

NEW ISSUE

RATING: See “RATING” herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is not included in gross income under the New Jersey Gross Income Tax Act. See “Tax Matters” herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Notes for certain noteholders.

**THE TOWN OF BOONTON,
IN THE COUNTY OF MORRIS, NEW JERSEY**

**\$7,949,318 BOND ANTICIPATION NOTES
(Non-Callable) (Tax Exempt) (Bank Qualified)**

**Dated: June 22, 2023
Maturing: June 21, 2024
Interest Rate: 4.50%
Reoffered to Yield: 3.70%
CUSIP: 099275LG2**

The \$7,949,318 Bond Anticipation Notes (the “Notes”) of the Town of Boonton, in the County of Morris, New Jersey (the “Town”) are payable as to principal and interest at maturity upon presentation and surrender at the office of the Chief Financial Officer of the Town (the “Paying Agent”).

The Notes are issued, along with other available funds of the Town: (i) to refund, on a current basis, the Town’s \$6,294,398 bond anticipation notes, dated June 23, 2022 and maturing on June 23, 2023; (ii) to refund, on a current basis, the Town’s \$1,500,000 bond anticipation notes, dated December 9, 2022 and maturing on June 23, 2023; (iii) to provide \$2,158,000 in new money to temporarily finance various capital and water and sewer utility improvements in and by the Town; and (iv) to pay for expenses incurred in connection with the issuance of the Notes.

The Notes are not subject to redemption prior to maturity.

The Notes are valid and legally binding obligations of the Town and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Town without limitation as to rate or amount; provided, however, that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See “Noteholders’ Remedies in the Event of Default” and “Municipal Bankruptcy” herein.

The Notes are offered when, as and if issued and received by the purchaser and to approval of the legality and validity by Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Town. Phoenix Advisors LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Town in connection with the issuance of the Notes. It is anticipated that the Notes in definitive form will be available for delivery on or about June 22, 2023.

Dated: June 1, 2023

**THE TOWN OF BOONTON,
IN THE COUNTY OF MORRIS, NEW JERSEY**

MAYOR

Richard Corcoran

BOARD OF ALDERMEN

Cy Wekilsky, Council President

John Meehan

Marie Devenezia

Daniel Balan

Joe Bock

Mike Wade

Ben Weisman

CHIEF FINANCIAL OFFICER

Michael Yazdi

TOWN CLERK/REGISTRAR

Cynthia Oravits, RMC

TOWN ATTORNEY

Dorsey & Semrau LLC

Boonton, New Jersey

AUDITOR

Lerch, Vinci & Bliss, LLP

Fair Lawn, New Jersey

BOND COUNSEL

Hawkins Delafield & Wood LLP

Newark, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC

Bordentown, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

The information which is set forth herein has been provided by the Town and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Town. References in this Official Statement to the State of New Jersey statutes, 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 or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Town during normal business hours. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The order and the placement of materials in this Official Statement, including the appendices, are not deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**OFFICIAL STATEMENT
RELATING TO
THE TOWN OF BOONTON,
IN THE COUNTY OF MORRIS, NEW JERSEY
\$7,949,318
BOND ANTICIPATION NOTES
(Non-Callable) (Tax Exempt) (Bank Qualified)**

INTRODUCTION

This Official Statement (the “Official Statement”), which includes the cover page hereof and the appendices hereto, has been prepared by the Town of Boonton, in the County of Morris (the “Town”), in the State of New Jersey (the “State”) and provides certain information relating to the Town in connection with the Town’s sale of its \$7,949,318 Bond Anticipation Notes (the “Notes”). This Official Statement has been executed by and on behalf of the Town by its Chief Financial Officer and its distribution and use in connection with the sale of the Notes has been authorized by the Town.

This Official Statement contains specific information relating to the Notes including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Town from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future and is not necessarily indicative of future or continuing trends in the financial position of the Town.

DESCRIPTION OF THE NOTES

The following is a summary of certain provisions of the Notes. Reference is made to the Notes themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Date

The Notes will be dated and will bear interest at the interest rate per annum payable at maturity, all as stated on the cover page hereof.

Denominations and Place of Payment

The Notes will be issued in the denominations of \$5,000 and any integral multiple thereafter except for one necessary odd denomination. Principal of and interest on the Notes are payable at maturity upon presentation at the office of the Chief Financial Officer of the Town in the capacity as paying agent. The Notes will be issued in registered form.

Redemption

The Notes are not subject to redemption prior to maturity.

AUTHORIZATION

The Notes have been authorized and are to be issued pursuant to the laws of the State, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (N.J.S.A. §40A:2-1, et seq.) (the “Local Bond Law”). The Notes are authorized by bond ordinances adopted by the governing body of the Town. Such bond ordinances, or summaries thereof, were published after their adoption along with a statement to the effect that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the accompanying bond ordinance 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 barred from questioning the sale, execution or delivery of such obligations.

The following table sets forth certain information with respect to the bond ordinances authorizing capital projects to be funded with the proceeds of the Notes:

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Notes to be Issued</u>
10-18	Various improvements	\$583,440
05-19	Various improvements	554,180
08-20	Improvement of the Police Department headquarters	127,000
10-20	Various improvements	1,013,783
19-20	Acquisition of the Darress Theater	666,000
09-21	Acquisition of land	600,000
13-21	Various water system improvements	2,554,500
14-22	Various improvements	545,500
16-21	Acquisition of vehicular equipment	75,000
12-22	Rehabilitation of generator	58,000
09-17	Various water system improvements	354,300
07-19	Improvement of water supply and distribution system	56,615
11-20	Various improvements	336,000
15-21	Various water system improvements	80,000
11-22	Acquisition and installation of new water meters	<u>345,000</u>
Total:		\$7,949,318

PURPOSE OF ISSUE

The Notes are issued, along with other available funds of the Town, to: (i) to refund, on a current basis, the Town’s \$6,294,398 bond anticipation notes, dated June 23, 2022 and maturing on June 23, 2023; (ii) to refund, on a current basis, the Town’s \$1,500,000 bond anticipation notes, dated December 9, 2022 and maturing on June 23, 2023; (iii) to provide \$2,158,000 in new money to temporarily finance various capital and water utility improvements in and by the Town; and (iv) to pay for expenses incurred in connection with the issuance of the Notes.

SECURITY FOR THE NOTES

The Notes will be general obligations of the Town, and the Town has pledged its full faith and credit for the payment of the principal and the interest on the Notes. The Notes 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 Notes without limitation as to rate or amount. See “Noteholders’ Remedies in the Event of Default” and “Municipal Bankruptcy” herein.

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a Pandemic by the World Health Organization on March 11, 2020. A state of emergency and a public health emergency were declared by Governor Murphy on March 9, 2020, and a national emergency was declared by President Trump on March 13, 2020. The public health emergency was terminated on June 4, 2021 but the state of emergency and national emergency remain in effect. On January 11, 2022, Governor Murphy reinstated a public health emergency in response to the renewed threat of COVID-19 posed by the Omicron Variant. That public health emergency was subsequently terminated on March 7, 2022. The outbreak of this disease affected travel, commerce and financial markets globally, and altered the behavior of people and businesses in a manner that has, and may continue to have, negative impacts on the global, national and local economies.

Throughout the COVID-19 pandemic, Governor Murphy 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 the State. See <https://covid19.nj.gov> for further details regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020, c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval of the Director of the Division of Local Government Services (the "Director") in cases of significant fiscal distress, the five (5) year period may be extended to up to ten (10) years. Chapter 74 also grants the Director the authority to modify municipal budgeting rules governing anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19. The Town does not currently foresee a need to utilize Chapter 74 for the purpose of issuing special emergency notes during calendar year 2022.

The American Rescue Plan Act of 2021 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits; continued eviction and foreclosure moratoriums; an increase in the child tax credit; an increase in food and housing aid; assistance grants to restaurants and bars; and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Town which may be used to respond to the COVID-19 public health emergency or its negative economic impacts, to provide premium pay to eligible workers that are providing essential work during the emergency, to provide government services to the extent of the reduction in revenue due to the emergency, and to make necessary investments in water, sewer, or broadband infrastructure. The Town has received a total of \$346,034.24 in ARP funding. The deadline to commit the funds is December 31, 2024 and spend funds is December 31, 2026.

SUMMARY OF CERTAIN STATUTORY PROVISIONS RELATING TO MUNICIPAL AND COUNTY DEBT AND FINANCIAL REGULATION

Set forth below is a summary of various statutory provisions and requirements relevant to the Town's debt and financial regulation and budget process. This summary does not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

Legal Framework

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 financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of such projects. Generally, all bonds and notes issued by a local unit are general full faith and credit obligations.

Debt Limit

The authorized bonded indebtedness of a local unit is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3½%), in the case of a municipality, and two percent (2%), in the case of a county, of its average equalized valuation basis. The average equalized valuation basis of a local unit is set by statute as the average for the last three (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.

Exceptions to Debt Limit - Extensions of Credit

Except for the funding of certain notes, the authorization of certain bonds for municipal utility purposes, if the utilities are self-liquidating, and certain formula allowances, the debt limit of a local unit may be exceeded only with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs of the State (the “Local Finance Board”), a State regulatory agency. If all or any part or a proposed debt authorization would exceed its debt limit, a local unit must 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 a local unit or substantially reduce the ability of a local unit to meet its obligations or to provide essential public improvements or services, or makes other statutory determinations, approval is granted.

Short-Term Financing

Pursuant to the Local Bond Law, a local unit may sell short-term 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. Any such note is designated a “bond anticipation note”. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as the same may be amended and supplemented, creating such capital expenditure. Bond anticipation notes, which are full faith and credit obligations of the local unit, may be issued for a period not exceeding one (1) year and may be renewed from time to time for a period that does not exceed one (1) 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 following the date of the original note, provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which these notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Assessment Bonds

Assessment bonds may be issued pursuant to the Local Bond Law in annual serial installments with the first principal payment due within two (2) years and the final principal payment due within twenty (20) years of an issue’s date. No principal payment may be larger than a prior year’s principal payment.

Refunding Bonds

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, temporary emergency appropriations, advance funding of pension obligations as part of an early retirement program offered by the State, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. The Local Finance Board must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof; provided, however, that the issuance of refunding bonds to realize debt service savings on outstanding obligations does not require Local Finance Board approval when authorized by conditions set forth in rules and regulations of the Local Finance Board and upon a resolution adopted by a two-thirds ($\frac{2}{3}$) vote of the full membership of the governing body of the local unit.

Tax Anticipation Notes

Tax anticipation notes may be issued pursuant to the Local Budget Law (as hereinafter defined). The issuance of tax anticipation notes is limited in amount by law to collectively thirty percent (30%) of the tax levy plus thirty percent (30%) of realized miscellaneous revenues of the next preceding fiscal year. Tax anticipation notes must be paid in full within one hundred and twenty (120) days of the close of the fiscal year in which they were issued.

School Debt Subject to Voter Approval

State law permits a school district, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit, by using the available borrowing capacity of the municipality. If such debt is in excess of school district debt limit and the remaining borrowing capacity of the municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

The Local Budget Law

The foundation of the State local finance system is the annual cash basis budget. Under N.J.S.A. §40A:4-1, *et seq.* (the “Local Budget Law”), every local unit must adopt an operating budget in the form required by the Division of Local Government Services in the Department of Community Affairs of the State (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it is certified by the Director of the Division (the “Director”), or in the case of a local unit’s examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes and (e) other reserves and nondisbursement items. Anticipated tax revenues are limited to the same proportion as actual cash collections or to the total levy in the previous year, and the reserve amount must be factored into the budget to make up for the expected shortfall in actual collections. Anticipated non-tax revenues are limited to the amount actually realized the previous year unless the Director permits higher levels of anticipation should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

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

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

Each municipality is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted, not later than April 10 of the then current fiscal year. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the Director shall transmit to the County Board a certificate setting forth the amount required for the operation of the local unit for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges and changes in revenues, but excluding the amount to be raised by taxes for school purposes where required to be included in the municipal budget. The certificate shall be prepared by using the revenues and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year and (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year. See the subcaption "Tax Assessment and Collection Procedure" below.

Appropriations Not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. §40A:4-57 states that "no officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose" (emphasis added).

Appropriation Caps

Chapter 89 of the New Jersey Laws of 1990 extended and amended Chapter 203 of the New Jersey Laws of 1986 and Chapter 68 of the New Jersey Laws of 1976 (N.J.S.A. §40A:4-45.3), commonly referred to as the "CAP Law". The CAP Law places limits on county tax levies and municipal expenditures. This limitation is commonly referred to as a "CAP". The actual calculation of the CAP is somewhat complex and the actual CAP computations are prepared by the Division and distributed to each municipality. In addition to the CAP increase in expenditures, other increases allowable include increases funded by increased service fees, proceeds from the sale of municipal assets and increased expenditures mandated by State and federal laws. Appropriations for items excluded from the CAP computation, including debt service requirements, may be set at any necessary level and are not subject to the CAP. The CAP may be exceeded if approved by referendum of the voters of the municipality.

In summary, in determining the CAP for each budget year, the prior year's total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by two and one-half percent (2½%) or the cost-of-living adjustment (the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce) (the "Cost-of-Living Adjustment"), whichever is less, thereby producing the basic CAP, which then may be increased by certain known increases in revenues and State or federal expenditures mandated after July 18, 1976. A municipality may, by the adoption of an ordinance, elect to increase its final appropriations by a percentage up to, but not to exceed three and one-half percent (3½%). A municipality may, by referendum, increase its final appropriations by a higher percentage rate.

Property Tax Levy Cap

Chapter 44 of the Pamphlet Laws of 2010 imposes restrictions upon the allowable annual increase in the tax levy. In general municipalities have their tax levies limited to a two percent (2%) increase. The tax levy is subject to certain adjustments, including the sum of new ratables. In addition, the following exclusions are added

to the calculation of the adjusted tax levy: increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of two percent (2%); increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent (2%) of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The law also authorizes a municipality to submit public questions to the voters for approval (by affirmative vote of at least fifty percent (50%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Miscellaneous Revenues

A provision in the Local Budget Law (N.J.S.A. §40A:4-26) provides that: “[n]o 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”.

In addition, budget amendments must be approved by the Director, except for federal and State categorical grants-in-aid contracts may be realized for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality’s calendar 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, which governs the anticipation of delinquent tax collections, provides that: “[t]he maximum which may be anticipated is the sum produced by the 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: “[r]eceipts 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, commonly known or referred to as 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:

The levy required to balance the budget, divided by the prior year’s percentage of current tax collection (or lesser percent) levied, will equal the total taxes to be levied for the current fiscal year.

Chapter 99 of the New Jersey Laws of 1997 authorizes any municipality to sell its “total property tax levy” to the highest responsible bidder therefor in accordance with the procedures and limitations set forth therein (N.J.S.A. §54:5-113.5).

Upon the filing of certified adopted budgets by (i) a local governmental unit, (ii) a local and/or a regional school district, (iii) the county in which the local governmental unit is situated and (iv) any special improvement districts within the local governmental unit, the current year's tax rate is struck by a county's board of taxation based upon the amount of taxes required in each taxing district to fund the respective budgets.

Emergency Appropriations/Deferral of Current Expenses

Emergency appropriations made under N.J.S.A. §40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by a local unit. However, with minor exceptions set forth below, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost or floods, which may be amortized over three (3) years and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this clause (ii) may be amortized over five (5) years. N.J.S.A. §40A:4-53, -54, -55 and -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under the CAP Law, emergency appropriations aggregating less than three percent (3%) of the previous year's final current operating appropriations may be raised in the portion of the local unit's budget outside the CAP if approved by at least two-thirds ($\frac{2}{3}$) of the members of the governing body and the Director. Emergency appropriations that aggregate more than three percent (3%) of the previous year's final current operating appropriations must be raised within the CAP. Emergency appropriations for debt service, capital improvements, the local unit's share of federal or State grants and other statutorily permitted items are outside the CAP.

Budget Transfers

Budget transfers provide a local unit with a degree of flexibility and afford a control mechanism over expenditure needs. Transfers between major appropriation accounts are prohibited by N.J.S.A. §40A:4-58 until the last two (2) months of the fiscal year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous year's budget (N.J.S.A. §40A:4-59). Both types of transfers require a two-thirds ($\frac{2}{3}$) vote of the full membership of the governing body. However, no transfers may be made (a) to appropriations for contingent expenses, deferred charges or emergency appropriation or (b) from appropriations for contingent expenses, deferred charges cash deficit of the preceding year, reserve for uncollected taxes, down payments, the capital improvement fund or interest and redemption charges. Although budget transfers among subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal Public 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.

