions and critical government actions during an outbreak, or any resulting impact such costs could have on Town operations. The degree of any such impact to the Town’s operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its (i) duration and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

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 \$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 Town.

The Town received \$2,291,508.67 from the Plan. The deadline to obligate the funds was December 31, 2024. Generally, according to the Plan, the allowable use of the funds to be provided to the Town include the following categories: (a) to respond to the public health emergency with respect to COVID-19

or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Town that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Town prior to the emergency; and (d) to make necessary investments in water, sewer or broadband infrastructure. The Town budgeted the funds in 2021 and 2022 to replace lost public sector revenues.

CYBER SECURITY

The Town relies on a large and complex technology environment to conduct its various operations. As a result, the Town faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Town has invested in multiple forms of cybersecurity and operational safeguards.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

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

Legal Matters

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

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Town, 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.
2. The Town has pledged its full faith and credit for the payment of the principal of and interest on the Bonds, and unless paid from other sources, the Town is authorized and required by law to levy on all real property taxable by the Town such *ad valorem* taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

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

Certificates of Town Officials

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

SECONDARY MARKET DISCLOSURE

The Town has agreed to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format, as prescribed by the MSRB. Specifically, the Town will do the following for the benefit of the holders of the Bonds and the beneficial owners thereof:

(A) Not later than seven months after the end of the Town’s fiscal year (presently December 31), commencing with the report for the fiscal year ending December 31, 2024, provide or cause to be provided, annual financial information with respect to the Town consisting of (i) audited financial statements (or unaudited financial statements if audited financial statements are not then available by the date of filing, which audited financial statements will be delivered when and if available) of the Town and (ii) certain financial information and operating data consisting of information concerning the Town’s debt, overlapping indebtedness, tax rate, levy and collection data, property valuation, budget and fund balance of the type contained in Appendix “A” hereof. The audited financial statements will be prepared in accordance with mandated State statutory accounting principles, as in effect from time to time. Audited financial statements if not available by the filing date will be submitted separately when available.

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

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

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

(C) Provide or cause to be provided, in a timely manner, notice of a failure of the Town to provide required annual financial information on or before the date specified above.

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

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

The Town reserves the right to terminate its obligation to provide annual financial information and notice of material events, as set forth above, if and when the Town no longer remains an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12.

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

In accordance with Rule 15c2-12 and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Town failed to timely file its disclosure event notices associated with certain financial obligations for Bond Anticipation Notes issued in 2021, 2022, and 2023. Such information has since been filed with the MSRB’s Electronic Municipal Market Access Dataport (“EMMA”). The Town appointed Phoenix Advisors, Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

PREPARATION OF OFFICIAL STATEMENT

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Town and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

The Town Auditor takes responsibility for the financial statements to the extent specified in the Independent Auditor’s Report as presented in Appendix “B”.

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

APPROVAL OF OFFICIAL STATEMENT

Prior to the delivery of the Bonds, the Town Council will have adopted a resolution approving this Official Statement, deeming it a “final official statement” for purposes of Rule 15c2-12 and directing the Chief Financial Officer to deliver a reasonable number of copies thereof in final form to the Underwriter for its use in the sale, resale or distribution of the Bonds.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to Patrick J. DeBlasio, Chief Financial Officer, Town of Secaucus, 1203 Paterson Plank Road, Secaucus, New Jersey 07094, telephone (201) 330-2025 ext. 3033, or to the Municipal Advisor, at 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Town 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 Town, the State or any of their agencies or authorities, since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

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

TOWN OF SECAUCUS, IN THE COUNTY OF HUDSON, NEW JERSEY

By: _____
Patrick J. DeBlasio, Chief Financial Officer

By: _____
Michael Marra, Town Clerk

Dated: July __, 2025

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION
RELATING TO THE TOWN OF SECAUCUS

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION REGARDING THE TOWN¹

The following material presents certain economic and demographic information of the Town of Secaucus (the “Town”), in the County of Hudson (the “County”), State of New Jersey (the “State”).

General Information

The Town, located within the State Meadowlands, is considered to be the most suburban town in the County. It functions under the Town form of government wherein the Mayor is elected at-large for a four-year term. The Town Council consists of six members elected from three wards to serve four-year terms. Their terms are staggered, with three seats expire at the same time as the mayor and three seats the following year, followed by two years with no elections.

Education

The Secaucus School District is a Type II district and educates students in grade Pre-K through grade twelve. The Board of Education consists of nine members elected to serve three-year terms.

Retirement Systems

All full-time permanent or qualified Town employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The Town is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

¹ Source: The Town, unless otherwise indicated.

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Town, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Town</u>				
2024	11,907	11,461	446	3.7%
2023	11,816	11,376	440	3.7%
2022	11,575	11,169	406	3.5%
2021	11,171	10,467	704	6.3%
2020	11,427	10,397	1,030	9.0%
<u>County</u>				
2024	419,415	401,602	17,813	4.2%
2023	415,081	398,616	16,465	4.0%
2022	401,167	386,822	14,345	3.6%
2021	387,193	360,567	26,626	6.9%
2020	393,546	355,256	38,290	9.7%
<u>State</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2023)

	<u>Town</u>	<u>County</u>	<u>State</u>
Median Household Income	\$134,746	\$90,032	\$101,050
Median Family Income	161,037	99,378	123,892
Per Capita Income	65,620	53,998	53,118

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Town, the County, and the State.

<u>Year</u>	<u>Town</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	22,710	2.38%	736,185	1.56%	9,500,851	2.28%
2020	22,181	36.38	724,854	14.28	9,288,994	5.65
2010	16,264	2.09	634,266	4.15	8,791,894	4.49
2000	15,931	13.30	608,975	10.10	8,414,350	8.85
1990	14,061	2.49	553,099	-0.70	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

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

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Fraternity Meadows LLC	\$85,159,400	2.97%
800 Secaucus LLC % Hartz	59,746,700	2.09%
755 Secaucus LLC % Hartz	52,695,800	1.84%
Coresite RE 2 Emerson Lane LLC	50,402,600	1.76%
Hancock S REIT SECA Co % M Partner	43,251,200	1.51%
600 Jefferson Ave LLC % Hartz Mtn	38,338,300	1.34%
Equinix LLC	38,021,400	1.33%
50 Meadowland Parkway LLC	36,424,400	1.27%
300-400 Park Plaza Dr Inc.	34,789,000	1.21%
Fraternity Meadows LLC	<u>33,793,600</u>	<u>1.18%</u>
Total	<u>\$472,622,400</u>	<u>16.49%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2024U	\$117,299,831	\$116,765,788	99.54%
2023	113,904,204	113,116,162	99.31%
2022	108,043,798	106,855,067	98.90%
2021	107,479,822	106,520,784	99.11%
2020	105,833,008	104,993,742	99.21%

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Town

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2024U	\$0	\$317,740	\$317,740	0.27%
2023	0	366,940	366,940	0.32%
2022	0	367,957	367,957	0.34%
2021	0	780,608	780,608	0.73%
2020	0	587,354	587,354	0.55%

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Town

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2024U	\$1,316,300
2023	1,316,300
2022	1,316,300
2021	1,316,300
2020	1,316,300

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Town

[Remainder of Page Intentionally Left Blank]

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Town residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2024	\$1.930	\$1.424	\$0.738	\$4.092
2023	1.837	1.395	0.737	3.969
2022	1.686	1.372	0.705	3.763
2021	1.636	1.362	0.772	3.770
2020	1.636	1.346	0.754	3.736

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$2,862,536,825	\$7,857,636,083	36.43%	\$2,743,170	\$7,860,379,253
2024	2,848,828,825	7,820,007,755	36.43	3,731,668	7,823,739,423
2023	2,855,140,525	5,732,062,889	49.81	3,538,758	5,735,601,647
2022	2,846,020,125	5,869,292,895	48.49	3,840,357	5,873,133,252
2021	2,825,909,775	5,232,197,325	54.01	3,488,259	5,235,685,584

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Town for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$39,618,400	\$862,767,450	\$0	\$847,615,975	\$1,048,641,600	\$63,893,400	\$2,862,536,825
2024	53,989,900	861,601,750	0	880,153,275	989,190,500	63,893,400	2,848,828,825
2023	52,912,600	856,130,150	0	899,656,575	982,777,800	63,663,400	2,855,140,525
2022	53,501,800	850,806,050	0	899,861,775	978,187,100	63,663,400	2,846,020,125
2021	52,675,600	848,416,150	0	920,609,275	940,545,350	63,663,400	2,825,909,775

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Town's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Fund Balance Utilized	\$4,900,000	\$4,500,000	\$4,500,000	\$6,500,000	\$7,500,000
Miscellaneous Revenues	9,594,863	11,190,253	19,303,380	14,212,891	19,897,191
Receipts from Delinquent Taxes	555,000	740,000	360,000	360,000	315,000
Amount to be Raised by Taxation	<u>45,992,251</u>	<u>47,773,679</u>	<u>52,252,784</u>	<u>54,784,756</u>	<u>55,644,146</u>
Total Revenue:	<u>\$61,042,114</u>	<u>\$64,203,932</u>	<u>\$76,416,164</u>	<u>\$75,857,647</u>	<u>\$83,356,337</u>
<u>Appropriations</u>					
General Appropriations	\$47,557,349	\$51,879,108	\$54,083,749	\$58,991,225	\$61,826,052
Operations (Excluded from CAPS)	7,621,005	6,157,234	14,908,761	7,946,461	13,704,976
Deferred Charges	0	0	0	0	0
Capital Improvement Fund	250,000	250,000	250,000	815,000	25,000
Municipal Debt Service	4,163,760	4,417,590	5,673,654	6,354,961	6,050,309
Reserve for Uncollected Taxes	<u>1,450,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,750,000</u>	<u>1,750,000</u>
Total Appropriations:	<u>\$61,042,114</u>	<u>\$64,203,932</u>	<u>\$76,416,164</u>	<u>\$75,857,647</u>	<u>\$83,356,337</u>

Source: Annual Adopted and Budgets of the Town

Fund Balance

Current Fund

The following table lists the Town's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Current Fund

	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$13,806,665	\$7,500,000
2023	11,857,160	6,500,000
2022	8,047,036	4,500,000
2021	6,418,192	4,500,000
2020	6,229,290	4,900,000

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Town

Swimming Pool Utility Operating Fund

The following table lists the Town's fund balance and the amount utilized in the succeeding year's budget for the Swimming Pool Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance		
<u>Swimming Pool Utility Operating Fund</u>		
	Balance	Utilized in Budget
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2024U	\$58,999	\$0
2023	58,999	0
2022	58,999	0
2021	58,999	0
2020	58,999	0

