

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 30, 2024

NEW ISSUE – BOOK-ENTRY-ONLY

Rating: S&P: "AA"
(See "RATING" herein)

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

**TOWN OF CLINTON, IN THE
COUNTY OF HUNTERDON, NEW JERSEY
\$5,340,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024
CONSISTING OF
\$480,000* GENERAL IMPROVEMENT REFUNDING BONDS,
\$4,025,000* WATER UTILITY REFUNDING BONDS
AND
\$835,000* SEWER UTILITY REFUNDING BONDS
(Bank-Qualified) (Non-Callable)**

Dated Date: Date of Delivery

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

The \$5,340,000* General Obligation Refunding Bonds, Series 2024, consisting of \$480,000* General Improvement Refunding Bonds, \$4,025,000* Water Utility Refunding Bonds and \$835,000* Sewer Utility Refunding Bonds (together, the "Bonds"), of the Town of Clinton, in the County of Hunterdon, New Jersey (the "Town"), are being issued to provide funds to (i) refund, on a current basis, all or a portion of the Refunded Bonds (as defined herein) of the Town and (ii) pay certain costs incurred in connection with the authorization, sale and issuance of the Bonds. The Bonds have been authorized by and are being issued pursuant to N.J.S.A. 40A:2-51 *et seq.* of the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), a refunding bond ordinance of the Town finally adopted on March 24, 2021 and a resolution of the Town duly adopted on April 10, 2024 authorizing the sale and issuance of the Bonds. See "AUTHORIZATION AND PURPOSE OF THE BONDS" herein.

Interest on the Bonds will be payable semiannually on the first day of February and August in each year until maturity, commencing August 1, 2024. The principal of and interest due on the Bonds will be paid to DTC (as defined below) by the Town, as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year, consisting of twelve 30-day calendar months.

The Bonds are not subject to optional redemption prior to their stated maturities. See "THE BONDS – Redemption" herein.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of each series of the Bonds and in the principal amount of such maturity and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. See "THE BONDS – Book-Entry-Only System" herein.

The Bonds 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 property within the Town for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

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

The Bonds will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Town by its Town Attorney, Tara A. St. Angelo, Esq., Annandale, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC in Brooklyn, New York, on or about May 22, 2024.

RAYMOND JAMES®

*Preliminary, subject to change.

**TOWN OF CLINTON, IN THE
COUNTY OF HUNTERDON, NEW JERSEY**

**\$5,340,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024
CONSISTING OF
\$480,000* GENERAL IMPROVEMENT REFUNDING BONDS,
\$4,025,000* WATER UTILITY REFUNDING BONDS
AND
\$835,000* SEWER UTILITY REFUNDING BONDS**

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

Year (August 1)	General Improvement Refunding Bonds*	Water Utility Refunding Bonds*	Sewer Utility Refunding Bonds*	Combined Amount*	Interest Rate	Yield	CUSIP Number†
2024	\$5,000	\$25,000	\$5,000	\$ 35,000	%	%	188257 ____
2025	245,000	400,000	90,000	735,000			188257 ____
2026	230,000	405,000	90,000	725,000			188257 ____
2027		405,000	90,000	495,000			188257 ____
2028		460,000	90,000	550,000			188257 ____
2029		460,000	90,000	550,000			188257 ____
2030		465,000	95,000	560,000			188257 ____
2031		470,000	95,000	565,000			188257 ____
2032		470,000	95,000	565,000			188257 ____
2033		465,000	95,000	560,000			188257 ____

* Preliminary, subject to change.

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

**TOWN OF CLINTON, IN THE
COUNTY OF HUNTERDON, NEW JERSEY**

MAYOR

Janice Kovach

TOWN COUNCIL MEMBERS

John Kashwick
Kyle Perloff
Nick Bruno
Ross Traphagen
Kim Stentz
Molly Padmos

CHIEF FINANCIAL OFFICER

Kathy Olsen

TOWN CLERK

Cecilia Covino

TOWN ATTORNEY

Gebhardt & Kiefer, P.C.
Annandale, New Jersey

TOWN AUDITOR

Suplee, Clooney & Company
Westfield, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

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

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Town from time to time (collectively, the "Official Statement"), may be treated as a "final official statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the 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 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

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

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

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

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

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OFFICIAL STATEMENT

RELATING TO

**\$5,340,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024
CONSISTING OF
\$480,000* GENERAL IMPROVEMENT REFUNDING BONDS,
\$4,025,000* WATER UTILITY REFUNDING BONDS
AND
\$835,000* SEWER UTILITY REFUNDING BONDS
OF THE
TOWN OF CLINTON, IN THE
COUNTY OF HUNTERDON, NEW JERSEY**

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Town of Clinton (the "Town"), in the County of Hunterdon (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of the Town's \$5,340,000* General Obligation Refunding Bonds, Series 2024, consisting of \$480,000* General Improvement Refunding Bonds, \$4,025,000* Water Utility Refunding Bonds and \$835,000* Sewer Utility Refunding Bonds (together, the "Bonds"). This Official Statement has been executed by and on behalf of the Town by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

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

THE BONDS

General Description

The Bonds shall be dated their date of delivery and will mature on August 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from their date, payable semiannually on February 1 and August 1 (each, an "Interest Payment Date"), commencing August 1, 2024, in each year until maturity, at the interest rates shown on the inside front cover page hereof. Interest on the Bonds shall be calculated on the basis of a 360-day year, consisting of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of each series of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York ("DTC"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Town directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). See "THE BONDS – Book-Entry-Only System" herein.

*Preliminary; subject to change.

Redemption

The Bonds are not subject to optional redemption prior to their stated maturity dates.

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

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

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

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

SECURITY AND SOURCE OF PAYMENT

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

AUTHORIZATION AND PURPOSE OF THE BONDS

Authorization for the Bonds

The Bonds have been authorized by and are being issued pursuant to N.J.S.A. 40A:2-51 *et seq.* of the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "Local Bond Law"), a refunding bond ordinance of the Town finally adopted on March 24, 2021 (the "Refunding Bond Ordinance") and a resolution of the Town duly adopted on April 10, 2024 authorizing the sale and issuance of the Bonds (the "Bond Resolution"). The issuance of the Bonds and the adoption of the Refunding Bond Ordinance are consistent with the parameters set by the New Jersey Local Finance Board in the Department of Community Affairs (the "Local Finance Board") pursuant to N.J.A.C. 5:30-2.5.

Purpose of the Bonds

The proceeds of the Bonds will be used by the Town to currently refund and redeem all or a portion of the outstanding callable maturities of the Town's General Obligation Bonds, Series 2013, dated August 1, 2013, maturing on August 1 in each of the years 2025 through 2033, inclusive, in the aggregate principal amount of \$5,721,000 (the "Refunded Bonds"), at a redemption price of 100% of the principal amount thereof (the "Redemption Price"). Specifically, the proceeds of the Bonds will be used to pay (i) the interest, when due, on the Refunded Bonds to August 1, 2024 (the "Call Date"), (ii) the Redemption Price due on the Call Date and (iii) the costs incurred in connection with the authorization, sale and issuance of the Bonds.

A portion of the proceeds of the Bonds may be used to purchase United States Treasury Securities and/or direct non-callable obligations of the United States of America (the "Escrow Securities"). The Escrow Securities, or uninvested cash, will be deposited into an escrow account that will be created pursuant to an Escrow Deposit Agreement. The Escrow Deposit Agreement will be executed by and between the Town and TD Bank Wealth Management., Mount Laurel, New Jersey, as escrow agent (the "Escrow Agent"), and will be dated as of the date of closing on the Bonds. All moneys and Escrow Securities deposited into the escrow account created pursuant to the Escrow Deposit Agreement for payment of the Refunded Bonds are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds. The Escrow Securities will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, the proceeds of the Escrow Securities or uninvested cash will be sufficient to make full and timely payments of (i) the interest, when due, on the Refunded Bonds to the Call Date and (ii) the Redemption Price due on the Call Date. See "VERIFICATION" herein.

INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC AND ONGOING CONCERNS

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

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Town has received \$281,244.41 from the Plan. The deadline to obligate the funds is December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with the respect to the Bonds:

Sources of Funds:

Par Amount of Bonds	\$ _____
Plus: [Net] Original Issue Premium	\$ _____

Total Sources of Funds:

Uses of Funds:

Deposit to Escrow Fund	\$ _____
Underwriter's Discount	
Costs of Issuance ⁽¹⁾	\$ _____
	\$ _____

Total Uses of Funds:

(1) Includes rounding amount and all legal, printing, municipal advisory, underwriting, accounting, rating agency, verification, escrow agent and other fees and expenses incurred in connection with the issuance of the Bonds.

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

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

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

The authorized bonded indebtedness of the Town for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of Town, as annually determined by the State Director of Taxation, is \$458,994,795.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating. As of December 31, 2023, after taking into account the deductions referred to above, the statutory net debt of the Town as a percentage of average equalized valuation was 0.910%.

The Town may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Town may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Town or substantially reduce the ability of the Town to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations,

approval is granted. In addition, debt in excess of the statutory limit may be issued by the Town to fund certain notes, to provide for self-liquidating purposes and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

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

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

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

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

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

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

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

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

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be

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

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

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

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

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

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

ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Town was last completed in 2012.

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

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

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

Tax Appeals

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

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

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

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

TAX MATTERS

Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Town to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Town will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Town has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Town with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Town observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Bonds is

included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

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

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable

gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

Bank-Qualification

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

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

Additional Federal Income Tax Consequences of Holding the Bonds

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

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

Changes in Federal Tax Law Regarding the Bonds

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

State Taxation

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

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

LITIGATION

To the knowledge of the Town Attorney, Tara A. St. Angelo, Esq., of Gebhardt & Kiefer, P.C., Annandale, New Jersey, there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or delivery of the Bonds, or the levy or collection of any taxes to pay the principal of or interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or collection of taxes, or contesting the corporate existence or boundaries of the Town or the title of any of the present officers. Moreover, to the knowledge of the Town Attorney, no litigation is presently pending or threatened that, in the opinion of the Town Attorney, would have a material adverse impact on the financial condition of the Town if adversely decided.

SECONDARY MARKET DISCLOSURE

The Town, pursuant to the Bond Resolution, has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Town shall provide:

(a) On or prior to September 30 of each year, beginning September 30, 2024 for the fiscal year ending December 31, 2023, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Town consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Town and certain financial information and operating data, consisting of (i) the Town and overlapping indebtedness, including a schedule of outstanding debt issued by the Town, (ii) the Town's property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, 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 of the Town, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Town, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Town, if any such event reflects financial difficulties.

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

(c) In a timely manner to the EMMA, notice of failure of the Town to provide required annual financial information on or before the date specified in the Bond Resolution.

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

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

Within the five years immediately preceding the date of this Official Statement, the Town previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal years ending December 31, 2020 and 2021; (ii) operating data for the fiscal years ending December 31, 2018, 2019, 2020, 2021, and 2022; and (iii) adopted budgets for fiscal years ending December 31, 2020, 2021, 2022, and 2023. Additionally, the Town

previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; (ii) operating data; and (iii) adopted budgets, all as described above. Such notices of late filings have since been filed with EMMA. The Town appointed Phoenix Advisors, LLC in March of 2024 to serve as continuing disclosure agent.

