

NEW ISSUE - BOOK-ENTRY-ONLY

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

In the opinion of Waters, McPherson, McNeill, P.C., Bond Counsel to the County, assuming compliance by the County with its Tax Certificate described herein, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals. However, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for purposes of calculating the financial alternative minimum tax imposed on such corporations for tax years beginning after December 31, 2022. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

**COUNTY OF PASSAIC
New Jersey
\$3,724,000 COUNTY COLLEGE BONDS, SERIES 2023
consisting of
\$1,862,000 COUNTY COLLEGE BONDS, SERIES 2023A
and
\$1,862,000 COUNTY COLLEGE BONDS, SERIES 2023B
(County College Bond Act, P.L. 1971, c.12)
(Non-Callable)
(Not Bank-Qualified)**

Dated: July 6, 2023

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

The \$3,724,000 County College Bonds, Series 2023 of the County of Passaic, New Jersey (the "County"), consisting of the \$1,862,000 County College Bonds, Series 2023A (the "Series 2023A Bonds") and the \$1,862,000 County College Bonds, Series 2023B (County College Bond Act, P.L. 1971, c.12) (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Bonds") will be issued in the form of one certificate for the aggregate principal amount of Bonds of each series maturing in each year and when issued will be registered in the name of Cede & Co, as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as "Securities Depository". See "THE BONDS – Book-Entry Only System" herein. Interest on the Bonds will be paid semiannually on the fifteenth day of February and August in each year until maturity, commencing on February 15, 2024. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the last business day of the month preceding the month in which such interest payment date occurs (the ARecord Dates@ for the payment of interest on the Bonds).

Principal of and interest on the Bonds will be paid to the Securities Depository by the County. The Bonds will be dated July 6, 2023 and will mature on February 15 in the years and in the principal amounts set forth on the inside front cover hereof. As long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to Cede & Co. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to Beneficial Owners is the responsibility of the DTC participants and the indirect participants as more fully described herein.

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

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

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

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Waters, McPherson, McNeill, P.C., Secaucus, New Jersey, Bond Counsel to the County. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about July 6, 2023.

FIDELITY CAPITAL MARKETS

Dated: June 21, 2023

COUNTY OF PASSAIC
New Jersey

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

\$1,862,000 COUNTY COLLEGE BONDS, SERIES 2023A

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number*</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number*</u>
2024	\$165,000	3.00%	3.01%	702725 X31	2029	\$190,000	4.00%	2.57%	702725 X80
2025	170,000	3.00	2.95	702725 X49	2030	195,000	4.00	2.50	702725 X98
2026	175,000	3.00	2.77	702725 X56	2031	200,000	4.00	2.49	702725 Y22
2027	180,000	3.00	2.64	702725 X64	2032	200,000	4.00	2.48	702725 Y30
2028	185,000	3.00	2.60	702725 X72	2033	202,000	4.00	2.53	702725 Y48

\$1,862,000 COUNTY COLLEGE BONDS, SERIES 2023B

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number*</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number*</u>
2024	\$165,000	3.00%	3.01%	702725 X31	2029	\$190,000	4.00%	2.57%	702725 X80
2025	170,000	3.00	2.95	702725 X49	2030	195,000	4.00	2.50	702725 X98
2026	175,000	3.00	2.77	702725 X56	2031	200,000	4.00	2.49	702725 Y22
2027	180,000	3.00	2.64	702725 X64	2032	200,000	4.00	2.48	702725 Y30
2028	185,000	3.00	2.60	702725 X72	2033	202,000	4.00	2.53	702725 Y48

* Registered trademark of American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of the issuance of the Bonds and the County does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

PASSAIC COUNTY OFFICIALS

BOARD OF COMMISSIONERS

COUNTY COMMISSIONER - DIRECTOR

Pasqual Lepore

COUNTY COMMISSIONER DEPUTY DIRECTOR

John W. Bartlett

COUNTY COMMISSIONERS

Orlando Cruz
Terry Duffy
Nicolino Gallo
Bruce James
Cassandra Lazzara

COUNTY ADMINISTRATOR

Matthew P. Jordan, Esq.

COUNTY COUNSEL

Nadege D. Allwaters, Esq.

**CLERK TO THE BOARD/
COUNTY TREASURER**

Louis E. Imhof, III

DIRECTOR OF FINANCE

Richard Cahill

COUNTY AUDITOR

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

BOND COUNSEL

Waters, McPherson, McNeill, P.C.
Secaucus, New Jersey

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

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the 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.

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

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

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

Neither Waters, McPherson, McNeill, P.C. nor the Underwriter has participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

TABLE OF CONTENTS

	<u>Page</u>
Introduction.	1
The Bonds.	1
General Description.	1
Security for the Bonds.	1
Additional Security for the Series 2022B Bonds.	1
Redemption.	2
Authorizations and Purpose of the Bonds.	2
Book-Entry Only System.	2
Discontinuance of Book-Entry-Only System.	3
Municipal Finance - Financial Regulation of Counties and Municipalities.	4
Local Bond Law (N.J.S.A. 40A:2-1 et seq.).	4
Local Budget Law (N.J.S.A. 40A:4-1 et seq.).	4
Tax Assessment and Collection Procedure.	5
Tax Appeals.	6
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.).	6
General Information of the County.	7
Early History.	7
Governmental Structure.	7
Geographic Location.	7
Population of The County of Passaic.	8
Industry and Economy.	8
County of Passaic - Labor Force Estimates.	8
Statistics of Income 2018: New Jersey Income Tax Returns for 2018 - Summarized by County.	9
Authorized Permits for New Construction - 2018 to 2022.	10
Economic Outlook.	11
Retail Activity.	12
Commercial and Industrial Activity.	12
Wayne Development Activity.	13
Clifton Development Activity.	14
City of Paterson Development Activity.	15
Little Falls Development Activity.	16
Woodland Park Development Activity.	16
Totowa Development Activity.	16
City of Passaic Development Activity.	17
Wanaque Development Activity.	18
Governmental Services.	20
Roads and Transportation.	20
The Passaic County Utilities Authority.	21
General	21
Debt of the Authority.	21
Solid Waste Indebtedness Currently Secured by the County Landfill Agreement.	22
Local Authorities Fiscal Control Law.	22
County Landfill Agreement.	22
County Financial Assistance.	22
2004 Amendment to the County Landfill Agreement.	23
Method of Payment.	23
Breach of County Landfill Agreement by Authority Not to Affect County Payments Thereunder.	23
No Delegation.	23
Enforcement of County's Obligation to Pay Annual Charges.	23
County's Unconditional and Unqualified Obligation to Pay Annual Charges.	23
Property Tax Act.	23
Additional Bonds or Project Notes.	24

	<u>Page</u>
Passaic County Improvement Authority.....	24
County and Overlapping Indebtedness.....	25
Overlapping Government Units.....	25
Purposes of County Debt.....	25
Debt Incurring Capacity - December 31, 2022.....	25
Debt History.....	26
Schedule of Comparative Net Debt - December 31, 2022-2018.....	26
Statement of Indebtedness - December 31, 2022.....	27
Combined Principal and Interest Requirements - Outstanding Bonds of the County - December 31, 2022.....	28
Anticipated Financings Involving County Credit.....	28
The County Budget.....	29
Status of County Budget.....	29
Budget Requirements.....	29
Budget Process.....	29
Deferral of Current Expenses.....	30
Budget Transfers.....	30
Annual Financial Statement (N.J.S.A. 40A:5-12 <u>et seq.</u>).....	30
Annual Audit.....	30
Comparative Summary of Passaic County Budgets - Adopted 2023, 2022, 2020, 2020 and 2019.....	31
Capital Improvement Program.....	31
Tax Information on the County.....	32
County Tax Rates.....	32
Equalized Valuation of Property of Constituent Municipalities.....	33
Ten Largest Assessed Valuations in the County - 2023.....	33
Ten Largest Employers in the County - 2023.....	34
Tax Collection Record.....	34
County Taxes.....	34
Tax Appeals.....	34
Tax Matters.....	35
Federal.....	35
State.....	36
Litigation.....	36
Municipal Bankruptcy.....	36
Secondary Market Disclosure.....	36
Underwriting.....	37
Rating.....	38
Infectious Disease Outbreak – COVID-19.....	38
Preparation of Official Statement.....	39
Additional Information.....	39
Miscellaneous.....	40
Excerpts from Audited Financial Statements for the Year Ended December 31, 2021 and Selected Financial Information For Years Ended December 31, 2022-2018.....	Appendix A
Form of Approving Legal Opinion of Waters, McPherson, McNeill, P.C.....	Appendix B