U: Unaudited

Source: 2024 Annual Financial Statement and Annual Audit Reports of the Town

Town Indebtedness as of December 31, 2024U

General Purpose Debt

Serial Bonds	\$14,150,000
Bond Anticipation Notes	39,020,000
Bonds and Notes Authorized but Not Issued	2,975,941
Other Bonds, Notes and Loans	326,044
Total:	<u>\$56,471,985</u>

Local School District Debt

Serial Bonds	\$14,130,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$14,130,000</u>

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	\$1,133,000
Bonds and Notes Authorized but Not Issued	47,600
Other Bonds, Notes and Loans	0
Total:	<u>\$1,180,600</u>

TOTAL GROSS DEBT

\$71,782,585

Less: Statutory Deductions	
General Purpose Debt	\$95,897
Local School District Debt	14,130,000
Self-Liquidating Debt	0
Total:	<u>\$14,225,897</u>

TOTAL NET DEBT

\$57,556,688

U: Unaudited

Source: Annual Debt Statement of the Town

Overlapping Debt (as of December 31, 2024U)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Town Percentage</u>	<u>Town Share</u>
Local School District	\$14,130,000	100.00%	\$14,130,000
Secaucus MUA (2023)	609,336	100.00%	609,336
County	637,904,870	5.92%	<u>37,745,659</u>
Net Indirect Debt			\$52,484,995
Net Direct Debt			<u>57,556,688</u>
Total Net Direct and Indirect Debt			<u>\$110,041,683</u>

Debt Limit

Average Equalized Valuation Basis (2022, 2023, 2024)	\$6,473,787,846
Permitted Debt Limitation (3 1/2%)	226,582,575
Less: Net Debt	<u>57,556,688</u>
Remaining Borrowing Power	<u>\$169,025,887</u>
Percentage of Net Debt to Average Equalized Valuation	0.889%
Gross Debt Per Capita based on 2020 population of 22,181	\$3,236
Net Debt Per Capita based on 2020 population of 22,181	\$2,595

U: Unaudited

Source: Annual Debt Statement of the Town

³ Town percentage of County debt is based on the Town's share of total equalized valuation in the County.

APPENDIX B

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT AND INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

FOR THE YEAR ENDED 2024

COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Town Council
Town of Secaucus
Secaucus, New Jersey 07094

Management is responsible for the accompanying financial statements of the Town of Secaucus, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2024 and the related statements of operations and changes in reserve for future use and fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices 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.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Jennifer L. Bertino
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 7, 2025

TOWN OF SECAUCUS
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2024

ASSETS

Regular Fund:

Cash - Treasurer	\$ 20,529,982.08
Cash - Collector	239,128.37
Cash - Change Fund	575.00
Due from State of New Jersey:	
Senior Citizens' and Veterans' Deductions	<u>16,744.79</u>
	<u>20,786,430.24</u>

Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes Receivable	317,739.83
Maintenance Liens Receivable	1,835.00
Property Acquired for Taxes (at Assessed Valuation)	1,316,300.00
Revenue Accounts Receivable	175,967.00
Due from Trust Assessment Fund	524.56
Due from Animal Control Fund	907.60
Due from Bond and Interest Fund	<u>1,007.21</u>
	<u>1,814,281.20</u>

Total Regular Fund	<u>22,600,711.44</u>
--------------------	----------------------

Federal and State Grant Fund:

Cash	3,505,478.91
Federal, State and Other Grants Receivable	<u>6,534,672.01</u>

Total Federal and State Grant Fund	<u>10,040,150.92</u>
------------------------------------	----------------------

Total Assets	<u><u>\$ 32,640,862.36</u></u>
--------------	--------------------------------

(Continued)

TOWN OF SECAUCUS
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2024

**LIABILITIES, RESERVES
AND FUND BALANCE**

Regular Fund:

Liabilities:

Appropriation Reserves	\$ 3,407,584.35
Reserve for Encumbrances	1,480,050.64
Prepaid Taxes	606,420.21
Due County for Added and Omitted Taxes	107,889.19
Accounts Payable	13,788.23
Reserve for Tax Appeals	1,245,150.89
Reserve for Municipal Services Act	63,319.88
Due to Municipal Open Space Fund	1,462.04
Due to General Capital Fund	54,100.00

6,979,765.43

Reserves for Receivables and Other Assets	1,814,281.20
Fund Balance	13,806,664.81

Total Regular Fund 22,600,711.44

Federal and State Grant Fund:

Reserve for Federal, State, and Other Grants:

Unappropriated	1,695,802.99
Appropriated	7,002,682.00
Reserve for Encumbrances	1,341,665.93

Total Federal and State Grant Fund 10,040,150.92

Total Liabilities, Reserves, and Fund Balance \$ 32,640,862.36

See Independent Accountant's Compilation Report and selected notes.

TOWN OF SECAUCUS
CURRENT FUND
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024

Revenue and Other Income Realized

Surplus Utilized	\$ 6,500,000.00
Miscellaneous Revenue Anticipated	18,595,707.81
Receipts from Delinquent Taxes	374,336.05
Receipts from Current Taxes	117,140,595.49
Non Budget Revenues	692,136.93
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	2,403,404.40
Refunds of Prior Years' Expenditures:	
Receipts	68,022.22
Due Federal and State Grant Fund	297.12
Due Trust - Other Funds	3,400.00
Due Animal Control Fund:	
Statutory Excess	907.60
Liquidation of Reserves for:	
Due from Federal and State Grant Fund	7,228.41
Due from Animal Control Fund	22,527.80
Due from Trust - Other Funds	13,573.55
Due from Bond and Interest Fund	250.68
Cancellation of:	
Accounts Payable	81,410.45
Due Trust - Other Funds:	
Reserve for Bid Bond / Film Deposit	16,550.00
Total Revenue and Other Income	<u>145,920,348.51</u>

Expenditures

Budget and Emergency Appropriations:	
Operations Within "CAPS":	
Salaries and Wages	28,263,000.00
Other Expenses	23,172,343.76
Deferred Charges and Statutory Expenditures	7,418,201.24
Operations Excluded from "CAPS":	
Salaries and Wages	29,000.00
Other Expenses	8,958,463.60
Capital Improvements Excluded from "CAPS"	815,000.00
Municipal Debt Service Excluded from "CAPS"	6,369,000.46
Local District School Tax	40,603,840.00
County Taxes Payable	21,028,294.31

(Continued)

TOWN OF SECAUCUS
CURRENT FUND
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024

Expenditures (Cont'd)

Due County for Added and Omitted Taxes	\$ 107,889.19
Municipal Open Space Taxes	286,718.09
Refund of Prior Years' Revenues:	
Disbursements	10,445.12
Tax Overpayments	405,325.76
Accounts Payable	2,797.27
Creation of Reserves for:	
Due from Trust Assessment Fund	<u>524.56</u>
Total Expenditures	<u>137,470,843.36</u>
Statutory Excess to Fund Balance	8,449,505.15
<u>Fund Balance</u>	
Balance January 1	<u>11,857,159.66</u>
	20,306,664.81
Decreased by:	
Utilization as Anticipated Revenue	<u>6,500,000.00</u>
Balance December 31	<u><u>\$ 13,806,664.81</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWN OF SECAUCUS
TRUST FUNDS
Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2024

ASSETS

Assessment Fund:	
Cash	\$ 44,241.22
Assessments Receivable	12,000.00
	<hr/>
Total Assessment Fund	56,241.22
	<hr/>
Animal Control Fund:	
Cash	294,081.64
	<hr/>
Total Animal Control Fund	294,081.64
	<hr/>
Municipal Open Space Fund:	
Cash	362,045.79
Due from Current Fund	1,462.04
	<hr/>
Total Municipal Open Space Fund	363,507.83
	<hr/>
Other Funds:	
Cash	5,723,308.57
	<hr/>
Total Other Funds	5,723,308.57
	<hr/>
Total Assets	\$ 6,437,139.26
	<hr/> <hr/>

LIABILITIES, RESERVES AND FUND BALANCES

Assessment Fund:	
Due to Current Fund	\$ 524.56
Assessment Overpayments	994.79
Reserve for Assessment and Liens	12,000.00
Surplus	42,721.87
	<hr/>
Total Assessment Fund	56,241.22
	<hr/>
Animal Control Fund:	
Due to Current Fund	907.60
Reserve for Animal Shelter Donations	277,294.44
Reserve for Animal Control Fund Expenditures	15,879.60
	<hr/>
Total Animal Control Fund	294,081.64
	<hr/>

(Continued)

TOWN OF SECAUCUS
TRUST FUNDS
Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2024

LIABILITIES, RESERVES AND FUND BALANCES (CONT'D)

Municipal Open Space Fund:	
Reserve for Encumbrances	\$ 178,698.23
Reserve for Future Use	<u>184,809.60</u>
Total Municipal Open Space Fund	<u>363,507.83</u>
Other Funds:	
Due to Current Fund	
Encumbrances Payable	18,393.53
Reserve for Unemployment Compensation Insurance	513,249.16
Reserve for Payroll Deductions Payable	192,016.77
Miscellaneous Trust Other Reserves	<u>4,999,649.11</u>
Total Other Funds	<u>5,723,308.57</u>
Total Liabilities, Reserves and Fund Balances	<u>\$ 6,437,139.26</u>

See Independent Accountant's Compilation Report and selected notes.

TOWN OF SECAUCUS
TRUST FUNDS -- MUNICIPAL OPEN SPACE
Statement of Operations and Changes in Reserve for Future Use - Regulatory Basis
For the Year Ended December 31, 2024

Revenue Realized

Amount to be Raised by Taxation	\$ 285,256.05
Reserve for Municipal Open Space	278,094.68
Non Budget Revenues	9,507.62
Cancellation of:	
Reserve for Encumbrances	<u>55,342.23</u>
Total Revenue	<u>628,200.58</u>

Expenditures

Budget Appropriations	<u>563,350.73</u>
Total Expenditures	<u>563,350.73</u>
Statutory Excess to Reserve	64,849.85

Reserve for Future Use

Balance January 1	<u>398,054.43</u>
	462,904.28
Decreased by:	
Utilization as Anticipated Revenue	<u>278,094.68</u>
Balance December 31	<u><u>\$ 184,809.60</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWN OF SECAUCUS
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2024

ASSETS

Cash	\$ 6,192,916.75
Deferred Charges to Future Taxation:	
Funded	14,476,043.98
Unfunded	41,400,043.78
Accounts Receivable:	
New Jersey Department of Transportation	266,139.69
New Jersey Department of Environmental Protection	428,941.80
Due from Current Fund	54,100.00
Due from Swimming Pool Utility Capital Fund	50,000.00
	<hr/>
Total Assets	\$ 62,868,186.00

LIABILITIES, RESERVES AND FUND BALANCE

Bond Anticipation Notes	\$ 39,020,000.00
General Serial Bonds	14,150,000.00
New Jersey Green Acres Loans Payable	326,043.98
Improvement Authorizations:	
Unfunded	3,224,263.72
Contracts Payable	3,367,082.62
Capital Improvement Fund	680,196.56
Reserve for Accounts Receivable:	
New Jersey Department of Transportation	266,139.69
New Jersey Department of Environmental Protection	428,941.80
Reserve for Future Capital Projects	508,261.00
Due to Swimming Pool Utility Operating Fund	54,100.00
General Capital Surplus	843,156.63
	<hr/>
Total Liabilities, Reserves and Fund Balance	\$ 62,868,186.00

See Independent Accountant's Compilation Report and selected notes.