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

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Town, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed upon for the Town by its Town Attorney, Tara A. St. Angelo, Esq., of Gebhardt & Kiefer, P.C., Annandale, New Jersey.

UNDERWRITING

The Bonds are being purchased from the Town by Raymond James & Associates, Inc., New York, New York ("Underwriter"), pursuant to a bond purchase contract dated May __, 2024 ("Purchase Contract"), at a purchase price of \$_____ ("Purchase Price"). The Purchase Price of the Bonds reflects the par amount of the Bonds, less an Underwriter's discount of \$_____, [plus/less] [net] original issue [premium/discount] of \$_____. The Underwriter is obligated to purchase all of the Bonds

if any of the Bonds are purchased. The obligation of the Underwriter to accept delivery of and pay for the Bonds is subject to various conditions contained in the Purchase Contract.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

VERIFICATION

Simultaneously with the issuance of the Bonds, Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey, will deliver an opinion letter to the Town, Bond Counsel and the Underwriter to the effect that the Escrow Securities and any uninvested cash deposited with the Escrow Agent and held and applied pursuant to the Escrow Deposit Agreement will be sufficient to make full and timely payments of (i) the interest, when due, on the Refunded Bonds to the Call Date and (ii) the Redemption Price due on the Call Date.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Town with respect to this transaction (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement or in the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "AA" to the Bonds based upon the creditworthiness of the Town. The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

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

Suplee, Clooney & Company has reviewed certain financial and statistical information contained in this Official Statement and has compared it to the Town's audited financial statements. It has not verified the accuracy of other information or the completeness and fairness of that and other information contained herein and, accordingly, expresses no opinion with respect thereto. However, it takes responsibility for the

audited financial statements to the extent specified in the Independent Auditor's Report appearing in Appendix B hereto.

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

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

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Kathy Olsen, the Town's Chief Financial Officer, at 43 Leigh St., PO Box 5194, Clinton, New Jersey 08809, telephone (908) 735-2275, or by e-mail at kolsen@clintonnj.gov or to the Town's Municipal Advisor, Phoenix Advisors, LLC at 625 Farnsworth Avenue, Bordentown, New Jersey, 08505, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWN OF CLINTON

By: _____
Kathy Olsen
Chief Financial Officer

Dated: May __, 2024

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APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
REGARDING THE TOWN**

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INFORMATION REGARDING THE TOWN OF CLINTON¹

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

General

The Town of Clinton was established on April 5, 1865. It is located in central Hunterdon County, in northwest New Jersey. Clinton is bordered by Franklin Township, Union Township and Clinton Township. The Town maintains its quaintness balanced with the convenience of easy accessibility to major highways such as Route 78, Route 22 and Route 31. The Town itself is approximately 1.5 square miles with minimal land left for further expansion.

The Town of Clinton is located approximately 55 miles from New York City and Easton-Allentown-Bethlehem, Pennsylvania area.

Local Government

The Town of Clinton is a "Town" form of government consisting of seven (7) elected officials; one Mayor and six Council representatives. The Mayor is the head of municipal government and chairs the Council with a voice and vote. The Mayor can also veto ordinances subject to a 2/3 override by Council. The Council is the legislative body of the municipality and appoints all subordinate officers except, municipal clerk, chief financial officer, tax assessor and tax collector, who are appointed by Mayor and Council. The Council has all executive responsibility not placed in the office of Mayor.

Education

The Town is fortunate to have a K-8 public school within walking distance for all residents. Students in grades 9-12 attend North Hunterdon Regional High School (A Blue Ribbon School) or Voorhees Regional High School (North Hunterdon’s sister school). The Town is one of 12 sending districts that comprise the high school district.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees’ Retirement System, the Police and Firemen’s Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the “Division”). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required

¹ Source: The Town, unless otherwise indicated.

supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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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>				
2022	1,473	1,427	46	3.1%
2021	1,437	1,367	70	4.9%
2020	1,420	1,326	94	6.6%
2019	1,463	1,428	35	2.4%
2018	1,434	1,390	44	3.1%
<u>County</u>				
2022	68,083	66,102	1,981	2.9%
2021	66,538	63,325	3,213	4.8%
2020	65,980	61,425	4,555	6.9%
2019	67,447	65,656	1,791	2.7%
2018	66,236	64,179	2,057	3.1%
<u>State</u>				
2022	4,739,800	4,564,100	175,700	3.7%
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%

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 2022)

	<u>Town</u>	<u>County</u>	<u>State</u>
Median Household Income	\$137,688	\$133,534	\$97,126
Median Family Income	160,000	161,440	119,240
Per Capita Income	61,403	68,112	50,995

Source: US Bureau of the Census, 2022 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>
2022 est.	2,787	0.5%	130,183	1.0%	9,290,841	0.0%
2020	2,773	2.0%	128,947	0.5%	9,288,994	5.7%
2010	2,719	3.31	128,349	5.21	8,791,894	4.49
2000	2,632	28.14	121,989	13.19	8,414,350	8.85
1990	2,054	7.54	107,776	23.37	7,730,188	4.96
1980	1,910	9.64	87,361	25.31	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>2023 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Park Valley Clinton LLC	\$7,805,300	1.76%
Ansuya Riverbend LLC	5,671,000	1.28%
MRP Halstead Place LLC	4,813,800	1.08%
FMCD Realty LP C/O M Lazowsky	3,919,500	0.88%
SNG Properties LLC	3,621,000	0.82%
Unity Bancorp Inc	3,394,800	0.77%
J & C Ventures 2021 LLC & Jag 2020	3,361,500	0.76%
Clinton Garden Associates	3,331,700	0.75%
AMBE Holdings of Clinton, LLC	3,150,000	0.71%
Old 22 Urban Renewal Assoc LLC	<u>3,148,500</u>	<u>0.71%</u>
Total	<u>\$42,217,100</u>	<u>9.52%</u>

Source: Comprehensive Annual Financial Report of the School District and 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>
2023U	\$13,930,369	\$13,764,584	98.81%
2022	13,814,759	13,672,202	98.97%
2021	13,145,936	13,001,192	98.90%
2020	12,690,473	12,527,472	98.72%
2019	12,224,982	12,122,542	99.16%

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>
2023U	\$1,904	\$165,785	\$167,690	1.20%
2022	13,310	133,019	146,330	1.06%
2021	8,670	139,920	148,590	1.13%
2020	1,268	153,423	154,691	1.22%
2019	1,058	102,165	103,223	0.84%

U: Unaudited
Source: Annual Audit Reports of the Town

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2023U	\$0
2022	0
2021	0
2020	0
2019	0

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.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2023	\$0.817	\$1.279	\$0.645	\$0.391	\$3.132
2022	0.875	1.327	0.641	0.384	3.227
2021	0.872	1.412	0.627	0.399	3.310
2020	0.852	1.374	0.610	0.397	3.233
2019	0.837	1.342	0.605	0.390	3.174

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Value 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>
2023	\$443,689,100	\$486,821,483	91.14%	\$0	\$486,821,483
2022	423,128,100	460,622,796	91.86	0	460,622,796
2021	396,809,150	429,540,106	92.38	0	429,540,106
2020	392,357,050	419,678,094	93.49	0	419,678,094
2019	385,044,650	411,548,365	93.56	0	411,548,365

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>
2023	\$5,291,700	\$334,665,700	\$52,500	\$81,739,400	\$0	\$21,939,800	\$443,689,100
2022	5,889,700	316,540,000	34,300	79,391,900	0	21,272,200	423,128,100
2021	2,967,700	296,853,200	171,350	76,351,900	0	20,465,000	396,809,150
2020	3,152,200	290,187,300	174,250	78,780,900	0	20,062,400	392,357,050
2019	3,628,200	285,448,400	172,650	75,963,400	0	19,832,000	385,044,650

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

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024*</u>
Fund Balance Utilized	\$500,000	\$400,000	\$500,000	\$600,000	\$800,000
Miscellaneous Revenues	1,039,276	1,045,926	1,260,518	1,286,377	1,325,046
Receipts from Delinquent Taxes	100,000	100,000	100,000	100,000	100,000
Amount to be Raised by Taxation	<u>3,342,852</u>	<u>3,459,859</u>	<u>3,700,374</u>	<u>3,624,442</u>	<u>3,752,870</u>
Total Revenue:	<u>\$4,982,128</u>	<u>\$5,005,785</u>	<u>\$5,560,891</u>	<u>\$5,610,819</u>	<u>\$5,977,916</u>
<u>Appropriations</u>					
General Appropriations	\$3,858,197	\$4,030,563	\$4,171,674	\$4,120,754	\$4,507,424
Operations (Excluded from CAPS)	214,161	187,852	393,016	556,574	420,840
Deferred Charges and Statutory Expenditures	65,000	65,000	65,000	65,000	52,782
Judgments	0	0	0	0	0
Capital Improvement Fund	175,000	75,000	150,000	125,000	150,000
Municipal Debt Service	359,770	337,370	471,200	433,491	536,870
Reserve for Uncollected Taxes	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>
Total Appropriations:	<u>\$4,982,128</u>	<u>\$5,005,785</u>	<u>\$5,560,891</u>	<u>\$5,610,819</u>	<u>\$5,977,916</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>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2023U	\$2,497,453	\$800,000*
2022	2,050,190	600,000
2021	1,836,247	500,000
2020	1,363,573	400,000
2019	1,259,779	500,000

*: Introduced
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.

Fund Balance - Sewer Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2023U	\$1,358,250	\$948,223*
2022	1,412,727	485,000
2021	857,367	331,030
2020	458,616	194,968
2019	481,879	68,000

*: Introduced

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.