**OFFICIAL STATEMENT
OF THE

COUNTY OF PASSAIC
New Jersey
\$3,724,000 COUNTY COLLEGE BONDS, SERIES 2023
consisting of
\$1,862,000 County College Bonds, Series 2023A
and
\$1,862,000 County College Bonds, Series 2023B
(County College Bond Act, P.L. 1971, c.12)**

INTRODUCTION

This Official Statement (the "Official Statement"), which includes the cover page and the appendices attached hereto, has been prepared by the County of Passaic (the "County"), in the State of New Jersey (the "State"), in connection with the sale and issuance of \$3,724,000 County College Bonds, Series 2023, consisting of \$1,862,000 County College Bonds, Series 2023A (the "Series 2023A Bonds") and \$1,862,000 County College Bonds, Series 2023B (County College Bond Act, P.L. 1971, c.12) (the "Series 2023B Bonds" and together with the Series 2023A Bonds, the "Bonds"), dated the date of delivery thereof. This Official Statement has been executed by the Director of Finance of the County. 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 of each series may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple thereof through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. The Bonds shall be dated July 6, 2023 and will mature on February 15 in the years and in the principal amounts shown on the inside front cover page hereof. The Bonds shall bear interest from their date, payable on each February 15 and August 15, commencing February 15, 2024 (each, an "Interest Payment Date"), in each year until maturity at the rates shown on the inside front cover page hereof. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the last business day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds). One bond certificate shall be issued for each year of maturity of the Bonds, numbered CCA-1 to CCA-10 in order of maturity for the Series 2023A Bonds, and CCB-1 to CCB-10 in order of maturity for the Series 2023B Bonds.

Security for the Bonds

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

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

Additional Security for the Series 2023B Bonds

The Series 2023B Bonds are entitled to the benefits of the provisions of P.L. 1971, c. 12, as amended and supplemented (N.J.S.A. 18A:64A-22.1 et seq.) (the "Act"). Under the provisions of the Act, the State has agreed, subject to annual appropriation, to appropriate and pay annually on behalf of the County an amount equal to the amount of principal and interest due on the Series 2023B Bonds. The amounts paid by the State pursuant to the Act are paid directly to the Paying Agent for the Series 2023B Bonds and must be used for the payment of the principal of and interest on the Series 2023B Bonds. Such Series 2023B Bonds are not debts or liabilities of the State. In the event that State appropriations for the payment of the principal of and interest on the Series 2023B Bonds are not made, the County will be responsible for appropriating amounts necessary to pay such principal and interest (see "THE BONDS - Security for the Bonds" above).

Redemption

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

Authorizations and Purpose of the Bonds

The Bonds are authorized by and are to be issued pursuant to the laws of the State including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, Title 18A, Education of the New Jersey Statutes, Bond Ordinance 2023-02 of the County, finally adopted on February 20, 2023, and all respects duly approved and published, and Resolution No. 23-0514 duly adopted by the County Board of Commissioners on May 9, 2023.

<u>Ordinance No.</u>	<u>Description</u>	<u>Bonds to be Issued</u>
<u>Series 2023A Bonds</u>		
2023-02	Improvements to Passaic County Community College Facilities	\$1,862,000
<u>Series 2023B Bonds</u>		
2023-02	Improvements to Passaic County Community College Facilities	<u>1,862,000</u>
		<u><u>\$3,724,000</u></u>

Book-Entry Only System

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

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

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

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

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

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

Redemption notices, if applicable, 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 the 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 MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the Record Date. The Omnibus Proxy assigns CEDE & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, 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 County or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, 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 County or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

Discontinuance of Book-Entry-Only System

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

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the County for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 2.00% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of County, as annually determined by the State Director of Taxation is \$57,761,088,703.

The County has not exceeded its statutory debt limit. As of December 31, 2022, the statutory net debt as a percentage of average equalized valuation was .498%. As noted above, the statutory limit is 2.00%.

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

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

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

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

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

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

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

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

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

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

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

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project. See "INFECTIOUS DISEASE OUTBREAK – COVID-19" herein for a discussion of recent amendments to N.J.S.A. 40A:2-26 in response to the COVID-19 outbreak.

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

Tax Assessment and Collection Procedure

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

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

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. A table detailing tax title liens is included in Appendix "A".

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

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2019 for the County is on file with the Clerk and is available for review during business hours.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

GENERAL INFORMATION ON THE COUNTY

Early History

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

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

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

Governmental Structure

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

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

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

Geographic Location

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

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

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

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

Population of the County of Passaic

2020	524,118
2019	501,826
2018	503,310
2017	512,607
2016	507,945
2015	510,916
2014	508,856
2013	505,672
2012	504,245
2011	503,508
2010	501,226
2000	490,377
1990	470,864
1980	447,585
1970	460,782
1960	406,618
1950	337,093

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

Industry and Economy

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

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

County of Passaic Labor Force Estimates

(000's Omitted)

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

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

**Statistics of Income 2018: New Jersey Income Tax Returns for 2018
Summarized by County**

<u>Rank</u>	<u>County</u>	<u>Total Income (millions)</u>	<u>Total Average Income</u>
1	Bergen	\$52,225.0	\$118,615
2	Monmouth	32,846.2	108,353
3	Essex	31,798.7	90,904
4	Morris	31,254.3	131,063
5	Middlesex	30,640.0	78,947
6	Hudson	23,187.7	73,144
7	Union	23,010.3	88,497
8	Somerset	21,104.3	133,013
9	Ocean	17,525.0	66,151
10	Burlington	17,175.7	83,071
11	Mercer	16,175.0	98,442
12	Camden	15,769.3	68,669
13	PASSAIC	14,591.3	60,681
14	Gloucester	9,784.7	74,007
15	Hunterdon	7,776.0	128,129
16	Atlantic	7,093.2	56,199
17	Sussex	5,857.9	84,876
18	Warren	5,597.0	71,492
19	Cumberland	3,167.7	49,777
20	Cape May	2,854.7	62,458
21	Salem	1,732.0	60,759
	County Unknown	<u>422.9</u>	<u>60,439</u>
	State Totals	<u>\$369,599.9</u>	<u>\$89,167</u>

Source: State of New Jersey Department of the Treasury, Division of Taxation, Statistics of Income, 2018, 2018 Tax Returns, Table 5.1:
Income Tax Return Amounts Summarized by County for Full Year Residents.
2018 New Jersey Statistics of Income 2018 Income Tax Returns
Published August 2019 <http://www.state.nj.us/treasury/taxation/soiintro.shtml>
<https://www.nj.gov/treasury/taxation/pdf/pubs/soi-tables2018.pdf>

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

Authorized Permits for New Construction - 2017 to 2022 (January-November 2022)

Authorized Permits and Construction Value	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Housing Units: New Construction	345	294	793	1,016	274
Office: Authorized Square Feet	472,240	385,653	541,273	407,563	333,011
Retail: Authorized Square Feet	6,863	39,614	22,398	59,186	17,606
Other Non-Residential Uses:					
Authorized Square Feet	955,037	1,266,049	1,854,007	1,896,852	863,021
Estimated Cost of Construction					
Authorized by Building Permits	\$553,844,419	\$495,096,980	\$841,383,889	\$420,419,622	\$492,532,636

Source: NJ Department of Community Affairs, Building Permits Yearly Data:
January – November 2022, 2021, 2020, 2019, 2018 and 2017.
http://www.state.nj.us/dca/divisions/codes/reporter/building_permits.html#2
<https://www.state.nj.us/dca/divisions/codes/reporter/house2021.html>
<https://www.nj.gov/dca/divisions/codes/reporter/house2022.html>

2022 (January-November 2022)

Housing Units: New Construction	368
Office: Authorized Square Feet	102,405
Retail: Authorized Square Feet	670
Other Non-Residential Uses:	805,611
Authorized Square Feet	
Estimated Cost of Construction	\$260,900,373
Authorized by Building Permits	

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

Economic Outlook

According to the New Jersey Department of Labor and Workforce Development, Passaic County's December 2022 labor force totaled 252,400 with an unemployment rate of 4.0%, significantly lower than the 2021 annual average of 9.1 % and the 2020 annual average of 12.6%. This reduction in unemployment rate was directly due to the resurgence of the Passaic County economy as the COVID-19 pandemic waned. Many Passaic County residents are employed in the retail, services and restaurant sectors and these companies reopened during 2021 and saw a significant increase in customer traffic and demand during 2022. Since the economy is highly diversified with no particular industry or sector accounting for a large percentage of the employment in the County, many of Passaic County's residents remained employed during the national and state emergency.