TOWN OF SECAUCUS
SWIMMING POOL UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2024

ASSETS

Operating Fund:		
Cash	\$	141,791.95
Cash - Change Fund		75.00
Due from General Capital Fund		<u>54,100.00</u>
Total Operating Fund		<u>195,966.95</u>
Capital Fund:		
Cash		31,400.00
Fixed Capital		1,162,516.67
Fixed Capital Authorized and Uncompleted		1,512,500.00
Due from Swimming Pool Utility Operating Fund		<u>54,100.00</u>
Total Capital Fund		<u>2,760,516.67</u>
Total Assets	\$	<u><u>2,956,483.62</u></u>

**LIABILITIES, RESERVES
AND FUND BALANCE**

Operating Fund:		
Liabilities:		
Appropriation Reserves	\$	63,884.80
Reserve for Encumbrances		100.00
Accrued Interest on Notes		18,883.33
Due to Swimming Pool Utility Capital Fund		<u>54,100.00</u>
		136,968.13
Fund Balance		<u>58,998.82</u>
Total Operating Fund		<u>195,966.95</u>

(Continued)

TOWN OF SECAUCUS
SWIMMING POOL UTILITY FUND
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2024

**LIABILITIES, RESERVES
AND FUND BALANCE (CONT'D)**

Capital Fund:

Improvement Authorizations:

Funded	\$ 2,500.00
Unfunded	58,750.00
Capital Improvement Fund	21,850.00
Bond Anticipation Notes Payable	1,133,000.00
Reserve for Deferred Amortization	73,500.00
Reserve for Amortization	1,420,916.67
Due to General Capital Fund	<u>50,000.00</u>

Total Capital Fund	<u>2,760,516.67</u>
--------------------	---------------------

Total Liabilities, Reserves and Fund Balance	<u><u>\$ 2,956,483.62</u></u>
--	-------------------------------

See Independent Accountant's Compilation Report and selected notes.

TOWN OF SECAUCUS
SWIMMING POOL UTILITY FUND
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024

Revenue and Other
Income Realized

Guest Fees	\$ 52,216.00
Miscellaneous	25,000.47
Deficit General Budget	573,166.16
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	<u>92,815.10</u>
 Total Income	 <u>743,197.73</u>

Expenditures

Operating	608,000.00
Debt Service	106,197.73
Deferred Charges and Statutory Expenditures	<u>29,000.00</u>
 Total Expenditures	 <u>743,197.73</u>

Statutory Excess to Surplus	<u><u>-</u></u>
-----------------------------	-----------------

Fund Balance

Balance January 1	<u>\$ 58,998.82</u>
Balance December 31	<u><u>\$ 58,998.82</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWN OF SECAUCUS
BOND AND INTEREST ACCOUNT
Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2024

ASSETS

Cash	\$ 55,138.46
------	--------------

LIABILITIES

Due to Current Fund	\$ 1,007.21
Interest Payable	19,131.25
Bonds Payable	<u>35,000.00</u>
Total Liabilities	<u>\$ 55,138.46</u>

See Independent Accountant's Compilation Report and selected notes.

TOWN OF SECAUCUS
Selected Information - Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2024

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Town of Secaucus (hereafter referred to as the "Town") was originally formed as a Borough in 1900, and subsequently adopted the "Town" form of government in 1917. The Town is located approximately five miles from midtown New York City. According to the 2020 census, the population is 22,181.

The "Town" form of government provides for an independently elected mayor and six council members (two for each of its three wards with one seat in each ward up for election in each municipal election). The term of office for the mayor and council is four years, with municipal elections every two years. A full-time municipal administrator oversees the operation of municipal departments, personnel, and planning functions for municipal projects, prepares the municipal budget, and obtains grants on behalf of the Town.

Component Units - The financial statements of the component units of the Town are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Town, the primary government:

Secaucus Municipal Utilities Authority
1100 Koelle Boulevard
Secaucus NJ 07094

Secaucus Housing Authority
700 County Avenue
Secaucus NJ 07094

Secaucus Public Library
1379 Paterson Plank Road
Secaucus NJ 07094

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Town contain all funds and account groups in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd) - In accordance with the *Requirements*, the Town accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Swimming Pool Utility Operating and Capital Funds - The swimming pool utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned swimming pool operations.

Bond and Interest Account - The bond and interest account is used to account for the accumulation of resources (mainly provided from current fund budget appropriations) for payment of principal and interest on matured debt.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The Town must adopt an annual budget for its current, municipal open space, and swimming pool utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Town's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd) - N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Town requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - 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 statements of assets, liabilities, reserves, and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 225), except that the useful life of such property is at least five years. The Town has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985, are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Town is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Town's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and swimming pool utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Town's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves, and fund balance of the Town's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Town which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Town's annual budget, but also the amounts required in support of the budgets of the County of Hudson and the Town of Secaucus School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Town is responsible for levying, collecting, and remitting school taxes for the Town of Secaucus School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Hudson. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Secaucus Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Town's annual budget protects the Town from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediately preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses," an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. 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 income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local improvement," i.e., assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The Town implemented the following GASB Statement for the year ended December 31, 2024:

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. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only impacted financial statement disclosures. There exists no impact on the financial statements of the Town.

FOR THE YEARS ENDED 2023 AND 2022

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Town Council
Town of Secaucus
Secaucus, New Jersey 07094

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Town of Secaucus, in the County of Hudson, State of New Jersey, as of December 31, 2023 and 2022, and the related statements of operations and changes in reserve for future use and fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Town of Secaucus, in the County of Hudson, State of New Jersey, as of December 31, 2023 and 2022, and the results of its operations and changes in reserve for future use and fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Town of Secaucus, in the County of Hudson, State of New Jersey, as of December 31, 2023 and 2022, or the results of its operations and changes in reserve for future use and fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as 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 the State of New Jersey. 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 Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Town on the basis of the financial reporting provisions of 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 the State 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 and pervasive.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Jennifer L. Bertino
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
September 26, 2024

TOWN OF SECAUCUS

CURRENT FUND

Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	SA-1	\$ 18,804,852.21	\$ 16,235,623.64
Cash - Collector	SA-2	68,346.56	46,415.85
Cash - Change Fund	SA-3	575.00	575.00
Due from State of New Jersey:			
Senior Citizens' and Veterans' Deductions	SA-5	14,566.72	13,566.72
		<u>18,888,340.49</u>	<u>16,296,181.21</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-6	366,940.12	367,956.98
Maintenance Liens Receivable	SA-7	1,835.00	1,275.00
Property Acquired for Taxes (at Assessed Valuation)		1,316,300.00	1,316,300.00
Revenue Accounts Receivable	SA-8	57,444.15	49,521.97
Prepaid Local School District Taxes	SA-9		37,000.00
Due from Federal and State Grant Fund	SA-10	7,228.41	485,097.82
Due from Trust Assessment Fund	SB-6		200.54
Due from Animal Control Fund	SB-10	23,435.40	18,947.35
Due from Trust - Other Funds	SB-14	13,573.55	636,505.46
Due from Bond and Interest Fund	SF-2	1,257.89	334.15
		<u>1,788,014.52</u>	<u>2,913,139.27</u>
Total Regular Fund		<u>20,676,355.01</u>	<u>19,209,320.48</u>
Federal and State Grant Fund:			
Cash	SA-1	1,347,974.83	8,654.83
Federal, State and Other Grants Receivable	SA-11	6,119,336.86	2,260,783.49
Due from General Capital Fund	SC-1	376,995.00	
Total Federal and State Grant Fund		<u>7,844,306.69</u>	<u>2,269,438.32</u>
Total Assets		<u>\$ 28,520,661.70</u>	<u>\$ 21,478,758.80</u>

(Continued)

TOWN OF SECAUCUS

CURRENT FUND

Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-12	\$ 2,571,421.79	\$ 2,769,369.56
Reserve for Encumbrances	A-3, SA-12	1,173,189.78	1,253,017.31
Prepaid Taxes	SA-13	518,713.73	648,148.34
Tax Overpayments	SA-14	50.00	82,737.41
Local School District Taxes Payable	SA-9	126,979.00	
County Taxes Payable	SA-15		0.02
Due County for Added and Omitted Taxes	SA-16	80,728.56	149,991.96
Accounts Payable	SA-17	154,494.78	162,499.89
Reserve for Tax Appeals	SA-18	1,275,522.44	1,603,610.73
Reserve for State Aid	SA-19	189,549.33	94,795.07
Due to Trust Assessment Fund	SB-6	1,684.71	
Due to Municipal Open Space Fund	SB-7	1,117.47	285,100.63
Due to General Capital Fund	SC-6	920,138.16	827,496.43
Due to Swimming Pool Utility Operating Fund	SD-4	17,591.08	372,378.00
		<u>7,031,180.83</u>	<u>8,249,145.35</u>
Reserves for Receivables and Other Assets		1,788,014.52	2,913,139.27
Fund Balance	A-1	<u>11,857,159.66</u>	<u>8,047,035.86</u>
Total Regular Fund		<u>20,676,355.01</u>	<u>19,209,320.48</u>
Federal and State Grant Fund:			
Due to Current Fund	SA-10	7,228.41	485,097.82
Reserve for Federal, State, and Other Grants:			
Unappropriated	SA-20	179,243.12	73,306.59
Appropriated	SA-21	7,270,181.75	1,578,070.03
Reserve for Encumbrances	SA-21	<u>387,653.41</u>	<u>132,963.88</u>
Total Federal and State Grant Fund		<u>7,844,306.69</u>	<u>2,269,438.32</u>
Total Liabilities, Reserves, and Fund Balance		<u>\$ 28,520,661.70</u>	<u>\$ 21,478,758.80</u>