Fund Balance - Water Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2023U	\$5,012,785	\$736,452*
2022	4,782,384	717,000
2021	3,680,308	-
2020	2,268,172	-
2019	1,450,992	140,000

*: Introduced

U: Unaudited

Source: Annual Audit Reports of the Town

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Town Indebtedness as of December 31, 2023

General Purpose Debt

Serial Bonds	\$678,000
Bond Anticipation Notes	1,889,070
Bonds and Notes Authorized but Not Issued	1,659,427
Other Bonds, Notes and Loans	0
Total:	<u>\$4,226,497</u>

Combined Local School District Debt

Serial Bonds	\$927,361
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$927,361</u>

Regional High School District Debt

Serial Bonds	\$317,781
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$317,781</u>

Water-Utility Debt

Serial Bonds	\$4,793,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	14,195,370
Other Bonds, Notes and Loans	8,056,774
Total:	<u>\$27,045,144</u>

Sewer Utility Debt

Serial Bonds	\$1,000,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	2,894,950
Other Bonds, Notes and Loans	3,861,506
Total:	<u>\$7,756,456</u>

TOTAL GROSS DEBT

\$40,273,239

Less: Statutory Deductions

General Purpose Debt	\$48,178
Local School District Debt	0
Regional School District Debt	1,245,141
Water-Utility Debt	27,045,144
Sewer-Utility Debt	7,756,456
Total:	<u>\$36,094,920</u>

TOTAL NET DEBT

\$4,178,319

Source: Annual Debt Statement of the Town

Overlapping Debt (as of December 31, 2023)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Town Percentage</u>	<u>Town Share</u>
Combinded Local School District	\$1,319,000	70.31%	\$927,361
Regional High School District	6,360,000	5.00%	317,781
County	71,347,396	1.80%	<u>1,285,835</u>
Net Indirect Debt			\$2,530,977
Net Direct Debt			<u>4,178,319</u>
Total Net Direct and Indirect Debt			<u>\$6,709,296</u>

Debt Limit

Average Equalized Valuation Basis (2021, 2022, 2023)	\$458,994,795
Permitted Debt Limitation (3 1/2%)	16,064,818
Less: Net Debt	<u>4,178,319</u>
Remaining Borrowing Power	<u>\$11,886,499</u>
Percentage of Net Debt to Average Equalized Valuation	0.910%
Gross Debt Per Capita based on 2020 population of 2,773	\$14,523
Net Debt Per Capita based on 2020 population of 2,773	\$1,507

Source: Annual Debt Statement of the Town

Litigation

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

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² Town percentage of County debt is based on the Town's share of total equalized valuation in the County.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE TOWN

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SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Town Council
Town of Clinton
County of Hunterdon
Clinton, New Jersey 08809

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Town of Clinton (the "Town"), as of and for the years ended December 31, 2022 and 2021, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's regulatory financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2022 and 2021, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2022 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") 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 "Matter Giving Rise to Adverse Opinion" paragraph, 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 the various individual funds and account group of the Town as of December 31, 2022 and 2021, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2022.

SUPLEE, CLOONEY & COMPANY

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Town on the basis of the financial reporting provisions prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

SUPLEE, CLOONEY & COMPANY

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ Warren M. Korecky
Warren M. Korecky, C.P.A., R.M.A.

June 14, 2023

TOWN OF CLINTON

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2022</u>	BALANCE DECEMBER <u>31, 2021</u>
<u>ASSETS</u>		
Cash-Treasurer	\$ 3,466,941.08	\$ 2,839,754.92
Change Fund	50.00	50.00
Due State of New Jersey-Chapter 20, PL 1971	265.64	500.00
	<u>\$ 3,467,256.72</u>	<u>\$ 2,840,304.92</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	\$ 133,019.49	\$ 139,920.14
Tax Title Liens	13,310.10	8,669.67
Revenue Accounts Receivable	4,132.32	3,644.72
Interfunds Receivable	16,750.35	13,057.00
	<u>\$ 167,212.26</u>	<u>\$ 165,291.53</u>
	<u>\$ 3,634,468.98</u>	<u>\$ 3,005,596.45</u>
Grant Fund:		
Grants Receivable	\$ 185,761.78	\$ 127,161.88
Due Current Fund	345,900.87	275,826.97
	<u>\$ 531,662.65</u>	<u>\$ 402,988.85</u>
	<u>\$ 4,166,131.63</u>	<u>\$ 3,408,585.30</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2022</u>	BALANCE DECEMBER <u>31, 2021</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities:		
Appropriation Reserves	\$ 432,944.25	\$ 220,240.63
Prepaid Taxes	72,527.87	63,866.39
Tax Overpayments		9,960.46
Interfunds Payable	751,365.94	570,161.11
Sale of Municipal Assets	305.76	305.76
Reserve for Insurance Proceeds		31,073.00
Reserve for State Aid Unappropriated	8,386.14	
County Taxes-Payable	19,560.60	1,392.88
Local District School Taxes	66,392.72	55,092.87
Regional School Taxes Payable	49.87	49.38
Reserve for Encumbrances	65,533.11	51,915.81
	<u>\$ 1,417,066.26</u>	<u>\$ 1,004,058.29</u>
Reserve for Receivables and Other Assets	167,212.26	165,291.53
Fund Balance	2,050,190.46	1,836,246.63
	<u>\$ 3,634,468.98</u>	<u>\$ 3,005,596.45</u>
 Grant Fund:		
Reserve for Grants Unappropriated	\$ 208,480.97	\$ 140,622.20
Encumbrances Payable	12,104.18	13,554.17
Appropriated Reserves	311,077.50	248,812.48
	<u>\$ 531,662.65</u>	<u>\$ 402,988.85</u>
	<u>\$ 4,166,131.63</u>	<u>\$ 3,408,585.30</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>YEAR 2022</u>	<u>YEAR 2021</u>
<u>REVENUE AND OTHER INCOME</u>		
Fund Balance Utilized	\$ 500,000.00	\$ 400,000.00
Miscellaneous Revenue Anticipated	1,356,449.42	1,403,161.36
Receipts From Delinquent Taxes	139,920.14	151,261.49
Receipts From Current Taxes	13,672,201.61	13,001,192.35
Non-Budget Revenue	76,657.88	86,533.99
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	217,403.62	246,675.56
Grants Canceled	200.57	
<u>Total Income</u>	<u>\$ 15,962,833.24</u>	<u>\$ 15,288,824.75</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operations Within "CAPS":		
Operating	\$ 3,637,367.00	\$ 3,502,525.00
Deferred Charges and Regulatory Expenditures	534,307.34	528,038.00
Operations Excluded From "CAPS":		
Operating	419,140.69	227,986.58
Capital Improvements	150,000.00	75,000.00
Municipal Debt Service	466,200.34	335,094.23
Deferred Charges	65,000.00	65,000.00
County Taxes	1,622,418.09	1,582,047.23
County Share of Added Taxes	19,560.60	1,392.88
Local District School Taxes	5,615,596.00	5,604,501.00
Regional High School Taxes	2,713,521.00	2,486,203.00
Interfunds Advanced	3,693.35	8,121.31
Senior Citizen and Veteran Canceled	250.00	
Refund of Prior Year Revenue	1,835.00	242.01
<u>Total Expenditures</u>	<u>\$ 15,248,889.41</u>	<u>\$ 14,416,151.24</u>
Excess in Revenue	\$ 713,943.83	\$ 872,673.51
<u>Fund Balance</u>		
Balance, January 1	1,836,246.63	1,363,573.12
	<u>\$ 2,550,190.46</u>	<u>\$ 2,236,246.63</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>500,000.00</u>	<u>400,000.00</u>
Fund Balance, December 31	<u>\$ 2,050,190.46</u>	<u>\$ 1,836,246.63</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 500,000.00		\$ 500,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	\$ 7,500.00		\$ 7,876.00	\$ 376.00
Fees and Permits:				
Construction Code Official	75,000.00		96,049.93	21,049.93
Fines:				
Municipal Court	52,000.00		53,333.73	1,333.73
Interest and Costs on Taxes	35,000.00		31,087.69	(3,912.31)
Interest on Investment	300.00		1,259.76	959.76
Rental Income - Water Department	142,800.00		142,800.00	
Energy Receipts Tax	160,765.00		160,765.00	
Uniform Fire Safety	11,000.00		17,926.35	6,926.35
Rental Inspection Fees	14,000.00		15,135.00	1,135.00
Hotel and Motel Occupancy	90,000.00		131,619.39	41,619.39
Shared Services - Zoning Dept. - High Bridge	8,000.00		8,320.00	320.00
Shared Services - Police Chief - Hampton	7,500.00		7,500.00	
Sewer Department - Overhead	403,540.88		403,540.88	
Sewer Department - Admin Fee	39,795.30		39,795.00	(0.30)
J.I.F. Risk Control Grant		2,685.00	2,685.00	
Clean Communities Program		5,827.22	5,827.22	
Discover Hunterdon Grant		5,000.00	5,000.00	
County Open Space Grant		12,612.09	12,612.09	
Recycling Tonnage Grant	2,694.18		2,694.18	
Local Recreational Improvement Grant	70,000.00		70,000.00	
American Rescue Plan Act - Federal Grant	140,622.20		140,622.20	
	\$ 1,260,517.56	\$ 26,124.31	\$ 1,356,449.42	\$ 69,807.55
Receipts From Delinquent Taxes	\$ 100,000.00		\$ 139,920.14	\$ 39,920.14
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 3,700,373.51		\$ 4,011,105.92	\$ 310,732.41
<u>Budget Totals</u>	\$ 5,560,891.07	\$ 26,124.31	\$ 6,007,475.48	\$ 420,460.10
Non-Budget Revenue			76,657.88	76,657.88
	\$ 5,560,891.07	\$ 26,124.31	\$ 6,084,133.36	\$ 497,117.98

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Mayor and Council:					
Salaries and Wages	\$ 24,140.00	\$ 24,140.00	\$ 24,140.00	\$	
Other Expenses	18,350.00	20,550.00	20,418.86	131.14	
Communications	5,750.00	5,950.00	5,549.45	400.55	
Municipal Clerk:					
Salaries and Wages	106,700.00	106,700.00	105,458.83	1,241.17	
Other Expenses	20,800.00	20,800.00	17,238.50	3,561.50	
Financial Administration:					
Salaries and Wages	101,650.00	101,650.00	101,650.00		
Other Expenses	15,650.00	15,650.00	13,840.73	1,809.27	
Audit Services	10,350.00	10,350.00	10,341.67	8.33	
Assessment of Taxes:					
Salaries and Wages	34,600.00	34,600.00	34,569.34	30.66	
Other Expenses	5,750.00	4,750.00	4,507.42	242.58	
Revenue Administration:					
Salaries and Wages	24,500.00	24,500.00	24,378.76	121.24	
Other Expenses	8,350.00	8,350.00	7,864.16	485.84	
Legal Services and Costs:					
Other Expenses	81,000.00	75,000.00	56,237.41	18,762.59	
Engineering Services and Costs:					
Other Expenses	10,000.00	10,000.00	7,500.00	2,500.00	
Planning Board:					
Salaries and Wages	18,900.00	18,900.00	18,900.00		
Other Expenses	10,850.00	5,850.00	2,149.70	3,700.30	
Environmental Commission:					
Other Expenses	500.00	500.00	375.00	125.00	
Insurance:					
General Liability	145,000.00	135,000.00	114,782.40	20,217.60	
Workers Compensation	50,000.00	45,000.00	42,732.60	2,267.40	
Employee Group Health	540,000.00	540,000.00	513,078.74	26,921.26	
<u>PUBLIC SAFETY</u>					
Fire:					
Other Expenses	60,081.00	60,081.00	60,081.00		
Fire Prevention:					
Salaries and Wages	18,915.00	18,915.00	18,904.60	10.40	
Other Expenses	3,000.00	3,000.00	1,879.61	1,120.39	
Police:					
Salaries and Wages	1,255,000.00	1,255,000.00	1,141,350.90	113,649.10	
Other Expenses	82,275.00	82,275.00	81,238.03	1,036.97	
First Aid Organization Contribution	53,581.00	53,581.00	53,581.00		
Emergency Management Services:					
Salaries and Wages	6,000.00	6,000.00	5,647.69	352.31	
Other Expenses	3,500.00	3,500.00	3,500.00		
Fire Hydrant Rental	29,000.00	29,000.00	21,816.00	7,184.00	
<u>PUBLIC WORKS:</u>					
Streets and Road Maintenance:					
Salaries and Wages	287,000.00	287,000.00	203,419.48	83,580.52	
Other Expenses	45,000.00	42,000.00	22,463.17	19,536.83	
Shade Tree Commission:					
Other Expenses	5,000.00	5,000.00	4,987.83	12.17	
Solid Waste Collection:					
Other Expenses	67,000.00	77,000.00	65,901.87	11,098.13	