In a recent **Lightcast Economy Overview for Passaic County, 2023 1st QTR Dataset**, as of 2022 the County's population **increased by 4.0%** since 2017, growing by 20,161 and the County's population is expected to **increase by 5.6%** between 2022 and 2027, adding 29,432.

Lightcast also reported that Passaic County's median household income as of 2020 was \$73,600, **\$8,600 above** the national median household income of \$65,000.

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

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

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

Following this residential trend, Co-Star reports that as of October 2022, the industrial/warehouse vacancy rate for Passaic County has reached an all time low of 2.1%. Office space has followed a similar pattern with a vacancy rate of 8.6 % and the County's retail sector, is experiencing a vacancy rate of only 3.7%.

NJ Department of Labor and Workforce Development, (NJDOLWD) Private Sector Employment and Annual Wages by Industry report for 2021 indicates that the following key industries provide the highest employment opportunities in Passaic County: Health Care and Social Assistance (20%); Retail Trade (17%); Manufacturing (13%); Administrative and Waste Services (9%); Wholesale Trade (7%) and Accommodation and Food Services (7%).

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

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

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

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

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

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

In commercial construction, Passaic County has demonstrated a particular strength in generating new construction permits in 2022 between January and November (an 11-month period for which data is available). Permits for the new construction of housing totaled 368 units up from 274 units in 2021. New construction permits for office space totaled 102,405 square feet. The estimated Cost of Construction authorized by building permits totaled \$260,900,373 in 2022.

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

Retail Activity

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

Commercial and Industrial Activity

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

Wayne Development Activity

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

Donnelly Construction has begun construction on a 26,000-square-foot warehouse in Wayne that will be available in May, 2023. Located at 441 Newark Pompton Turnpike, the facility will include a 26-foot ceiling height, three tailboard loading docks, one drive-in door and 2,000 amps of power, which the builder expects will appeal to manufacturing and light assembly companies. Plans also call for 1,500 square feet of office space and a full-height glass entry.

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

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

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

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

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

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

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

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

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

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

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

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

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

Clifton Development Activity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Paterson Development Activity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Little Falls Development Activity

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

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

Woodland Park Development Activity

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

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

Berkeley College expanded by 19,250 square feet.

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

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

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

Totowa Development Activity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Passaic Development Activity

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

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

Burlington Coat Factory: Recent expansion in the City of Passaic in Botany Village and plans a Paterson store in 2022 on Main Street.

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

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

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

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

Haledon Development Activity

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

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

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

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

Wanaque Development Activity

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

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

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

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

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

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

Energy Sales Tax Exemptions for Manufacturers: Sales and Use Tax Exemptions on the final sale of electricity and natural gas and their transport sales tax exemption for retail energy purchases are available for manufacturers located in an Urban Enterprise Zone. Manufacturers must have 500 or more employees, half of which must be directly employed in the manufacturing process or be a vertically integrated combination of businesses manufacturing a single product, that employ at least 500 people. Manufacturers must have a UEZ certificate.

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

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

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

GOVERNMENTAL SERVICES

Roads and Transportation

The following major highways serve the County:

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

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

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

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

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

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

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

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

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

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

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

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

THE PASSAIC COUNTY UTILITIES AUTHORITY

General

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

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

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

<u>Member and Office</u>	<u>Membership Term</u> <u>Expires</u>	<u>Officer Term</u> <u>Expires</u>
Gary Marchese - Chairman	2/01/24	2/01/24
Haresh Shah, Vice Chairman	2/01/24	2/01/24
Teofilo Javier - Secretary	2/01/27	2/01/24
Maria DeLuca Pranzo	2/01/24	
Mohammad Qudah – Alternate*	2/01/26	

*Serving until a successor is appointed.

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

Debt of the Authority

As of December 31, 2022, the Authority had issued and outstanding the principal amount of \$39,795,000 of solid waste indebtedness that has been issued from time to time for the purpose of financing the costs relating to its Solid Waste System. The May 1, 1997 opinion and order of the Third Circuit Court of Appeals in Atlantic Coast Demolition and Recycling Co., Inc. v. Board of Chosen Freeholders of Atlantic County, 112 F. 3rd 652 (1997), ultimately resulted in the demise of the County system of regulatory waste flow controls. The Authority subsequently ceased to operate the solid waste system. As a result, all constituent municipalities within the County have independently procured solid waste collection and disposal services.

Solid Waste Indebtedness Currently Secured by the County Landfill Agreement

The Authority has outstanding debt at December 31, 2022 of the below listed series of bonds that are secured by the County Landfill Agreement (the "Secured Bonds").

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

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

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

Local Authorities Fiscal Control Law

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

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

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

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

County Landfill Agreement

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

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

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

County Financial Assistance

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

2004 Amendment to the County Landfill Agreement

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

Method of Payment

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

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

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

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

No Delegation

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

Enforcement of County's Obligation to Pay Annual Charges

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

County's Unconditional and Unqualified Obligation to Pay Annual Charges

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

Property Tax Act

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

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

Additional Bonds or Project Notes

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

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

PASSAIC COUNTY IMPROVEMENT AUTHORITY

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

Loan Revenue Bonds, Series 2020 (Passaic County Guaranteed) (City of Paterson Board of Education Project) (Green Bonds) on July 15, 2020. A nineteenth project was to make a loan to the City of Paterson for the refunding of short term notes and the funding of various capital projects and the PCIA issued \$30,125,000 Governmental Loan Revenue Bonds, Series 2020 (Passaic County Guaranteed) (City of Paterson Project) on August 24, 2020. A twentieth project was to make a loan to the City of Paterson Board of Education to acquire certain real property located at 11-27 Sixteenth Avenue in Paterson, New Jersey, together with the existing school building, The Alexander Hamilton School, located thereon. The PCIA issued \$8,215,000 Guaranteed Revenue Bonds, Series 2022 (Passaic County Guaranteed).

COUNTY AND OVERLAPPING INDEBTEDNESS

Overlapping Government Units

In addition to the various municipalities and school districts within the County, the following exist within the County to provide certain governmental services: Butler-Bloomington Sewer Department, City of Passaic Municipal Utilities Authority, City of Paterson Municipal Utilities Authority, City of Paterson Parking Authority, Pompton Lakes Municipal Utilities Authority, Borough of Ringwood Sewerage Authority, Wanaque Municipal Utilities Authority, West Milford Municipal Utilities Authority, North Jersey District Water Supply Commission, Passaic Valley Sewerage Commission, Passaic Valley Water Commission, Passaic County Improvement Authority and the Passaic County Utilities Authority. No actual or contingent liability exists on the part of the County for the debt of these entities except as is expressly set forth herein or with respect to the Passaic County Utilities Authority. In addition, the County has guaranteed debt issued by the Passaic County Improvement Authority for other entities in the amount of \$139,560,515 as of December 31, 2021. This amount is includable in gross debt and excludable in calculating net debt.

Purposes of County Debt

The following table breaks down by purpose all direct general obligation bond and loan indebtedness of the County, for the payment of the principal and interest on which the County has pledged its full faith and credit as of December 31, 2022.