Capital Budget

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than the next ensuing six (6) 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 three (3) or six (6) 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 by the annual operating budget if the items were detailed.

Fiscal Year Adjustment Law

Chapter 75 of the New Jersey of 1991, signed into law on March 28, 1992, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year (N.J.S.A. §40A:4-3.1). Municipalities that change fiscal years must adopt a six (6) month transition budget for January to June. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the law authorizes the issuance of fiscal year adjustment bonds to fund the one time deficit for the six (6) month transition budget (N.J.S.A. §40A:2-51.2). The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of fiscal year adjustment bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue fiscal year adjustment bonds to finance the deficit on a permanent basis. The purpose of the law is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue fiscal year adjustment bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, Town or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law (as hereinafter defined) which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Tax Assessment and Collection Procedure

A local governmental unit is the entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and the Town. The levying of taxes is for a fiscal year, which starts July 1 and ends June 30. The collection of taxes to support a local governmental unit’s current budget requirement is based upon a calendar year, January 1 to December 31.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, local and regional school districts and a county cover the current calendar year. Turnover of the tax moneys by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year with any balance transferred by June 30 (the end of the school district's fiscal year). A municipality remits one hundred percent (100%) of the county taxes, payable quarterly on February 15, May 15, August 15 and November 15.

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

Upon the filing of certified adopted budgets by the municipality's local school district and the county, the tax rate is struck by the County Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, the levying of taxes and the collection of taxes are set forth in N.J.S.A. §54:4-1, et seq. Special taxing districts are permitted for various special services rendered to the properties located within the special districts.

Tax bills are sent in June of the current fiscal year. Taxes are payable in four (4) quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter ($\frac{1}{4}$) or one-half ($\frac{1}{2}$) of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. Prior to February 1 in each year, a municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board on or before April 1 of the current tax year for its review. The County Board has the authority after a hearing to increase, 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 believes the petition was unsatisfactorily reviewed by the County Board, appeal of the decision may be made to the Tax Court of New Jersey for further hearing. Tax Court of New Jersey appeals tend to take several years to conclude by settlement or trial and any losses in tax collections from prior years, after an unsuccessful trial or by settlement, are charged directly to operations or with the permission of the Local Finance Board, may be refinanced, generally over a three (3) to five (5) year period.

The Local Fiscal Affairs Law

N.J.S.A. §40A:5-1, et seq. (the “Local Fiscal Affairs Law”), regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit and all constituent boards, agencies and commissions.

An independent examination of the local unit’s accounts must be performed annually by a State licensed registered municipal accountant. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvements of the local unit’s financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its completion.

A local unit’s funds are invested strictly in accordance with the provisions of the Local Fiscal Affairs Law, in particular N.J.S.A. §40A:5-12.1. A local unit is not authorized to invest funds in derivative products or reverse repurchase agreements.

Basis of Accounting

The accounting policies applicable to local governmental units have been prescribed by the Division. The following is a summary of the significant policies:

Basis of Accounting - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled 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 or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets - Property and equipment purchased through the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized.

A local unit finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund.

Expenditures are comprised of those made for general purposes, certain expenditures made from restricted federal, State and private grants, certain federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general purposes include payments made primarily in support of a local unit’s various departments.

NOTEHOLDERS’ REMEDIES IN THE EVENT OF DEFAULT

Neither the Notes nor the proceedings with respect thereto specifically provide any remedies to the noteholders if the Town defaults in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the noteholders upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Note, a noteholder could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Town to levy

and collect a tax upon all taxable property within the Town, without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Notes as the same shall come due. The mandamus remedy, however, may be impractical and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies. See the caption “Municipal Bankruptcy” herein.

MUNICIPAL BANKRUPTCY

Any county, municipality, school district or other political subdivision of the State has the power to file a petition with any United States court or courts in bankruptcy under the federal bankruptcy act for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided that the approval of the Municipal Finance Commission of New Jersey has been obtained. The powers of the Municipal Finance Commission of New Jersey have been vested in the New Jersey Local Finance Board.

Bankruptcy proceedings by the Town could have adverse effects on the noteholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The federal bankruptcy act contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors, such as the holders of general obligation indebtedness or the Notes, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the federal bankruptcy act cannot be predicted and may be significantly affected by judicial interpretation.

The above references to the federal bankruptcy act are not to be construed as an indication that the Town expects to resort to the provisions of the federal bankruptcy act or that, if it did, such action would be approved by the Municipal Finance Commission.

NO DEFAULT

There is no record of default in the payment of principal of or interest on bonds or notes of the Town.

ABSENCE OF MATERIAL LITIGATION

To the best of his knowledge the Town Attorney, Fred Semrau of Dorsey & Semrau LLC, Boonton, New Jersey (the “Town Attorney”), no litigation of any nature is now pending or, to his knowledge, threatened restraining or enjoining the issuance or delivery of the Notes or the levy or collection of any taxes to pay the interest on or principal of the Notes, or in any manner questioning the authority or proceedings for the issuance of the Notes or for the levy or collection of said taxes, or relating to the Notes or affecting the validity thereof or the levy or collection of said taxes, and neither the corporate existence or boundaries of the Town nor the title of any of the present officers thereof to their respective offices is being contested, and no authority or proceedings for the issuance of the Notes has or have been repealed, revoked or rescinded. A signed statement to that effect will be supplied upon delivery of the Notes. In the opinion of the Town Attorney, there is no litigation pending or, to his knowledge, threatened against the Town which if adversely decided would have a material adverse effect on the financial condition of the Town or which is not otherwise adequately covered by Town insurance.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Notes, and Bond Counsel has assumed compliance by the Town with certain provisions and procedures set forth in the Arbitrage and Use of Proceeds Certificate of the Town to be delivered in connection with the issuance of the Notes.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is not included in gross income under the New Jersey Gross Income Tax Act.

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any future action, taken or not taken, any fact or circumstance that may come to its attention, or any change in law or interpretation thereof, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. By executing its Arbitrage and Use of Proceeds Certificate to be delivered concurrently with the delivery of the Notes, the Town will certify that, to the extent it is empowered and allowed under applicable law, it will comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Notes through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Note Premium

In general, if an owner acquires the Notes for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Notes after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such

interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

SECONDARY MARKET DISCLOSURE

In order to assist the purchaser in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the Town has undertaken to provide to the Municipal Securities Rulemaking Board (the “MSRB”), in a timely manner not in excess of ten (10) business days after the occurrence of the specified event, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”).

The Notices include notices of any of the following events with respect to the Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Note calls (other than mandatory sinking fund redemptions) if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event 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 (as defined in Rule 15c2-12) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the Town, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

The sole and exclusive remedy for breach or default under the undertaking to provide continuing disclosure described above is an action to compel specific performance of the undertaking of the Town, and no person, including any holder of the Notes, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The undertaking may be amended or modified without consent of the holders of the Notes under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the Town upon the delivery of the Notes will be on file at the office of the Town Clerk.

The Town has previously entered into continuing disclosure undertakings under the Rule. The Town appointed Phoenix Advisors, LLC, Bordentown, New Jersey in August of 2013 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters relating to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Town, whose approving opinion will be delivered with the Notes substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed upon for the Town by the Town Attorney.

FINANCIAL STATEMENTS

Appendix "B" contains certain financial data of the Town for the Town's fiscal year ending December 31, 2022 (Unaudited), 2021 and 2020. The financial data was prepared by Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey (the "Auditor") to the extent and for the period set forth in their Accountant's Compilation Report and Independent Auditor's Report appearing in Appendix "B". The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix "B" hereto) and, accordingly, expresses no opinion with respect to thereto.

RATING

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

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Town furnished to the Rating Agency certain information and materials concerning the Notes and the Town. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Notes.

UNDERWRITING

The Notes have been purchased from the Town at a public sale by Jefferies LLC, New York, New York at a price of \$8,006,235.12. The Notes are being offered for sale at the price or yield set forth on the cover of this Official Statement, which price or yield may be changed from time to time by the purchaser without notice.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Town (the "Municipal Advisor") with respect to the issuance of the Notes. 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 a financial advisory firm and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

PREPARATION OF OFFICIAL STATEMENT

Lerch, Vinci & Bliss, LLP has not assisted in the preparation of this Official Statement and does not make any warranty or other representation with respect to the accuracy and completeness of such information. Lerch, Vinci & Bliss, LLP takes responsibility for the information set forth in Appendix B hereto to the extent specified in their Accountant's Compilation Report and Independent Auditors' Report.

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

Hawkins Delafield & Wood LLP and the Town Attorney have not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

Upon request, the Chief Financial Officer of the Town will confirm to the purchasers of the Notes, by certificate signed by the Chief Financial Officer, that to the knowledge of the Chief Financial Officer the descriptions and statements relating to the Town herein, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Michael Yazdi, Chief Financial Officer, 100 Washington Street, Boonton, New Jersey, 07005.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as part of any contract with the holders of the Notes.

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

**THE TOWN OF BOONTON,
IN THE COUNTY OF MORRIS, NEW JERSEY**

By: /s/ Michael Yazdi
Michael Yazdi
Chief Financial Officer

Dated: June 1, 2023

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE TOWN

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INFORMATION REGARDING THE TOWN¹

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

General Information

The Town, 2.45 square miles in area, is in the northwest part of the County approximately 22 miles west of the George Washington Bridge and 7 miles north of Morristown. The Town is an old established community with an abundance of park lands, older homes, and convenient access to all parts of the Tri-State Metropolitan area. The Town is located close to three major highways: N.J. Route 46 and Interstate Route 80 both running east-west across the state from New York City to eastern Pennsylvania and Route 287, which runs north-south through the center of Town. Transportation to the Tri State Metropolitan area is available via express and local commuter train service and by Lakeland bus service. NJ Transit provides the train service to Hoboken, New Jersey, which connects to PATH trains providing service to New York City. While many residents commute to work in Newark and New York City, many work in the surrounding areas of Morris County. Residents are primarily executives, skilled workers and independent business people. Part of the Town's business community consists of a Research/Development Center for Ashland Chemical Corporation, four shopping centers, as well as numerous antique shops and other stores located on and around the Main Street Business district. Residential housing available in the Town includes one- and two-family homes, townhouses, and restored homes representing the Colonial, Victorian and Contemporary Eras.

Form of Government

The Town is governed by a Mayor and eight-member Board of Aldermen Each member receives a nominal salary for the year. This form of government has been in effect since the Town was incorporated on March 18, 1867. The eight members of the Board are elected by wards every two years for two-year overlapping terms. The Mayor is elected at large for a term of four years. The Mayor and Board of Aldermen comprise the legislative body which formulates policy, appropriates funds, and adopts ordinances and resolutions for the conduct of municipal business. The Town's Administrator is an appointed position. The Administrator serves as the chief administrative officer under the Mayor and Board of Aldermen and also as liaison between the public and the governing body.

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

¹ Source: The Town, unless otherwise indicated.

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.

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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>				
2021	5,160	4,886	274	5.3%
2020	5,140	4,727	413	8.0%
2019	5,257	5,113	144	2.7%
2018	4,763	4,597	166	3.5%
2017	4,807	4,616	191	4.0%
<u>County</u>				
2021	262,719	249,661	13,058	5.0%
2020	261,110	241,500	19,610	7.5%
2019	267,542	260,411	7,131	2.7%
2018	263,758	255,505	8,253	3.1%
2017	264,364	254,986	9,378	3.5%
<u>State</u>				
2021	4,661,100	4,365,400	295,700	6.3%
2020	4,642,900	4,203,300	439,700	9.5%
2019	4,686,700	4,528,200	158,500	3.4%
2018	4,609,800	4,426,600	183,200	4.0%
2017	4,615,000	4,406,200	208,800	4.5%

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 2020)

	<u>Town</u>	<u>County</u>	<u>State</u>
Median Household Income	\$85,211	\$117,298	\$85,245
Median Family Income	101,828	143,166	104,804
Per Capita Income	43,216	58,981	44,153

Source: US Bureau of the Census, 2020 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>
2020	8,815	5.61%	509,285	3.46%	9,288,994	5.65%
2010	8,347	-1.75	492,276	4.69	8,791,894	4.49
2000	8,496	1.83	470,212	11.60	8,414,350	8.85
1990	8,343	-3.21	421,353	3.37	7,730,188	4.96
1980	8,620	-6.92	407,630	6.30	7,365,001	2.75

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>2022 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Boonton Investors, LLC	\$21,955,300	1.99%
UB Boonton I, LLC	13,795,600	1.25%
Deer Hill Village, Inc.	10,093,300	0.92%
JB Dels 19 LLC	8,367,200	0.76%
Apartments at Cherry Hill Assoc.	5,400,000	0.49%
Daco	5,013,200	0.46%
Monroe Street Holdings, LLC	4,789,300	0.43%
91 Fulton, LLC	4,747,400	0.43%
Fulton Street Associates	4,613,300	0.42%
Supor Properties Boonton, LLC	<u>4,481,600</u>	<u>0.41%</u>
Total	<u>\$83,256,200</u>	<u>7.56%</u>

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

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Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2022U	\$35,096,241	\$34,581,777	98.53%
2021	34,322,523	33,948,560	98.91%
2020	33,000,734	32,594,409	98.77%
2019	33,316,647	32,833,991	98.55%
2018	32,424,128	31,938,527	98.50%

U=Unaudited

Source: 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>
2022U	\$37,027	\$491,667	\$528,694	1.51%
2021	35,795	322,957	358,752	1.05%
2020	34,652	404,090	438,742	1.33%
2019	27,148	655,305	682,454	2.05%
2018	26,401	666,541	692,942	2.14%

U=Unaudited

Source: Annual Audit Reports of the Town

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2022U	\$155,100
2021	155,100
2020	155,100
2019	155,100
2018	155,100

U=Unaudited

Source: Annual Audit Reports of the Town

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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.

	Local			
<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>
2022	\$0.902	\$1.978	\$0.304	\$3.184
2021	0.888	1.946	0.285	3.119
2020	0.871	1.832	0.287	2.990
2019	0.846	1.877	0.280	3.003
2018	0.833	1.840	0.276	2.949

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>
2022	\$1,101,252,100	\$1,427,416,850	77.15%	\$0	\$1,427,416,850
2021	1,099,067,100	1,289,077,058	85.26	\$0	1,289,077,058
2020	1,102,341,700	1,194,820,832	92.26	0	1,194,820,832
2019	1,098,717,900	1,195,167,954	91.93	0	1,195,167,954
2018	1,098,526,900	1,158,661,428	94.81	0	1,158,661,428

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>
2022	\$7,138,900	\$861,394,300	\$254,400	\$146,192,500	\$62,166,100	\$24,105,900	\$1,101,252,100
2021	7,515,500	859,890,500	254,400	147,128,400	62,166,100	22,112,200	1,099,067,100
2020	6,920,800	859,969,900	254,500	151,491,100	61,593,200	22,112,200	1,102,341,700
2019	6,897,500	858,197,500	254,500	151,126,100	62,710,100	19,532,200	1,098,717,900
2018	6,535,800	857,360,700	254,500	151,249,100	63,594,600	19,532,200	1,098,526,900

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. This summary should be used in conjunction with the tables from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023*</u>
Fund Balance Utilized	\$2,538,000	\$2,278,000	\$2,278,000	\$2,136,000	\$2,172,000
Miscellaneous Revenues	1,644,226	2,523,792	2,498,698	2,882,013	3,280,673
Receipts from Delinquent Taxes	400,000	390,000	420,000	410,000	370,000
Amount to be Raised by Taxation	<u>9,301,695</u>	<u>9,602,995</u>	<u>9,758,972</u>	<u>9,942,942</u>	<u>10,122,466</u>
Total Revenue:	<u>\$13,883,922</u>	<u>\$14,794,787</u>	<u>\$14,955,669</u>	<u>\$15,370,955</u>	<u>\$15,945,139</u>
<u>Appropriations</u>					
General Appropriations	\$10,148,540	\$10,556,516	\$10,883,332	\$11,421,300	\$11,751,050
Operations (Excluded from CAPS)	713,596	761,558	729,250	909,753	933,899
Deferred Charges and Statutory Expenditure	0	0	0	0	0
Transferred to the BOE	0	53,934	52,593	53,539	53,295
Capital Improvement Fund	140,000	479,938	348,000	225,000	350,000
Municipal Debt Service	1,086,794	1,112,983	1,107,495	1,195,363	1,281,895
Reserve for Uncollected Taxes	<u>1,794,992</u>	<u>1,829,859</u>	<u>1,835,000</u>	<u>1,575,000</u>	<u>1,575,000</u>
Total Appropriations:	<u>\$13,883,922</u>	<u>\$14,794,787</u>	<u>\$14,955,669</u>	<u>\$15,379,955</u>	<u>\$15,945,139</u>

*Introduced

Source: Annual Adopted 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.