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	APPROPRIATIONS		EXPENDED		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PUBLIC WORKS (CONTINUED):</u>					
Public Building and Grounds:					
Salaries and Wages	\$ 49,300.00	\$ 49,300.00	\$ 49,300.00		\$
Other Expenses	50,100.00	47,600.00	31,018.42	16,581.58	
Community Center:					
Other Expenses	5,120.00	5,120.00	2,069.85	3,050.15	
Vehicle Maintenance:					
Other Expenses	29,500.00	29,500.00	23,610.62	5,889.38	
Recycling:					
Salaries and Wages	6,450.00	6,450.00	6,423.30	26.70	
Other Expenses	36,000.00	36,000.00	32,372.12	3,627.88	
<u>HEALTH AND HUMAN SERVICES:</u>					
Board of Health:					
Salaries and Wages	5,310.00	5,310.00	5,310.00		
Other Expenses	500.00	600.00	541.00	59.00	
Animal Control:					
Other Expenses	4,000.00	4,000.00	3,859.00	141.00	
<u>PARKS AND RECREATION:</u>					
Recreation Services:					
Other Expenses	500.00	500.00	500.00		
Historical Commission:					
Other Expenses	500.00	500.00		500.00	
Senior Citizens:					
Other Expenses	1,700.00	1,700.00	670.00	1,030.00	
Maintenance of Parks:					
Other Expenses	5,000.00	5,000.00	3,598.65	1,401.35	
Economic Development Committee:					
Other Expenses	500.00	500.00		500.00	
<u>STATE UNIFORM CONSTRUCTION CODE (N.J.S.A. 52:270-120 et seq.)</u>					
Construction Officials:					
Salaries and Wages	68,000.00	68,000.00	68,000.00		
Other Expenses	2,000.00	2,000.00	1,176.51	823.49	
Housing/Rental Officer:					
Salaries and Wages	16,195.00	16,195.00	16,195.00		
Other Expenses	500.00	500.00	321.09	178.91	
<u>UTILITIES:</u>					
Gasoline	30,000.00	35,000.00	20,684.06	14,315.94	
Natural Gas	8,500.00	8,500.00	8,441.37	58.63	
Electricity	26,000.00	26,000.00	12,337.77	13,662.23	
Telephone	18,800.00	18,800.00	16,653.65	2,146.35	
Street Lighting	26,000.00	26,000.00	26,000.00		
Water	3,200.00	3,200.00	2,373.01	826.99	
Solid Waste Disposal Cost	100,000.00	110,000.00	110,000.00		
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	<u>\$ 3,641,867.00</u>	<u>\$ 3,636,867.00</u>	<u>\$ 3,251,940.17</u>	<u>\$ 384,926.83</u>	<u>\$</u>
Contingent	500.00	500.00		500.00	
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	<u>\$ 3,642,367.00</u>	<u>\$ 3,637,367.00</u>	<u>\$ 3,251,940.17</u>	<u>\$ 385,426.83</u>	<u>\$</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
DEFERRED CHARGES AND REGULATORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	\$ 75,445.34	\$ 75,445.34	\$ 75,445.34	\$	
Social Security System (OASI)	146,000.00	151,000.00	141,268.10	9,731.90	
Police and Firemen's Retire System of NJ	304,862.00	304,862.00	304,862.00		
Unemployment Insurance	1,500.00	1,500.00	989.02	510.98	
Defined Contribution Retirement Plan	1,500.00	1,500.00		1,500.00	
TOTAL DEFERRED CHARGES AND REGULATORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 529,307.34	\$ 534,307.34	\$ 522,564.46	\$ 11,742.88	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 4,171,674.34	\$ 4,171,674.34	\$ 3,774,504.63	\$ 397,169.71	
OPERATIONS EXCLUDED FROM "CAPS"					
Fair Housing Plan Ch 222 Pl 1985: (COAH)					
Administrative and Executive:					
Other Expenses	\$ 20,000.00	\$ 20,000.00	\$ 6,219.46	\$ 13,780.54	
Length of Service Award Program (LOSAP):					
Other Expenses	14,000.00	14,000.00		14,000.00	
Recycling Tax	3,700.00	3,700.00	3,350.00	350.00	
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	\$ 37,700.00	\$ 37,700.00	\$ 9,569.46	\$ 28,130.54	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Clinton Township Municipal Court:					
Other Expenses	\$ 126,500.00	\$ 126,500.00	\$ 126,356.00	\$ 144.00	
Borough of Hampton - Police Services:					
Salaries and Wages	7,500.00	7,500.00		7,500.00	
Borough of High Bridge Zoning Officer:					
Salaries and Wages	8,000.00	8,000.00	8,000.00		
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	\$ 142,000.00	\$ 142,000.00	\$ 134,356.00	\$ 7,644.00	
PUBLIC PRIVATE PROGRAMS OFF-SET BY REVENUES					
Recycling Tonnage Grant	\$ 2,694.18	\$ 2,694.18	\$ 2,694.18	\$	
Clean Communities Program (N.J.S.A. 40A:4-87 + \$5,827.22)		5,827.22	5,827.22		
Local Recreational Improvement Grant	70,000.00	70,000.00	70,000.00		
American Rescue Plan Act - Federal Grant	140,622.20	140,622.20	140,622.20		
J.I.F. Risk Control Grant (N.J.S.A. 40A:4-87 + \$2,685.00)		2,685.00	2,685.00		
County of Hunterdon Rediscover Hunterdon Grant (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
County of Hunterdon Open Space Grant (N.J.S.A. 40A:4-87 + \$12,612.09)		12,612.09	12,612.09		
TOTAL PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUE	\$ 213,316.38	\$ 239,440.69	\$ 239,440.69	\$	
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 393,016.38	\$ 419,140.69	\$ 383,366.15	\$ 35,774.54	
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 125,000.00	\$ 125,000.00	\$ 125,000.00	\$	
Reserve for:					
Fire Equipment	10,000.00	10,000.00	10,000.00		
Rescue Equipment	10,000.00	10,000.00	10,000.00		
Public Works Equipment	5,000.00	5,000.00	5,000.00		
TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$	
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$	
Payment of Bond Anticipation Notes and Capital Notes	210,000.00	210,000.00	205,000.00		5,000.00
Interest on Bonds	39,370.00	39,370.00	39,370.00		
Interest on Notes	21,830.35	21,830.35	21,830.34		0.01
TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"	\$ 471,200.35	\$ 471,200.35	\$ 466,200.34	\$	5,000.01

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<u>DEFERRED CHARGES-MUNICIPAL EXCLUDED FROM "CAPS"</u>					
Deferred Charges to Future Taxation Unfunded: Ordinance #2014-15	\$ 65,000.00	\$ 65,000.00	\$ 65,000.00	\$	\$
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	\$ 1,079,216.73	\$ 1,105,341.04	\$ 1,064,566.49	\$ 35,774.54	\$ 5,000.01
<u>SUB-TOTAL GENERAL APPROPRIATIONS</u>	\$ 5,250,891.07	\$ 5,277,015.38	\$ 4,839,071.12	\$ 432,944.25	\$ 5,000.01
RESERVE FOR UNCOLLECTED TAXES	310,000.00	310,000.00	310,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ 5,560,891.07	\$ 5,587,015.38	\$ 5,149,071.12	\$ 432,944.25	\$ 5,000.01
Reserve for Encumbrances			\$ 59,364.11		
Reserve for Uncollected Taxes			310,000.00		
Reserve for Grants Appropriated			239,440.69		
Cash Disbursements			<u>4,775,496.26</u>		
Less: Refunds			\$ 5,384,301.06		
Less: Applied from Insurance Proceeds			204,156.94		
			<u>31,073.00</u>		
			\$ 5,149,071.12		
Budget	\$ 5,560,891.07				
Appropriation by 40A:4-87		26,124.31			
	\$ 5,587,015.38				

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2022</u>	BALANCE DECEMBER <u>31, 2021</u>
<u>ASSETS</u>		
Animal Control Trust Fund:		
Cash	\$ <u>11,721.36</u>	\$ <u>11,972.46</u>
	\$ <u>11,721.36</u>	\$ <u>11,972.46</u>
Other Funds:		
Cash	\$ <u>1,014,317.84</u>	\$ <u>869,750.28</u>
	\$ <u>1,014,317.84</u>	\$ <u>869,750.28</u>
	\$ <u><u>1,026,039.20</u></u>	\$ <u><u>881,722.74</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>		
Animal Control Trust Fund:		
Interfund Payable	\$ 2,474.90	\$ 4.20
Due to State of New Jersey		4.20
Prepaid Licenses	681.00	
Encumbrances Payable		2,076.00
Reserve for Animal Control Trust Fund Expenditures	<u>8,565.46</u>	<u>9,892.26</u>
	\$ <u>11,721.36</u>	\$ <u>11,972.46</u>
Other Funds:		
Interfund Payable	\$ 13,057.00	\$ 13,057.00
Due County of Hunterdon	19,277.69	14,383.86
Reserve For:		
Various Reserves and Deposits	979,902.90	842,309.42
Encumbrances Payable	<u>2,080.25</u>	
	\$ <u>1,014,317.84</u>	\$ <u>869,750.28</u>
	\$ <u><u>1,026,039.20</u></u>	\$ <u><u>881,722.74</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