Schedule of Bond, Notes and Loan Indebtedness as of December 31, 2022

Notes	\$ -
General County Purposes	172,619,000
Community College	55,333,000
Vocational and Special Needs School	<u>44,589,000</u>
Gross Bond and Loan Debt	<u>\$272,541,000</u>

Debt Incurring Capacity as of December 31, 2021

Equalized Valuation Basis (last 3 years average)	\$57,761,088,703
2% Borrowing Margin (1)	1,155,221,774
Net Debt Issued, Outstanding and Authorized	<u>287,453,895</u>
Remaining Borrowing Capacity	<u>\$867,767,879</u>

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

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

Debt History

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

History of Bonded Debt Ratios As of December 31,

				Percentage of Gross Debt to Equalized Valuation			Percentage of Net Debt to Equalized Valuation
<u>Year</u>	<u>Average Equalized Valuation(1)</u>	<u>Gross Debt (Issued and Authorized But Not Issued)</u>	<u>Gross Debt Per Capita(2)</u>		<u>Net Debt</u>	<u>Net Debt Per Capita(2)</u>	
2022	\$57,761,088,703	\$329,654,995	\$628.97	.571%	\$287,453,895	\$548.45	.498%
2021	53,999,645,394	350,723,847	669.17	.649	304,916,104	581.77	.56
2020	51,788,842,593	346,618,004	661.34	.67	302,489,282	577.14	.58
2019	50,007,069,648	377,840,314	753.83	.76	326,206,257	650.82	.65
2018	48,253,133,268	378,935,938	756.02	.79	340,314,345	678.96	.71

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

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

(2) Based upon 2010 population of 501,226 for 2018-2019 and the 2020 Census of 524,118 for 2020-2023.

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Bonds and Notes Issued and Outstanding:					
Bonds	\$272,541,000	\$297,966,000	\$277,404,000	\$271,942,000	\$251,251,000
Notes		14,480,000	44,980,000	44,980,000	90,725,000
Loans			<u>48,809</u>	<u>96,655</u>	<u>143,559</u>
Total Issued	272,541,000	312,446,000	295,932,809	317,018,655	342,119,559
Bonds and Notes Authorized But Not Issued	<u>57,113,995</u>	<u>38,277,847</u>	<u>50,685,195</u>	<u>60,821,659</u>	<u>36,816,379</u>
	329,654,995	350,723,847	346,618,004	377,840,314	378,935,938
Less: Statutory Deductions	<u>42,201,100</u>	<u>45,807,743</u>	<u>44,128,722</u>	<u>51,634,057</u>	<u>38,621,593</u>
Total Issued and Authorized But Not Issued	<u>\$287,453,895</u>	<u>\$304,916,104</u>	<u>\$302,489,282</u>	<u>\$326,206,257</u>	<u>\$340,314,345</u>

Source: Passaic County Audit Reports

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

**Statement of Indebtedness
As of December 31, 2022**

GROSS DEBT

Bonds, Notes and Other Loans Issued and Outstanding	
Bonds	\$272,541,000
Loans	
Notes	<u>-</u>
	272,541,000
Bonds and Notes Authorized But Not Issued	<u>57,113,995</u>
TOTAL GROSS DEBT	329,654,995
Statutory Deductions(1)	<u>42,201,100</u>
TOTAL NET DEBT	<u>\$287,453,895</u>

OVERLAPPING DEBT

Passaic County Utilities Authority(2)	<u>\$39,795,000</u>
---------------------------------------	---------------------

GROSS DEBT

Per Capita (2020 Census – 524,118)	\$628.97
Percent of Average Equalized Valuation (\$57,761,088,703)	.571%

NET DEBT

Per Capita (2020 Census – 524,118)	\$548.45
Percent of Average Equalized Valuation (\$57,761,088,703)	.498%

OVERALL DEBT (GROSS AND OVERLAPPING)

Per Capita (2020 Census – 524,118)	\$704.90
Percent of Average Equalized Valuation (\$57,761,088,703)	.640%

Source: County Records

- (1) Statutory deductions are used to determine the legal borrowing capacity of the County. The County, however, is obligated under law to repay the full amount of its gross debt.
- (2) Reflects debt outstanding of the Passaic County Utilities Authority as of December 31, 2022 which is covered by a County Deficiency Agreement.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

**County of Passaic
Combined Principal and Interest Requirements
Outstanding Bonds of the County
As of December 31, 2022**

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2023	\$37,731,590.75	\$29,655,000.00	\$8,076,590.75
2024	37,820,709.50	30,722,000.00	7,098,709.50
2025	34,343,975.80	28,256,000.00	6,087,975.80
2026	34,201,513.70	29,104,000.00	5,097,513.70
2027	29,387,524.60	25,187,000.00	4,200,524.60
2028	27,587,557.50	24,235,000.00	3,352,557.50
2029	20,568,070.00	17,890,000.00	2,678,070.00
2030	18,541,570.00	16,415,000.00	2,126,570.00
2031	18,587,251.25	16,925,000.00	1,662,251.25
2032	14,180,545.00	12,965,000.00	1,215,545.00
2033	13,599,895.00	12,702,000.00	897,895.00
2034	11,311,550.00	10,720,000.00	591,550.00
2035	10,449,950.00	10,010,000.00	439,950.00
2036	5,572,650.00	5,370,000.00	202,650.00
2037	<u>2,456,550.00</u>	<u>2,385,000.00</u>	<u>71,550.00</u>
	<u>\$316,340,903.10</u>	<u>\$272,541,000.00</u>	<u>\$43,799,903.10</u>

Source: Passaic County Audit Reports

Anticipated Financings Involving County Credit

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

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

THE COUNTY BUDGET

Status of County Budget

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.), every county in the State is required to adopt a balanced budget. See "Budget Requirements" and "Budget Process" herein. The County's budget for 2023 was adopted on March 14, 2023.

Budget Requirements

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

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

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

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

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

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

Budget Process

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

Deferral of Current Expenses

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

Budget Transfers

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

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

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

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

Annual Audit

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

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

**Comparative Summary of Adopted 2023, 2022, 2021, 2020 and 2019
County of Passaic County Budgets**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:					
Surplus Anticipated	\$23,000,000	\$19,000,000	\$19,000,000	\$19,000,000	\$19,000,000
State and Federal Grant Programs	8,464,498	9,945,118	10,752,314	7,122,278	6,088,953
State Assumption of Costs of County	1,614,596	1,582,711	1,554,800	1,400,487	1,324,788
Miscellaneous Revenues	88,305,394	84,945,818	56,244,041	59,709,041	60,436,841
Interest on Investments	2,638,000	1,200,000	1,400,000	2,000,000	1,000,000
Amount to be Raised by Taxation - County Purpose Tax	<u>347,570,634</u>	<u>347,570,634</u>	<u>347,570,634</u>	<u>347,570,634</u>	<u>347,570,634</u>
	<u>\$471,593,122</u>	<u>\$464,244,281</u>	<u>\$436,521,789</u>	<u>\$436,802,440</u>	<u>\$435,421,216</u>
Appropriations:					
General Government	\$121,232,651	\$116,983,576	\$116,197,250	\$125,001,350	\$127,567,992
Regulation	52,227,418	36,498,779	36,080,200	31,698,829	31,815,334
Roads and Bridges	6,636,771	6,307,100	5,737,100	4,513,840	4,155,050
Correctional and Penal	26,262,741	42,246,452	43,408,000	46,764,726	48,083,925
Health and Welfare	70,180,829	71,326,359	71,253,170	70,631,317	69,968,097
Educational	25,560,487	25,037,306	24,505,094	22,987,355	22,504,129
Recreational	8,284,138	7,687,320	7,478,875	6,880,761	5,194,885
Unclassified	36,139,095	35,412,822	11,132,300	10,512,661	11,009,319
Other Public and Private Programs	10,941,812	12,422,431	13,229,627	9,765,891	9,073,766
Contingent	50,000	50,000	50,000	50,000	50,000
Capital Improvement Fund	2,765,000	2,707,000	3,000,000	3,500,000	2,000,000
Debt Service	50,933,995	54,435,000	52,458,550	54,634,550	53,878,159
Deferred Charges and Statutory Expenditures	<u>60,378,185</u>	<u>53,130,136</u>	<u>51,991,623</u>	<u>49,861,160</u>	<u>50,120,560</u>
	<u>\$471,593,122</u>	<u>\$464,244,281</u>	<u>\$436,521,789</u>	<u>\$436,802,440</u>	<u>\$435,421,216</u>

Capital Improvement Program

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

A capital budget is the first proposal of the financial allocation described in the six year capital improvement program. The main purpose of the capital budget is to initiate planning for ultimate authorization of capital projects for the first year of the six year plan/program. The Capital Budget (2023) and Capital Program (2023-2028) do not represent actual authorization of projects, but rather conceptual recognition of the needs of specific capital improvements.