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF SECAUCUS
CURRENT FUND

Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Surplus Utilized	\$ 4,500,000.00	\$ 4,500,000.00
Miscellaneous Revenue Anticipated	22,029,278.92	13,979,601.22
Receipts from Delinquent Taxes	286,314.88	763,651.63
Receipts from Current Taxes	113,116,162.08	106,855,066.59
Non Budget Revenues	538,004.03	594,853.81
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,755,211.55	2,152,154.91
Due Animal Control Fund:		
Statutory Excess		17,848.00
Liquidation of Reserves for:		
Prepaid Local School District Taxes	37,000.00	
Due from Federal and State Grant Fund	477,869.41	283,594.09
Due from Trust Assessment Fund	200.54	38,862.88
Due from Trust - Other Funds	622,931.91	
Due from General Capital Fund		100,489.97
Due from Swimming Pool Utility Operating Fund		73,047.41
Cancellation of:		
Tax Overpayments	82,687.41	1,250.00
Accounts Payable	6,988.81	27,485.27
Total Revenue and Other Income	<u>144,452,649.54</u>	<u>129,387,905.78</u>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	26,516,444.50	25,892,000.00
Other Expenses	20,999,835.50	19,859,250.00
Deferred Charges and Statutory Expenditures	6,524,341.78	6,015,852.00
Operations Excluded from "CAPS":		
Salaries and Wages		10,500.00
Other Expenses	14,908,760.51	6,535,786.42
Capital Improvements Excluded from "CAPS"	250,000.00	250,000.00
Municipal Debt Service Excluded from "CAPS"	5,656,981.37	4,394,094.62
Local District School Tax	39,875,975.00	39,122,524.00
County Taxes Payable	21,033,315.01	20,045,450.68
Due County for Added and Omitted Taxes	82,310.09	151,573.30
Municipal Open Space Taxes	286,985.40	287,136.90
Refund of Prior Years' Revenues:		
Disbursements		552.38
Due to State of New Jersey - Prior Year Senior Citizens'		
Deduction Disallowed by Collector	1,604.79	1,756.85

(Continued)

TOWN OF SECAUCUS**CURRENT FUND**

Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Expenditures (Cont'd)</u>		
Creation of Reserves for:		
Maintenance Liens Receivable	\$ 560.00	\$ 460.00
Prepaid Local School District Taxes		37,000.00
Due from Animal Control Fund	4,488.05	18,363.93
Due from Trust - Other Funds		636,505.46
Due from Bond and Interest Fund	923.74	255.03
	<u>136,142,525.74</u>	<u>123,259,061.57</u>
Total Expenditures		
	136,142,525.74	123,259,061.57
Statutory Excess to Fund Balance	8,310,123.80	6,128,844.21
<u>Fund Balance</u>		
Balance January 1	<u>8,047,035.86</u>	<u>6,418,191.65</u>
	16,357,159.66	12,547,035.86
Decreased by:		
Utilization as Anticipated Revenue	<u>4,500,000.00</u>	<u>4,500,000.00</u>
Balance December 31	<u>\$ 11,857,159.66</u>	<u>\$ 8,047,035.86</u>

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF SECAUCUS
TRUST FUNDS

Comparative Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	SB-1, SB-2	\$ 11,644.09	\$ 6,029.34
Assessments Receivable	SB-3	14,000.00	16,000.00
Assessment Liens	SB-4	28,387.86	33,887.86
Assessment Lien Interest and Costs	SB-5		710.80
Due from Current Fund	SB-6	1,684.71	
Total Assessment Fund		55,716.66	56,628.00
Animal Control Fund:			
Cash	SB-1	287,928.66	242,022.01
Total Animal Control Fund		287,928.66	242,022.01
Municipal Open Space Fund:			
Cash	SB-1	452,279.19	93,466.39
Due from Current Fund	SB-7	1,117.47	285,100.63
Total Municipal Open Space Fund		453,396.66	378,567.02
Other Funds:			
Cash	SB-1	6,143,887.54	6,658,293.69
Total Other Funds		6,143,887.54	6,658,293.69
Total Assets		<u>\$ 6,940,929.52</u>	<u>\$ 7,335,510.72</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Fund:			
Due to Current Fund	SB-6		\$ 200.54
Assessment Overpayments		\$ 994.79	994.79
Reserve for Assessment and Liens	SB-8	42,387.86	49,887.86
Reserve for Assessment Lien Interest and Costs	SB-9		710.80
Surplus	B-1	12,334.01	4,834.01
Total Assessment Fund		55,716.66	56,628.00
Animal Control Fund:			
Due to Current Fund	SB-10	23,435.40	18,947.35
Reserve for Animal Shelter Donations	SB-11	252,193.06	215,476.06
Reserve for Animal Control Fund Expenditures	SB-12	12,300.20	7,598.60
Total Animal Control Fund		287,928.66	242,022.01

(Continued)

TOWN OF SECAUCUS
TRUST FUNDS

Comparative Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES (CONT'D)</u>			
Municipal Open Space Fund:			
Reserve for Encumbrances	SB-13	\$ 55,342.23	\$ 130,343.24
Reserve for Future Use	B-2	<u>398,054.43</u>	<u>248,223.78</u>
Total Municipal Open Space Fund		<u>453,396.66</u>	<u>378,567.02</u>
Other Funds:			
Due to Current Fund	SB-14	13,573.55	636,505.46
Reserve for Unemployment Compensation Insurance	SB-15	674,814.82	824,517.32
Reserve for Payroll Deductions Payable	SB-16	89,873.81	229,802.41
Miscellaneous Trust Other Reserves	SB-17	<u>5,365,625.36</u>	<u>4,967,468.50</u>
Total Other Funds		<u>6,143,887.54</u>	<u>6,658,293.69</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 6,940,929.52</u>	<u>\$ 7,335,510.72</u>

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF SECAUCUS
TRUST FUNDS -- MUNICIPAL OPEN SPACE
 Comparative Statements of Operations and Changes in Reserve for Future Use - Regulatory Basis
 For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Revenue Realized</u>		
Amount to be Raised by Taxation	\$ 285,867.93	\$ 284,986.05
Reserve for Future Use	378,567.02	373,903.76
Non Budget Revenues	4,592.11	22,150.85
Cancellation of:		
Reserve for Encumbrances	<u> </u>	<u>300.00</u>
Total Revenue	<u>669,027.06</u>	<u>681,340.66</u>
<u>Expenditures</u>		
Budget Appropriations	<u>140,629.39</u>	<u>439,523.63</u>
Total Expenditures	<u>140,629.39</u>	<u>439,523.63</u>
Statutory Excess to Reserve	528,397.67	241,817.03
<u>Reserve for Future Use</u>		
Balance January 1	<u>248,223.78</u>	<u>380,310.51</u>
	776,621.45	622,127.54
Decreased by:		
Utilization as Anticipated Revenue	<u>378,567.02</u>	<u>373,903.76</u>
Balance December 31	<u><u>\$ 398,054.43</u></u>	<u><u>\$ 248,223.78</u></u>

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF SECAUCUS
GENERAL CAPITAL FUND
Comparative Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Cash	SC-1, SC-2	\$ 14,002,348.14	\$ 13,611,845.96
Deferred Charges to Future Taxation:			
Funded	SC-3	17,006,656.11	19,477,474.26
Unfunded	SC-4	41,183,943.78	43,374,102.53
Accounts Receivable:			
Community Development Block Grant	SC-5		95,894.00
Hudson County - Open Space Program	SC-5	400,000.00	717,873.00
New Jersey Department of Transportation	SC-5	266,139.69	1,083,006.44
New Jersey Department of Environmental Protection	SC-5	428,941.80	428,941.80
Due from Current Fund	SC-6	920,138.16	827,496.43
Due from Swimming Pool Utility Operating Fund	SD-10	356,662.18	312,540.00
Due from Swimming Pool Utility Capital Fund	SD-17	19,200.00	
Total Assets		<u>\$ 74,584,029.86</u>	<u>\$ 79,929,174.42</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes	SC-7	\$ 40,203,900.00	\$ 36,281,700.00
General Serial Bonds	SC-8	16,455,000.00	18,710,000.00
New Jersey Environmental Infrastructure Loans Payable	SC-9	187,948.94	366,846.01
New Jersey Green Acres Loans Payable	SC-10	363,707.17	400,628.25
Improvement Authorizations:			
Funded	SC-11		1,800,000.00
Unfunded	SC-11	4,019,635.82	14,681,824.54
Contracts Payable	SC-12	10,059,679.02	4,182,114.43
Reserve for Payment of Bonds and Loans	SC-13		204,313.69
Capital Improvement Fund	SC-14	515,196.56	265,196.56
Reserve for Accounts Receivable:			
Community Development Block Grant	SC-5		95,894.00
Hudson County - Open Space Program	SC-5	400,000.00	717,873.00
New Jersey Department of Transportation	SC-5	266,139.69	1,083,006.44
New Jersey Department of Environmental Protection	SC-5	428,941.80	428,941.80
Reserve for Future Capital Projects	SC-15	208,261.00	8,261.00
Due to Federal and State Grant Fund	SC-1	376,995.00	
General Capital Surplus	C-1	1,098,624.86	702,574.70
Total Liabilities, Reserves and Fund Balance		<u>\$ 74,584,029.86</u>	<u>\$ 79,929,174.42</u>

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF SECAUCUS
SWIMMING POOL UTILITY FUND
Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	SD-1	\$ 621,227.82	\$ 77,626.55
Cash - Change Fund		75.00	75.00
Deferred Charge:			
Overexpenditure of Appropriation	SD-3		30,276.29
Due from Current Fund	SD-4	17,591.08	372,378.00
Total Operating Fund		<u>638,893.90</u>	<u>480,355.84</u>
Capital Fund:			
Cash	SD-1, SD-2	6,323.40	11,026.34
Fixed Capital	SD-5	1,022,516.67	1,022,516.67
Fixed Capital Authorized and Uncompleted	SD-6	1,602,500.00	1,602,500.00
Due from Swimming Pool Utility Operating Fund	SD-7	105,213.82	52,625.39
Total Capital Fund		<u>2,736,553.89</u>	<u>2,688,668.40</u>
Total Assets		<u>\$ 3,375,447.79</u>	<u>\$ 3,169,024.24</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3, SD-8	\$ 92,715.10	\$ 26,622.68
Reserve for Encumbrances	D-3, SD-8	2,131.13	9,950.00
Accrued Interest on Notes	SD-9	23,172.85	19,618.95
Due to General Capital Fund	SD-10	356,662.18	312,540.00
Due to Swimming Pool Utility Capital Fund	SD-7	105,213.82	52,625.39
		579,895.08	421,357.02
Fund Balance		<u>58,998.82</u>	<u>58,998.82</u>
Total Operating Fund		<u>638,893.90</u>	<u>480,355.84</u>

(Continued)