TRUST FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2021	\$ <u>0.00</u>
Decreased by:	
Transferred to Current Fund	<u><u>0.00</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2022</u>	BALANCE DECEMBER <u>31, 2021</u>
<u>ASSETS</u>		
Cash	\$ 741,364.92	\$ 816,939.22
Deferred Charges to Future Taxation - Funded	878,000.00	1,078,000.00
Deferred Charges to Future Taxation - Unfunded	2,232,310.01	2,751,227.86
Interfunds Receivable	405,465.07	294,334.14
Grants Receivable	<u>63,934.76</u>	<u>96,802.86</u>
	<u>\$ 4,321,074.76</u>	<u>\$ 5,037,304.08</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bond Anticipation Notes	\$ 1,913,035.00	\$ 2,183,035.00
Bonds Payable	878,000.00	1,078,000.00
Contracts Payable	588,877.36	127,252.39
Improvement Authorizations:		
Funded	18,398.22	77,586.62
Unfunded	447,628.76	1,231,178.11
Capital Improvement Fund	226,603.04	118,311.08
Reserve For:		
Miscellaneous Reserves	231,455.00	206,455.00
Fund Balance	<u>17,077.38</u>	<u>15,485.88</u>
	<u>\$ 4,321,074.76</u>	<u>\$ 5,037,304.08</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2021	\$	15,485.88
Increased by:		
Improvement Authorizations Canceled		<u>1,591.50</u>
Balance, December 31, 2022	\$	<u><u>17,077.38</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2022	BALANCE DECEMBER 31, 2021
Operating Fund:		
Cash - Treasurer	\$ 2,425,848.02	\$ 2,481,129.21
Cash - Collector	6,836.59	3,226.69
Cash - Change Fund	25.00	25.00
Interfunds Receivable	2,706,493.33	1,671,019.00
	<u>\$ 5,139,202.94</u>	<u>\$ 4,155,399.90</u>
Receivables and Inventories with Full Reserves:		
Consumer Accounts Receivable	\$ 762,701.36	\$ 691,746.64
Inventory	158,473.96	82,532.28
	<u>\$ 921,175.32</u>	<u>\$ 774,278.92</u>
<u>Total Operating Fund</u>	<u>\$ 6,060,378.26</u>	<u>\$ 4,929,678.82</u>
Capital Fund:		
Cash	\$ 54,719.81	\$ 541,158.67
Fixed Capital	24,013,866.20	19,774,616.96
Fixed Capital Authorized and Uncompleted	16,413,500.00	22,247,638.74
Interfunds Receivable	<u>10,887.21</u>	<u></u>
<u>Total Capital Fund</u>	<u>\$ 40,492,973.22</u>	<u>\$ 42,563,414.37</u>
	<u>\$ 46,553,351.48</u>	<u>\$ 47,493,093.19</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

WATER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2022</u>	BALANCE DECEMBER <u>31, 2021</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 176,834.50	\$ 339,583.01
Accrued Interest	101,007.30	83,822.92
Encumbrances Payable	65,489.43	44,337.28
Overpayment of Water Charges	10,700.90	7,348.86
Prepaid Charges	1,568.28	
Interfunds Payable	1,218.45	
	<u>\$ 356,818.86</u>	<u>\$ 475,092.07</u>
Reserve for Receivables and Inventory	921,175.32	774,278.92
Fund Balance	<u>4,782,384.08</u>	<u>3,680,307.83</u>
<u>Total Operating Fund</u>	<u>\$ 6,060,378.26</u>	<u>\$ 4,929,678.82</u>
Capital Fund:		
Improvement Authorizations:		
Funded	\$ 209,756.57	\$ 1,141,345.48
Unfunded	7,772,414.83	8,614,957.32
Capital Improvement Fund	389,640.84	467,419.08
General Serial Bonds	5,243,000.00	5,643,000.00
New Jersey Environmental Infrastructure Loan	5,009,328.54	4,859,677.03
Interfunds Payable	2,603,622.00	1,671,019.00
Reserve For:		
Contracts Payable	1,690,707.14	3,649,944.10
Amortization	14,084,627.96	12,683,826.94
Deferred Amortization	797,622.86	1,885,875.04
Miscellaneous Deposits	1,654,227.56	1,726,231.20
Fund Balance	<u>1,038,024.92</u>	<u>220,119.18</u>
<u>Total Capital Fund</u>	<u>\$ 40,492,973.22</u>	<u>\$ 42,563,414.37</u>
	<u>\$ 46,553,351.48</u>	<u>\$ 47,493,093.19</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

WATER UTILITY FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	YEAR ENDED DECEMBER <u>31, 2022</u>	YEAR ENDED DECEMBER <u>31, 2021</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Rents	\$ 4,045,077.40	\$ 4,062,251.52
Fire Hydrant Service	274,845.71	272,342.05
Miscellaneous	343,454.38	108,314.47
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>291,886.25</u>	<u>371,542.19</u>
<u>TOTAL INCOME</u>	\$ <u>4,955,263.74</u>	\$ <u>4,814,450.23</u>
<u>EXPENDITURES</u>		
Operating	\$ 2,268,650.00	\$ 2,044,650.00
Capital Improvements	300,000.00	170,000.00
Debt Service	1,154,226.49	1,060,044.48
Regulatory Expenditures and Deferred Charges	129,946.00	122,500.00
Refund of Prior Years' Revenue	<u>365.00</u>	<u>5,120.00</u>
<u>TOTAL EXPENDITURES</u>	\$ <u>3,853,187.49</u>	\$ <u>3,402,314.48</u>
Excess in Revenue	\$ 1,102,076.25	\$ 1,412,135.75
<u>Fund Balance</u>		
Balance, January 1	<u>3,680,307.83</u>	<u>2,268,172.08</u>
Balance, December 31	\$ <u><u>4,782,384.08</u></u>	\$ <u><u>3,680,307.83</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

WATER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance, December 31, 2021	\$	220,119.18
Increased by:		
Fully Funded Ordinances Canceled		<u>817,905.74</u>
Balance, December 31, 2022	\$	<u><u>1,038,024.92</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

WATER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Water Use Charges	\$ 3,666,390.00	\$ 4,045,077.40	\$ 378,687.40
Hydrant Fees	222,000.00	274,845.71	52,845.71
Miscellaneous	<u>58,206.00</u>	<u>343,454.38</u>	<u>285,248.38</u>
	<u>\$ 3,946,596.00</u>	<u>\$ 4,663,377.49</u>	<u>\$ 716,781.49</u>

ANALYSIS OF REALIZED REVENUE

Water Use Charges:

Consumer Accounts Receivable:

Collected	\$ 4,037,728.54
Prepaid Applied	<u>7,348.86</u>
	<u>\$ 4,045,077.40</u>

Miscellaneous:

Treasurer:

Connection Fees	\$ 244,454.21
Water Reservation	9,500.00
Miscellaneous	60,355.79
Water Usage	1,686.35
Interest on Investments	<u>832.30</u>
	<u>\$ 316,828.65</u>

Collector:

Interest on Delinquent Accounts	\$ 26,236.07
Miscellaneous	<u>389.66</u>
	<u>\$ 343,454.38</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

WATER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:					
Salaries and Wages	\$ 720,000.00	\$ 640,000.00	\$ 601,636.31	\$ 38,363.69	\$
Other Expenses	<u>1,628,650.00</u>	<u>1,628,650.00</u>	<u>1,509,389.29</u>	<u>119,260.71</u>	<u></u>
Total Operating	\$ 2,348,650.00	\$ 2,268,650.00	\$ 2,111,025.60	\$ 157,624.40	\$
Capital Improvements:					
Capital Improvement Fund	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$	\$
Capital Outlay	10,000.00	10,000.00	50,000.00	10,000.00	
Reserve (Lead Pipe Replacement)	50,000.00	50,000.00	40,000.00		
Reserve (Public Works Equipment)	<u>40,000.00</u>	<u>40,000.00</u>	<u>290,000.00</u>	<u>10,000.00</u>	<u>\$</u>
Total Capital Improvements	\$ 300,000.00	\$ 300,000.00	\$ 1,154,226.49	\$	\$ 93,773.51
Debt Services:					
Payment on Bond Principal	\$ 400,000.00	\$ 400,000.00	\$ 400,000.00	\$	\$
Interest on Bonds	225,000.00	225,000.00	225,000.00		
New Jersey Environmental Infrastructure Loan - Principal	455,000.00	541,500.00	447,726.49		
New Jersey Environmental Infrastructure Loan - Interest	<u>88,000.00</u>	<u>81,500.00</u>	<u>81,500.00</u>	<u></u>	<u>93,773.51</u>
Total Debt Services	\$ 1,168,000.00	\$ 1,248,000.00	\$ 1,154,226.49	\$	\$ 93,773.51
Regulatory Expenditures:					
Contributions to:					
Public Employees Retirement System	\$ 75,446.00	\$ 75,446.00	\$ 75,445.33	\$ 0.67	\$
Social Security System (O.A.S.I.)	54,000.00	54,000.00	44,970.79	9,029.21	
Unemployment Compensation Insurance	<u>500.00</u>	<u>500.00</u>	<u>319.78</u>	<u>180.22</u>	<u></u>
Total Regulatory Expenditures	\$ 129,946.00	\$ 129,946.00	\$ 120,735.90	\$ 9,210.10	\$
	<u>\$ 3,946,596.00</u>	<u>\$ 3,946,596.00</u>	<u>\$ 3,675,987.99</u>	<u>\$ 176,834.50</u>	<u>\$ 93,773.51</u>
Cash Disbursements	\$ 3,610,701.39				
Encumbrances Payable	65,489.43				
Accrued Interest	<u>17,184.38</u>				
Less: Refunds	<u>3,693,375.20</u>				
	<u>17,387.21</u>				
	<u>\$ 3,675,987.99</u>				

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER <u>31, 2022</u>	BALANCE DECEMBER <u>31, 2021</u>
Operating Fund:		
Cash - Treasurer	\$ 1,620,112.88	\$ 1,064,312.76
Cash - Collector	2,657.34	1,317.96
Cash - Change Fund	25.00	25.00
Interfund Receivable	<u>100,000.00</u>	<u>100,000.00</u>
	<u>\$ 1,722,795.22</u>	<u>\$ 1,165,655.72</u>
Receivables with Full Reserves:		
Consumer Accounts Receivable	\$ 5,056,016.34	\$ 4,228,832.02
Inventory	<u>440,996.85</u>	<u>268,433.16</u>
	<u>\$ 5,497,013.19</u>	<u>\$ 4,497,265.18</u>
 <u>Total Operating Fund</u>	 <u>\$ 7,219,808.41</u>	 <u>\$ 5,662,920.90</u>
Capital Fund:		
Cash	\$ 1,533,501.33	\$ 1,559,731.56
Fixed Capital	13,368,483.70	12,703,030.62
Fixed Capital Authorized and Uncompleted	<u>4,701,055.79</u>	<u>5,163,900.00</u>
 <u>Total Capital Fund</u>	 <u>\$ 19,603,040.82</u>	 <u>\$ 19,426,662.18</u>
	<u>\$ 26,822,849.23</u>	<u>\$ 25,089,583.08</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2022</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2021</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 15,349.25	\$ 205,382.35
Encumbrances Payable	134,191.14	78,097.59
Interfunds Payable	102,871.33	
Accrued Interest on Loans	54,961.32	22,382.25
Sewer Overpayments	<u>2,695.25</u>	<u>2,426.81</u>
	\$ 310,068.29	\$ 308,289.00
Reserve for Receivables	5,497,013.19	4,497,265.18
Fund Balance	<u>-947,991.82</u>	<u>-194,968.00</u>
<u>Total Operating Fund</u>	<u>\$ 4,859,089.66</u>	<u>\$ 4,610,586.18</u>
Capital Fund:		
New Jersey Wastewater Treatment Loans Payable	\$ 4,135,804.98	\$ 566,078.57
General Serial Bonds	1,050,000.00	1,100,000.00
Improvement Authorizations:		
Funded	261,436.71	312,290.67
Unfunded	101,565.14	274,199.22
Capital Improvement Fund	154,505.97	135,402.97
Interfunds Payable	110,887.21	100,000.00
Reserve for:		
Miscellaneous Reserves	655,989.20	4,514,655.20
Deferred Amortization	930,078.06	1,174,500.00
Amortization	11,805,604.45	11,036,952.05
Contracts Payable	254,610.68	186,072.00
Fund Balance	<u>142,558.42</u>	<u>26,511.50</u>
<u>Total Capital Fund</u>	<u>\$ 19,603,040.82</u>	<u>\$ 19,426,662.18</u>
	<u>\$ 24,462,130.48</u>	<u>\$ 24,037,248.36</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON
SEWER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2022</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2021</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 331,030.00	\$ 194,968.00
Sewer Use Charges	1,528,739.60	1,523,757.77
Capital Surplus		100,000.00
Miscellaneous	1,308,384.03	881,225.06
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	196,064.58	145,221.65
Accrued Interest Canceled		<u>3,512.77</u>
<u>TOTAL INCOME</u>	<u>\$ 3,364,218.21</u>	<u>\$ 2,848,685.25</u>
<u>EXPENDITURES</u>		
Budget and Emergency Appropriations:		
Operating	\$ 2,014,935.88	\$ 1,928,909.00
Deferred Charges and Regulatory Expenditures	109,820.33	103,375.00
Capital Improvements	60,000.00	60,000.00
Municipal Debt Service	292,418.50	162,682.32
Refund of Prior Years' Revenue	<u>653.29</u>	
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,477,828.00</u>	<u>\$ 2,254,966.32</u>
Excess in Revenue	<u>\$ 886,390.21</u>	<u>\$ 593,718.93</u>
<u>Fund Balance</u>		
Balance, January 1	<u>857,366.72</u>	<u>458,615.79</u>
	<u>\$ 1,743,756.93</u>	<u>\$ 1,052,334.72</u>
Decreased by:		
Utilization by Sewer Operating Budget	<u>331,030.00</u>	<u>194,968.00</u>
Balance, December 31	<u>\$ 1,412,726.93</u>	<u>\$ 857,366.72</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS

Balance, December 31, 2021	\$ 26,511.50
Increased by:	
Fully Funded Ordinances Canceled	<u>116,046.92</u>
Balance, December 31, 2022	<u>\$ 142,558.42</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	\$ 331,030.00	\$ 331,030.00	\$
Sewer Use Charges	1,400,000.00	1,528,739.60	128,739.60
Miscellaneous	<u>750,426.21</u>	<u>1,308,384.03</u>	<u>557,957.82</u>
	<u>\$ 2,481,456.21</u>	<u>\$ 3,168,153.63</u>	<u>\$ 686,697.42</u>

ANALYSIS OF REALIZED REVENUE

Consumer Accounts Receivable	\$ 1,526,312.79
Applied	<u>2,426.81</u>
	<u>\$ 1,528,739.60</u>
Miscellaneous:	
Treasurer:	
Interest Earned	\$ 333.43
Settlement	488,407.12
Miscellaneous	<u>2,217.50</u>
Total Treasurer	\$ 490,958.05
Sewer Collector:	
Penalties on Delinquent Accounts	<u>817,425.98</u>
	<u>\$ 1,308,384.03</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Operating:					
Salaries and Wages	\$ 445,500.00	\$ 425,500.00	\$ 414,003.99	\$ 11,496.01	\$
Other Expenses	1,126,100.00	1,146,100.00	1,144,294.69	1,805.31	
Other Expenses - Overhead	403,540.88	403,540.88	403,540.88		
Other Expenses - Administrative Fee	39,795.00	39,795.00	39,795.00		
<u>Total Operating</u>	<u>\$ 2,014,935.88</u>	<u>\$ 2,014,935.88</u>	<u>\$ 2,001,634.56</u>	<u>\$ 13,301.32</u>	<u>\$</u>
Capital Improvements:					
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$
Reserve for Public Works Equipment	10,000.00	10,000.00	10,000.00		
<u>Total Capital Improvements</u>	<u>\$ 60,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 60,000.00</u>	<u>\$</u>	<u>\$</u>
Debt Service:					
Payment of Bond/Loan Principal	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$
Interest on Bonds/Loans	43,250.00	43,250.00	43,250.00		
New Jersey Environmental Infrastructure Loan - Principal	137,000.00	142,113.00	140,719.59		1,393.41
New Jersey Environmental Infrastructure Loan - Interest	66,450.00	61,337.00	58,448.91		2,888.09
<u>Total Debt Service</u>	<u>\$ 296,700.00</u>	<u>\$ 296,700.00</u>	<u>\$ 292,418.50</u>	<u>\$</u>	<u>\$ 4,281.50</u>
Regulatory Expenditures:					
Contributions to:					
Public Employees Retirement System	\$ 75,445.33	\$ 75,445.33	\$ 75,445.33	\$	\$
Social Security System (O.A.S.I.)	34,000.00	34,000.00	32,103.12	1,896.88	
Unemployment Compensation Insurance	375.00	375.00	223.95	151.05	
<u>Total Regulatory Expenditures</u>	<u>\$ 109,820.33</u>	<u>\$ 109,820.33</u>	<u>\$ 107,772.40</u>	<u>\$ 2,047.93</u>	<u>\$</u>
<u>Total</u>	<u>\$ 2,481,456.21</u>	<u>\$ 2,481,456.21</u>	<u>\$ 2,461,825.46</u>	<u>\$ 15,349.25</u>	<u>\$ 4,281.50</u>
Cash Disbursements			\$ 2,316,661.79		
Accrued Interest			32,579.07		
Encumbrances Payable			134,191.14		
			<u>2,483,432.00</u>		
Less:					
Refunds			21,606.54		
			<u>\$ 2,461,825.46</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF CLINTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Clinton (Town) is an instrumentality of the State of New Jersey, established to function as a municipality. The Town Council consists of elected officials and is responsible for the fiscal control of the Town.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are 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 organizations; 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. Except as noted below, the financial statements of the Town include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Town, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Town of Clinton do not include the operations of the local or regional school districts, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the Town of Clinton conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the Town of Clinton are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Town accounts for its financial transactions through the following individual funds and account group:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund

Water and Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned Water Utility and Sewer Utility

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenues when anticipated in the Town's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Town's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Town, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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 the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Town's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31st are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - 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 in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Town as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Water Utility and Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water Utility Fund and the Sewer Utility Fund 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. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. 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 fund represents charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Accounting and Financial Reporting for Pensions

Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2022, was not available, therefore the information dated June 30, 2021, is disclosed.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Continued)

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2022, was not available, therefore the information dated June 30, 2021, is disclosed.

Recently Adopted Accounting Pronouncements

Beginning with the year ended December 31, 2022, GASB Statement 87, Leases establishes criteria for accounting and financial reporting for leases. It creates a single model for lease accounting and requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. A Lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the Lease liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 87 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 87.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Town presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Town considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Town of Clinton has the following cash and cash equivalents at December 31, 2022:

Fund Type:	Bank Balance	Reconciling Items:		Reconciled Balance
		Additions	Deletions	
Current Fund	\$ 3,639,993.09	\$ 4,454.68	\$ 177,456.69	\$ 3,466,991.08
Animal Control Fund	11,729.76		8.40	11,721.36
Other Trust Fund	1,018,536.14		4,218.30	1,014,317.84
General Capital Fund	757,364.92		16,000.00	741,364.92
Water Utility Operating Fund	2,513,373.12	6,861.59	87,525.10	2,432,709.61
Water Utility Capital Fund	96,020.17		41,300.36	54,719.81
Sewer Utility Operating Fund	1,705,757.46	2,682.34	85,644.58	1,622,795.22
Sewer Utility Capital Fund	1,533,501.33			1,533,501.33
TOTAL DECEMBER 31, 2022	\$ 11,276,275.99	\$ 13,998.61	\$ 412,153.43	\$ 10,878,121.17

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Town does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2022, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$500,000.00 was covered by Federal Depository Insurance and \$10,776,275.99 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Town is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (c.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (c.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Town of Clinton had no investments outstanding at December 31, 2022.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Town is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: GOVERNMENTAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Town are general obligation bonds, based by the full faith and credit of the Town. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2022</u>	<u>YEAR 2021</u>	<u>YEAR 2020</u>
Issued:			
General:			
Bonds and Notes	\$ 2,791,035.00	\$ 3,261,035.00	\$ 3,122,092.00
Water Utility:			
Bonds, Loans and Notes	10,252,328.54	10,502,677.03	10,586,928.51
Sewer Utility:			
Loans	<u>5,185,804.98</u>	<u>1,666,078.57</u>	<u>1,769,646.89</u>
<u>Total Debt Issued</u>	<u>\$ 18,229,168.52</u>	<u>\$ 15,429,790.60</u>	<u>\$ 15,478,667.40</u>
Less:			
Funds Temporarily held to Pay			
Bonds and Notes - General	<u>\$ 52,272.48</u>	<u>\$ 0.63</u>	<u>\$ 0.63</u>
<u>Net Debt Issued</u>	<u>\$ 18,176,896.04</u>	<u>\$ 15,429,789.97</u>	<u>\$ 15,478,666.77</u>
Authorized But Not Issued:			
General - Bonds and Notes	\$ 371,547.49	\$ 568,193.49	\$ 652,031.49
Water Utility - Bonds and Notes	15,292,786.84	16,949,876.69	17,336,768.69
Sewer Utility - Bonds and Notes	<u>148,052.00</u>	<u>3,989,400.00</u>	<u>3,889,400.00</u>
<u>Total Authorized But Not Issued</u>	<u>\$ 15,812,386.33</u>	<u>\$ 21,507,470.18</u>	<u>\$ 21,878,200.18</u>
NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	<u>\$ 33,989,282.37</u>	<u>\$ 36,937,260.15</u>	<u>\$ 37,356,866.95</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SUMMARY OF REGULATORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .712%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School District Debt	\$ 1,550,210.75	\$ 1,550,210.75	\$
Water Utility Debt	25,545,115.38	25,545,115.38	
Sewer Utility Debt	5,333,856.98	5,333,856.98	
General Debt	<u>3,162,582.49</u>	<u>52,272.48</u>	<u>3,110,310.01</u>
	<u>\$ 35,591,765.60</u>	<u>\$ 32,481,455.59</u>	<u>\$ 3,110,310.01</u>

NET DEBT \$3,110,310.01 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$436,613,665.33 EQUALS .712%.