<u>Fund Balance - Current Fund</u>		
	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2022U	\$2,926,548	\$2,172,000
2021	2,509,315	2,136,000
2020	3,107,793	2,278,000
2019	3,089,120	2,278,000
2018	2,892,754	2,538,000

U=Unaudited

Source: Annual Audit Reports of the Town

Water Utility Operating Fund

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

<u>Fund Balance-Water Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2022U	\$2,262,687	\$323,000
2021	2,074,556	307,830
2020	2,206,905	275,000
2019	2,352,600	275,000
2018	2,421,048	275,000

U=Unaudited

Source: Annual Audit Reports of the Town

Sewer Utility Operating Fund

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

<u>Fund Balance - Sewer Utility Operating Fund</u>		
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2022U	\$663,599	\$300,000
2021	514,008	350,000
2020	473,977	501,616
2019	844,777	501,616
2018	1,086,118	410,000

U=Unaudited

Source: Annual Audit Reports of the Town

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Town Indebtedness as of December 31, 2022

General Purpose Debt

Serial Bonds	\$3,533,000
Bond Anticipation Notes	5,564,403
Bonds and Notes Authorized but Not Issued	3,319,630
Other Bonds, Notes and Loans	0
Total:	<u>\$12,417,033</u>

Local School District Debt

Serial Bonds	\$14,310,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	325
Total:	<u>\$14,310,325</u>

Self-Liquidating Debt

Serial Bonds	\$1,509,000
Bond Anticipation Notes	2,229,995
Bonds and Notes Authorized but Not Issued	3,862,869
Other Bonds, Notes and Loans	1,746,819
Total:	<u>\$9,348,683</u>

TOTAL GROSS DEBT

\$36,076,041

Less: Statutory Deductions	\$574,088
General Purpose Debt	\$0
Local School District Debt	14,310,325
Self-Liquidating Debt	9,348,683
Total:	<u>\$24,233,097</u>

TOTAL NET DEBT

\$11,842,945

Source: Annual Debt Statement of the Town

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Overlapping Debt (as of December 31, 2022)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Town Percentage</u>	<u>Town Share</u>
Local School District	\$14,310,325	100.00%	\$14,310,325
County	393,335,963	1.19%	<u>4,683,627</u>
Net Indirect Debt			\$18,993,952
Net Direct Debt			<u>11,842,945</u>
Total Net Direct and Indirect Debt			<u>\$30,836,897</u>

Debt Limit

Average Equalized Valuation Basis (2020, 2021, 2022)	\$1,303,771,580
Permitted Debt Limitation (3 1/2%)	45,632,005
Less: Net Debt	<u>11,842,945</u>
Remaining Borrowing Power	<u>\$33,789,061</u>
Percentage of Net Debt to Average Equalized Valuation	0.908%

Gross Debt Per Capita based on 2020 population of 8,815	\$4,093
Net Debt Per Capita based on 2020 population of 8,815	\$1,343

Source: Annual Debt Statement of the Town

Litigation

The status of pending litigation is included in the Notes to Financial Statements of the Town's annual audit report.

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

APPENDIX B

FINANCIAL STATEMENTS

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**UNAUDITED FINANCIAL INFORMATION OF THE TOWN OF BOONTON
FOR THE YEAR ENDED DECEMBER 31, 2022**

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DIETER P. LERCH, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Members
of the Town Council
Town of Boonton
Boonton, New Jersey

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the Town of Boonton, as of December 31, 2022 and the related statement of operations and changes in fund balance – regulatory basis, the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements – regulatory basis 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.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, fund balances, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

By/s/ LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
May 3, 2023

TOWN OF BOONTON
BALANCE SHEET - REGULATORY BASIS -CURRENT FUND
AS OF DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
ASSETS	
Cash	\$ 7,112,413
Cash - Change Fund	
Grants Receivable	<u>274,138</u>
	<u>7,386,551</u>
Receivables with Full Reserves	
Delinquent Property Taxes Receivable	491,667
Tax Title Liens Receivable	37,027
Property Acquired for Taxes	155,100
Revenue Accounts Receivable	4,354
Due from Library	18,738
Interfunds Receivable:	
Other Trust Fund	167,512
Animal Control Fund	10,291
Public Assistance Trust Fund	1,729
Water Utility Operating Fund	728,933
Sewer Utility Operating Fund	<u>288,017</u>
	<u>1,903,368</u>
Total Assets	<u>\$ 9,289,919</u>

TOWN OF BOONTON
BALANCE SHEET - REGULATORY BASIS -CURRENT FUND
AS OF DECEMBER 31, 2022 (UNAUDITED)

2022

LIABILITIES, RESERVES AND FUND BALANCE

Appropriation Reserves	\$ 781,116
Encumbrances Payable	243,721
Accounts Payable	90,679
Local School Taxes Payable	45,642
Library Taxes Payable	2,634
Prepaid Taxes	119,669
Tax Overpayments	98,115
Interfunds Payable:	
Due to General Capital Fund	562,480
Due to State of New Jersey:	
Senior Citizens' and Veterans' Deductions	23,295
DCA Training Fees	6,560
Reserve for Tax Appeals Pending	476,709
Miscellaneous Reserves	122,738
Reserve for Sale of Assets	464,360
Reserve for Municipal Property Tax Relief	47,311
Unappropriated Grant Reserves	954,390
Appropriated Grant Reserves	<u>420,584</u>
	4,460,003
Reserve for Receivables	1,903,368
Fund Balance	<u>2,926,548</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 9,289,919</u></u>

TOWN OF BOONTON
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
REVENUE AND OTHER INCOME REALIZED	
Fund Balance Utilized	\$ 2,136,000
Miscellaneous Revenue Anticipated	3,105,623
Receipts from Delinquent Taxes	307,521
Receipts from Current Taxes	34,581,777
Non-Budget Revenues	481,238
Other Credits to Income	
Unexpended Balance of Appropriation Reserves	763,366
Cancellation of Prior Year Payables	214,078
Statutory Excess - Animal Control Trust Fund	3,534
Interfunds Liquidated	<u>1,126,917</u>
Total Income	<u>42,720,054</u>
Expenditures	
Budget Appropriations	
Salaries and Wages	5,521,580
Other Expenses	5,662,943
Deferred Charges and Statutory Expenditures	1,226,019
Capital Improvements	225,000
Municipal Debt Service	1,195,028
Local District School Tax	21,775,544
County Taxes	3,340,856
Amount Due County for Added and Omitted Taxes	3,083
Interfunds Advanced	1,215,220
Senior Citizens and Veterans Deductions Disallowed - Prior Year	<u>1,548</u>
Total Expenditures	<u>40,166,821</u>
Statutory Excess to Fund Balance	2,553,233
Fund Balance, January 1	<u>2,509,315</u>
	5,062,548
Decreased by Utilization as Anticipated Revenue	<u>2,136,000</u>
Fund Balance, December 31	<u><u>\$ 2,926,548</u></u>

TOWN OF BOONTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u> <u>Budget</u>	<u>Added by</u> <u>NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
FUND BALANCE ANTICIPATED	\$ 2,136,000	-	\$ 2,136,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	22,000		20,626	\$ (1,374)
Other	17,000		23,613	6,613
Fees and Permits	105,000		124,097	19,097
Fines and Costs				
Municipal Court - Fines and Costs	57,000		67,980	10,980
Fire Official - Fines and Costs	-		2,274	2,274
Interest and Costs on Taxes	85,000		89,832	4,832
Consolidated Municipal Property Tax Relief Act	19,433			(19,433)
Energy Receipts Tax	887,534		906,967	19,433
Watershed Moratorium Offset Aid	6,533		6,533	-
Uniform Construction Code Fees	102,000		249,647	147,647
Alcohol Ed. And Rehab Fund	1,430		1,430	-
Recycling Tonnage Grant	10,495		10,495	-
Lead Program	13,183		13,183	-
Drunk Driving	6,617		6,617	-
Neighborhood Preservation Program	150,000		150,000	-
Clean Communities	36,059		36,059	-
Body Armor Replacement	3,729		3,729	-
Morric County Historical Grant - John Taylor		\$ 30,000	30,000	-
Morric County Historical Grant - Boonton Civil War Memorial		4,950	4,950	-
Other Trust Surplus - Payroll	139,000		-	(139,000)
Utility Operating Surplus of Prior Year - Water Utility	270,000		270,000	-
PILOT Agreement - Avalon Bay	850,000		987,591	137,591
Capital Surplus Anticipated	100,000	-	100,000	-
 Total Miscellaneous Revenues	 2,882,013	 34,950	 3,105,623	 188,660
RECEIPTS FROM DELINQUENT TAXES	410,000	-	307,521	(102,479)
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	9,513,250		10,607,206	1,093,956
Minimum Library Tax	429,692	-	429,692	-
 Total Amount to be Raised by Taxes for Support of Municipal Budget	 9,942,942	 -	 11,036,898	 1,093,956
 Total General Revenues	 <u>\$ 15,370,955</u>	 <u>\$ 34,950</u>	 <u>\$ 16,586,042</u>	 <u>\$ 1,180,137</u>

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
General Government					
General Administration					
Salaries & Wages	\$ 356,660	\$ 348,660	\$ 344,293	\$ 4,367	
Other Expenses	110,570	110,570	104,901	5,669	
Mayor and Council					
Salaries & Wages	44,115	44,115	39,369	4,746	
Municipal Clerk's Office					
Salaries & Wages	82,620	88,620	88,349	271	
Other Expenses	42,600	42,600	32,772	9,828	
Elections					
Other Expenses				-	
Financial Administration					
Salaries & Wages	57,815	66,815	66,212	603	
Other Expenses	45,050	45,050	40,636	4,414	
Annual Audit	15,000	15,000	-	15,000	
ADP Services				-	
Tax Assessment Administration					
Salaries & Wages	57,990	64,990	64,652	338	
Other Expenses	21,335	21,335	6,110	15,225	
Revenue Administration					
Salaries & Wages	1,200	1,200	1,200	-	
Other Expenses	6,700	6,700	4,895	1,805	
Legal Services					
Salaries & Wages	152,000	152,000	138,129	13,871	
Other Expenses				-	
Tax Court Appeal Counsel				-	
Engineering Services					
Salaries & Wages					
Other Expenses	104,750	104,750	84,022	20,728	
Public Buildings & Grounds					
Salaries & Wages				-	
Other Expenses				-	
Economic Development Agencies					
Contribution to Boonton Main Street, Inc.	9,000	9,000	9,000	-	
Darress Theatre Contribution	10,000	10,000	-	10,000	
Contribution to Sheep Hill Astronomical Assoc.	8,000	8,000	-	8,000	
Historical Preservation					
Other Expenses	1,200	1,200	60	1,140	
Municipal Land Use Law (NJS 40:55-1)					
Planning Board					
Salaries & Wages	118,185	118,185	116,750	1,435	
Other Expenses	50,500	50,500	28,716	21,784	
Insurance					
Liability Insurance	107,300	107,300	94,147	13,153	
Workers Compensation	67,000	67,000	66,880	120	
Employee Group	1,305,000	1,305,000	1,173,913	131,087	
Health Benefit Waiver	45,000	45,000	37,500	7,500	

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY					
Aid to Ambulance Corps					
Other Expenses				\$ -	
Uniform Fire Safety Fire Inspection Act					
Fire Department					
Salaries & Wages	29,855	29,855	\$ 29,131	724	
Other Expenses	141,049	141,049	127,625	13,424	
Emergency Management					
Salaries & Wages	9,500	9,500	8,000	1,500	
Other Expenses	8,100	8,100	6,471	1,629	
Police					
Salaries & Wages	3,320,205	3,430,205	3,428,369	1,836	
Other Expenses	214,190	214,190	206,540	7,650	
Police Vehicles	68,938	68,938	877	68,061	
Police Dispatch/911	225,500	225,500	225,333	167	
Traffic Division				-	
Salaries & Wages				-	
Other Expenses				-	
Prosecutor					
Salaries & Wages				-	
Other Expenses	16,000	16,000	13,333	2,667	
PUBLIC WORKS					
Streets & Roads					
Road Repairs & Maintenance					
Salaries & Wages	865,805	827,935	781,403	46,532	
Other Expenses	205,900	202,400	156,310	46,090	
Other Public Works					
Salaries & Wages	31,110			-	
Other Expenses	72,000	44,000	36,910	7,090	
Snow Removal	2,500	2,500		2,500	
Solid Waste Collection					
Salaries & Wages	50,000	50,000	29,027	20,973	
Other Expenses	425,729	425,729	374,138	51,591	
Public Building and Grounds					
Other Expenses	123,500	123,500	120,301	3,199	
Vehicle Maintenance					
Other Expenses	39,000	53,000	48,844	4,156	
Maintenance Services Act (NJSA 40:67-23.2 et seq)					
Other Expenses				-	
HEALTH AND WELFARE					
Board of Health					
Salaries & Wages	29,910	29,910	29,910	-	
Other Expenses	169,237	169,237	161,637	7,600	
Health Services - Rockaway					
Other Expenses				-	
Recreation & Education					
Parks & Playgrounds					
Salaries & Wages	146,285	104,265	100,513	3,752	
Other Expenses	83,000	83,000	68,081	14,919	
BPPT Aid Adjustment for Schools	53,540	53,540	53,540	-	
Other Expenses				-	
Celebration of Public Events	7,000	7,000	2,675	4,325	

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Municipal Court					
Salaries and Wages	\$ 33,785	\$ 35,785	\$ 35,244	\$ 541	
Other Expenses	2,800	2,800	2,800	-	
Parsippany Court					
Other Expenses	182,800	182,800	181,104	1,696	
Public Defender					
Salaries and Wages				-	
Other Expenses	8,000	8,000	8,000	-	
Utilities					
Electricity	58,000	58,000	56,759	1,241	
Street Lighting	85,000	85,000	62,952	22,048	
Telephone	70,000	77,000	72,968	4,032	
Natural Gas	37,000	37,000	36,621	379	
Telecommunication	7,500	9,000	7,950	1,050	
Gasoline	90,000	95,000	85,913	9,087	
Landfill/Solid Waste Disposal					
Recycling and Sanitary Landfill Facilities Closure and					
Contingency Fund Act	521,500	521,500	403,051	118,449	
Recycling Tax				-	
Reserve for Tax Appeals	25,000	25,000	25,000	-	
Uniform Construction Code -					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4.17)					
State Uniform Construction Code					
Building Inspections					
Salaries & Wages	134,540	119,540	114,594	4,946	
Other Expenses	9,000	9,000	7,646	1,354	-
Total Operations Within "CAPS"	10,422,368	10,418,368	9,652,076	766,292	-
Total Operations Including Contingent -					
Within "CAPS"	10,422,368	10,418,368	9,652,076	766,292	-
Detail:					
Salaries & Wages	5,521,580	5,521,580	5,415,145	106,435	-
Other Expenses (Including Contingent)	4,900,788	4,896,788	4,236,931	659,857	-

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 220,000	\$ 224,000	\$ 217,199	\$ 6,801	
State Unemployment Insurance Fund	1,000	1,000		1,000	
Police and Fireman's Retirement System	785,947	785,947	785,947	-	
Public Employees Retirement System	128,859	128,859	128,859	-	
Deferred Charge - Overexpenditure	86,213	86,213	86,213	-	-
Total Deferred Charges and Statutory expenditures - Municipal Within "CAPS"	1,222,019	1,226,019	1,218,218	7,801	-
Total General Appropriations within "CAPS"	11,644,387	11,644,387	10,870,294	774,093	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Fair Housing Act					
Land Use Board					
Maintenance of Free Public Library	429,692	429,692	429,692	-	
LOSAP	80,000	80,000	72,977	7,023	-
Total Other Operations-Excluded from CAPS	509,692	509,692	502,669	7,023	-
Additional Appropriations Offset by					
Revenues (N.J.S. 40A:4-45.3h)					
Alcohol Education and Rehabilitation Fund	1,430	1,430	1,430	-	
Drunk Driving Enforcement fund	6,617	6,617	6,617	-	
Clean Communities	36,059	36,059	36,059	-	
Recycling Tonnage Grant	10,495	10,495	10,495	-	
Body Armor Replacement Fund	3,729	3,729	3,729	-	-
Boonton Civil war memorial		4,950	4,950	-	
Lead Program	13,183	13,183	13,183	-	
John Taylor Preservation		30,000	30,000	-	
Neighborhood Preservation Grant	150,000	150,000	150,000	-	-
Total Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)	221,513	256,463	256,463	-	-
Total Operations - Excluded from "CAPS"	731,205	766,155	759,132	7,023	-
Detail:					
Salaries & Wages	-	-	-	-	-
Other Expenses	731,205	766,155	759,132	7,023	-