TOWN OF SECAUCUS
SWIMMING POOL UTILITY FUND
 Comparative Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
 As of December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE (CONT'D)			
Capital Fund:			
Improvement Authorizations:			
Funded	SD-11	\$ 1,500.00	\$ 1,500.00
Unfunded	SD-11	66,587.22	66,837.22
Contracts Payable	SD-12		4,564.51
Capital Improvement Fund	SD-13	24,350.00	19,350.00
Bond Anticipation Notes Payable	SD-14	1,187,100.00	1,206,300.00
Reserve for Deferred Amortization	SD-15	78,000.00	78,000.00
Reserve for Amortization	SD-16	1,359,816.67	1,312,116.67
Due to General Capital Fund	SD-17	19,200.00	
		<u>2,736,553.89</u>	<u>2,688,668.40</u>
Total Capital Fund			
		<u>\$ 3,375,447.79</u>	<u>\$ 3,169,024.24</u>
Total Liabilities, Reserves and Fund Balance			

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF SECAUCUS
SWIMMING POOL UTILITY FUND
Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>		
Guest Fees	\$ 28,120.00	\$ 27,940.00
Miscellaneous	38,799.30	39,776.78
Deficit General Budget	636,872.78	367,994.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>29,632.68</u>	<u>52,869.74</u>
 Total Income	 <u>733,424.76</u>	 <u>488,580.52</u>
 <u>Expenditures</u>		
Operating	574,772.39	439,062.09
Capital Improvements	5,000.00	5,000.00
Debt Service	95,376.08	74,794.72
Deferred Charges and Statutory Expenditures	<u>58,276.29</u>	<u></u>
 Total Expenditures	 <u>733,424.76</u>	 <u>518,856.81</u>
 Deficit in Revenue	 -	 (30,276.29)
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred		
Charges to Budget of Succeeding Year	<u>-</u>	<u>30,276.29</u>
 Statutory Excess to Surplus	 <u>-</u>	 <u>-</u>
 <u>Fund Balance</u>		
Balance January 1	<u>\$ 58,998.82</u>	<u>\$ 58,998.82</u>
Balance December 31	<u>\$ 58,998.82</u>	<u>\$ 58,998.82</u>

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF SECAUCUS
BOND AND INTEREST ACCOUNT
 Comparative Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
 As of December 31, 2023 and 2022

	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Cash	SF-1	<u>\$ 55,389.14</u>	<u>\$ 54,465.40</u>
<u>LIABILITIES</u>			
Due to Current Fund	SF-2	\$ 1,257.89	\$ 334.15
Interest Payable	SF-3	19,131.25	19,131.25
Bonds Payable	SF-4	<u>35,000.00</u>	<u>35,000.00</u>
Total Liabilities		<u>\$ 55,389.14</u>	<u>\$ 54,465.40</u>

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF SECAUCUS
Notes to Financial Statements
For the Year Ended December 31, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Town of Secaucus (hereafter referred to as the "Town") was originally formed as a Borough in 1900, and subsequently adopted the "Town" form of government in 1917. The Town is located approximately five miles from midtown New York City. According to the 2020 census, the population is 22,181.

The "Town" form of government provides for an independently elected mayor and six council members (two for each of its three wards with one seat in each ward up for election in each municipal election). The term of office for the mayor and council is four years, with municipal elections every two years. A full-time municipal administrator oversees the operation of municipal departments, personnel, and planning functions for municipal projects, prepares the municipal budget, and obtains grants on behalf of the Town.

Component Units - The financial statements of the component units of the Town are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Town, the primary government:

Secaucus Municipal Utilities Authority
1100 Koelle Boulevard
Secaucus NJ 07094

Secaucus Housing Authority
700 County Avenue
Secaucus NJ 07094

Secaucus Public Library
1379 Paterson Plank Road
Secaucus NJ 07094

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Town contain all funds and account groups in accordance with the *Requirements of Audit* (the "Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd) - In accordance with the *Requirements*, the Town accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Swimming Pool Utility Operating and Capital Funds - The swimming pool utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned swimming pool operations.

Bond and Interest Account - The bond and interest account is used to account for the accumulation of resources (mainly provided from current fund budget appropriations) for payment of principal and interest on matured debt.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Budgets and Budgetary Accounting - The Town must adopt an annual budget for its current, municipal open space, and swimming pool utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Town's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd) - N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Town requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - 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 statements of assets, liabilities, reserves, and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 225), except that the useful life of such property is at least five years. The Town has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985, are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Town is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Town's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and swimming pool utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Town's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves, and fund balance of the Town's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Town which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Town's annual budget, but also the amounts required in support of the budgets of the County of Hudson and the Town of Secaucus School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Town is responsible for levying, collecting, and remitting school taxes for the Town of Secaucus School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Hudson. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Secaucus Public Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Town's annual budget protects the Town from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediately preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses," an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. 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 income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local improvement," i.e., assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles**Recently Issued Accounting Pronouncements**

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

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits might not be recovered. Although the Town does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2023, the Town's bank balances of \$42,613,961.36 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 41,673,055.87
Uninsured and uncollateralized	<u>940,905.49</u>
Total	<u>\$ 42,613,961.36</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$ 3.969</u>	<u>\$ 3.763</u>	<u>\$ 3.770</u>	<u>\$ 3.736</u>	<u>\$ 3.712</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.759	\$ 1.615	\$ 1.559	\$ 1.559	\$ 1.487
Municipal Open Space	.010	.010	.011	.011	.010
Municipal Library	.068	.061	.066	.066	.063
County	.721	.695	.772	.754	.811
County Open Space	.016	.010	-	-	.020
Local School	1.395	1.372	1.362	1.346	1.321

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2023	\$ 2,858,679,283.00
2022	2,849,860,482.00
2021	2,829,398,034.00
2020	2,820,788,234.00
2019	2,821,143,985.00

Note 3: PROPERTY TAXES (CONT'D)

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2023	\$ 113,904,204.12	\$ 113,116,162.08	99.31%
2022	108,043,798.05	106,855,066.59	98.90%
2021	107,479,821.88	106,520,784.12	99.11%
2020	105,833,008.09	104,993,742.42	99.21%
2019	105,291,437.03	103,900,837.92	98.68%

Delinquent Taxes

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023	\$ 366,940.12	\$ 366,940.12	0.32%
2022	367,956.98	367,956.98	0.34%
2021	780,607.68	780,607.68	0.73%
2020	587,354.36	587,354.36	0.55%
2019	468,955.39	468,955.39	0.45%

There is no balance of tax title liens receivable on December 31 for the current and previous four calendar years.

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 1,316,300.00
2022	1,316,300.00
2021	1,316,300.00
2020	1,316,300.00
2019	1,316,300.00

Note 5: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2023	\$ 11,857,159.66	\$ 6,500,000.00	54.82%
2022	8,047,035.86	4,500,000.00	55.92%
2021	6,418,191.65	4,500,000.00	70.11%
2020	6,229,290.01	4,900,000.00	78.66%
2019	5,712,736.92	3,500,000.00	61.27%

Swimming Pool Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2023	\$ 58,998.82	-	-
2022	58,998.82	-	-
2021	58,998.82	-	-
2020	58,998.82	-	-
2019	58,998.82	-	-

Note 6: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves, and fund balance as of December 31, 2023:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 45,495.25	\$ 940,531.42
Federal and State Grant	376,995.00	7,228.41
Trust - Assessment	1,684.71	
Trust - Animal Control		23,435.40
Trust - Municipal Open Space	1,117.47	
Trust - Other		13,573.55
General Capital	1,296,000.34	376,995.00
Swimming Pool Utility - Operating	17,591.08	461,876.00
Swimming Pool Utility - Capital	105,213.82	19,200.00
Bond and Interest		1,257.89
Total	<u>\$ 1,844,097.67</u>	<u>\$ 1,844,097.67</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2024, the Town expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

A substantial number of the Town's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Town employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly Prudential Financial) for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. As a local participation employer of these pension plans, the Town is referred to as "Employer" throughout this note. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, and disability benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Employer, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, and disability benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Employer. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007, under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are state or local officials who are elected or appointed on or after July 1, 2007; employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 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 Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death, and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service 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.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Employer's contractually required contribution rate for the year ended December 31, 2023 was 17.35% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$1,993,821.00, and is payable by April 1, 2024. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2022, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$1,865,900.00, which was paid on April 1, 2023.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - Employee contributions to the Plan for the year ended December 31, 2023 were \$871,856.52.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the year ended December 31, 2023 was .59% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$67,386.00. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$46,983.00.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

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

The Employer's contractually required contribution rate for the year ended December 31, 2023 was 33.93% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$3,106,383.00, and is payable by April 1, 2024. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2022, the Town's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$2,787,756.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$917,743.70.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, for the year ended December 31, 2023 was 5.93% of the Employer's covered payroll.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$543,301.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Employer, to the pension plan for the year ended December 31, 2022 was \$543,619.00, which was paid on April 1, 2023.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Employer contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2023, employee contributions totaled \$2,905.44, and the Employer's contributions were \$2,540.38. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$21,607,677.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was 0.1491792245%, which was an increase of 0.0012149942% from its proportion measured as of June 30, 2022.

Pension (Benefit) Expense - For the year ended December 31, 2023, the Employer's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was \$765,306.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PERS was \$1,865,900.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PERS pension (benefit) expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 measurement date, was \$67,386.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System**

Pension Liability - As of December 31, 2023, the Employer's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Proportionate Share of Net Pension Liability	\$ 25,782,544.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	4,750,734.00
	<u>\$ 30,533,278.00</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2023 measurement date, the Employer's proportion was 0.2333519000%, which was an increase of 0.0190003700% from its proportion measured as of June 30, 2022. Likewise, at June 30, 2023, the State of New Jersey's proportion, on-behalf of the Employer, was 0.2333519300%, which was an increase of 0.0190004200% from its proportion, on-behalf of the Employer, measured as of June 30, 2022.

Pension (Benefit) Expense - For the year ended December 31, 2023, the Employer's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date was \$2,420,289.00. This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2023, the Employer's contribution to PFRS was \$2,787,756.00, and was paid on April 1, 2023.

For the year ended December 31, 2023, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Employer, calculated by the Plan as of the June 30, 2023 measurement date, was \$540,386.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2023, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 206,597.00	\$ 1,103,957.00	\$ 1,310,554.00	\$ 88,325.00	\$ 1,229,599.00	\$ 1,317,924.00
Changes of Assumptions	47,468.00	55,648.00	103,116.00	1,309,518.00	1,740,940.00	3,050,458.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	99,506.00	1,313,056.00	1,412,562.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	805,753.00	3,431,057.00	4,236,810.00	90,255.00	929,821.00	1,020,076.00
Contributions Subsequent to the Measurement Date	996,911.00	1,553,192.00	2,550,103.00	-	-	-
	<u>\$ 2,156,235.00</u>	<u>\$ 7,456,910.00</u>	<u>\$ 9,613,145.00</u>	<u>\$ 1,488,098.00</u>	<u>\$ 3,900,360.00</u>	<u>\$ 5,388,458.00</u>

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Deferred outflows of resources in the amounts of \$996,911.00 and \$1,553,192.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2024. These amounts were based on an estimated April 1, 2025 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2023 to the Employer's year end of December 31, 2023.