EQUALIZED VALUATION BASIS

2020 Equalized Valuation Basis of Real Property	\$ 419,678,094.00
2021 Equalized Valuation Basis of Real Property	429,540,106.00
2022 Equalized Valuation Basis of Real Property	<u>460,622,796.00</u>
	<u>\$ 436,613,665.33</u>

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

Equalized Valuation Basis* - December 31, 2022	<u>\$ 436,613,665.33</u>
3-1/2% of Equalized Valuation Basis	\$ 15,281,478.29
Net Debt	<u>3,110,310.01</u>
Remaining Borrowing Power	<u>\$ 12,171,168.28</u>

*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Town for the last three (3) preceding years.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 3% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER UTILITY
PER N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus		\$ 4,663,377.49
Deduction:		
Operating and Maintenance Cost	\$ 2,398,596.00	
Debt Service Per Water Utility Account	<u>1,154,226.49</u>	
		<u>3,552,822.49</u>
Excess in Revenue - Self Liquidating		\$ <u>1,110,555.00</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY
PER N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus		\$ 3,168,153.63
Deduction:		
Operating and Maintenance Cost	\$ 2,124,756.21	
Debt Service Per Sewer Utility Account	<u>292,418.50</u>	
		<u>2,417,174.71</u>
Excess in Revenue - Self Liquidating		\$ <u>750,978.92</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT

GENERAL CAPITAL FUND

Serial Bonds:

\$2,328,000.00 of 2013 General Obligation Bonds due in annual installments ranging between \$125,000.00 and \$250,000.00 through August 2026 at varying interest rates between 3.00% to 5.00% \$ 878,000.00

WATER CAPITAL FUND

Serial Bonds:

\$8,043,000.00 of 2013 General Obligation Bonds due in annual installments ranging between \$250,000.00 and \$500,000.00 through August 2033 at varying interest rates between 3.00% to 5.00% \$ 5,243,000.00

New Jersey Environmental Infrastructure Trust:

\$1,910,000.00 of 2010 Trust Loan due in annual installments ranging between \$65,000.00 and \$150,000.00 through August 2027 at an interest rate of 5.00%. \$ 447,000.00

\$2,053,323.00 of 2010 Trust Fund due in annual installments of principal only ranging between \$38,880.72 and \$104,406.24 through August 2024 198,483.20

\$405,000.00 of 2012 Trust Loan due in annual installments ranging between \$19,679.00 and \$28,132.00 through August 2031 at variable interest rates of 2.00% to 5.00%. 222,353.00

\$1,304,088.00 of 2012 Trust Fund due in annual installments of principal only ranging between \$19,411.73 and \$66,309.55 through August 2031 549,888.13

\$370,000.00 of 2014 Trust Loan due in annual installments ranging between \$15,000.00 and \$25,000.00 through August 2033 at variable interest rates of 3.00% to 5.00%. 245,000.00

\$1,131,183.00 of 2014 Trust Fund due in annual installments of principal only ranging between \$57,517.77 and \$57,517.96 through August 2033 624,462.66

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

WATER CAPITAL FUND (CONTINUED)

\$440,000.00 of 2018 Trust Loan due in annual installments ranging between \$10,000.00 and \$25,000.00 through August 2047 at variable interest rates of 3.00% to 5.00%.	400,000.00
\$1,293,900.00 of 2018 Trust Fund due in annual installments of principal only ranging between \$43,614.60 and \$43,614.80 through August 2047	1,086,525.20
\$635,000.00 of 2021 Trust Loan due in annual installments ranging between \$15,000.00 and \$30,000.00 through August 2050 at variable interest rates of 2.25.00% to 5.00%.	620,000.00
\$35,392.00 of 2021 Trust Fund due in annual installments of principal only ranging between \$1,192.98 and \$1,193.24 through August 2050	33,403.70
\$150,000.00 of 2022 Trust Loan due in annual installments ranging between \$5,000.00 and \$10,000.00 through August 2039 at variable interest rates of 3.250% to 5.000%.	150,000.00
\$447,378.00 of 2022 Trust Fund due in annual installments of principal only ranging between \$22,748.02 and \$22,748.29 through August 2041	<u>432,212.65</u>
	\$ <u><u>5,009,328.54</u></u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SEWER CAPITAL FUND

Serial Bonds:

\$1,500,000.00 of 2013 General Obligation Bonds due in annual installments ranging between \$50,000.00 and \$100,000.00 through August 2033 at varying interest rates between 3.00% to 5.00% \$ 1,050,000.00

New Jersey Wastewater Treatment Trust:

\$515,000.00 of 2012 Trust Loan due in final annual installment of \$20,000.00 to \$40,000.00 through August 2031 at a variable interest rate of 2.00% to 5.00%. \$ 279,241.00

\$561,844.00 of 2012 Trust Fund due in annual installments of principal only ranging between \$5,091.69 and \$28,568.32 through August 2013 233,638.25

\$1,785,000.00 of 2022 Trust Loan due in final annual installment of \$90,000.00 to \$170,000.00 through August 2036 at a variable interest rate of 3.250% to 5.000%. 1,785,000.00

\$1,925,446.00 of 2022 Trust Fund due in annual installments of principal only ranging between \$131,280.40 and \$131,280.53 through August 2036 1,837,925.73

\$ 4,135,804.98

Bonds and Notes Authorized But Not Issued

At December 31, 2022, the Town has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$371,547.49</u>
Water Utility Capital Fund	<u>\$15,292,786.84</u>
Sewer Utility Capital Fund	<u>\$148,052.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST FOR BONDED DEBT AS OF DECEMBER 31, 2022

GENERAL CAPITAL FUND

<u>CALENDAR YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 200,000.00	\$ 31,370.00	\$ 231,370.00
2024	200,000.00	24,870.00	224,870.00
2025	250,000.00	17,870.00	267,870.00
2026	<u>228,000.00</u>	<u>9,120.00</u>	<u>237,120.00</u>
	<u>\$ 878,000.00</u>	<u>\$ 83,230.00</u>	<u>\$ 961,230.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST FOR BONDED DEBT AS OF DECEMBER 31, 2022

WATER CAPITAL UTILITY FUND

<u>CALENDAR YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 450,000.00	\$ 204,952.50	\$ 654,952.50
2024	450,000.00	190,327.50	640,327.50
2025	450,000.00	174,577.50	624,577.50
2026	450,000.00	158,827.50	608,827.50
2027	450,000.00	140,827.50	590,827.50
2028	500,000.00	122,827.50	622,827.50
2029	500,000.00	102,827.50	602,827.50
2030	500,000.00	82,827.50	582,827.50
2031	500,000.00	62,827.50	562,827.50
2032	500,000.00	42,202.50	542,202.50
2033	<u>493,000.00</u>	<u>20,952.50</u>	<u>513,952.50</u>
	<u>\$ 5,243,000.00</u>	<u>\$ 1,303,977.50</u>	<u>\$ 6,546,977.50</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST FOR BONDED DEBT AS OF DECEMBER 31, 2022

SEWER CAPITAL UTILITY FUND

<u>CALENDAR YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$ 50,000.00	\$ 41,250.00	\$ 91,250.00
2024	100,000.00	39,625.00	139,625.00
2025	100,000.00	36,125.00	136,125.00
2026	100,000.00	32,625.00	132,625.00
2027	100,000.00	28,625.00	128,625.00
2028	100,000.00	24,625.00	124,625.00
2029	100,000.00	20,625.00	120,625.00
2030	100,000.00	16,625.00	116,625.00
2031	100,000.00	12,625.00	112,625.00
2032	100,000.00	8,500.00	108,500.00
2033	100,000.00	4,250.00	104,250.00
	<u>\$ 1,050,000.00</u>	<u>\$ 265,500.00</u>	<u>\$ 1,315,500.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN AS OF DECEMBER 31, 2022

WATER CAPITAL UTILITY FUND

<u>CALENDAR YEAR</u>	<u>STATE PRINCIPAL</u>	<u>TRUST PRINCIPAL</u>	<u>TRUST INTEREST</u>	<u>TOTAL</u>
2023	\$ 295,789.16	\$ 165,534.00	\$ 71,949.28	\$ 533,272.44
2024	285,459.88	169,383.00	63,885.00	518,727.88
2025	191,382.92	188,889.00	55,641.24	435,913.16
2026	191,382.92	192,678.00	46,882.22	430,943.14
2027	191,382.92	105,460.00	37,944.82	334,787.74
2028	191,382.92	88,127.00	33,753.76	313,263.68
2029	191,382.92	93,132.00	30,703.78	315,218.70
2030	191,382.92	93,101.00	27,516.64	312,000.56
2031	144,485.10	98,049.00	24,539.92	267,074.02
2032	125,073.37	70,000.00	21,536.82	216,610.19
2033	116,840.56	70,000.00	19,346.36	206,186.92
2034	67,555.60	45,000.00	17,142.28	129,697.88
2035	67,555.60	45,000.00	15,921.22	128,476.82
2036	67,555.60	45,000.00	14,743.74	127,299.34
2037	67,555.60	45,000.00	13,700.00	126,255.60
2038	67,555.60	50,000.00	12,556.24	130,111.84
2039	67,555.60	55,000.00	11,250.00	133,805.60
2040	67,555.60	55,000.00	9,925.00	132,480.60
2041	67,555.87	55,000.00	8,575.00	131,130.87
2042	44,807.58	45,000.00	7,225.00	97,032.58
2043	44,807.58	45,000.00	6,225.00	96,032.58
2044	44,807.58	45,000.00	5,225.00	95,032.58
2045	44,807.58	45,000.00	4,225.00	94,032.58
2046	44,807.58	45,000.00	3,225.00	93,032.58
2047	40,967.78	50,000.00	2,225.00	93,192.78
2048	1,192.98	25,000.00	1,012.50	27,205.48
2049	1,192.98	25,000.00	675.00	26,867.98
2050	1,193.24	30,000.00	337.50	31,530.74
	<u>\$ 2,924,975.54</u>	<u>\$ 2,084,353.00</u>	<u>\$ 567,888.32</u>	<u>\$ 5,577,216.86</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN AS OF DECEMBER 31, 2022

SEWER CAPITAL UTILITY FUND

CALENDAR YEAR	STATE PRINCIPAL	TRUST PRINCIPAL	TRUST INTEREST	TOTAL
2023	\$ 159,848.72	\$ 114,450.00	\$ 90,216.66	\$ 364,515.38
2024	159,848.72	123,927.00	85,179.16	368,954.88
2025	159,848.72	128,684.00	79,272.08	367,804.80
2026	159,848.72	133,432.00	73,124.72	366,405.44
2027	159,848.72	142,835.00	66,737.44	369,421.16
2028	159,848.72	147,840.00	60,252.40	367,941.12
2029	159,848.72	157,846.00	53,517.20	371,211.92
2030	159,848.72	162,811.00	46,281.82	368,941.54
2031	136,372.09	172,416.00	38,797.48	347,585.57
2032	131,280.40	145,000.00	30,925.00	307,205.40
2033	131,280.40	150,000.00	23,675.00	304,955.40
2034	131,280.40	155,000.00	16,175.00	302,455.40
2035	131,280.40	160,000.00	11,137.50	302,417.90
2036	131,280.53	170,000.00	5,737.50	307,018.03
	\$ <u>2,071,563.98</u>	\$ <u>2,064,241.00</u>	\$ <u>681,028.96</u>	\$ <u>4,816,833.94</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

(1) every note shall contain a recital that it is 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;

(2) all such 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 next following the date of the original notes; and

(3) 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 those 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.