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 225,000	\$ 225,000	\$ 225,000	\$ -	-
Total Capital Improvements	225,000	225,000	225,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	535,000	535,000	535,000	-	-
Payment of Bond Anticipation Notes and Capital Notes	503,120	503,120	503,120	-	-
Interest on Bonds	97,730	97,730	97,395	-	335
Interest on Notes	59,513	59,513	59,513	-	-
Total Municipal Debt Service - Excluded from "CAPS"	1,195,363	1,195,363	1,195,028	-	335
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,151,568	2,186,518	2,179,160	7,023	335
Subtotal General Appropriations	13,795,955	13,830,905	13,049,454	781,116	335
Reserve for Uncollected Taxes	1,575,000	1,575,000	1,575,000	-	-
Total General Appropriations	\$ 15,370,955	\$ 15,405,905	\$ 14,624,454	\$ 781,116	\$ 335
Adopted Budget		\$ 15,370,955			
Added by N.J.S. 40A:4-87		34,950			
		<u>\$ 15,405,905</u>			

TOWN OF BOONTON
BALANCE SHEET - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
ASSETS	
Animal Control Fund	
Cash	\$ 42,714
	<u>42,714</u>
Other Trust Fund	
Cash	1,874,989
Due from Sewer Operating	<u>238,278</u>
	<u>2,113,267</u>
 Total Assets	 <u>\$ 2,155,981</u>
 LIABILITIES AND RESERVES	
Animal Control Fund	
Reserve for Animal Control Expenditures	\$ 32,423
Due to Current Fund	<u>10,291</u>
	<u>42,714</u>
Other Trust Fund	
N.J. Unemployment Compensation Insurance	130,062
Miscellaneous Reserves	1,710,003
Payroll Deductions & Reserves	105,690
Due to Current Fund	<u>167,512</u>
	<u>2,113,267</u>
 Total Liabilities and Reserves	 <u>\$ 2,155,981</u>

TOWN OF BOONTON
BALANCE SHEET - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
ASSETS	
Cash	\$ 1,726,178
Grants Receivable	3,052,337
Due from Current Fund	562,480
Due from Water Operating	51,000
Deferred Charges to Future Taxation	
Funded	3,533,000
Unfunded	<u>8,879,383</u>
 Total Assets	 <u>\$ 17,804,378</u>
 LIABILITIES, RESERVES AND FUND BALANCE	
Serial Bonds Payable	\$ 3,533,000
Bond Anticipation Notes Payable	5,564,403
Improvement Authorizations:	
Funded	2,040,906
Unfunded	3,729,965
Contracts Payable	1,683,110
Capital Improvement Fund	488,826
Reserve for Payment of Debt	574,089
Miscellaneous Reserves	69,027
Fund Balance	<u>121,052</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 17,804,378</u>

Bonds and Notes Authorized But Not Issued at December 31, 2022 were \$3,314,980.

TOWN OF BOONTON
STATEMENT OF CHANGE IN FUND BALANCE
REGULATORY BASIS - GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
Balance, January 1	\$ 186,492
Increased by:	
Premium on Sale of Bonds and Notes	4,145
Funded Improvement Authorizations Cancelled	20,472
Cancelled Prior Year Payables	<u>9,943</u>
	221,052
Decreased by:	
Current Fund Budgeted Revenue Realized	<u>100,000</u>
Balance, December 31	<u><u>\$ 121,052</u></u>

TOWN OF BOONTON
BALANCE SHEET - REGULATORY BASIS - WATER UTILITY FUND
AS OF DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
ASSETS	
Operating Fund	
Cash	\$ 3,848,136
Due from Water Utility Capital Fund	<u>8,883</u>
	<u>3,857,019</u>
Receivables and Other Assets With Full Reserves	
Consumer Accounts Receivable	<u>263,981</u>
	<u>263,981</u>
 Total Operating Fund	 <u>4,121,000</u>
Capital Fund	
Cash	845,199
Loan Receivable - NJ Environmental Infrastructure	52,762
Fixed Capital	15,033,070
Fixed Capital Authorized and Uncompleted	6,206,665
Due from Sewer Utility Capital Fund	77,615
Due from Water Utility Operating Fund	
 Total Capital Fund	 <u>22,215,311</u>
 Total Assets	 <u>\$ 26,336,311</u>

TOWN OF BOONTON
BALANCE SHEET - REGULATORY BASIS - WATER UTILITY FUND
AS OF DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE	
Operating Fund	
Appropriation Reserves	\$ 251,886
Encumbrances Payable	138,924
Accrued Interest on Bonds, Notes and Loans	34,333
Water Rent Overpayments	4,722
Due to Sewer Utility Operating Fund	384,534
Due to Current Fund	728,933
Due to General Capital Fund	<u>51,000</u>
	1,594,332
Reserve for Receivables	263,981
Fund Balance	<u>2,262,687</u>
 Total Operating Fund	 <u>4,121,000</u>
Capital Fund	
Serial Bonds Payable	1,509,000
Bond Anticipation Notes Payable	836,915
NJEIT Loans Payable	1,746,820
Improvement Authorizations	
Funded	284,835
Unfunded	3,284,975
Contracts Payable	217,268
Capital Improvement Fund	523,555
Due to Water Utility Operating Fund	8,883
Reserve for Water Tank Inspection	4,000
Reserve for Water Capital Equipment	27,645
Reserve for Payment of Debt	108,065
Reserve for Amortization	12,951,951
Reserve for Deferred Amortization	514,871
Fund Balance	<u>196,528</u>
 Total Capital Fund	 <u>22,215,311</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 26,336,311</u>

Bonds and notes authorized but not issued at December 31, 2022 of \$3,680,179.

TOWN OF BOONTON
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
Revenue and Other Income Realized	
Surplus Anticipated	\$ 307,830
Water Rents	2,583,602
Miscellaneous	11,313
Sale of Municipal Assets	100,000
Other Credits to Income	
Non-Budget Revenue	76,800
Cancelled Prior Year Accounts Payable	57,745
Unexpended Balance of Appropriation Reserves	<u>214,292</u>
	<u>3,351,582</u>
Expenditures	
Operating	1,548,829
Capital Improvements	280,250
Debt Service	577,776
Deferred Charges and Statutory Expenditures	177,857
Refund of Prior Year Revenue	<u>909</u>
	<u>2,585,621</u>
Excess of Revenues	765,961
Fund Balance, January 1	<u>2,074,556</u>
	2,840,517
Decreased by:	
Utilization as Anticipated Revenue in Current Fund	270,000
Utilization as Anticipated Revenue in Water Utility Operating	<u>307,830</u>
Fund Balance, December 31	<u>\$ 2,262,687</u>

**TOWN OF BOONTON
STATEMENT OF CHANGE IN FUND BALANCE
REGULATORY BASIS - WATER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)**

	<u>2022</u>
Balance, January 1	\$ <u>237,038</u>
Increased by:	
Premium on Sale of Bonds and Notes	<u>4,490</u>
Decreased By:	
Appropriated to Finance Improvement Authorizations	<u>45,000</u>
Balance, December 31	\$ <u><u>196,528</u></u>

EXHIBIT D-3

**STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Surplus Anticipated	\$ 307,830	\$ 307,830	
Rents	2,473,238	2,583,602	\$ 110,364
Miscellaneous	10,000	11,313	\$ 1,313
Sale of Municipal Assets	<u>100,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 2,891,068</u>	<u>\$ 3,002,745</u>	<u>\$ 111,677</u>

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 599,020	\$ 629,020	\$ 620,893	\$ 8,127	
Other Expenses	949,809	919,809	752,807	167,002	
Capital Improvements					
Capital Improvement Fund	95,000	95,000	95,000	-	
Capital Outlay	185,250	185,250	112,238	73,012	
Debt Service					
Bond Principal	260,000	260,000	260,000		
Payment of Bond Anticipation Notes	51,000	51,000	51,000		
Interest on Bonds	71,130	71,130	49,781		\$ 21,349
Interest on Notes	22,119	22,119	18,115		4,004
NJEIT Loan	209,883	209,883	198,880		11,003
Statutory Expenditures					
Public Employees Retirement System	128,857	128,857	128,857	-	
Social Security System (O.A.S.I.)	49,000	49,000	45,255	3,745	-
Surplus (General Budget)	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,891,068</u>	<u>\$ 2,891,068</u>	<u>\$ 2,602,826</u>	<u>\$ 251,886</u>	<u>\$ 36,356</u>

**TOWN OF BOONTON
BALANCE SHEET - REGULATORY BASIS - SEWER UTILITY FUND
AS OF DECEMBER 31, 2022 (UNAUDITED)**

	<u>2022</u>
ASSETS	
Operating Fund	
Cash	\$ 1,227,763
Due from Water Utility Operating Fund	384,534
Due from Sewer Utility Assessment Fund	<u>1,646</u>
	<u>1,613,943</u>
Receivables and Other Assets With Full Reserves	
Consumer Accounts Receivable	<u>169,365</u>
	<u>169,365</u>
Total Operating Fund	<u>1,783,308</u>
Assessment Trust Fund	
Cash	89,959
Assessment Liens Receivable	<u>483</u>
Total Assessment Trust Fund	<u>90,442</u>
Capital Fund	
Cash	1,933,885
Fixed Capital	6,383,625
Fixed Capital Authorized and Uncompleted	1,754,400
Due from Sewer Utility Operating Fund	<u>13,351</u>
Total Capital Fund	<u>10,085,261</u>
Total Assets	<u><u>\$ 11,959,011</u></u>

**TOWN OF BOONTON
BALANCE SHEET - REGULATORY BASIS - SEWER UTILITY FUND
AS OF DECEMBER 31, 2022 (UNAUDITED)**

2022

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund	
Appropriation Reserves	\$ 260,154
Encumbrances Payable	128,774
Accrued Interest on Notes	19,464
Sewer Rent Overpayments	2,306
Due to Sewer Utility Capital Fund	13,351
Due to Payroll	238,278
Due to Current Fund	<u>288,017</u>
	950,344
Reserve for Receivables	169,365
Fund Balance	<u>663,599</u>
 Total Operating Fund	 <u>1,783,308</u>
 Assessment Trust Fund	
Due Sewer Utility Operating Fund	1,646
Assessment Overpayments	382
Reserve for Assessment Receivables	483
Fund Balance	<u>87,931</u>
 Total Assessment Trust Fund	 <u>90,442</u>
 Capital Fund	
Bond Anticipation Notes Payable	1,393,080
Improvement Authorizations	
Funded	67,650
Unfunded	1,492,951
Capital Improvement Fund	253,370
Due to Water Utility Capital Fund	77,615
Reserve for Infiltration Study	11,666
Reserve for Purchase of Equipment	124,925
Reserve for Amortization	6,355,935
Reserve for Deferred Amortization	206,320
Fund Balance	<u>101,749</u>
 Total Capital Fund	 <u>10,085,261</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 11,959,011</u>

Bonds and notes authorized but not issued at December 31, 2022 were \$182,690.

TOWN OF BOONTON
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
Revenue and Other Income Realized	
Surplus Anticipated	\$ 350,000
Sewer Rents	1,879,363
Miscellaneous	1,950
Other Credits to Income	
Non-Budget Revenue	61,963
Cancelled Prior Year Accounts Payable	9,568
Unexpended Balance of Appropriation Reserves	<u>176,359</u>
	<u>2,479,203</u>
Expenditures	
Operating	1,640,559
Capital Improvements	140,300
Debt Service	20,896
Deferred Charges and Statutory Expenditures	<u>177,857</u>
	<u>1,979,612</u>
Excess of Revenues	499,591
Fund Balance, January 1	<u>514,008</u>
	1,013,599
Decreased by:	
Utilization as Anticipated Revenue in Sewer Utility Operating	<u>350,000</u>
Fund Balance, December 31	<u>\$ 663,599</u>

EXHIBIT E-2

**TOWN OF BOONTON
STATEMENT OF CHANGE IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)**

	<u>2022</u>
Balance, January 1	\$ <u>87,931</u>
Balance, December 31	\$ <u><u>87,931</u></u>

EXHIBIT E-3

**TOWN OF BOONTON
STATEMENT OF CHANGE IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)**

	<u>2022</u>
Balance, January 1	\$ <u>101,749</u>
Balance, December 31	\$ <u><u>101,749</u></u>

**STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)**

	<u>Anticipated</u>	<u>Realized</u>	Excess <u>(Deficit)</u>
Surplus Anticipated	\$ 350,000	\$ 350,000	
Rents	1,627,666	1,879,363	\$ 251,697
Miscellaneous	<u>1,950</u>	<u>1,950</u>	<u>-</u>
	<u>\$ 1,979,616</u>	<u>\$ 2,231,313</u>	<u>\$ 251,697</u>

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		
		Budget			
	<u>Budget</u>	<u>After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
		<u>Modification</u>	<u>Charged</u>		
Operating					
Salaries and Wages	\$ 597,465	\$ 627,465	\$ 621,464	\$ 6,001	
Other Expenses	1,043,094	1,013,094	770,684	242,410	
Capital Improvements					
Capital Improvement Fund	35,000	35,000	35,000	-	
Capital Outlay	105,300	105,300	97,302	7,998	
Debt Service					
Interest on Notes	20,900	20,900	20,896		\$ 4
Statutory Expenditures					
Public Employees Retirement System	128,857	128,857	128,857	-	
Social Security System (O.A.S.I.)	49,000	49,000	45,255	3,745	-
	<u>\$ 1,979,616</u>	<u>\$ 1,979,616</u>	<u>\$ 1,719,458</u>	<u>\$ 260,154</u>	<u>\$ 4</u>

TOWN OF BOONTON
BALANCE SHEET - REGULARATORY BASIS
PUBLIC ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022 (UNAUDITED)

	<u>2022</u>
<u>ASSETS</u>	
Cash	\$ 163,759
Total Assets	<u>\$ 163,759</u>
<u>RESERVES</u>	
Reserve for Public Assistance Expenditures	\$ 162,030
Due to Current Fund	<u>1,729</u>
Total Reserves	<u>\$ 163,759</u>

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**INDEPENDENT AUDITORS REPORT AND
FINANCIAL STATEMENTS OF THE TOWN OF BOONTON
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**



DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Town of Boonton
Boonton, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds of the Town of Boonton, as of December 31, 2021, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year then ended, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Town of Boonton as of December 31, 2021, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2021 in accordance with the financial accounting and reporting provisions 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Town of Boonton as of December 31, 2021, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, 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 of Boonton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

We were unable to audit the financial activities of the General Fixed Assets Account Group for the years ended December 31, 2021 because sufficient documentation was not available to support amounts reported in the financial statements – regulatory basis referred to above. We were unable to satisfy ourselves about the amounts reported by means of other auditing procedures.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Town of Boonton on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 financial reporting requirements of the State of New Jersey for municipal government entities.

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.