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

The following schedule depicts the County Capital Plan for 2023-2028. This plan does not provide an appropriation for the purposes outlined, nor does it commit the Commissioners to the project or amounts listed. The Commissioners will make determinations, on a priority basis, as each program is proposed, as to the need for and method of financing.

Six Year Capital Program (2023-2028)
Anticipated Project Schedule and Funding Requirements

<u>Project</u>	<u>Total Cost</u>
Bridge Replacement and Repairs	\$18,275,000
Drainage Projects	2,000,000
Road Improvement Projects	21,090,000
General Parks/Recreation	11,459,099
Facility Improvements	13,290,901
Acquisition of Equipment	8,175,000
County College Improvements	29,253,389
Technology Upgrades	2,375,000
Acquisition of Property	<u>5,000,000</u>
	<u>\$110,918,389</u>

<u>Year</u>	<u>Amount</u>
2023	\$26,318,389
2024	16,600,000
2025	18,700,000
2026	16,500,000
2027	17,100,000
2028	<u>15,700,000</u>
	<u>\$110,918,389</u>

Source: 2022 Capital Budget of the County

TAX INFORMATION ON THE COUNTY

County Tax Rates

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

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

				<u>County Tax Rate Base</u>	
<u>Year</u>	<u>Assessed Valuation of Real Property</u>	<u>Assessed Valuation of Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Valuation of Real and Personal Property</u>	<u>General Tax Rate Per \$100</u>
2022	\$37,135,178,704	\$34,669,125	\$37,169,847,829	\$57,311,045,503	\$.6179
2021	37,081,816,001	35,637,263	37,117,453,264	53,704,732,231	.6508
2020	37,276,806,400	35,883,801	37,312,690,201	52,529,894,433	.6663
2019	35,655,322,800	39,903,963	35,695,226,763	50,520,359,011	.6928
2018	35,236,616,300	41,167,235	35,277,783,535	48,221,396,964	.7279

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

Equalized Valuation of Property of Constituent Municipalities

<u>Municipality</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2022 General Rate(1)</u>
Bloomington	\$977,795,930	\$857,488,695	\$857,169,213	\$834,954,585	\$862,528,807	4.495%
Clifton	11,512,232,791	10,764,538,147	10,593,357,174	10,110,595,494	9,786,938,176	5.710
Haledon	739,428,218	667,476,100	627,758,009	592,972,127	554,816,917	5.040
Hawthorne	2,869,786,299	2,692,394,219	2,630,281,450	2,610,503,015	2,390,851,332	2.950
Little Falls	1,799,127,024	1,736,515,988	1,671,623,518	1,655,423,783	1,625,631,202	3.286
North Haledon	1,454,192,188	1,409,458,855	1,400,795,085	1,376,047,491	1,345,819,792	2.935
Passaic	4,402,600,740	4,203,451,714	4,032,338,424	3,852,023,124	3,582,302,080	3.884
Paterson	9,082,951,991	8,169,509,330	7,545,111,767	7,599,909,715	6,675,093,403	4.642
Pompton Lakes	1,371,497,733	1,277,996,679	1,271,506,047	1,214,545,374	1,179,575,268	3.806
Prospect Park	409,279,961	374,775,882	342,060,497	320,825,501	300,355,505	5.463
Ringwood	1,825,825,981	1,751,182,769	1,755,687,257	1,707,595,885	1,657,689,641	3.965
Totowa	2,876,818,592	2,377,904,633	2,471,715,884	2,174,893,916	2,153,693,606	2.438
Wanaque	1,495,536,595	1,399,061,212	1,360,590,718	1,318,773,459	1,295,067,936	4.138
Wayne	10,997,194,267	10,976,230,638	10,941,976,086	10,316,180,734	9,979,704,094	5.654
West Milford	3,447,279,420	3,151,575,843	3,142,778,245	3,026,786,605	2,984,770,664	3.868
Woodland Park	<u>2,049,497,773</u>	<u>1,895,162,527</u>	<u>1,885,145,059</u>	<u>1,808,328,203</u>	<u>1,846,558,541</u>	3.288
	<u>\$57,311,045,503</u>	<u>\$53,704,723,231</u>	<u>\$52,529,894,433</u>	<u>\$50,520,359,011</u>	<u>\$48,221,396,964</u>	
County Rate Per \$100	\$.6179	\$.6508	\$.6663	\$.6928	\$.7279	

Source: Passaic County Board of Taxation, Abstract of Ratables

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

Ten Largest Assessed Valuations in the County - 2023

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

Source: Passaic County Board of Taxation

Ten Largest Employers in the County - 2023

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

Source: Passaic County Economic Development Department

Tax Collection Record

The following table is the current real property tax collection record of the County for the years 2018 through 2022:

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2022 (1)	\$347,570,634	\$347,570,634	100%
2021	347,570,634	347,570,634	100
2020	347,570,634	347,570,634	100
2019	347,570,634	347,570,634	100
2018	347,570,634	347,570,634	100

Source: County Records

(1) Unaudited

County Taxes

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

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

Tax Appeals

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

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

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

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

TAX MATTERS

Federal

The County has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"). Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the opinion of Waters, McPherson, McNeill, P.C., Secaucus, New Jersey ("Bond Counsel") to be delivered at the time of original issuance of the Bonds, assuming continuing compliance by the County with certain covenants described herein, under current law, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code when calculating the federal alternative minimum tax on individuals. However, interest on the Bonds is included in the relevant income computation for purposes of calculating the federal alternative minimum tax on corporations as a result of the inclusion of interest on the Bonds in "adjusted current earnings" (see discussion below). No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds in order to assure that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The County has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds will be and will remain excluded from gross income for federal income tax purposes. The County will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Bonds, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the County. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the Bonds, and Bond Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. The Bonds are not a "private activity bond" as defined in the Code.

Bank Qualification. The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax exempt obligations. The denial to such institutions of 100% of the deduction 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 must be so designated by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

The Bonds will not be designated as qualified under Section 265 of the Code by the County for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax exempt obligations.

Alternative Minimum Tax. Prospective purchasers of the Bonds should be aware that ownership of, accrual of, 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. Prospective purchasers of the Bonds (in particular, purchasers who are corporations of the type referenced above) should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Inflation Reduction Act of 2022 imposes a corporate alternative minimum tax equal to 15% of the "adjusted financial statement income" of any corporation (other than an S corporation, a regulated investment company and a real estate investment trust) having an average "adjusted financial statement income" exceeding \$1,000,000,000 over such corporation's three preceding taxable years. The corporate alternative minimum tax is effective for taxable years beginning after December 31, 2022. Interest on tax-exempt bonds and notes, such as interest on the Bonds, is included in the calculation of a corporation's "adjusted financial statement income".

Other Federal Tax Consequences. Owners of the Bonds should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting tax exempt obligations is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the involving either the Bonds or other tax exempt obligations will not have an adverse effect on the tax exempt status or market price of the Bonds.

State

In the opinion of Bond Counsel, under current law interest on the Bonds, and any gain on the sale thereof, is not includable as gross income under the New Jersey Gross Income Tax Act.

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

LITIGATION

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

MUNICIPAL BANKRUPTCY

The undertakings of the County should be considered with reference to Chapter IX of the Bankruptcy Act, 11 United States Code Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, the Bankruptcy Reform Act of 1978, effective October 1, 1979, Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994, and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit a State, political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debt; directs such a petitioner to file with the court a list of petitioners' creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or materials actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

SECONDARY MARKET DISCLOSURE

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

(a) For the benefit of the holders of the Bonds and the beneficial owners thereof, not later than October 1 of each fiscal year, beginning after fiscal year ending December 31, 2022, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Data Port (the "MSRB"), annual financial information with respect to the County consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the County and certain financial information and operating data consisting of (i) County indebtedness including a schedule of outstanding debt issued by the County, (ii) property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB. Notwithstanding the foregoing, if the fiscal year is not a calendar year then the County shall provide financial information and operating data relating to the County by not later than the first day of the tenth month of each fiscal year;

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

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

UNDERWRITING

The purchaser of the Bonds is Fidelity Capital Markets, Boston, Massachusetts. The Bonds were purchased via competitive sale at a purchase price of \$3,928,164.64. Such amount represents the principal amount of the Bonds plus a premium in the amount of \$204,164.64.