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

GENERAL CAPITAL			
<u>ORDINANCE #</u>	<u>INTEREST RATE</u>	<u>ORIGINAL ISSUED DATE</u>	<u>AMOUNT</u>
2014-08	2.7245%	8/20/2015	\$ 26,517.00
2014-15	2.7245%	8/20/2015	117,782.00
2014-18	2.7245%	8/20/2015	48,945.00
2015-11	2.7245%	8/20/2015	48,260.00
2016-09	2.7245%	8/18/2016	354,588.00
2019-01	2.7245%	8/15/2019	246,000.00
2019-09	2.7245%	8/15/2019	459,000.00
2020-10	2.7245%	8/06/2020	133,000.00
2020-14	2.7245%	8/05/2021	202,588.00
2021-14	2.7245%	8/05/2021	133,855.00
2021-18	2.7245%	8/05/2021	142,500.00
			\$ 1,913,035.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SHORT-TERM DEBT (CONTINUED)

In accordance with NJSA 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Town may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year, and bear an interest rate that does not exceed 6%. The Town did not have any Tax Anticipation Notes in 2022.

NOTE 4: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Town bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Town property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Town's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER <u>31, 2022</u>	BALANCE DECEMBER <u>31, 2021</u>
Prepaid Taxes	<u>\$72,527.87</u>	<u>\$63,866.39</u>

NOTE 5: FUND BALANCES APPROPRIATED

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

Current Fund	\$600,000.00
Water Operating Fund	\$717,000.00
Sewer Operating Fund	\$485,000.00

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2022, PERS provides for employee contributions of 7.50% of employees' base salary.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2022, the State contributed an amount less than the actuarially determined amount. During 2022, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Town's share of pension costs, which is based upon the annual billings received from the State, amounted to:

<u>YEAR</u>		<u>PERS</u>		<u>PFRS</u>
2022	\$	226,336.00	\$	304,862.00
2021		203,804.00		312,938.00
2020		201,646.00		273,155.00

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Town employees are also covered by Federal Insurance Contribution Act.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2021. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2021.

Public Employees Retirement System (PERS)

At June 30, 2021, the State reported a net pension liability of \$2,289,516.00 for the Town’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Town’s proportion was 0.0193265190 percent, which was an increase of 0.0006964096 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the State recognized an actuarially determined pension benefit of \$329,771.00 for the Town’s proportionate share of the total pension expense. The pension expense recognized in the Town’s financial statements based on the April 1, 2021 billing was \$203,804.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 36,109.00	\$ 16,390.00
Changes of assumptions	11,924.00	815,083.00
Net difference between projected and actual earnings on pension plan investments		603,119.00
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>203,971.00</u>	<u>331,997.00</u>
	<u>\$ 252,004.00</u>	<u>\$ 1,766,589.00</u>

Other local amounts reported by the State as the Town's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	(\$565,831.20)
2023	(411,325.20)
2024	(288,600.20)
2025	(223,299.20)
2026	<u>(25,529.20)</u>
	<u>(\$1,514,585.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. These actuarial valuations used the following assumptions:

	<u>June 30, 2021</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.00-6.00%
Thereafter	3.00-7.00%
	Based on Years of Service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2021 and June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasury's	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of net pension liability to changes in the discount rate

The following presents the Town's proportionate share of the net pension liability of the participating employers as of June 30, 2021 respectively, calculated using the discount rate as disclosed above as well as what the Town's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1%	June 30, 2021 At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Town's proportionate share of the pension liability	\$3,117,856.00	\$2,289,516.00	\$1,586,552.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2021, the State reported a net pension liability of \$1,911,927.00 for the Town's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2021, the Town's proportion was 0.0261579900 percent, which was a decrease of 0.0018536609 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the State recognized an actuarially determined pension benefit of \$256,385.00. The pension expense recognized in the Town's financial statements based on the April 1, 2021 billing was \$312,938.00.

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$ 21,813.00	\$ 229,029.00
Changes of assumptions	10,174.00	572,996.00
Net difference between projected and actual earnings on pension plan investments		814,734.00
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>279,187.00</u>	<u>312,413.00</u>
	\$ <u>311,174.00</u>	\$ <u>1,929,172.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		<u>Amount</u>
<u>June 30</u>		
2022	\$	(513,991.20)
2023		(387,481.20)
2024		(333,429.20)
2025		(328,894.20)
2026		(47,292.20)
Thereafter		<u>(6,910.00)</u>
	\$	<u>(1,617,998.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

	<u>June 30, 2021</u>
Inflation:	
Price	2.75%
Salary Increases	
Through all future years	3.25-15.25%
	Based on years of Service
Investment Rate of Return	7.00%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2021 and June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2021 are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Long-Term Rate of Return (Continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	9.15%
Real Estate	8.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasury's	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2021 and June 30, 2020, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2021 respectively, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2021		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Town's proportionate share of the PFRS pension liability	\$2,903,202.00	\$1,911,927.00	\$1,086,798.00

Special Funding Situation

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

At June 30, 2021 and 2020, the State's proportionate share of the net pension liability attributable to the Town for the PFRS special funding situation is \$537,729.00 and \$561,726.00, respectively.

At June 30, 2021, the Town's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Town's Proportionate Share of Net Pension Liability	\$1,911,927.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Town	<u>537,729.00</u>
	<u><u>\$2,449,656.00</u></u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

The Town has created an accrued sick leave and vacation benefits policy as part of their personnel policy. Employees receive one sick day per month of service, which may be accumulated from year to year if unused. Upon retirement, an employee having a minimum of 15 years of service with the Town is compensated one day's pay for every four days of accrued sick leave for maximum compensation of \$10,000.00. Employees covered under the PBA contract are compensated one day's pay for every two days of accrued sick leave with a maximum compensation of \$15,000.00.

A maximum of three unused vacation days at the end of the year may be carried forward and taken prior to April 1st of the following year. If an employee voluntarily terminates employment with the Town and gives proper notice of at least two weeks, they are paid for entitled vacation days not yet taken at time of termination. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but has been calculated to be \$176,754.47. The Town has established a Trust Fund Reserve which has accumulated \$71,042.39 for this purpose.

NOTE 8: LITIGATION

The Town Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Town's insurance carrier or would have a material financial impact on the Town.

NOTE 9: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2022. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 10: CONTINGENT LIABILITIES

The Town participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II of the 2022 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2022, the Town does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Town maintains commercial insurance coverage through the Statewide Insurance Fund covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Town has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Town is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Town is billed quarterly for amounts due to the State. The following table is a summary of Town contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Town's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>		<u>Interest Earned</u>		<u>Employee Contributions</u>		<u>Amount Reimbursed</u>		<u>Ending Balance</u>
2022	\$	45.63	\$	4,626.46	\$	4,745.10	\$	138,360.77
2021		18.24		4,336.82		4,333.42		138,433.78
2020		821.05		4,163.21		448.31		138,412.14

NOTE 12: DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Town employees, permits them to defer a portion of their salaries until future years. The Town does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

The Plan is administered by AXA Equitable and Lincoln Life.

The accompanying financial statements do not include the Town's Deferred Compensation Plan activities. The Town's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2022:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 16,750.35	\$ 751,365.94
Grant Fund	345,900.87	
Animal Control Trust Fund		2,474.90
Trust Other Fund		13,057.00
General Capital Fund	405,465.07	
Water Utility Operating Fund	2,706,493.33	1,218.45
Water Utility Capital Fund	10,887.21	2,603,622.00
Sewer Utility Operating Fund	100,000.00	102,871.33
Sewer Utility Capital Fund	<u> </u>	<u>110,887.21</u>
	<u>\$ 3,585,496.83</u>	<u>\$ 3,585,496.83</u>

All balances resulted from the time lag between the dates that payments between funds are made.

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM

The Town of Clinton adopted an ordinance establishing a Length of Service Awards Program for the members of the volunteer Fire Department and the First Aid and Rescue Squad pursuant to N.J.S.A. 40A:14-183 *et seq.*

Under this program, each eligible volunteer of the Fire Department or First Aid and Rescue Squad will have an annual contribution deposited into a tax deferred income account that will earn interest for the volunteer. The estimated annual cost of this program is \$14,000.00.

The accompanying financial statements do not include the Town's Length of Service Awards Program's activities. The Town's Length of Service Awards Program's financial statements are contained in a separate review report as required by state regulation.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage 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.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

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

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Contributions

The Town's annual contributions to the Plan for retirees were \$328,246.66 for 2022, \$240,190.23 for 2021 and \$194,756.28 for 2020 which equaled the required contributions for that year.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability

At June 30, 2021, the Plan reported a liability of \$8,697,314.00 for the Town's proportionate share of the collective net OPEB liability. The total Net OPEB Liability measured as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

The Town's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021.

At June 30, 2021, the Town's proportion was 0.048319 percent, which was an increase of 0.000334 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the State reported OPEB expense of \$241,516.00. This OPEB benefit was based on the OPEB plans June 30, 2021 measurement date.

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$195,157	\$1,819,607
Changes of assumptions	1,251,135	1,537,352
Net difference between projected and actual earnings on OPEB plan investments	4,159	-
Changes in proportion	<u>1,378,557</u>	<u>434,362</u>
	<u>\$2,829,008</u>	<u>\$3,791,321</u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the Town’s proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State’s actuarially calculated pension (benefit)/expense as follows:

Year Ended	Amount
<u>June 30,</u>	
2022	(\$330,471)
2023	(331,154)
2024	(331,778)
2025	(182,935)
2026	126,341
Total Thereafter	<u>87,684</u>
	<u><u>(\$962,313)</u></u>

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
Public Employees Retirement System (PERS):	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen’s Retirement System (PFRS):	
Rate for all future years	3.25% to 15.25%

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality:

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

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

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

Actuarial assumptions used in the July 1, 2020 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 for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Town’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Town as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	1.00% <u>Decrease (1.16%)</u>	At Discount Rate (2.16%)	1.00% <u>Increase (3.16%)</u>
Town's proportionate share of the Net OPEB Liability	\$10,235,071	\$8,697,314	\$7,478,609

Sensitivity of the Town’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the Town as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2021		
	1.00% <u>Decrease</u>	Healthcare Cost Trend Rate	1.00% <u>Increase</u>
Town's proportionate share of the Net OPEB Liability	\$7,256,489	\$8,697,314	\$10,577,413

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 16: SUBSEQUENT EVENTS

The Town has evaluated subsequent events occurring after the financial statement date through June 14, 2023 which is the date the financial statements were available to be issued. Based upon this evaluation, the Town has determined that no subsequent events needed to be disclosed.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2024

Town Council of the
Town of Clinton, in the
County of Hunterdon, New Jersey

Dear Council Members:

We have acted as bond counsel to the Town of Clinton, in the County of Hunterdon, New Jersey (the "Town"), in connection with the issuance by the Town of its \$ _____ General Obligation Refunding Bonds, Series 2024, consisting of \$ _____ General Improvement Refunding Bonds, \$ _____ Water Utility Refunding Bonds and \$ _____ Sewer Utility Refunding Bonds (collectively, the "Bonds"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a refunding bond ordinance of the Town finally adopted on March 24, 2021 and published as required by law and a resolution of the Town duly adopted on April 10, 2024.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the Town payable from *ad valorem* taxes that may be levied upon all the taxable property within the Town without limitation as to rate or amount.

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

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

Very truly yours,

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