Prior Year Financial Statements

The financial statements of the Town of Boonton as of and for the year ended December 31, 2020 were audited by other auditors whose report dated July 30, 2021 expressed a modified opinion on the financial statements – regulatory basis prepared in accordance with the regulatory basis of accounting because of the inability to audit the General Fixed Assets Account Group described in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of their report. Their report also expressed an adverse opinion on the financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America but rather the regulatory basis of accounting described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of their report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Boonton'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 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 generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

By/s/ LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
September 30, 2022

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 7,156,732	\$ 5,987,998
Cash - Change Fund	280	280
Grants Receivable	<u>109,093</u>	<u>41,094</u>
	<u>7,266,105</u>	<u>6,029,372</u>
Receivables with Full Reserves		
Delinquent Property Taxes Receivable	322,957	404,090
Tax Title Liens Receivable	35,792	34,652
Property Acquired for Taxes	155,100	155,100
Revenue Accounts Receivable	4,354	3,854
Due from Library	17,858	
Interfunds Receivable:		
Other Trust Fund	150,620	
Animal Control Fund	6,294	18,486
General Capital Fund		23,419
Water Utility Operating Fund	622,175	4,363
Sewer Utility Operating Fund	<u>329,970</u>	<u>-</u>
	<u>1,645,120</u>	<u>643,964</u>
Deferred Charges		
Overexpenditure of Appropriations	<u>86,213</u>	<u>-</u>
Total Assets	<u>\$ 8,997,438</u>	<u>\$ 6,673,336</u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Appropriation Reserves	\$ 1,547,885	\$ 1,101,774
Encumbrances Payable	491,628	464,205
Accounts Payable	97,776	98,288
Local School Taxes Payable	45,642	87,435
Due County for Added and Omitted Taxes	3,895	
Library Taxes Payable	2,634	2,128
Prepaid Taxes	250,233	203,463
Tax Overpayments	162,230	46,188
Interfunds Payable:		
Due to Other Trust Fund		32,659
Due to General Capital Fund	640,118	
Due to State of New Jersey:		
Senior Citizens' and Veterans' Deductions	20,920	20,920
Reserve for Tax Appeals Pending	456,306	456,306
Miscellaneous Reserves	12,034	12,034
Reserve for Sale of Assets	274,970	
Unappropriated Grant Reserves	494,238	25,943
Appropriated Grant Reserves	<u>342,494</u>	<u>370,236</u>
	4,843,003	2,921,579
Reserve for Receivables	1,645,120	643,964
Fund Balance	<u>2,509,315</u>	<u>3,107,793</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 8,997,438</u>	 <u>\$ 6,673,336</u>

TOWN OF BOONTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 2,278,000	\$ 2,278,000
Miscellaneous Revenue Anticipated	2,527,335	2,551,572
Receipts from Delinquent Taxes	404,090	471,302
Receipts from Current Taxes	33,948,560	32,594,409
Non-Budget Revenues	502,650	175,332
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	793,543	569,290
Interfunds Liquidated	<u>46,268</u>	<u>19,605</u>
Total Income	<u>40,500,446</u>	<u>38,659,510</u>
Expenditures		
Budget Appropriations		
Salaries and Wages	5,289,383	5,009,515
Other Expenses	5,425,631	5,359,475
Deferred Charges and Statutory Expenditures	1,097,513	1,003,017
Capital Improvements	348,000	479,938
Municipal Debt Service	1,101,150	1,111,128
Local District School Tax	21,385,553	20,197,768
County Taxes	3,132,990	3,155,728
Interfunds Advanced	<u>1,126,917</u>	<u>46,268</u>
Total Expenditures	<u>38,907,137</u>	<u>36,362,837</u>
Excess (Deficiency) in Revenue	1,593,309	2,296,673
Adjustments to Income before Fund Balance:		
Expenditures Included Above which by Statute are		
Required to be Raised in Succeeding Year's Budget	<u>86,213</u>	<u>-</u>
Statutory Excess to Fund Balance	1,679,522	2,296,673
Fund Balance, January 1	<u>3,107,793</u>	<u>3,089,120</u>
	4,787,315	5,385,793
Decreased by Utilization as Anticipated Revenue	<u>2,278,000</u>	<u>2,278,000</u>
Fund Balance, December 31	<u>\$ 2,509,315</u>	<u>\$ 3,107,793</u>

TOWN OF BOONTON
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>		<u>2020</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
FUND BALANCE ANTICIPATED	<u>\$ 2,278,000</u>	<u>\$ 2,278,000</u>	<u>\$ 2,278,000</u>	<u>2,278,000</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	20,376	25,376	23,000	\$ 20,376
Other	16,278	30,705	17,000	17,413
Fees and Permits	122,000	106,043	165,000	127,623
Fines and Costs				
Municipal Court - Fines and Costs	82,000	57,805	152,000	61,568
Fire Official - Fines and Costs		6,525		
Interest and Costs on Taxes	110,000	87,561	110,000	115,358
Consolidated Municipal Property Tax Relief Act	19,433	19,433	28,947	28,947
Energy Receipts Tax	887,534	887,534	878,020	878,020
Watershed Moratorium Offset Aid	6,533	6,533	6,533	6,533
Uniform Construction Code Fees	160,000	102,618	79,000	175,441
Recycling Tonnage Grant	17,353	17,353	31,657	31,657
Clean Communities	16,279	16,279	17,374	17,374
Body Armor Replacement	1,912	1,912	2,428	2,428
Body Worn Camera Grant	61,140	61,140		
Drive Sober or Get Pulled Over Grant			7,608	7,608
Drunk Driving Enforcement Fund			14,153	14,153
Alcohol Education & Rehabilitation Grant			3,153	3,153
Pedestrian Safety			8,920	8,920
Utility Operating Surplus of Prior Year - Water Utility	129,000	129,000	129,000	129,000
PILOT Agreement - Avalon Bay	800,000	861,518	740,000	796,000
Reserve for Payment of Debt			55,000	55,000
Capital Surplus Anticipated	110,000	110,000	55,000	55,000
	<u>2,559,838</u>	<u>2,527,335</u>	<u>2,523,793</u>	<u>2,551,572</u>
Total Miscellaneous Revenues				
RECEIPTS FROM DELINQUENT TAXES	<u>420,000</u>	<u>404,090</u>	<u>390,000</u>	<u>471,302</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	9,360,698	10,866,744	9,204,606	10,672,382
Minimum Library Tax	398,273	398,273	398,389	398,389
	<u>9,758,971</u>	<u>11,265,017</u>	<u>9,602,995</u>	<u>11,070,771</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget				
Total General Revenues	<u>\$ 15,016,809</u>	<u>\$ 16,474,442</u>	<u>\$ 14,794,788</u>	<u>\$ 16,371,645</u>

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2021 STATEMENT OF EXPENDITURES

**TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Appropriation</u>		<u>Expended</u>		<u>Overexpenditures</u>	<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS - WITHIN "CAPS"						
General Government						
General Administration						
Salaries & Wages	\$ 311,315	\$ 311,315	\$ 96,375	\$ 214,940		
Other Expenses	126,730	126,730	98,466	28,264		
Mayor and Council						
Salaries & Wages	44,115	44,115	38,961	5,154		
Municipal Clerk's Office						
Salaries & Wages	74,675	74,675	79,693	-	\$ 5,018	
Other Expenses	39,000	39,000	39,458	-	458	
Elections						
Other Expenses				-		
Financial Administration						
Salaries & Wages	71,640	71,640	92,099	-	20,459	
Other Expenses	45,450	45,450	37,998	7,452		
Annual Audit	15,000	15,000	-	15,000		
ADP Services				-		
Tax Assessment Administration						
Salaries & Wages	54,185	54,185	60,352	-	6,167	
Other Expenses	21,335	21,335	10,576	10,759		
Revenue Administration						
Salaries & Wages	1,200	1,200	1,200	-		
Other Expenses	6,700	6,700	2,562	4,138		
Legal Services						
Salaries & Wages				-		
Other Expenses	182,200	182,200	130,889	51,311		
Tax Court Appeal Counsel				-		
Engineering Services						
Other Expenses	110,750	110,750	95,610	15,140		
Contribution to Boonton Main Street, Inc.	44,000	44,000	39,000	5,000		
Contribution to Sheep Hill Astronomical Assoc.	8,000	8,000	-	8,000		
Historical Preservation						
Other Expenses	1,200	1,200	660	540		
Municipal Land Use Law (NJS 40:55-1)						
Planning Board						
Salaries & Wages	148,455	148,455	144,395	4,060		
Other Expenses	33,825	33,825	26,405	7,420		
Insurance						
Liability Insurance	101,813	101,813	98,071	3,742		
Workers Compensation	66,350	66,350	50,182	16,168		
Employee Group	1,241,082	1,241,082	1,220,567	20,515		
Health Benefit Waiver	47,485	47,485	43,500	3,985		

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriation</u>		<u>Expended</u>		<u>Overexpenditures</u>	<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS - WITHIN "CAPS" (Cont'd)						
PUBLIC SAFETY						
Aid to Ambulance Corps						
Other Expenses	\$ 40,000	\$ 40,000		\$ 40,000		
Uniform Fire Safety Fire Inspection Act						
Fire Department						
Salaries & Wages	29,610	29,610	\$ 29,256	354		
Other Expenses	138,899	138,899	118,716	20,183		
Emergency Management						
Salaries & Wages	6,000	6,000	5,000	1,000		
Other Expenses	9,400	9,400	5,961	3,439		
Police						
Salaries & Wages	2,996,772	2,996,772	2,816,054	180,718		
Other Expenses	216,210	216,210	178,724	37,486		
Police Vehicles	68,937	68,937	-	68,937		
Police Dispatch/911						
Salaries & Wages	225,353	225,353	225,353	-		
Other Expenses				-		
Prosecutor						
Salaries & Wages	16,000	16,000	14,967	1,033		
PUBLIC WORKS						
Streets & Roads						
Road Repairs & Maintenance						
Salaries & Wages	860,480	860,480	757,701	102,779		
Other Expenses	205,830	188,830	83,733	105,097		
Other Public Works						
Salaries & Wages	30,490	30,490	46,707	-	\$ 16,217	
Other Expenses	68,500	88,500	39,640	48,860		
Solid Waste Collection						
Salaries & Wages	37,645	37,645	44,273	-	6,628	
Other Expenses	449,263	449,263	383,955	65,308		
Public Building and Grounds						
Other Expenses	110,700	110,700	78,174	32,526		
Vehicle Maintenance						
Other Expenses	36,000	36,000	39,080	-	3,080	
Maintenance Services Act (NJSA 40:67-23.2 et seq)						
Other Expenses	2,500	2,500	-	2,500		
HEALTH AND WELFARE						
Board of Health						
Salaries & Wages	50,405	50,405	27,380	23,025		
Other Expenses	23,190	23,190	14,129	9,061		
Health Services - Rockaway						
Other Expenses	143,183	143,183	143,183	-		
Recreation & Education						
Parks & Playgrounds						
Salaries & Wages	139,240	109,240	107,567	1,673		
Other Expenses	70,550	70,550	47,087	23,463		
BPPT Aid Adjustment for Schools						
Other Expenses	52,593	52,593	-	52,593		
Celebration of Public Events	5,000	5,000	2,882	2,118		
Fair Share Housing Plan						
Other Expenses	30,000	30,000	-	30,000		

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriation</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpenditures</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>			<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)						
Municipal Court						
Salaries and Wages	\$ 33,785	\$ 33,785	\$ 34,464		\$ 679	
Other Expenses	2,800	2,800	2,639	\$ 161		
Parsippany Court						
Other Expenses	177,554	177,554	177,554	-		
Public Defender						
Salaries and Wages				-		
Other Expenses	8,000	8,000	8,000	-		
Utilities						
Electricity	56,000	56,000	32,194	23,806		
Street Lighting	85,000	85,000	82,103	2,897		
Telephone	72,000	92,000	98,198	-	6,198	
Natural Gas	30,000	37,000	36,442	558		
Telecommunication	7,000	7,000	7,405	-	405	
Gasoline	50,000	50,000	70,904	-	20,904	
Landfill/Solid Waste Disposal						
Recycling and Sanitary Landfill Facilities Closure and						
Contingency Fund Act	487,900	487,900	480,343	7,557		
Recycling Tax	7,500	7,500	7,500	-		
Reserve for Tax Appeals	25,000	25,000	-	25,000		
Uniform Construction Code -						
Appropriations Offset by Dedicated						
Revenues (N.J.A.C. 5:23-4.17)						
State Uniform Construction Code						
Building Inspections						
Salaries & Wages	132,850	132,850	88,545	44,305		
Other Expenses	9,450	9,450	9,045	405	-	-
Total Operations Within "CAPS"	10,044,094	10,044,094	8,751,877	1,378,430	86,213	-
Total Operations Including Contingent -						
Within "CAPS"	10,044,094	10,044,094	8,751,877	1,378,430	86,213	-
Detail:						
Salaries & Wages	5,264,215	5,234,215	4,710,342	579,041	55,168	-
Other Expenses (Including Contingent)	4,779,879	4,809,879	4,041,535	799,389	31,045	-

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriation</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpenditures</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>			<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures						
Contribution to:						
Social Security System (O.A.S.I.)	\$ 233,460	\$ 233,460	\$ 209,136	\$ 24,324		
State Unemployment Insurance Fund	1,000	1,000	-	1,000		
Police and Fireman's Retirement System	723,483	723,483	723,483	-		
Public Employees Retirement System	139,570	139,570	139,570	-	-	-
Total Deferred Charges and Statutory expenditures - Municipal Within "CAPS"	1,097,513	1,097,513	1,072,189	25,324	-	-
Total General Appropriations within "CAPS"	11,141,607	11,141,607	9,824,066	1,403,754	86,213	-
OPERATIONS - EXCLUDED FROM "CAPS"						
Fair Housing Act						
Land Use Board						
Maintenance of Free Public Library	398,273	398,273	355,958	42,315		
LOSAP	89,300	89,300	82,210	7,090	-	-
Total Other Operations-Excluded from CAPS	487,573	487,573	438,168	49,405	-	-
Additional Appropriations Offset by						
Revenues (N.J.S. 40A:4-45.3h)						
Clean Communities	16,729	16,729	-	16,729		
Body Worn Camera	-	61,140		61,140		
Recycling Tonnage Grant	17,353	17,353	496	16,857		
Body Armor Replacement Fund	1,912	1,912	1,912	-	-	-
Total Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)	35,994	97,134	2,408	94,726	-	-
Total Operations - Excluded from "CAPS"	523,567	584,707	440,576	144,131	-	-
Detail:						
Salaries & Wages	-	-	-	-	-	-
Other Expenses	523,567	584,707	440,576	144,131	-	-

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriation</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpenditures</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>			<u>Cancelled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 348,000	\$ 348,000	\$ 348,000	\$ -	\$ -	-
Total Capital Improvements	348,000	348,000	348,000	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	530,000	530,000	530,000	-		-
Payment of Bond Anticipation Notes and Capital Notes	401,260	401,260	401,260	-		-
Interest on Bonds	112,895	112,895	107,784	-		5,111
Interest on Notes	63,340	63,340	62,106	-	-	1,234
Total Municipal Debt Service - Excluded from "CAPS"	1,107,495	1,107,495	1,101,150	-	-	6,345
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,979,062	2,040,202	1,889,726	144,131	-	6,345
Subtotal General Appropriations	13,120,669	13,181,809	11,713,792	1,547,885	86,213	6,345
Reserve for Uncollected Taxes	1,835,000	1,835,000	1,835,000	-	-	-
Total General Appropriations	<u>\$ 14,955,669</u>	<u>\$ 15,016,809</u>	<u>\$ 13,548,792</u>	<u>\$ 1,547,885</u>	<u>\$ 86,213</u>	<u>\$ 6,345</u>
Adopted Budget		\$ 14,955,669				
Added by N.J.S. 40A:4-87		61,140				
		<u>\$ 15,016,809</u>				

2020 STATEMENT OF EXPENDITURES

**TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
General Government					
General Administration					
Salaries & Wages	\$ 296,240	\$ 296,240	\$ 275,400	\$ 20,840	
Other Expenses	115,950	135,950	116,002	19,948	
Mayor and Council					
Salaries & Wages	44,115	40,115	39,369	746	
Municipal Clerk's Office					
Salaries & Wages	73,210	73,210	73,208	2	
Other Expenses	32,300	32,300	23,320	8,980	
Elections					
Other Expenses				-	
Financial Administration					
Salaries & Wages	80,175	80,175	72,989	7,186	
Other Expenses	33,350	43,350	31,563	11,787	
Annual Audit	29,755	29,755		29,755	
ADP Services				-	
Tax Assessment Administration					
Salaries & Wages	62,960	62,960	61,361	1,599	
Other Expenses	21,720	21,720	13,030	8,690	
Revenue Administration					
Salaries & Wages	1,200	1,200	1,200	-	
Other Expenses	6,700	6,700	6,700	-	
Legal Services					
Salaries & Wages				-	
Other Expenses	182,200	222,200	168,241	53,959	
Tax Court Appeal Counsel				-	
Engineering Services					
Other Expenses	60,750	60,750	21,807	38,943	
Contribution to Boonton Main Street, Inc.	34,000	34,000	34,000	-	
Contribution to Sheep Hill Astronomical Assoc.	8,000	8,000	8,000	-	
Historical Preservation					
Other Expenses	1,200	1,200	540	660	
Municipal Land Use Law (NJS 40:55-1)					
Planning Board					
Salaries & Wages	150,050	120,050	106,766	13,284	
Other Expenses	34,525	31,525	11,483	20,042	
Insurance					
Liability Insurance	1,199,740	1,100,740	1,015,979	84,761	
Workers Compensation	64,755	64,755	64,755	-	
Employee Group	99,581	119,581	113,017	6,564	
Health Benefit Waiver	35,087	35,087	22,485	12,602	

**TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY					
Aid to Ambulance Corps					
Other Expenses	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	
Uniform Fire Safety Fire Inspection Act					
Fire Department					
Salaries & Wages	29,025	29,025	\$ 28,438	587	
Other Expenses	163,728	163,728	135,208	28,520	
Emergency Management					
Salaries & Wages	6,370	6,370	6,367	3	
Other Expenses	9,000	9,000	8,988	12	
Police					
Salaries & Wages	2,905,877	2,996,377	2,759,026	237,351	
Other Expenses	213,731	208,731	159,731	49,000	
Police Vehicles	51,385	51,385	37,998	13,387	
Police Dispatch/911					
Salaries & Wages	21,923	21,923	17,310	4,613	
Other Expenses	221,953	221,953	221,953	-	
Prosecutor					
Salaries & Wages	16,000	16,000	16,000	-	
PUBLIC WORKS					
Streets & Roads					
Road Repairs & Maintenance					
Salaries & Wages	860,773	860,773	752,268	108,505	
Other Expenses	201,840	201,840	193,916	7,924	
Other Public Works					
Salaries & Wages	49,775	54,775	53,291	1,484	
Other Expenses	70,500	65,500	45,888	19,612	
Solid Waste Collection					
Salaries & Wages	36,810	36,810	36,451	359	
Other Expenses	434,434	434,434	398,257	36,177	
Public Building and Grounds					
Other Expenses	93,673	93,673	79,093	14,580	
Vehicle Maintenance					
Other Expenses	36,000	36,000	35,925	75	
Maintenance Services Act (NJSA 40:67-23.2 et seq)					
Other Expenses	2,500	2,500	120	2,380	
HEALTH AND WELFARE					
Board of Health					
Salaries & Wages	49,100	49,100	46,578	2,522	
Other Expenses	23,190	23,190	14,202	8,988	
Health Services - Rockaway					
Other Expenses	140,376	140,376	140,376	-	
Recreation & Education					
Parks & Playgrounds					
Salaries & Wages	147,330	107,330	95,447	11,883	
Other Expenses	60,250	56,750	9,609	47,141	
BPPT Aid Adjustment for Schools					
Other Expenses	53,934	53,934	53,934	-	
Celebration of Public Events	7,000	7,000	2,490	4,510	
Fair Share Housing Plan					
Other Expenses				-	

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Municipal Court					
Salaries and Wages	\$ 33,785	\$ 33,785	\$ 33,784	\$ 1	
Other Expenses	178,873	178,873	175,502	3,371	
Parsippany Court					
Other Expenses				-	
Public Defender					
Salaries and Wages				-	
Other Expenses	8,000	8,000	8,000	-	
Utilities					
Electricity	56,000	56,000	51,336	4,664	
Street Lighting	85,000	85,000	75,530	9,470	
Telephone	72,000	82,000	81,399	601	
Natural Gas	30,000	30,000	30,000	-	
Telecommunication	7,000	7,000	5,670	1,330	
Gasoline	50,000	50,000	43,986	6,014	
Landfill/Solid Waste Disposal					
Recycling and Sanitary Landfill Facilities Closure and					
Contingency Fund Act	487,900	487,900	449,768	38,132	
Recycling Tax	7,500	7,500		7,500	
Reserve for Tax Appeals	25,000	25,000	25,000	-	
Uniform Construction Code -					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4.17)					
State Uniform Construction Code					
Building Inspections					
Salaries & Wages	104,210	104,210	80,244	23,966	
Other Expenses	6,000	6,000	4,681	1,319	-
Total Operations Within "CAPS"	9,765,308	9,771,308	8,734,979	1,036,329	-
Total Operations Including Contingent -					
Within "CAPS"	9,765,308	9,771,308	8,734,979	1,036,329	-
Detail:					
Salaries & Wages	4,968,928	4,990,428	4,555,497	434,931	-
Other Expenses (Including Contingent)	4,796,380	4,780,880	4,179,482	601,398	-

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 228,883	\$ 213,883	\$ 173,637	\$ 40,246	
State Unemployment Insurance Fund	1,000	1,000	1,000	-	
Police and Fireman's Retirement System	661,743	661,743	661,743	-	
Public Employees Retirement System	126,391	126,391	126,391	-	-
Total Deferred Charges and Statutory expenditures - Municipal Within "CAPS"	1,018,017	1,003,017	962,771	40,246	-
Total General Appropriations within "CAPS"	10,783,325	10,774,325	9,697,750	1,076,575	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Fair Housing Act					
Land Use Board	40,000	40,000	14,905	25,095	
Maintenance of Free Public Library	398,389	398,389	398,389	-	
LOSAP	65,000	74,000	73,895	105	-
Total Other Operations-Excluded from CAPS	503,389	512,389	487,189	25,200	-
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Alcohol Education and Rehabilitation Fund	3,153	3,153	3,153	-	
Drive Sober or Get Pulled Over Grant	7,608	7,608	7,608	-	
Drunk Driving Enforcement fund	14,153	14,153	14,153	-	
Clean Communities	17,374	17,374	17,374	-	
Pedestrian Safety, Education & Enforcement Grant	8,920	8,920	8,920	-	
Recycling Tonnage Grant	31,657	31,657	31,657	-	
Body Armor Replacement Fund	2,428	2,428	2,428	-	-
Total Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)	85,293	85,293	85,293	-	-
Total Operations - Excluded from "CAPS"	588,682	597,682	572,482	25,200	-
Detail:					
Salaries & Wages	-	-	-	-	-
Other Expenses	588,682	597,682	572,482	25,200	-

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 479,938	\$ 479,938	\$ 479,938	\$ -	-
Total Capital Improvements	479,938	479,938	479,938	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	525,000	525,000	525,000	-	-
Payment of Bond Anticipation Notes and Capital Notes	401,176	401,176	401,176	-	-
Interest on Bonds	128,295	128,295	128,295	-	-
Interest on Notes	58,512	58,512	56,657	-	1,855
Total Municipal Debt Service - Excluded from "CAPS"	1,112,983	1,112,983	1,111,128	-	1,855
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,181,603	2,190,603	2,163,548	25,200	1,855
Subtotal General Appropriations	12,964,928	12,964,928	11,861,298	1,101,775	1,855
Reserve for Uncollected Taxes	1,829,859	1,829,859	1,829,859	-	-
Total General Appropriations	<u>\$ 14,794,787</u>	<u>\$ 14,794,787</u>	<u>\$ 13,691,157</u>	<u>\$ 1,101,775</u>	<u>\$ 1,855</u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Animal Control Fund		
Cash	\$ 37,090	\$ 49,175
	<u>37,090</u>	<u>49,175</u>
Other Trust Fund		
Cash	1,403,763	1,461,851
Due from Sewer Operating	238,278	
Due from Current Fund	<u>-</u>	<u>32,659</u>
	<u>1,642,041</u>	<u>1,494,510</u>
 Total Assets	 <u>\$ 1,679,131</u>	 <u>\$ 1,543,685</u>
LIABILITIES AND RESERVES		
Animal Control Fund		
Reserve for Animal Control Expenditures	\$ 30,796	\$ 30,689
Due to Current Fund	<u>6,294</u>	<u>18,486</u>
	<u>37,090</u>	<u>49,175</u>
Other Trust Fund		
N.J. Unemployment Compensation Insurance	132,360	130,930
Miscellaneous Reserves	1,194,696	1,363,580
Payroll Deductions & Reserves	164,365	-
Due to Current Fund	<u>150,620</u>	<u>-</u>
	<u>1,642,041</u>	<u>1,494,510</u>
 Total Liabilities and Reserves	 <u>\$ 1,679,131</u>	 <u>\$ 1,543,685</u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 1,541,311	\$ 2,358,554
Grants Receivable	2,467,260	2,774,778
Due from Current Fund	640,118	
Deferred Charges to Future Taxation		
Funded	4,068,000	4,598,000
Unfunded	<u>7,416,153</u>	<u>4,658,413</u>
 Total Assets	 <u>\$ 16,132,842</u>	 <u>\$ 14,389,745</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Serial Bonds Payable	\$ 4,068,000	\$ 4,598,000
Bond Anticipation Notes Payable	3,967,523	4,368,783
Improvement Authorizations:		
Funded	1,583,137	2,266,697
Unfunded	5,038,996	2,536,994
Contracts Payable	739,289	9,943
Due to Current Fund	-	23,419
Capital Improvement Fund	453,612	294,504
Reserve for Payment of Debt	26,766	85
Reserve for Purchase of 56 Harrison Street	3,196	3,196
Reserve for Hess Corporation Traffic Contribution	6,360	6,360
Reserve for Parking Projects	13,000	13,000
Reserve for Community Development Block Grant	5,000	5,000
Reserve for Recreation Contributions	35,225	35,225
Reserve for Preliminary Engineering Costs	6,246	6,246
Fund Balance	<u>186,492</u>	<u>222,293</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 16,132,842</u>	 <u>\$ 14,389,745</u>

Bonds and Notes Authorized But Not Issued at December 31, 2021 and 2020 were \$3,448,630 and \$289,630, respectively.

TOWN OF BOONTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE
REGULATORY BASIS - GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 222,293	\$ 234,290
Increased by:		
Premium on Sale of Bonds and Notes	<u>74,199</u>	<u>43,003</u>
	296,492	277,293
Decreased by:		
Current Fund Budgeted Revenue Realized	<u>110,000</u>	<u>55,000</u>
Balance, December 31	<u><u>\$ 186,492</u></u>	<u><u>\$ 222,293</u></u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - WATER UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Operating Fund		
Cash	\$ 3,299,641	\$ 2,691,444
Due from Water Utility Capital Fund	<u>-</u>	<u>6,363</u>
	<u>3,299,641</u>	<u>2,697,807</u>
Receivables and Other Assets With Full Reserves		
Consumer Accounts Receivable	<u>263,069</u>	<u>144,368</u>
	<u>263,069</u>	<u>144,368</u>
Total Operating Fund	<u>3,562,710</u>	<u>2,842,175</u>
Capital Fund		
Cash	1,133,186	1,105,666
Loan Receivable - NJ Environmental Infrastructure	52,762	118,005
Fixed Capital	15,033,070	15,033,070
Fixed Capital Authorized and Uncompleted	5,861,665	2,587,415
Due from Sewer Utility Capital Fund	-	77,615
Due from Water Utility Operating Fund	<u>10,350</u>	<u>-</u>
Total Capital Fund	<u>22,091,033</u>	<u>18,921,771</u>
Total Assets	<u>\$ 25,653,743</u>	<u>\$ 21,763,946</u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - WATER UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Operating Fund		
Appropriation Reserves	\$ 314,493	\$ 169,444
Encumbrances Payable	79,660	104,198
Accrued Interest on Bonds, Notes and Loans	35,050	48,534
Water Rent Overpayments	4,722	5,729
Due to Sewer Utility Operating Fund	158,635	158,635
Due to Current Fund	622,175	4,363
Due to Water Utility Capital Fund	<u>10,350</u>	<u>-</u>
	1,225,085	490,903
Reserve for Receivables	263,069	144,368
Fund Balance	<u>2,074,556</u>	<u>2,206,905</u>
Total Operating Fund	<u>3,562,710</u>	<u>2,842,176</u>
Capital Fund		
Serial Bonds Payable	1,769,000	2,024,000
Bond Anticipation Notes Payable	887,915	898,265
NJEIT Loan Payable - 2010	644,114	706,794
NJEIT Loan Payable - 2012	800,666	873,232
NJEIT Loan Payable - 2014	480,923	519,392
Improvement Authorizations		
Funded	157,519	245,659
Unfunded	3,381,728	396,704
Contracts Payable	78,931	
Capital Improvement Fund	539,805	539,055
Due to Water Utility Operating Fund		6,363
Reserve for Water Tank Inspection	4,000	4,000
Reserve for Water Capital Equipment	27,645	27,645
Reserve for Payment of Debt	104,810	
Reserve for Amortization	12,462,068	12,023,002
Reserve for Deferred Amortization	514,871	420,621
Fund Balance	<u>237,038</u>	<u>237,038</u>
Total Capital Fund	<u>22,091,033</u>	<u>18,921,770</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 25,653,743</u>	<u>\$ 21,763,946</u>

Bonds and notes authorized but not issued at December 31, 2021 and 2020 were \$3,335,179 and \$155,179, respectively.

TOWN OF BOONTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Surplus Anticipated	\$ 275,000	\$ 275,000
Water Rents	2,305,136	2,228,013
Miscellaneous	11,513	21,432
Other Credits to Income		
Non-Budget Revenue	14,537	20,624
Unexpended Balance of Appropriation Reserves	<u>125,995</u>	<u>45,142</u>
	<u>2,732,181</u>	<u>2,590,211</u>
Expenditures		
Operating	1,479,251	1,514,892
Capital Improvements	258,003	95,000
Debt Service	535,248	547,906
Deferred Charges and Statutory Expenditures	188,028	173,898
Refund of Prior Year Revenue	<u>-</u>	<u>210</u>
	<u>2,460,530</u>	<u>2,331,906</u>
Excess of Revenues	271,651	258,305
Fund Balance, January 1	<u>2,206,905</u>	<u>2,352,600</u>
	2,478,556	2,610,905
Decreased by:		
Utilization as Anticipated Revenue in Current Fund	129,000	129,000
Utilization as Anticipated Revenue in Water Utility Operating	<u>275,000</u>	<u>275,000</u>
Fund Balance, December 31	<u><u>\$ 2,074,556</u></u>	<u><u>\$ 2,206,905</u></u>

TOWN OF BOONTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE
REGULATORY BASIS - WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 237,038	\$ 237,038
Balance, December 31	<u>\$ 237,038</u>	<u>\$ 237,038</u>

COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>		<u>2020</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Surplus Anticipated	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000
Rents	2,159,645	2,305,136	2,018,367	2,228,013
Miscellaneous	<u>41,500</u>	<u>11,513</u>	<u>41,500</u>	<u>21,431</u>
	<u>\$ 2,476,145</u>	<u>\$ 2,591,649</u>	<u>\$ 2,334,867</u>	<u>\$ 2,524,444</u>

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	<u>Appropriation</u>		<u>Expended</u>		
		Budget			
	<u>Budget</u>	<u>After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
		<u>Modification</u>	<u>Charged</u>		
Operating					
Salaries and Wages	\$ 590,125	\$ 590,125	\$ 581,446	\$ 8,679	
Other Expenses	889,126	889,126	740,914	148,212	
Capital Improvements					
Capital Improvement Fund	95,000	95,000	95,000	-	
Capital Outlay	163,003	163,003	9,910	153,093	
Debt Service					
Bond Principal	255,000	255,000	255,000		
Payment of Bond Anticipation Notes	10,350	10,350	10,350		
Interest on Bonds	63,478	63,478	49,692		\$ 13,786
Interest on Notes	14,436	14,436	13,527		909
NJEIT Loan	207,599	207,599	206,679		920
Statutory Expenditures					
Public Employees Retirement System	139,570	139,570	139,570	-	
Social Security System (O.A.S.I.)	48,458	48,458	43,949	4,509	-
	<u>\$ 2,476,145</u>	<u>\$ 2,476,145</u>	<u>\$ 2,146,037</u>	<u>\$ 314,493</u>	<u>\$ 15,615</u>

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 629,865	\$ 644,865	\$ 580,092	\$ 64,773	
Other Expenses	885,027	870,027	770,049	99,978	
Capital Improvements					
Capital Improvement Fund	95,000	95,000	95,000		
Debt Service					
Bond Principal	250,000	250,000	250,000		
Payment of Bond Anticipation Notes	10,350	10,350	10,350		
Interest on Bonds	69,264	69,264	69,264		\$ -
Interest on Notes	11,092	11,092	10,808		284
NJEIT Loan	210,371	210,371	207,484		2,887
Statutory Expenditures					
Public Employees Retirement System	126,391	126,391	126,391		
Social Security System (O.A.S.I.)	47,507	47,507	42,814	4,693	-
	<u>\$ 2,334,867</u>	<u>\$ 2,334,867</u>	<u>\$ 2,162,252</u>	<u>\$ 169,444</u>	<u>\$ 3,171</u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - SEWER UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Operating Fund		
Cash	\$ 1,170,001	\$ 774,548
Due from Water Utility Operating Fund	158,635	158,635
Due from Sewer Utility Assessment Fund	<u>697</u>	<u>494</u>
	<u>1,329,333</u>	<u>933,677</u>
Receivables and Other Assets With Full Reserves		
Consumer Accounts Receivable	<u>169,365</u>	<u>96,053</u>
	<u>169,365</u>	<u>96,053</u>
Total Operating Fund	<u>1,498,698</u>	<u>1,029,730</u>
Assessment Trust Fund		
Cash	89,010	88,807
Assessment Liens Receivable	<u>483</u>	<u>483</u>
Total Assessment Trust Fund	<u>89,493</u>	<u>89,290</u>
Capital Fund		
Cash	1,849,815	1,730,774
Fixed Capital	6,383,625	6,383,625
Fixed Capital Authorized and Uncompleted	1,696,400	1,599,400
Due from Sewer Utility Operating Fund	<u>-</u>	<u>208,551</u>
Total Capital Fund	<u>9,929,840</u>	<u>9,922,350</u>
Total Assets	<u>\$ 11,518,031</u>	<u>\$ 11,041,370</u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - SEWER UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Operating Fund		
Appropriation Reserves	\$ 203,949	\$ 228,905
Encumbrances Payable	36,449	14,737
Accrued Interest on Notes	4,373	4,373
Sewer Rent Overpayments	2,306	3,134
Due to Sewer Utility Capital Fund	-	208,551
Due to Payroll	238,278	
Due to Current Fund	<u>329,970</u>	<u>-</u>
	815,325	459,700
Reserve for Receivables	169,365	96,053
Fund Balance	<u>514,008</u>	<u>473,977</u>
Total Operating Fund	<u>1,498,698</u>	<u>1,029,730</u>
Assessment Trust Fund		
Due Sewer Utility Operating Fund	697	494
Assessment Overpayments	382	382
Reserve for Assessment Receivables	483	483
Fund Balance	<u>87,931</u>	<u>87,931</u>
Total Assessment Trust Fund	<u>89,493</u>	<u>89,290</u>
Capital Fund		
Bond Anticipation Notes Payable	1,393,080	1,393,080
Improvement Authorizations		
Funded	87,080	134,225
Unfunded	1,353,709	1,393,080
Contracts Payable	136,621	-
Capital Improvement Fund	158,755	145,755
Due to Water Utility Capital Fund		77,615
Reserve for Infiltration Study	11,666	11,666
Reserve for Purchase of Equipment	124,925	124,925
Reserve for Amortization	6,355,935	6,333,935
Reserve for Deferred Amortization	206,320	206,320
Fund Balance	<u>101,749</u>	<u>101,749</u>
Total Capital Fund	<u>9,929,840</u>	<u>9,922,350</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 11,518,031</u>	<u>\$ 11,041,370</u>

Bonds and notes authorized but not issued at December 31, 2021 and 2020 were \$124,690 and \$49,690, respectively.