The Employer will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
June 30, 2022	-	5.04	6.22	-
June 30, 2023	5.08	-	6.16	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
June 30, 2022	-	5.04	-	6.22
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
June 30, 2021	5.00	-	5.00	-
June 30, 2022	5.00	-	5.00	-
June 30, 2023	5.00	-	5.00	-
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17
June 30, 2022	5.04	5.04	6.22	6.22
June 30, 2023	5.08	5.08	6.16	6.16

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2024	\$ (758,084.00)	\$ (247,519.00)	\$ (1,005,603.00)
2025	(385,815.00)	(512,253.00)	(898,068.00)
2026	929,798.00	1,837,099.00	2,766,897.00
2027	(120,568.00)	398,088.00	277,520.00
2028	5,895.00	463,907.00	469,802.00
Thereafter	-	64,036.00	64,036.00
	<u>\$ (328,774.00)</u>	<u>\$ 2,003,358.00</u>	<u>\$ 1,674,584.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 6.55%	3.25% - 16.25%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

Public Employees' Retirement System

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

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Police and Firemen's Retirement System**

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

For both PERS and PFRS, 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 rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2023 are summarized in the table that follows:

<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-US Developed Markets 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%
	<u>100.00%</u>	

Discount Rate -

For both PERS and PFRS, 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 would 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.

Note 7: PENSION PLANS (CONT'D)**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2023 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 28,128,598.00</u>	<u>\$ 21,607,677.00</u>	<u>\$ 16,057,511.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Employer's annual required contribution. As such, the net pension liability as of the June 30, 2023 measurement date, for the Employer and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	\$ 35,923,461.00	\$ 25,782,544.00	\$ 17,337,584.00
State of New Jersey's Proportionate Share of Net Pension Liability	<u>6,619,316.00</u>	<u>4,750,734.00</u>	<u>3,194,652.00</u>
	<u>\$ 42,542,777.00</u>	<u>\$ 30,533,278.00</u>	<u>\$ 20,532,236.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS pension plans. These schedules are presented to illustrate the requirements to show information for 10 years.

Schedule of the Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Ten Plan Years)

	Measurement Date Ended June 30,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the Net Pension Liability	0.1491792245%	0.1479642303%	0.1487509064%	0.1433585289%	0.1417093962%
Proportionate Share of the Net Pension Liability	\$ 21,607,677.00	\$ 22,329,839.00	\$ 17,621,775.00	\$ 23,378,027.00	\$ 25,533,883.00
Covered Payroll (Plan Measurement Period)	\$ 11,057,584.00	\$ 10,834,924.00	\$ 10,707,356.00	\$ 10,246,796.00	\$ 9,894,908.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	195.41%	206.09%	164.58%	228.15%	258.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%
	Measurement Date Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the Net Pension Liability	0.1338958384%	0.1207409552%	0.1172522228%	0.1106667214%	0.1093580510%
Proportionate Share of the Net Pension Liability	\$ 26,363,423.00	\$ 28,106,564.00	\$ 34,726,745.00	\$ 24,842,461.00	\$ 20,474,818.00
Covered Payroll (Plan Measurement Period)	\$ 9,383,372.00	\$ 8,309,580.00	\$ 8,020,816.00	\$ 7,560,484.00	\$ 7,613,672.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	280.96%	338.24%	432.96%	328.58%	268.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Ten Years)

	Year Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 1,993,821.00	\$ 1,865,900.00	\$ 1,742,046.00	\$ 1,568,270.00	\$ 1,378,415.00
Contribution in Relation to the Contractually Required Contribution	(1,993,821.00)	(1,865,900.00)	(1,742,046.00)	(1,568,270.00)	(1,378,415.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 11,492,884.00	\$ 11,026,480.00	\$ 10,767,829.00	\$ 10,633,825.00	\$ 10,261,080.00
Contributions as a Percentage of Covered Payroll	17.35%	16.92%	16.18%	14.75%	13.43%
	Year Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,331,831.00	\$ 1,118,536.00	\$ 1,041,652.00	\$ 951,437.00	\$ 901,532.00
Contribution in Relation to the Contractually Required Contribution	(1,331,831.00)	(1,118,536.00)	(1,041,652.00)	(951,437.00)	(901,532.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 9,947,532.00	\$ 9,459,324.00	\$ 8,435,484.00	\$ 8,025,709.00	\$ 7,575,569.00
Contributions as a Percentage of Covered Payroll	13.39%	11.82%	12.35%	11.85%	11.90%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Ten Plan Years)**

	Measurement Date Ended June 30,				
	2023	2022	2021	2020	2019
Proportion of the Net Pension Liability	0.2333519000%	0.2143515300%	0.2045177164%	0.2161851065%	0.2094796360%
Proportionate Share of the Net Pension Liability	\$ 25,782,544.00	\$ 24,535,440.00	\$ 14,948,511.00	\$ 27,933,967.00	\$ 25,635,738.00
State's Proportionate Share of the Net Pension Liability	4,750,734.00	4,366,589.00	4,204,266.00	4,335,224.00	4,047,932.00
Total	<u>\$ 30,533,278.00</u>	<u>\$ 28,902,029.00</u>	<u>\$ 19,152,777.00</u>	<u>\$ 32,269,191.00</u>	<u>\$ 29,683,670.00</u>
Covered Payroll (Plan Measurement Period)	\$ 8,660,048.00	\$ 7,653,564.00	\$ 7,194,636.00	\$ 7,532,276.00	\$ 7,113,608.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	297.72%	320.58%	207.77%	370.86%	360.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.16%	68.33%	77.26%	63.52%	65.00%
	Measurement Date Ended June 30,				
	2018	2017	2016	2015	2014
Proportion of the Net Pension Liability	0.1978092646%	0.1891580887%	0.1948079139%	0.1988234388%	0.1947839152%
Proportionate Share of the Net Pension Liability	\$ 26,766,855.00	\$ 29,202,352.00	\$ 37,213,295.00	\$ 33,117,054.00	\$ 24,502,010.00
State's Proportionate Share of the Net Pension Liability	3,635,835.00	3,270,909.00	3,124,994.00	2,904,255.00	2,638,455.00
Total	<u>\$ 30,402,690.00</u>	<u>\$ 32,473,261.00</u>	<u>\$ 40,338,289.00</u>	<u>\$ 36,021,309.00</u>	<u>\$ 27,140,465.00</u>
Covered Payroll (Plan Measurement Period)	\$ 6,651,728.00	\$ 6,017,540.00	\$ 6,226,540.00	\$ 6,228,040.00	\$ 6,191,948.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	402.40%	485.29%	597.66%	531.74%	395.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%	56.31%	62.41%

Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Ten Years)

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Contractually Required Contribution	\$ 3,106,383.00	\$ 2,787,756.00	\$ 2,383,581.00	\$ 2,415,157.00	\$ 2,115,976.00
Contribution in Relation to the Contractually Required Contribution	<u>(3,106,383.00)</u>	<u>(2,787,756.00)</u>	<u>(2,383,581.00)</u>	<u>(2,415,157.00)</u>	<u>(2,115,976.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 9,155,900.00	\$ 8,606,262.00	\$ 7,748,603.00	\$ 7,385,522.00	\$ 7,620,600.00
Contributions as a Percentage of Covered Payroll	33.93%	32.39%	30.76%	32.70%	27.77%
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,933,877.00	\$ 1,674,084.00	\$ 1,588,348.00	\$ 1,616,138.00	\$ 1,496,075.00
Contribution in Relation to the Contractually Required Contribution	<u>(1,933,877.00)</u>	<u>(1,674,084.00)</u>	<u>(1,588,348.00)</u>	<u>(1,616,138.00)</u>	<u>(1,496,075.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 7,206,675.00	\$ 6,698,860.60	\$ 6,204,379.00	\$ 6,353,688.00	\$ 6,278,210.00
Contributions as a Percentage of Covered Payroll	26.83%	24.99%	25.60%	25.44%	23.83%

Note 7: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)*****Changes in Benefit Terms**

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in Assumptions

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

<u>Discount Rate</u>				<u>Long-term Expected Rate of Return</u>			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	5.66%	2023	7.00%	2018	7.00%
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%
2019	6.28%	2014	5.39%	2019	7.00%	2014	7.90%

Police and Firemen's Retirement System (PFRS)**Changes in Benefit Terms**

The June 30, 2023 measurement date include the following plan amendment: Chapter 92, P.L. 2023 establishing an extension of the previous plan amendment Chapter 52, P.L. 2021, allowing members enrolled between January 18, 2000 and April 19, 2021 to retire prior to age 55 if they have attained 20 years of creditable service and retire by May 1, 2026.

Changes in Assumptions

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

<u>Discount Rate</u>				<u>Long-term Expected Rate of Return</u>			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	6.51%	2023	7.00%	2018	7.00%
2022	7.00%	2017	6.14%	2022	7.00%	2017	7.00%
2021	7.00%	2016	5.55%	2021	7.00%	2016	7.65%
2020	7.00%	2015	5.79%	2020	7.00%	2015	7.90%
2019	6.85%	2014	6.32%	2019	7.00%	2014	7.90%

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

N.J.A.C. 5:30-6.1 allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2023 was not available; therefore, the information from the measurement period June 30, 2022 is disclosed below.

General Information about the State Health Benefit Local Government Retired Employees Plan

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

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

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

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Town was billed monthly by the Plan and paid \$1,280,247.03, for the year ended December 31, 2022, representing 6.52% of the Town's covered payroll. During the year ended December 31, 2022, retirees weren't required to contribute to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB Plan.

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to disclose in their respective notes to the financial statements, an expense and corresponding revenue, and their proportionate share of the OPEB expense allocated to the State under the special funding situation.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Town, is not known; however, under the special funding situation, the State's OPEB expense, on-behalf of the Town, is (\$33,662.00) for the year ended December 31, 2022, representing (0.17%) of the Town's covered payroll.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2022, the Town's and State's proportionate share of the net OPEB liability were as follows:

Proportionate Share of Net OPEB Liability	\$ 53,956,283.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Employer	205,229.00
	<u>\$ 54,161,512.00</u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

The Town's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the Town's proportion was .334103%, which was an increase of .004471% from its proportion measured as of the June 30, 2021 measurement date, as adjusted.