The purchaser of the Bonds intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The purchaser of the Bonds reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The purchaser of the Bonds 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 front cover page of this Official Statement, and such yields may be changed, from time to time, by the purchaser of the Bonds without prior notice.

RATING

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

INFECTIOUS DISEASE OUTBREAK – COVID-19

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock Federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State of New Jersey (the "State") declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminated most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022 but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. See <https://Covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

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

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

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

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

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

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

Based on available information as of the date hereof, the County is expected to receive approximately \$97,473,818 from the Plan. Such funds are expected to be received in two equal payments, one within 60 days of enactment of the Plan and the balance no earlier than 12 months from the initial payment. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

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

- Replacing lost public sector revenue
- Investing in water, sewer, broadband infrastructure, and other infrastructure
- Providing premium pay for essential workers
- Supporting public health expenditures
- Addressing COVID-19 related negative economic impacts
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households

The County received notice of its first installment of funds under the Plan in the amount of \$48,736,909 on May 8, 2021 and \$48,736,909 on June 16, 2022. The County utilized \$23,501,855 for Revenue Loss in its 2022 and 2023 budgets. The County also utilized \$20,473,818 for various allowable projects. As of the date hereof, the County has not determined how it will spend the balance of the funds it receives.

PREPARATION OF OFFICIAL STATEMENT

The County hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Bonds, by a certificate signed by the Director of Finance, that to such official’s knowledge such descriptions and statements, as of the date of the Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

Waters, McPherson, McNeill, P.C. has not verified the accuracy, completeness or fairness of the information contained herein, except “TAX MATTERS” and, accordingly, assumes no responsibility therefor and will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained therein, may be directed to Matthew P. Jordan, Esq., County Administrator, telephone (973) 881-4405, or Richard Cahill, Director of Finance, telephone (973) 881-4432, County Administration Building, 401 Grand Street, Paterson, New Jersey 07505-2023.

MISCELLANEOUS

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

By: /s/ Richard Cahill
Richard Cahill
Director of Finance

Dated: June 21, 2023

APPENDIX A

**EXCERPTS FROM AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2021 AND SELECTED
FINANCIAL INFORMATION FOR YEARS
ENDED DECEMBER 31, 2022-2018**

[THIS PAGE INTENTIONALLY LEFT BLANK]



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
THOMAS M. FERRY, CPA, RMA, PSA

HEADQUARTERS
401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
(973)-835-7900
OFFICE@W-CPA.COM

ROCKAWAY OFFICE
100 ENTERPRISE DRIVE
SUITE 301
ROCKAWAY, NEW JERSEY 07866
(973)-835-7900

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the County of Passaic in the State of New Jersey, as of December 31, 2021 and 2020, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues -regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the accompanying financial statements referred to above do not present fairly the financial position of each fund of the County of Passaic as of December 31, 2021 and 2020, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Passaic, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.



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

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2021 and 2020, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



Community Development Grant Fund as of December 31, 2021 and 2020 which represents 5.6 percent and 5.8 percent, respectively, of the assets of the Trust Fund for the years then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Community Development Grant Fund, is based solely upon the reports of the other auditors.

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

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

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

Other Matters

Other Information

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



The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022 on our consideration of the County of Passaic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Passaic's internal control over financial reporting and compliance.

Steven D. Wielkotz

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

Wielkotz & Company, LLC

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

June 15, 2022



COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 48,842,801	121,841,984
Investments	A-4	123,372,260	45,162,762
Change Fund	A-5	675	675
Cash - Fiscal Agent for Health Benefits		<u>1,537,427</u>	<u>3,431,592</u>
		<u>173,753,163</u>	<u>170,437,013</u>
Receivables and Other Assets with Full Reserves:			
Interfund Receivable	A-8	44,665	
Revenue Accounts Receivable	A-7	<u>901,018</u>	<u>1,190,135</u>
		<u>945,683</u>	<u>1,190,135</u>
		<u>174,698,846</u>	<u>171,627,148</u>
Federal and State Grant Fund:			
Grants Receivable	A-15	134,381,062	110,153,143
Due from Current Fund	A-18	<u>47,691,851</u>	<u>40,075,442</u>
		<u>182,072,913</u>	<u>150,228,585</u>
Total Assets		<u>\$ 356,771,759</u>	<u>321,855,733</u>

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-9	\$ 14,796,082	27,876,830
Accounts Payable	A-10	1,966,975	1,076,613
Encumbrances Payable	A-11	10,450,905	11,122,650
Prepaid Revenues	A-12	53,082	59,032
Interfunds Accounts Payable	A-8	47,691,851	40,077,368
Due to Private Industry Council		212	
Miscellaneous Reserves	A-13	9,980,024	4,695,344
		<u>84,939,131</u>	<u>84,907,837</u>
Reserve for Receivables	Contra	945,683	1,190,135
Fund Balance	A-1	88,814,032	84,904,999
		<u>174,698,846</u>	<u>171,002,971</u>
Federal and State Grant Fund:			
Commitments Payable	A-14	43,554,295	76,207,461
Reserve for State and Federal Grants - Appropriated	A-16	106,823,835	73,842,671
Reserve for State and Federal Grants - Unappropriated	A-17	31,694,783	178,453
		<u>182,072,913</u>	<u>150,228,585</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>356,771,759</u>	<u>321,231,556</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC

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

Current Fund

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and Other Income:		
Fund Balance Utilized	\$ 19,000,000	19,000,000
Miscellaneous Revenue Anticipated	258,646,162	232,263,068
Receipts from Current Taxes	347,570,666	347,570,634
Non-Budget Revenue	3,555,833	2,682,823
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	9,804,182	16,632,813
Rounding	3	
Cancellation of Accounts Payable	114,989	237,422
Cancellation of Appropriated Grants	80,167,916	2,158,180
	<u>718,859,751</u>	<u>620,544,940</u>
Total Revenues and Other Income		
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	143,355,500	141,245,710
Other Expenses	364,157,083	339,711,269
Capital Improvement Fund	3,250,000	8,784,622
Debt Service	52,059,016	53,177,637
Deferred Charges and Statutory Expenditures	52,841,623	49,008,160
Grant Receivables Canceled	80,167,916	2,081,922
Refunds	119,580	141,685
	<u>695,950,718</u>	<u>594,151,005</u>
Total Expenditures		
Statutory Excess to Surplus	22,909,033	26,393,935
Fund Balance, January 1,	<u>84,904,999</u>	<u>77,511,064</u>
	107,814,032	103,904,999
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>19,000,000</u>	<u>19,000,000</u>
Fund Balance, December 31,	<u>\$ 88,814,032</u>	<u>84,904,999</u>

See accompanying notes to the financial statements.

COUNTY OF PASSAIC
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2021

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 19,000,000	19,000,000	
Miscellaneous Revenues:			
County Clerk	950,000	1,781,851	831,851
Register	3,000,000	6,160,921	3,160,921
Surrogate	300,000	338,296	38,296
Sheriff	750,000	267,327	(482,673)
Interest on Investments and Deposits	1,400,000	1,300,708	(99,292)
Road Opening Permits	300,000	767,542	467,542
Rental Income	300,000	361,650	61,650
Supplemental Security Income	1,554,800	1,737,504	182,704
Casino Revenue	972,347	972,347	
Aging Area Plan Grant - Nutrition & Administration	4,640,853	4,640,853	
Department of Energy - Weatherization	442,924	442,924	
Historic Commission Operating Support Grant	20,843	20,843	
Child Behavioral Health Services	73,455	73,455	
Community Services Block Grant - Non-Distrectionary 2018	10,135	10,135	
Community Services Block Grant - Non-Distrectionary 2021	307,654	307,654	
County Environmental Health Act (CEHA) Grant	178,499	178,499	
Code Blue Support Funding	145,000	145,000	
Juvenile Detention Alternatives Initiative	120,000	120,000	
Operation Helping Hand	36,000	36,000	
2021 Early Voting Grant Program	1,250,000	1,250,000	
Law Enforcement Officials Training & Equipment Fund	36,707	36,707	
Transportation and Tip	404,914	404,914	
Family Court Services	278,149	278,149	
State Community Partnership (JJC)	500,656	500,656	
County Comprehensive Alcoholism and Drug Abuse	825,425	825,425	
Green Acres - Garret Mountain 2021	3,400,000	3,400,000	
Sustained Enforcement	90,000	90,000	
Heating Improvement Program COVID-19	117,482	117,482	
21BERN/Passaic HSAC-SEC	241,212	241,212	
American Rescue Plan	97,473,818	97,473,818	
Social Services for the Homeless	1,025,000	1,025,000	
Intensive Case Management	858,000	858,000	
CARES ACT Grant Program - Elections	100,000	100,000	
Universal Service Fund 2021	470,527	470,527	
LIHEAP Weatherization 2020 - COVID-19	370,273	370,273	
CARES ACT COVID-19 Preakness	543,583	543,583	
WIOA Adult 21/22	1,741,255	1,741,255	