Accompanying Notes are an Integral Part of these Financial Statements

TOWN OF BOONTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Surplus Anticipated	\$ 501,616	\$ 501,616
Sewer Rents	1,727,089	1,431,755
Miscellaneous	1,950	22,567
Other Credits to Income		
Non-Budget Revenue	9,236	
Unexpended Balance of Appropriation Reserves	<u>198,820</u>	<u>82,104</u>
	<u>2,438,711</u>	<u>2,038,042</u>
Expenditures		
Operating	1,580,253	1,623,130
Capital Improvements	117,753	55,750
Debt Service	11,030	54,448
Deferred Charges and Statutory Expenditures	<u>188,028</u>	<u>173,898</u>
	<u>1,897,064</u>	<u>1,907,226</u>
Excess of Revenues	541,647	130,816
Fund Balance, January 1	<u>473,977</u>	<u>844,777</u>
	1,015,624	975,593
Decreased by:		
Utilization as Anticipated Revenue in Sewer Utility Operating	<u>501,616</u>	<u>501,616</u>
Fund Balance, December 31	<u>\$ 514,008</u>	<u>\$ 473,977</u>

EXHIBIT E-2

**TOWN OF BOONTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 87,931	\$ 87,931
Balance, December 31	<u>\$ 87,931</u>	<u>\$ 87,931</u>

EXHIBIT E-3

**TOWN OF BOONTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 101,749	\$ 101,749
Balance, December 31	<u>\$ 101,749</u>	<u>\$ 101,749</u>

**COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>		<u>2020</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Surplus Anticipated	\$ 501,616	\$ 501,616	\$ 501,616	\$ 501,616
Rents	1,392,848	1,727,089	1,392,010	1,431,754
Miscellaneous	<u>2,600</u>	<u>1,950</u>	<u>9,600</u>	<u>22,567</u>
	<u>\$ 1,897,064</u>	<u>\$ 2,230,655</u>	<u>\$ 1,903,226</u>	<u>\$ 1,955,937</u>

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	<u>Appropriation</u>		<u>Expended</u>	
		Budget After	Paid or	
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>
Operating				
Salaries and Wages	\$ 588,615	\$ 588,615	\$ 581,446	\$ 7,169
Other Expenses	991,638	991,638	882,120	109,518
Capital Improvements				
Capital Improvement Fund	35,000	35,000	35,000	-
Capital Outlay	82,753	82,753		82,753
Debt Service				
Interest on Notes	11,030	11,030	11,030	-
Statutory Expenditures				
Public Employees Retirement System	139,570	139,570	139,570	-
Social Security System (O.A.S.I.)	48,458	48,458	43,949	4,509
	<u>\$ 1,897,064</u>	<u>\$ 1,897,064</u>	<u>\$ 1,693,115</u>	<u>\$ 203,949</u>

TOWN OF BOONTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	<u>Appropriation</u>		<u>Expended</u>	
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>
Operating				
Salaries and Wages	\$ 629,865	\$ 644,865	\$ 578,896	\$ 65,969
Other Expenses	993,265	978,265	831,795	146,470
Capital Improvements				
Capital Improvement Fund	35,000	35,000	35,000	-
Capital Outlay	20,750	20,750	8,978	11,772
Debt Service				
Payment of Bond Anticipation Notes	53,250	53,250	53,250	
Interest on Notes	1,198	1,198	1,198	-
Statutory Expenditures				
Public Employees Retirement System	126,391	126,391	126,391	-
Social Security System (O.A.S.I.)	<u>47,507</u>	<u>47,507</u>	<u>42,813</u>	<u>4,694</u>
	<u>\$ 1,907,226</u>	<u>\$ 1,907,226</u>	<u>\$ 1,678,321</u>	<u>\$ 228,905</u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEET - REGULARATORY BASIS
PUBLIC ASSISTANCE FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash	\$ 162,581	\$ 162,374
Total Assets	<u>\$ 162,581</u>	<u>\$ 162,374</u>
<u>RESERVES</u>		
Reserve for Public Assistance Expenditures	\$ 162,581	\$ 162,374
Total Reserves	<u>\$ 162,581</u>	<u>\$ 162,374</u>

TOWN OF BOONTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2021 AND 2020
(UNAUDITED)

	<u>2021</u>	<u>2020</u>
ASSETS		
Land	\$ 12,430,917	\$ 12,430,917
Buildings and Building Improvements	3,877,165	3,877,165
Machinery and Equipment	<u>8,894,303</u>	<u>8,501,908</u>
Total Assets	<u>\$ 25,202,385</u>	<u>\$ 24,809,990</u>
 LIABILITIES AND RESERVES		
Investment in General Fixed Assets	<u>\$ 25,202,385</u>	<u>\$ 24,809,990</u>

NOTES TO FINANCIAL STATEMENTS

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Boonton (the "Town") was incorporated in 1867 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the eight council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Town and as such presides over all public meetings and makes appointments to various boards. The Town Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Town Administrator is appointed by the Town Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Town affairs and for the day to day operations of the Town. The Town Administrator is the Chief Administrative Officer for the Town. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Town do not include the municipal library, volunteer fire department, volunteer ambulance squad, or redevelopment agency, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Town has the following funds and account group:

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

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

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Town as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Town as collateral. This fund is also used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

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

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Town's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

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

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

General Capital Funds
 Other Trust Funds
 Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2021 the Town Council increased the original budget by \$61,140. The increases were funded by additional aid allotted to the Town. In addition, the governing body approved several budget transfers during 2021 and 2020.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<u>2021</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Municipal Clerk			
Salaries and Wages	\$74,675	\$79,693	\$5,018
Other Expenses	39,000	39,458	458

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

<u>2021</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Financial Administration			
Salaries and Wages	\$71,640	\$92,099	\$20,459
Tax Assessment Administration			
Salaries and Wages	54,185	60,352	6,167
Other Public Works			
Salaries and Wages	30,490	46,707	16,217
Solid Waste Collection			
Salaries and Wages	37,645	44,273	6,628
Vehicle Maintenance			
Other Expenses	36,000	39,080	3,080
Municipal Court			
Salaries and Wages	33,785	34,464	679
Utilities			
Telephone	92,000	98,198	6,198
Telecommunications	7,000	7,405	405
Gasoline	50,000	70,904	20,904

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2021 and 2020, the book value of the Town's deposits were \$17,843,410 and \$16,441,472 and bank and brokerage firm balances of the Town's deposits amounted to \$18,446,924 and \$16,365,025, respectively. The Town's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2021</u>	<u>2020</u>
Insured	\$ 17,368,697	\$ 15,115,998
Uninsured and Uncollateralized	<u>1,078,227</u>	<u>1,249,027</u>
	<u>\$ 18,446,924</u>	<u>\$ 16,365,025</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a formal policy for custodial credit risk. As of December 31, 2021 and 2020, the Town's bank balances of \$1,078,227 and \$1,249,027 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2021</u>	<u>2020</u>
Uninsured and uncollateralized	<u>\$ 1,078,227</u>	<u>\$ 1,249,027</u>

As of December 31, 2021 and 2020 the Town had no outstanding investments.

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2021 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>
<u>2021</u>					
Property Taxes	\$ 322,957				\$ 322,957
Tax Title Liens	35,792				35,792
Utility Charges and Fees	<u>-</u>	<u>\$ 263,069</u>	<u>\$ 169,365</u>		<u>432,434</u>
	<u>\$ 358,749</u>	<u>\$ 263,069</u>	<u>\$ 169,365</u>		<u>\$ 791,183</u>

In 2021, the Town collected \$404,090 and \$240,421 from delinquent taxes and utility charges and fees, which represented 92% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2020.

Receivables at December 31, 2020 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>
<u>2020</u>					
Property Taxes	\$ 404,090				\$ 404,090
Tax Title Liens	34,652				34,652
Utility Charges and Fees	<u>-</u>	<u>\$ 144,368</u>	<u>\$ 96,053</u>		<u>240,421</u>
	<u>\$ 438,742</u>	<u>\$ 144,368</u>	<u>\$ 96,053</u>		<u>\$ 679,163</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2021</u>		<u>2020</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
Regular	\$ 1,109,059	\$ 640,118	\$ 46,268	\$ 32,659
Trust Fund:				
Animal Control		6,294		18,486
Other Trust	238,278	150,620	32,659	
General Capital Fund	640,118			23,419
Water Utility Fund:				
Operating		791,160	6,363	162,998
Capital	10,350		77,615	6,363
Sewer Utility Fund:				
Operating	159,332	568,248	159,129	208,551
Assessment Trust		697		494
Capital	<u>-</u>	<u>-</u>	<u>208,551</u>	<u>77,615</u>
Total	<u>\$ 2,157,137</u>	<u>\$ 2,157,137</u>	<u>\$ 530,585</u>	<u>\$ 530,585</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The Town expects all interfund balances to be liquidated within one year.

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance</u>
<u>2021</u>			
Current Fund			
Overexpenditure of Appropriations	<u>\$ 86,213</u>	<u>\$ 86,213</u>	<u>\$ -</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 7 FUND BALANCES APPROPRIATED

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

	2021		2020	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,314,009	\$ 2,136,000	\$ 3,066,699	\$ 2,278,000
Non-Cash Surplus	<u>195,306</u>	<u>-</u>	<u>41,094</u>	<u>-</u>
	<u>\$ 2,509,315</u>	<u>\$ 2,136,000</u>	<u>\$ 3,107,793</u>	<u>\$ 2,278,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 2,074,556	307,830	\$ 2,206,905	275,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,074,556</u>	<u>\$ 307,830</u>	<u>\$ 2,206,905</u>	<u>\$ 275,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 514,008	350,000	\$ 473,977	501,616
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 514,008</u>	<u>\$ 350,000</u>	<u>\$ 473,977</u>	<u>\$ 501,616</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2021 and 2020.

	<u>Balance December 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, December 31, 2021</u>
2021				
Land	\$ 12,430,917			\$ 12,430,917
Buildings and Building Improvements	3,877,165			3,877,165
Machinery and Equipment	<u>8,501,908</u>	<u>\$ 392,395</u>	<u>\$ -</u>	<u>8,894,303</u>
	<u>\$ 24,809,990</u>	<u>\$ 392,395</u>	<u>\$ -</u>	<u>\$ 25,202,385</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 MUNICIPAL DEBT

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

The Town's debt is summarized as follows:

	<u>2021</u>	<u>2020</u>
Issued		
General		
Bonds and Notes	\$ 8,035,523	\$ 8,966,783
Water Utility		
Bonds, Notes and Loans	4,582,618	5,021,683
Sewer Utility		
Notes	<u>1,393,080</u>	<u>1,393,080</u>
Less Funds Temporarily Held to Pay Bonds and Notes	<u>131,576</u>	<u>85</u>
Net Debt Issued	13,879,645	15,381,461
Authorized But Not Issued		
General		
Bonds and Notes	3,448,630	289,630
Water Utility		
Bonds and Notes	3,335,179	155,179
Sewer Utility		
Bonds and Notes	<u>124,690</u>	<u>49,690</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 20,788,144</u>	<u>\$ 15,875,960</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Town's Annual Debt Statement and indicates a statutory net debt of 0.934% and 0.783% at December 31, 2021 and 2020, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 11,484,153	\$ 26,681	\$ 11,457,472
School Debt	15,205,325	15,205,325	-
Utility Debt	<u>7,509,864</u>	<u>7,509,864</u>	<u>-</u>
Total	<u>\$ 34,199,342</u>	<u>\$ 22,741,870</u>	<u>\$ 11,457,472</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 9,256,413	\$ 85	\$ 9,256,328
School Debt	16,080,325	16,080,325	-
Utility Debt	<u>6,619,632</u>	<u>6,619,632</u>	<u>-</u>
Total	<u>\$ 31,956,370</u>	<u>\$ 22,700,042</u>	<u>\$ 9,256,328</u>

Statutory Borrowing Power

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

	<u>2021</u>	<u>2020</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 42,922,435	\$ 41,400,919
Less: Net Debt	<u>11,457,472</u>	<u>9,256,328</u>
Remaining Borrowing Power	<u>\$ 31,464,963</u>	<u>\$ 32,144,591</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2021</u>	<u>2020</u>
\$5,213,000 2015 Bonds, due in annual installments of \$290,000 to \$500,000 through November 1, 2029, interest at 2.00% to 2.75%	\$ 3,583,000	\$ 3,868,000
\$1,222,000 2016 Refunding Bonds, due in annual installments of \$240,000 to \$245,000 through January 15, 2023, interest at 2.00% to 2.50%	<u>\$ 485,000</u>	<u>\$ 730,000</u>
Total	<u>\$ 4,068,000</u>	<u>\$ 4,598,000</u>

Utility Bonds

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

Water Utility

	<u>2021</u>	<u>2020</u>
\$519,000 2015 Bonds, due in annual installments of \$25,000 to \$45,000 through November 1, 2030, interest at 2.00% to 2.75%	\$ 369,000	\$ 394,000
\$2,215,000 2016 Refunding Bonds, due in annual installments of \$185,000 to \$235,000 through January 15, 2028, interest at 3.00% to 4.00%	<u>1,400,000</u>	<u>1,630,000</u>
Total	<u>\$ 1,769,000</u>	<u>\$ 2,024,000</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Water Utility Intergovernmental Loans Payable

The Town has entered into a loan agreement with the State of New Jersey for the financing relating to the acquisition of open space property. The Town pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the water utility at December 31 are as follows:

Water Utility

	<u>2021</u>	<u>2020</u>
\$1,242,694 2010 Environmental Infrastructure Trust Loan, due in annual installments of \$62,679 to \$77,680 through September 1, 2030, interest at 5.00%	\$ 644,114	\$ 706,794
\$1,482,142 2012 Environmental Infrastructure Trust Loan, due in annual installments of \$77,567 to \$82,567 through August 1, 2031, interest at 2.00% to 5.00%	800,666	873,232
\$767,479 2014 Environmental Infrastructure Trust Loan, due in annual installments of \$38,637 to \$41,914 through August 1, 2033, interest at 0.19% to 3.30%	<u>480,923</u>	<u>519,392</u>
Total	<u>\$ 1,925,703</u>	<u>\$ 2,099,418</u>

The Town's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

Calendar Year	<u>General</u>		<u>Water Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 535,000	\$ 73,600	\$ 438,883	\$ 84,269	\$ 1,131,752
2023	535,000	58,000	409,076	72,677	1,074,753
2024	500,000	42,500	419,289	61,314	1,023,103
2025	500,000	32,500	424,519	49,633	1,006,652
2026	500,000	12,500	434,769	25,585	972,854
2027-2033	<u>1,498,000</u>	<u>38,695</u>	<u>1,568,167</u>	<u>81,524</u>	<u>3,186,386</u>
Total	<u>\$ 4,068,000</u>	<u>\$ 257,795</u>	<u>\$ 3,694,703</u>	<u>\$ 375,002</u>	<u>\$ 8,395,500</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Town's long-term capital debt activity for the years ended December 31, 2021 and 2020 were as follows:

	Balance, December 31, <u>2020</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>				
<u>General Capital Fund</u>				
Bonds Payable	<u>\$ 4,598,000</u>	<u>\$ 530,000</u>	<u>\$ 4,068,000</u>	<u>\$ 535,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 4,598,000</u>	<u>\$ 530,000</u>	<u>\$ 4,068,000</u>	<u>\$ 535,000</u>
<u>Water Utility Capital Fund</u>				
Bonds Payable	<u>\$ 2,024,000</u>	<u>\$ 255,000</u>	<u>\$ 1,769,000</u>	<u>\$ 260,000</u>
Intergovernmental Loans	<u>2,099,418</u>	<u>173,715</u>	<u>1,925,703</u>	<u>178,883</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 4,123,418</u>	<u>\$ 428,715</u>	<u>\$ 3,694,703</u>	<u>\$ 438,883</u>
	Balance, December 31, <u>2019</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>				
<u>General Capital Fund</u>				
Bonds Payable	<u>\$ 5,123,000</u>	<u>\$ 525,000</u>	<u>\$ 4,598,000</u>	<u>\$ 530,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 5,123,000</u>	<u>\$ 525,000</u>	<u>\$ 4,598,000</u>	<u>\$ 530,000</u>
<u>Water Utility Capital Fund</u>				
Bonds Payable	<u>\$ 2,274,000</u>	<u>\$ 250,000</u>	<u>\$ 2,024,000</u>	<u>\$ 255,000</u>
Intergovernmental Loans	<u>2,272,990</u>	<u>173,572</u>	<u>2,099,418</u>	<u>173,715</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 4,546,990</u>	<u>\$ 423,572</u>	<u>\$ 4,123,418</u>	<u>\$ 428,715</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Town's short-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2020</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	Balance, December 31, <u>2021</u>
<u>2021</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	1.00% to 2.00%	6/25/2021	\$ 4,368,783		\$ 4,368,783	
Various Capital Improvements	1.50%	6/24/2022	<u>-</u>	<u>\$ 3,967,523</u>	<u>-</u>	<u>\$ 3,967,523</u>
Total General Capital Fund			<u>\$ 4,368,783</u>	<u>\$ 3,967,523</u>	<u>\$ 4,368,783</u>	<u>\$ 3,967,523</u>
<u>Water Utility Capital Fund</u>						
Various Capital Improvements	1.00% to 2.00%	6/25/2021	\$ 898,265		\$ 898,265	
Various Capital Improvements	1.50%	6/24/2022	<u>-</u>	<u>\$ 887,915</u>	<u>-</u>	<u>\$ 887,915</u>
Total Water Utility Capital Fund			<u>\$ 898,265</u>	<u>\$ 887,915</u>	<u>\$ 898,265</u>	<u>\$ 887,915</u>
<u>Sewer Utility Capital Fund</u>						
Sanitary Sewer System Upgrades	1.00%	6/25/2021	\$ 1,393,080		\$ 1,393,080	
Sanitary Sewer System Upgrades	1.50%	6/24/2022	<u>-</u>	<u>\$ 1,393,080</u>	<u>-</u>	<u>\$ 1,393,080</u>
Total Sewer Utility Capital Fund			<u>\$ 1,393,080</u>	<u>\$ 1,393,080</u>	<u>\$ 1,393,080</u>	<u>\$ 1,393,080</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2019</u>	<u>Renewed/</u> <u>Issued</u>	<u>Retired/</u> <u>Redeemed</u>	Balance, December 31, <u>2020</u>
<u>2020</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.05% to 2.25%	6/26/2020	\$ 2,668,091		\$ 2,668,091	
Various Capital Improvements	1.00% to 2.00%	6/25/2021	-	\$ 4,368,783	-	\$ 4,368,783
Total General Capital Fund			<u>\$ 2,668,091</u>	<u>\$ 4,368,783</u>	<u>\$ 2,668,091</u>	<u>\$ 4,368,783</u>
<u>Water Utility Capital Fund</u>						
Various Capital Improvements	2.05% to 2.25%	6/26/2020	\$ 552,615		\$ 552,615	
Various Capital Improvements	1.00% to 2.00%	6/25/2021	-	\$ 898,265	-	\$ 898,265
Total Water Utility Capital Fund			<u>\$ 552,615</u>	<u>\$ 898,265</u>	<u>\$ 552,615</u>	<u>\$ 898,265</u>
<u>Sewer Utility Capital Fund</u>						
Purchase of Cleaning and Vacuum Truck	2.25%	6/26/2020	\$ 53,250		\$ 53,250	
Sanitary Sewer System Upgrades	1.00%	6/25/2021	-	\$ 1,393,080	-	\$ 1,393,080
Total Sewer Utility Capital Fund			<u>\$ 53,250</u>	<u>\$ 1,393,080</u>	<u>\$ 53,250</u>	<u>\$ 1,393,080</u>

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Town had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2021</u>		
Road Program	\$566,940	2022
Basketball Court Renovations	94,000	2022
Pepe Playground	433,924	2022

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,126,558 and \$1,063,333 at December 31, 2021 and 2020, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2021 and 2020, the Town has reserved in the Other Trust Fund \$58,841 and \$126,067, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

The Town's changes in other long-term liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences	\$ 1,063,333	\$ 63,225		\$ 1,126,558	
Net Pension Liability - PERS (1)	6,241,634			6,241,634	
Net Pension Liability - PFRS (1)	8,367,883			8,367,883	
Net OPEB Liability (1)	16,878,789	-	-	16,878,789	-
Total Other Long-Term Liabilities	<u>\$ 32,551,639</u>	<u>\$ 63,225</u>	<u>\$ -</u>	<u>\$ 32,614,864</u>	<u>\$ -</u>
<u>2020</u>					
	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 1,008,829	\$ 54,504		\$ 1,063,333	
Net Pension Liability - PERS	7,016,424		\$ 774,790	6,241,634	
Net Pension Liability - PFRS	8,017,232	350,651		8,367,883	
Net OPEB Liability	12,234,134	4,644,655	-	16,878,789	-
Total Other Long-Term Liabilities	<u>\$ 28,276,619</u>	<u>\$ 5,049,810</u>	<u>\$ 774,790</u>	<u>\$ 32,551,639</u>	<u>\$ -</u>

- (1) GASB Statement Numbers 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2021 and 2020 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2021 and 2020 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Town for 2021, 2020 and 2019 were equal to the required contributions.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2021, 2020 and 2019, the Town, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2021	\$ 723,483	\$ 139,570
2020	661,743	126,391
2019	636,284	130,246

In addition for the years ended December 31, 2021, 2020 and 2019 the Town contributed for long-term disability insurance premiums (LTDI) \$-0-, \$398 and \$226, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2022-12 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020, the Town reported a liability of \$6,241,634 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Town's proportionate share of the net pension liability was based on the ratio of the Town's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Town's proportionate share was 0.0380 percent, which was a decrease of 0.0004 percent from its proportionate share measured as of June 30, 2019 of 0.0384 percent.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2020, the pension system has determined the Town's pension benefit to \$33,628 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Town's financial statements of \$126,391. At December 31, 2020, the Town's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Town's financial statements are from the following sources:

	2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 113,650	\$ 22,073
Changes of Assumptions	202,486	2,613,431
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	213,344	
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	<u>39,076</u>	<u>600,442</u>
Total	<u>\$ 568,556</u>	<u>\$ 3,235,946</u>

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (639,148)
2022	(639,148)
2023	(639,148)
2024	(639,148)
2025	(110,798)
Thereafter	<u>-</u>
	<u>\$ (2,667,390)</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Town's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020, as reported for the year ended December 31, 2020 are summarized in the following table:

Asset Class

Risk Mitigation Strategies
Cash Equivalents
U.S. Treasuries
Investment Grade Credit
US Equity
Non-US Developed Markets Equity
Emerging Markets Equity
High Yield
Real Assets
Private Credit
Real Estate
Private Equity

Discount Rate

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

<u>Calendar</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
<u>Year</u>		
2020	June 30, 2020	7.00%

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2020</u>
Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the Town's proportionate share of the PERS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,857,176</u>	<u>\$ 6,241,634</u>	<u>\$ 4,870,802</u>

The sensitivity analysis was based on the proportionate share of the Town's net pension liability at December 31, 2020. A sensitivity analysis specific to the Town's net pension liability was not provided by the pension system.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2020 the Town reported a liability of \$8,367,883 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Town's proportionate share of the net pension liability was based on the ratio of the Town's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Town's proportionate share was 0.0648 percent, which was a decrease of 0.0007 percent from its proportionate share measured as of June 30, 2019 of 0.0655 percent.

For the year ended December 31, 2020, the pension system has determined the Town pension expense (benefit) to be \$582,654 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Town's financial statements of \$661,743. At December 31, 2020, the Town's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Town's financial statements are from the following sources:

	2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 84,362	\$ 30,625
Changes of Assumptions	21,058	2,287,693
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	490,648	
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	<u>162,253</u>	<u>129,882</u>
Total	<u>\$ 758,321</u>	<u>\$ 2,448,200</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	<u>Total</u>
2021	\$ (322,343)
2022	(322,343)
2023	(322,343)
2024	(322,343)
2025	(400,507)
Thereafter	<u>-</u>
	<u>\$ (1,689,879)</u>

Actuarial Assumptions

The Town's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

2020

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020, as reported for the year ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	2020	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

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

Calendar	Measurement Date	Discount Rate
<u>Year</u>		
2020	June 30, 2020	7.00%

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

	<u>2020</u>
Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the Town's proportionate share of the PFRS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00% as well as what the Town's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2020</u>	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Town's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 11,127,562</u>	<u>\$ 8,367,883</u>	<u>\$ 6,075,759</u>

The sensitivity analysis was based on the proportionate share of the Town's net pension liability at December 31, 2020. A sensitivity analysis specific to the Town's net pension liability was not provided by the pension system.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2020, the State's proportionate share of the net pension liability attributable to the Town for the PFRS special funding situation is \$1,298,657. For the year ended December 31, 2020, the pension system has determined the State's proportionate share of the pension expense attributable to the Town for the PFRS special funding situation is \$147,177, which is more than the actual contribution the State made on behalf of the Town of \$99,931. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Town was 0.0648 percent, which was a decrease of 0.0007 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of 0.0655 percent. The State's proportionate share attributable to the Town was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Town's financial statements.

Pension Plan Fiduciary Net Position

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Town.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

- Actuarial Methods and Assumptions

In the July 1, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

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 State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$292.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Town's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2021, 2020 and 2019 were \$541,986, \$494,070 and \$471,319, respectively, which equaled the required contributions for each year (or were not available). In addition, the Town's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2021 was \$66,083.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2022-12 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2020, the Town reported a liability of \$16,878,789, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. The Town's proportionate share of the net OPEB liability was based on the ratio of the Town's proportionate share of the OPEB liability attributable to the Town at June 30, 2020 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2020. As of the measurement date of June 30, 2020 the Town's proportionate share was 0.094 percent, which was an increase of 0.004 percent from its proportionate share measured as of June 30, 2019 of 0.090 percent.

For the year ended December 31, 2020, the Plan has determined the Town's OPEB benefit to be \$173,830, based on the actuarial valuation which is less than the actual contributions reported in the Town's financial statements of \$541,986. At December 31, 2020, the Town's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Town's financial statements are from the following sources:

	2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 444,574	\$ 3,143,145
Changes of Assumptions	2,524,536	3,753,582
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	10,719	
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	<u>726,966</u>	<u>1,990,610</u>
Total	<u>\$ 3,706,795</u>	<u>\$ 8,887,337</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
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NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2022	\$ (752,963)
2023	(752,963)
2024	(752,963)
2025	(752,964)
2026	(755,643)
Thereafter	<u>(1,413,046)</u>
	<u>\$ (5,180,542)</u>

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

Actuarial Assumptions

The Town's total OPEB liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount- Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.
PFRS	Pub-2010 Safety Classification Headcount- Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

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

Calendar

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	2.21%
2019	June 30, 2019	3.50%

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Town's proportionate share of the net OPEB liability as of December 31, 2020 calculated using the discount rate of 2.21%, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.21% or 1-percentage-point higher 3.21% than the current rate:

<u>2020</u>	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Town's Proportionate Share of the Net OPEB Liability	<u>\$ 19,954,295</u>	<u>\$ 16,878,789</u>	<u>\$ 14,444,247</u>

The sensitivity analysis was based on the proportionate share of the Town's net OPEB liability at December 31, 2020. A sensitivity analysis specific to the Town's net OPEB liability was not provided by the Plan.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

The following presents the Town's proportionate share of the net OPEB liability as of December 31, 2020 calculated using the healthcare trend rates as disclosed above as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2020</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Town's Proportionate Share of the Net OPEB Liability	<u>\$ 13,967,215</u>	<u>\$ 16,878,789</u>	<u>\$ 20,691,535</u>

The sensitivity analysis was based on the proportionate share of the Town's net OPEB liability at December 31, 2020. A sensitivity analysis specific to the Town's net OPEB liability was not provided by the pension system.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Town is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Town by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Town's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2020, the State's proportionate share of the net OPEB liability attributable to the Town for the OPEB special funding situation is \$0. For the year ended December 31, 2020 the plan has determined the State's proportionate share of the OPEB expense attributable to the Town for the OPEB special funding situation is \$0. At December 31, 2020, (measurement date June 30, 2020), the State's share of the OPEB liability attributable to the Town was 0 percent, which was an/a increase/decrease of 0 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of 0 percent. The State's proportionate share attributable to the Town was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

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

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 14 RISK MANAGEMENT

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

The Town of Boonton is a member of the Morris County Municipal Joint Insurance Fund (MJIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is a risk-sharing public entity pools. The MJIF coverage amounts are on file with the Town.

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

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

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

The 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 Town contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Town's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2021	\$ -	\$ 6,078	\$ 271	\$ 4,919	\$ 132,360
2020	1,000	7,148	787	19,465	130,930
2019	1,000	7,823	2,837	4,037	141,460

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2021 and 2020. Amounts claimed have not yet been determined. The Town is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Town does not recognize a liability, if any, until these cases have been adjudicated. The Town expects such amounts, if any, could be material. As of December 31, 2021 and 2020, the Town reserved \$456,306, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2021 and 2020, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

NOTE 16 TAX ABATEMENTS

For the years ended December 31, 2021 and 2020, the Town provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA") and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

NOTE 17 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

TOWN OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 17 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

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

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

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

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals 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 will receive \$933,538 from the Plan in two equal payments. On May 24, 2021, the Town received its first installment of funds under the Plan in the amount of \$466,769. The Town has not yet determined how it will spend the monies to be received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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ERIC J. SAPIR
CHARLES G. TOTO
KRISTINE L. FLYNN
DAVID S. HANDLER

June 22, 2023

The Mayor and Board of Aldermen
of the Town of Boonton, in the
County of Morris, New Jersey

Ladies and Gentlemen:

We have acted as bond counsel to the Mayor and Board of Aldermen of the Town of Boonton, a municipal corporation of the State of New Jersey, situate in the County of Morris (the “Town”), and have examined a record of proceedings relating to the issuance by the Town of a Bond Anticipation Note in the denomination of \$7,949,318 (the “Note”). The Note is dated June 22, 2023, matures on June 21, 2024, bears interest at the rate of four and fifty hundredths per centum (4.50%) per annum payable at maturity is issued in registered form, is transferable as therein provided, and is issued pursuant to the Local Bond Law of the State of New Jersey, and by virtue of a bond ordinance or ordinances of the Town and a resolution of its governing body adopted May 15, 2023.

The Note is a temporary obligation issued in anticipation of the issuance of bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the Town delivered in connection with the issuance of the Note which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the Town has certified that, to the extent it is empowered and allowed under applicable law, it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Note is excludable from gross income under Section 103 of the Code. In rendering this opinion, we have assumed that the Town will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

In our opinion, the Note is a valid and legally binding obligation of the Town, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Note is issued but, if not so paid, payable ultimately from ad valorem taxes which may be levied upon all the taxable property within the Town without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Note may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

Mayor and Board of Aldermen
of the Town of Boonton, in the
County of Morris, New Jersey

2.

In our opinion, under existing statutes and court decisions, interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in our opinion, under existing statutes, interest on the Note is not included in gross income under the New Jersey Gross Income Tax Act.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Town other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchaser of the Note.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Note, or under state and local tax laws.

We have examined the executed Note. The form of the Note and its execution is prescribed by said resolution adopted May 15, 2023.

Very truly yours,