The State's proportion of the net OPEB liability, on-behalf of the Town was based on the ratio of the Plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the State's proportion on-behalf of the Town was .006083%, which was a increase of .006083% from its proportion measured as of the June 30, 2021 measurement date, as adjusted.

OPEB (Benefit) Expense - At December 31, 2022, the Town's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, is \$2,436,245.00. This (benefit) expense is not recognized by the Town because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2022, the Town made contributions to the Plan totaling \$1,280,247.03.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2022, the Town had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 2,786,360.00	\$ 10,001,201.00
Changes of Assumptions	7,200,690.00	18,414,239.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	14,204.00	-
Changes in Proportion	16,759,063.00	3,801,077.00
Contributions Subsequent to the Measurement Date	715,670.48	-
	<u>\$ 27,475,987.48</u>	<u>\$ 32,216,517.00</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Deferred outflows of resources in the amount of \$715,670.48 will be included as a reduction of the Town's net OPEB liability during the year ending December 31, 2023. The Town will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14	June 30, 2018	5.00	-
June 30, 2019	-	8.05	June 30, 2019	5.00	-
June 30, 2020	7.87	-	June 30, 2020	5.00	-
June 30, 2021	-	7.82	June 30, 2021	5.00	-
June 30, 2022	7.82	-	June 30, 2022	5.00	-
Changes of Assumptions			Changes in Proportion		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04	June 30, 2017	8.04	8.04
June 30, 2018	-	8.14	June 30, 2018	8.14	8.14
June 30, 2019	-	8.05	June 30, 2019	8.05	8.05
June 30, 2020	7.87	-	June 30, 2020	7.87	7.87
June 30, 2021	7.82	-	June 30, 2021	7.82	7.82
June 30, 2022	-	7.82	June 30, 2022	7.82	7.82

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<u>Year Ending Dec. 31,</u>	
2023	\$ (2,964,152.00)
2024	(2,968,468.00)
2025	(1,380,993.00)
2026	426,429.00
2027	2,231,742.00
Thereafter	(800,758.00)
	<u>\$ (5,456,200.00)</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions**

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

Salary Increases *

PERS - Rates for all future years	2.75% to 6.55% based on years of service
PFRS - Rates for all future years	3.25% to 16.25% based on years of service

Mortality:

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

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

* salary increases are based on years of service within the respective Plan

Actuarial assumptions used in the valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. government and agency obligations, commercial paper, corporate obligations, and certificates of deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) at the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

Health Care Trend Assumptions - The health care trend assumptions used is as follows:

<u>Fiscal Year Ending</u>	<u>Annual Rate of Increase</u>			
	<u>Medical Trend</u>			<u>Prescription Drug Trend</u>
	<u>Pre-65</u>	<u>PPO Post-65</u>	<u>HMO Post-65</u>	
2023	6.25%	-1.89%	-1.99%	8.00%
2024	6.00%	-6.00%	-6.15%	7.50%
2025	5.75%	6.99%	7.02%	7.00%
2026	5.50%	15.04%	15.18%	6.50%
2027	5.25%	13.00%	13.11%	6.00%
2028	5.00%	11.47%	11.56%	5.50%
2029	4.75%	10.27%	10.35%	5.00%
2030	4.50%	9.29%	9.35%	4.50%
2031	4.50%	8.50%	8.55%	4.50%
2032	4.50%	6.25%	6.27%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%

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

The net OPEB liability, calculated using a discount rate of 3.54%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Proportionate Share of the Net OPEB Liability	\$ 62,546,194.00	\$ 53,956,283.00	\$ 47,044,896.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	237,902.00	205,229.00	178,941.00
	<u>\$ 62,784,096.00</u>	<u>\$ 54,161,512.00</u>	<u>\$ 47,223,837.00</u>

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

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate Share of the Net OPEB Liability	\$ 45,772,739.00	\$ 53,956,283.00	\$ 64,437,098.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Employer	174,102.00	205,229.00	245,094.00
	<u>\$ 45,946,841.00</u>	<u>\$ 54,161,512.00</u>	<u>\$ 64,682,192.00</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Proportionate Share of the Net OPEB Liability (Last Six Plan Years)

	Measurement Date Ended June 30,		
	<u>2022</u>	<u>2021 (a)</u>	<u>2020</u>
Proportion of the Net OPEB Liability	0.334103%	0.329632%	0.261037%
Proportionate Share of the Net OPEB Liability	\$ 53,956,283.00	\$ 59,333,039.00	\$ 46,847,300.00
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	205,229.00	-	16,188,573.00
Total	<u>\$ 54,161,512.00</u>	<u>\$ 59,333,039.00</u>	<u>\$ 63,035,873.00</u>
Covered Payroll (Plan Measurement Period)	\$ 19,064,885.00	\$ 18,240,476.00	\$ 17,975,530.00
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	283.01%	325.28%	260.62%
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	-0.36%	0.28%	0.91%
	Measurement Date Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net OPEB Liability	0.236964%	0.259745%	0.244956%
Proportionate Share of the Net OPEB Liability	\$ 32,099,312.00	\$ 40,693,257.00	\$ 50,009,699.00
State's Proportionate Share of the Net OPEB Liability Associated with the Employer	13,159,996.00	14,432,524.00	19,993,016.00
Total	<u>\$ 45,259,308.00</u>	<u>\$ 55,125,781.00</u>	<u>\$ 70,002,715.00</u>
Covered Payroll (Plan Measurement Period)	\$ 17,541,283.00	\$ 16,719,894.00	\$ 15,367,815.60
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	182.99%	243.38%	325.42%
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

(a) The Proportionate Share of the June 30, 2021 Net OPEB Liability was adjusted within the June 30, 2022 Plan Audit.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)*****Schedule of Contributions (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Required Contributions	\$ 1,280,247.03	\$ 1,099,906.89	\$ 971,455.66
Actual Contributions in Relation to the Required Contribution	<u>(1,280,247.03)</u>	<u>(1,099,906.89)</u>	<u>(971,455.66)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 19,632,742.00	\$ 18,516,432.00	\$ 18,019,347.00
Contributions as a Percentage of Covered Payroll	6.52%	5.94%	5.39%
	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Required Contributions	\$ 911,251.98	\$ 1,539,718.92	\$ 1,588,334.57
Actual Contributions in Relation to the Required Contribution	<u>(911,251.98)</u>	<u>(1,539,718.92)</u>	<u>(1,588,334.57)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll (Calendar Year)	\$ 17,881,680.00	\$ 17,154,207.00	\$ 16,158,184.60
Contributions as a Percentage of Covered Payroll	5.10%	8.98%	9.83%

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - The actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions - The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	3.54%	2019	3.50%
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated experience study.

There were no changes to mortality projections.

Note 9: COMPENSATED ABSENCES

Under the existing policy of the Town, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward, but the carry-forward is limited to the equivalent of one year's accrued vacation days.

The Town compensates employees for unused sick leave and vacation days upon termination or retirement. For unused sick leave, however, the current policy provides one compensated day for every two days accumulated.

The Town has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2023, the balance of the fund was \$2,000,000.00. It is estimated that, at December 31, 2023, accrued benefits for compensated absences are valued at \$5,340,068.28.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Town or its creditors. Since the Town does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Town's financial statements.

Note 11: FINANCED PURCHASE OBLIGATIONS

The Town has entered into the following agreements which meet the requirements of financed purchases under the provisions of GASB Statement No. 87, *Leases*.

Equipment - The Town entered into a financed purchase agreement in the principal amount of \$1,626,311.00 dated May 26, 2022 with TD Equipment Finance for a period of 15 years at an interest rate of 2.7966%. Payments on this agreement began on May 1, 2023. The final maturity of the financed purchase is May 1, 2037.

The financed purchase obligation liability at December 31, 2023 is \$1,566,311.00.

The following schedule represents the remaining future minimum payments under the financed purchase obligations, and the present value of the net minimum payments as of December 31, 2023:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 82,000.00	\$ 43,803.45	\$ 125,803.45
2025	86,500.00	41,510.24	128,010.24
2026	91,000.00	39,091.18	130,091.18
2027	95,000.00	36,546.28	131,546.28
2028	95,500.00	33,889.51	129,389.51
2029-2033	557,011.00	126,572.24	683,583.24
2034-2037	559,300.00	40,058.49	599,358.49
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 1,566,311.00	\$ 361,471.39	\$ 1,927,782.39

Note 11: FINANCED PURCHASE OBLIGATIONS (CONT'D)

Under the provisions of GASB 87, for the year ended December 31, 2023, the Town would have reported assets in the amount of \$1,626,311.00 and a financed purchase obligation in the amount of \$1,566,311.00. In addition, for the year ended December 31, 2023, the Town would have recognized a reduction of the financed purchase obligation of \$102,322.98 and interest expense of \$42,322.98.

As a result of the regulatory basis of accounting previously described in note 1, the above noted cost of the assets, along with the financed purchase obligation liability, have not been recorded on the Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis of the current fund, instead, the annual payment of the financed purchase obligation of \$102,322.98 were budgeted and paid from the current fund. In addition, the assets have been recorded in the general fixed asset group of accounts at historical cost at the inception of each finance purchase agreement.

Note 12: CAPITAL DEBT**General Improvement Bonds**

General Improvement Refunding Bonds, Series 2016 - On December 8, 2016, the Town issued \$5,020,000.00 in general obligation refunding bonds, with interest rates ranging from 2.0% to 4.0%, to advance refund \$5,250,000.00 outstanding 2007 general improvement bonds with an interest rate of 3.983%. The final maturity of the bonds is January 15, 2027.

General Improvement Bonds, Series 2018 - On May 1, 2018, the Town issued \$12,585,000.00 of general improvement bonds with an interest rate of 3.0%. The purpose of the bonds is to fund various capital ordinances, specifically 2010-39, 2011-19, 2011-23, 2012-07, 2012-25, 2012-34, 2013-06, 2014-08, 2014-10, and 2016-22. The final maturity of the binds is May 1, 2030.