COUNTY OF PASSAIC
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2021

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
WIOA Youth 21/22	1,886,612	1,886,612	
WIOA Dislocated Worker 21/22	1,478,877	1,478,877	
Workforce Learning Link Program 20/21	100,000	100,000	
Workforce Learning Link Program 21/22	147,000	147,000	
Temporary Assistance for Needy Families 21/22	4,355,920	4,355,920	
General Assistance/Supplemental Nutrition Assistance Program 21/22	2,252,504	2,252,504	
Alcohol/Drug Abuse Innovations	167,627	167,627	
WIOA Data Reporting & Analysis	12,971	12,971	
Municipal Alliance 2021	242,095	242,095	
PHLP LINC'S 2022	832,014	832,014	
Right to Know Program (2022-RTK-LOA)	15,213	15,213	
Clean Communities Grant 2021	83,782	83,782	
NJACCHO LHC COVID-19	3,260	3,260	
Senior Farmers Market Nutrition Program 2020	1,050	1,050	
St Preakness Healthcare Center	35,500	35,500	
Subregional Transportation Planning	132,048	132,048	
COVID-19 Response Bridge Grants	12,000	12,000	
Community Development Block Grant	891,398	891,398	
Sexual Assault Nurse Examiner (SART/FNE)	91,504	91,504	
Sexual Assault Nurse Examiner (SART/FNE)	91,109	91,109	
Victim Witness Advocacy Grant (VOCA)	544,103	544,103	
Insurance Fraud	250,000	250,000	
Body Armor Replacement Fund - P.C.S.D.	33,156	33,156	
Body-Worn Camera - P.C.S.D.	489,120	489,120	
Operation Helping Hand	143,108	143,108	
Homeland Security (SHSP-Local Share)	573,098	573,098	
Body-Worn Camera	61,140	61,140	
Pedestrian Safety Grant	100,000	100,000	
HUD Housing First NJ0329-309	319,340	319,340	
PC Housing First NJ0364-905	1,314,211	1,314,211	
PC Housing First Bonus NJ0365-905	99,626	99,626	
HUD Housing First NJ0635	131,369	131,369	
HUD Housing First NJ0242-905	728,494	728,494	
County Aid - Road Resurfacing 2021	7,529,999	7,529,999	
High Mountain Road Culvert	1,300,000	1,300,000	
LBFN - Pennington Avenue	900,000	900,000	
Passaic Avenue Culvert	620,465	620,465	
Emergency Rental Assistance	14,975,093	14,975,093	
Emergency Rental Assistance II	21,136,875	21,136,875	
NJ Historic Trust Heritage Tourism Grant	19,443	19,443	
Preservation Re-Grant Program	500,000	500,000	
PCCHC Arts Re-Grant	3,800	3,800	
NJHC Negro League Baseball Exhibit	16,170	16,170	
Co-Operative Marketing Grant	18,750	18,750	

COUNTY OF PASSAIC
Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
LIHEAP Assistance 2021	875,823	875,823	
Fair Lawn Ave Bridge	2,049,486	2,049,486	
Personal Assistance Services Program	54,504	54,504	
Overdose Fatality Review Teams	100,000	100,000	
Childhood Lead Exposure Program	229,614	229,614	
Childhood Lead Exposure Program 2022	212,050	212,050	
Passaic County Film Festival	2,600	2,600	
Preakness Gero-Psych Program	338,210	338,210	
Plan Conformance Amended Grant	24,400	24,400	
Highlands Open Space Partnership Funding Program	100,000	100,000	
Stop Violence Against Woman Act	49,755	49,755	
Stop Violence Against Woman Act	41,550	41,550	
Body Armor Replacement Fund - P.C.P.O.	5,104	5,104	
Urban Area Security Initiative	350,500	350,500	
Emergency Management Agency Assistance	110,000	110,000	
LEAD - Safe Home Remediation	158,774	158,774	
Single Family Home Remediation	236,103	236,103	
COVID-19 Vaccination Supplemental	450,000	450,000	
Community Development Block Grant - COVID-19 CV2 2020	2,287,345	2,287,345	
Community Development Block Grant - CV1/CV3	881,057	881,057	
21st Century Redevelopment Challenge	50,000	50,000	
A Campaign for Coastal New Jersey	12,500	12,500	
General Operating Support	40,000	40,000	
Hateful Things Exhibition	19,000	19,000	
Equipment Modernization Program	250,000	250,000	
Prosecutor's Training Grant	50,351	50,351	
Added and Omitted Taxes	600,000	1,462,948	862,948
Board of Inmates at County - State	40,000	1,136,442	1,096,442
Title IV D Parent Locator Program	650,000	893,972	243,972
Fringe Benefits	12,000,000	11,611,963	(388,037)
Indirect Costs - Grants	1,600,000	1,846,559	246,559
Preakness Hospital - Medicaid Reimbursements'	26,000,000	26,886,559	886,559
Maintenance in Lieu of Rent - Martin Luther King - Social Services	65,000	134,519	69,519
STNJ Type I Debt : School Buildings	1,000,000	1,750,944	750,944
State School Building Aid (Chapter 12)	1,925,000	1,884,702	(40,298)
Park Fees	2,100,000	3,259,522	1,159,522
Site Plan Fees	60,000	115,091	55,091
Radio Tower Rental	32,000	63,226	31,226
Rental Revenue - Quarry	850,000	853,000	3,000
Reserve for Payment of Bonds	750,000	750,000	
Due from OSTF - D.C. Unfunded	950,000	950,000	
City of Passaic - Information Technology	6,000	6,000	
Wanaque BOE - Information Technology	6,000	6,000	
Borough of Woodland Park - Information Technology	5,000	5,000	

COUNTY OF PASSAIC

Statement of Revenues-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Borough of Woodland Park - Public Health Services	67,993	70,390	2,397
Borough of Haledon - Public Health	65,000	65,975	975
Wanaque - Public Health	65,000	67,295	2,295
Clifton-Hamilton Van-Wagoner Museum Agreement	45,000	45,000	
Pompton Lakes Borough High-Speed Internet Agreement	6,000	12,000	6,000
West Milford Health Service Agreement	115,000	117,886	2,886
PC One-Stop Storage Rental	1,200	2,241	1,041
Wayne - Management of Historic Sites	52,000	52,000	
County Clerk P.L. 2001 C370	107,435	107,435	
Register P.L. 2001 C370	1,167,907	1,167,907	
Surrogate P.L. 2001 C370	110,000	110,000	
Sheriff P.L. 2001 C370	202,506	202,506	
Total Miscellaneous Revenues	<u>249,492,122</u>	<u>258,646,162</u>	<u>9,154,040</u>
Amount to be Raised by Taxation - County Purpose Tax	<u>347,570,634</u>	<u>347,570,666</u>	<u>32</u>
Total Budget Revenues	<u>\$ 616,062,756</u>	<u>625,216,828</u>	<u>9,154,072</u>
Nonbudget Revenue		<u>3,555,833</u>	
		<u>\$ 628,772,661</u>	

COUNTY OF PASSAIC
Statement of Revenues-Regulatory Basis
Current Fund
Year Ended December 31, 2021

Miscellaneous Revenue Not Anticipated:	
Election Reimbursements	\$ 220,446
State of New Jersey	14,600
Sale of Equipment	116,097
Duplication of Records	336
Vending Machine Commissions	9,624
Prior Year Fringe Benefits	709,554
SLAP Fees	14,969
PILOT County Share	213,945
ID Bureau	12,241
P/R Deduction Fees	4,391
Department of Cultural Affairs	14,930
Construction Board of Appeals	2,200
Bail Bond Fees & Forfeitures	210
Consumers Affairs	5,000
Refunds	38,245
County Hospital PILOT Program	941,226
Other Miscellaneous Items	<u>1,237,819</u>
	<u>\$ 3,555,833</u>

See accompanying notes to the financial statements.