General Improvement Refunding Bonds, Series 2020 - On May 12, 2020, the Town issued \$8,440,000.00 in general obligation bonds with an interest rate ranging from 4.0% to 5.0% to advance refund \$9,648,000.00 of outstanding 2010 series bonds with an interest rate ranging from 2.0% to 4.0%. The final maturity of the 2020 general improvement refunding bonds is April 1, 2029.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,305,000.00	\$ 581,400.00	\$ 2,886,400.00
2025	2,555,000.00	485,350.00	3,040,350.00
2026	2,655,000.00	383,525.00	3,038,525.00
2027	2,785,000.00	277,675.00	3,062,675.00
2028	2,375,000.00	178,375.00	2,553,375.00
2029 - 2030	3,780,000.00	108,500.00	3,888,500.00
Totals	<u>\$ 16,455,000.00</u>	<u>\$ 2,014,825.00</u>	<u>\$ 18,469,825.00</u>

Note 12: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Environmental Infrastructure Loans**

On October 14, 2004, the Town entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$2,490,000.00, at no interest, from the fund loan, and \$835,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund the upgrading of a storm sewer pumping station and construction of a tide gate. Semiannual debt payments are due February 1st and August 1st through 2024.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 187,948.94	\$ 4,869.10	\$ 192,818.04

General Debt - New Jersey Green Acres Loans

On March 28, 2006, the Town entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$163,410.00, at an interest rate of 2.0%. The proceeds were used to fund the redevelopment of the Town's little league baseball field. Semiannual debt payments are due January 1st and July 1st through 2026.

In addition, on June 27, 2006, the Town entered into a second loan agreement with the New Jersey Department of Environmental Protection to provide \$470,000.00, at an interest rate of 2.0%. The proceeds were used to fund the Buchmuller Park ice rink. Semiannual debt payments are due March 1st and September 1st through 2026.

Lastly, on April 4, 2018, the Town entered into a third loan agreement with the New Jersey Department of Environmental Protection to provide \$268,125.00, at an interest rate of 2.0%. The proceeds were used to fund the acquisition of a downtown recreation facility. Semiannual debt payments are due January 4th and July 4th through 2043.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 49,030.14	\$ 7,030.22	\$ 56,060.36
2025	50,015.61	6,044.70	56,060.31
2026	31,327.23	5,039.39	36,366.62
2027	12,066.21	4,606.65	16,672.86
2028	12,308.74	4,364.12	16,672.86
2029-2033	65,355.78	18,008.56	83,364.34
2034-2038	72,193.43	11,170.90	83,364.33
2039-2043	71,410.03	3,617.86	75,027.89
Totals	\$ 363,707.17	\$ 59,882.40	\$ 423,589.57

Note 12: CAPITAL DEBT (CONT'D)

The following schedule represents the Town's summary of debt for the current and two previous years:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 57,210,556.11	\$ 55,759,174.26	\$ 49,871,555.06
Swimming Pool Utility:			
Notes	1,187,100.00	1,206,300.00	1,254,000.00
Total Issued	<u>58,397,656.11</u>	<u>56,965,474.26</u>	<u>51,125,555.06</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	1,075,941.00	7,543,254.75	11,397,265.00
Swimming Pool Utility:			
Notes	100.00	28,600.00	100.00
Total Authorized but not Issued	<u>1,076,041.00</u>	<u>7,571,854.75</u>	<u>11,397,365.00</u>
Total Issued and Authorized but not Issued	<u>59,473,697.11</u>	<u>64,537,329.01</u>	<u>62,522,920.06</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds		204,313.69	
Excess Proceeds from Issuance of Notes	95,897.22	450,852.22	368,063.73
Swimming Pool Utility:			
Self-Liquidating			74,211.20
Total Deductions	<u>95,897.22</u>	<u>655,165.91</u>	<u>442,274.93</u>
<u>Net Debt</u>	<u>\$ 59,377,799.89</u>	<u>\$ 63,882,163.10</u>	<u>\$ 62,080,645.13</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.058%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 17,075,000.00	\$ 17,075,000.00	
Self-Liquidating	1,187,200.00		\$ 1,187,200.00
General	58,286,497.11	95,897.22	58,190,599.89
	<u>\$ 76,548,697.11</u>	<u>\$ 17,170,897.22</u>	<u>\$ 59,377,799.89</u>

Net debt \$59,377,799.89 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$5,611,184,369.67, equals 1.058%.

Note 12: CAPITAL DEBT (CONT'D)**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 196,391,452.94
Less: Net Debt	<u>59,377,799.89</u>
Remaining Borrowing Power	<u><u>\$ 137,013,653.05</u></u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 66,919.30
Deductions:	
Operating and Maintenance Costs	\$ 574,772.39
Debt Service	<u>95,376.08</u>
Total Deductions	<u>670,148.47</u>
Deficit in Revenue	<u><u>\$ (603,229.17)</u></u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

Note 13: RISK MANAGEMENT

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

The following is a summary of the activity and the ending balance of the Town's trust fund for the current and previous two years:

<u>Year</u>	<u>Town Contributions</u>	<u>Employee Contributions</u>	<u>Refunds</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 25,000.00	-	-	\$ 11,145.79	\$ 185,848.29	\$ 674,814.82
2022	50,000.00	\$ 64,395.94	-	3,277.52	3,582.53	824,517.32
2021	250,000.00	-	\$ 394,536.66	-	78,032.05	710,426.39

It is estimated that unreimbursed payments on behalf of the Town at December 31, 2023 \$216,001.04.

Joint Insurance Pool - The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result, the Town is a member of the Suburban Essex Joint Insurance Fund.

Note 13: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The Fund provides its members, including the Town, with the following coverage:

Property Damage
Boiler and Machinery
Liability
Workers' Compensation
Crime
Public Officials / Employment Liability

Contributions to the Fund, including a reserve for contingencies, are payable in three installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Town's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2023, which can be obtained from:

Suburban Essex Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054

Note 14: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 8, 2016 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Town authorized the establishment of the Town of Secaucus Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 2017, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the referendum, the Town levies a tax not to exceed one cent per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied, and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Town of Secaucus Open Space, Recreation and Farmland Preservation Trust Funds.

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amount, if any, to be immaterial.

Note 16: CONCENTRATIONS

The Town depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: SUBSEQUENT EVENTS

Tax Appeals - As of December 31, 2023, several tax appeals were on file against the Town. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Town, the estimated impact of the tax refunds is not expected to be material.

Authorization of Debt - Subsequent to December 31, the Town authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Introduction</u>	<u>Authorization</u>
General Improvements		
Various Public Improvements and the Acquisition of New Additional or Replacement Equipment and Machinery, New Information Technology Equipment and New Automotive Vehicles, Including Original Apparatus and Equipment	09/24/24	\$ 1,900,000.00
Pool Utility Improvements		
Various Improvements at the Swim Center In, By and For the Swimming Pool Utility	09/24/24	47,500.00

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

STEVEN L. ROGUT
THOMAS J. BACE †

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

† ALSO ADMITTED IN FL AND DC

ROGUT McCARTHY LLC

COUNSELLORS AT LAW

37 ALDEN STREET
CRANFORD, NEW JERSEY 07016

Telephone (908) 931-1150
Facsimile (908) 931-1151
Facsimile (908) 653-4832

www.rogutmccarthy.com

APPENDIX C

[Proposed Form of Bond Counsel Opinion]

August __, 2025

Town Council
Town of Secaucus
County of Hudson, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$40,785,000 of bonds, consisting of \$39,660,000 aggregate principal amount of General Improvement Bonds and \$1,125,000 aggregate principal amount of Swimming Pool Utility Bonds (individually, the "General Improvement Bonds" or the "Swimming Pool Utility Bonds"; collectively, the "Bonds"), by the Town of Secaucus, in the County of Hudson, a municipal corporation of the State of New Jersey (the "Town"). The Bonds are dated August 1, 2025 and comprise two issues of registered bonds. The Bonds bear interest from their date, payable on each February 1 and August 1, commencing February 1, 2026 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

The General Improvement Bonds are payable in annual installments on August 1 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	\$1,825,000	%	2034	\$2,725,000	%
2027	1,830,000		2035	2,825,000	
2028	2,215,000		2036	2,900,000	
2029	2,300,000		2037	3,025,000	
2030	2,500,000		2038	3,125,000	
2031	2,600,000		2039	3,215,000	
2032	2,625,000		2040	3,300,000	
2033	2,650,000				

Town Council
Town of Secaucus
County of Hudson, New Jersey
August __, 2025
Page 2

The Swimming Pool Utility Bonds are payable in annual installments on August 1 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	\$65,000	%	2033	\$ 80,000	%
2027	65,000		2034	85,000	
2028	65,000		2035	85,000	
2029	70,000		2036	90,000	
2030	75,000		2037	95,000	
2031	75,000		2038	95,000	
2032	80,000		2039	100,000	

The Bonds maturing on or before August 1, 2032 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2033 are subject to redemption at the option of the Town prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after August 1, 2032, upon notice as set forth in the resolutions referred to below at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Town determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Town, and within any maturity, by lot.

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended). The General Improvement Bonds are also issued pursuant to fifteen bond ordinances adopted by the Town Council of the Town on April 22, 2014 (Ord. No. 2014-10), August 26, 2014 (Ord. No. 2014-25), April 14, 2015 (Ord. No. 2015-10), May 12, 2015 (Ord. No. 2015-17), May 10, 2016 (Ord. No. 2016-11), July 25, 2017 (Ord. No. 2017-15), October 24, 2017 (Ord. No. 2017-25), May 8, 2018 (Ord. No. 2018-16), May 14, 2019 (Ord. No. 2019-13), August 25, 2020 (Ord. No. 2020-13, as amended by Ord. No. 2023-25 adopted on November 28, 2023), July 27, 2021 (Ord. No. 2021-20), August 24, 2021 (Ord. No. 2021-23, as amended by Ord. No. 2024-16 adopted on July 23, 2024), September 14, 2021 (Ord. No. 2021-

25), August 23, 2022 (Ord. No. 2022-21) and June 24, 2025 (Ord. No. 2025-16) and resolutions adopted by the Town Council of the Town on June 24, 2025. The Swimming Pool Utility Bonds are also issued pursuant to seven bond ordinances adopted by the Town Council of the Town on May 12, 2015 (Ord. No. 2015-18), July 25, 2017 (Ord. No. 2017-16), May 8, 2018 (Ord. No. 2018-17), May 14, 2019 (Ord. No. 2019-14), August 25, 2020 (Ord. No. 2020-14), August 23, 2022 (Ord. No. 2022-22) and June 24, 2025 (Ord. No. 2025-17) and resolutions adopted by the Town Council of the Town on June 24, 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 Town 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 Town 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 Town'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 Town, in executing the Tax Certificate, will certify to the effect that the Town expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the bond ordinances and 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 Chief Financial Officer of the Town 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 Town in connection with the sale and issuance of the Bonds, or (ii) other documents of the Town 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 Town 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.

2. The Town 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 Town is authorized and required by law to levy on all real property taxable by the Town such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

Town Council
Town of Secaucus
County of Hudson, New Jersey
August __, 2025
Page 5

3. Assuming compliance by the Town with its 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

[THIS PAGE INTENTIONALLY LEFT BLANK]