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS:					
Administration Executive					
Board of Freeholders					
Salaries and Wages	410,000	410,000	366,167	43,833	
Other Expenses	75,000	75,000	46,088	28,912	
Contribution to Public Access Libraries	100,000	100,000	100,000		
County Administrator					
Salaries and Wages	580,000	580,000	513,311	66,689	
Other Expenses	410,000	410,000	375,630	34,370	
Finance Section					
Finance Department					
Salaries and Wages	1,380,000	1,395,000	1,379,899	15,101	
Other Expenses	385,350	479,350	417,777	61,573	
Audit	115,250	115,250	115,250		
Insurance Division	650	650	310	340	
Payroll Processing-Other Expenses	255,000	255,000	229,000	26,000	
Legal Department					
County Counsel					
Salaries and Wages	1,100,000	1,125,000	1,114,728	10,272	
Other Expenses	77,000	77,000	61,811	15,189	
Other Expenses Ethics	5,000	5,000	4,978	22	
County Adjuster					
Salaries and Wages	252,000	252,000	242,908	9,092	
Other Expenses	165,000	165,000	109,365	55,635	
Clerk of the Board					
Salaries and Wages	421,000	421,000	390,960	30,040	
Other Expenses	31,000	31,000	12,759	18,241	

COUNTY OF PASSAIC
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
State and National Association of County Officials	15,000	15,000	14,788	212	
Clerk of the Board - Postage Division	205,000	205,000	143,000	62,000	
Personnel					
Salaries and Wages	625,000	625,000	539,469	85,531	
Other Expenses	215,000	215,000	208,747	6,253	
County Clerk					
Salaries and Wages	810,000	810,000	620,651	189,349	
Other Expenses	20,000	20,000	12,251	7,749	
Other Expenses - Elections	400,000	400,000	368,603	31,397	
County Register					
Salaries and Wages	1,415,500	1,415,500	1,264,620	150,880	
Other Expense	137,500	137,500	135,762	1,738	
Photostat					
Other Expenses	37,000	37,000	27,896	9,104	
Prosecutor's Office					
Salaries and Wages	18,500,000	17,841,000	17,138,164	702,836	
Other Expenses	700,000	700,000	684,401	15,599	
Countywide Police Radio - Other Expenses	85,000	85,000	78,532	6,468	
Purchasing Department					
Salaries and Wages	743,000	623,000	607,289	15,711	
Other Expenses	50,000	50,000	44,708	5,292	
MIS Department (Finance Department)					
Other Expenses	1,575,000	1,575,000	1,465,514	109,486	
Building and Grounds					
Salaries and Wages	5,820,000	5,975,000	5,943,179	31,821	
Other Expenses	4,000,000	4,000,000	3,855,921	144,079	
Other Expenses-Parking	386,500	386,500	299,200	87,300	
Other Expenses-Welfare Board	643,500	643,500	192,642	450,858	
Other Expenses-Preakness Health Center	200,000	200,000	50,925	149,075	
Surrogate					
Salaries and Wages	1,210,000	1,210,000	1,210,000		
Other Expenses	62,000	62,000	60,924	1,076	

COUNTY OF PASSAIC
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Insurances: Group Hospitalization, Medical					
Surgical, Major Med. for Employees	47,000,000	48,500,000	46,472,481	2,027,519	
Group Life Insurance for Employee	40,000	56,000	44,000	12,000	
Surety Bond Premium	5,000	5,000	3,870	1,130	
Worker's Compensation	3,500,000	3,500,000	3,500,000		
Other Insurance	500,000	484,000	473,723	10,277	
Liability Insurance	4,500,000	4,500,000	4,500,000		
Drug Plan	16,160,000	14,660,000	13,472,293	1,187,707	
Dental Plan	875,000	875,000	637,934	237,066	
REGULATION					
Sheriff's Office					
Salaries and Wages	12,000,000	12,490,000	12,451,519	38,481	
Other Expenses	302,000	262,000	253,773	8,227	
Sheriff's Patrol - Salaries and Wages	17,000,000	15,520,000	15,453,881	66,119	
Weights and Measures					
Salaries and Wages	335,000	335,000	328,708	6,292	
Other Expenses	9,000	9,000	8,630	370	
Board of Taxation					
Salaries and Wages	380,000	380,000	379,949	51	
Office Expenses	16,000	16,000	14,072	1,928	
Medical Examiner					
Other Expenses-Contractual State of NJ	1,900,000	1,900,000	1,640,000	260,000	
Indigent Burials	50,000	50,000	50,000		
Board of Elections					
Salaries and Wages	825,000	1,075,000	1,043,258	31,742	
Other Expenses	130,000	180,000	124,607	55,393	
Superintendent of Elections					
Salaries and Wages	1,856,000	1,856,000	1,784,969	71,031	
Other Expenses	408,000	608,000	493,509	114,491	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
County Emergency Management					
Salaries and Wages	226,000	101,000	90,897	10,103	
Other Expenses	123,000	123,000	8,821	114,179	
Planning Board (NJS 40:273)					
Salaries and Wages	460,000	480,000	472,938	7,062	
Other Expenses	57,000	57,000	55,987	1,013	
Construction Board of Appeals	3,200	3,200	1,400	1,800	
CORRECTIONAL & PENAL					
Jail and Workhouse					
Salaries and Wages - Jail	34,000,000	36,950,000	36,518,163	431,837	
Other Expenses	4,058,000	3,338,000	3,249,293	88,707	
Other Expenses-Re-Entry Program	250,000	250,000	131,457	118,543	
Other Expenses-Medical Expenses	5,100,000	5,100,000	4,795,791	304,209	
ROADS & BRIDGES DEPT.					
Roads and Bridges Dept.					
Salaries and Wages-Roads	2,700,000	2,700,000	2,675,148	24,852	
Other Expenses-Roads	1,859,000	1,859,000	1,680,243	178,757	
Engineering					
Salaries and Wages	1,160,000	1,160,000	992,694	167,306	
Other Expenses	18,100	18,100	17,934	166	
HEALTH & HUMAN SERVICES					
Disabled Children - Contract Services	182,250	182,250	178,285	3,965	
Mental Health Board (30:9A-3)					
Salaries and Wages	367,000	497,000	467,813	29,187	
Mental Health Program (40:5-29)	703,300	703,300	659,550	43,750	
Other Expenses - Contract Services					
Alcohol & Drug Addiction Programs					
Salaries and Wages	27,500	27,500	17,567	9,933	
Other Expenses - Contract Services	163,555	163,555	143,985	19,570	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Maintenance of Patients in State Institutions					
Other Expenses	6,000,000	6,000,000	5,661,555	338,445	
Welfare Board Administration					
Other Expenses	11,574,716	11,574,716	11,574,716		
Administration-Fringe Benefits	5,700,000	5,700,000	5,700,000		
Supplement Security Income	1,554,800	1,554,800	1,322,001	232,799	
Aid to Dependent Children (NJS 44:10-1 ST Seq)	552,049	552,049	419,000	133,049	
Department of Youth Services					
Salaries and Wages	212,500	127,500	114,296	13,204	
Other Expenses	22,500	22,500	14,714	7,786	
Other Expenses-Shelter Beds	265,000	265,000	265,000		
Other Expenses-Contract Services	2,400,000	2,400,000	2,399,999	1	
Other Expenses-Education	565,000	565,000	565,000		
Other Expenses-Medical	730,000	730,000	730,000		
Preakness Hospital					
Salaries and Wages	30,500,000	27,859,500	27,200,016	659,484	
Other Expenses	7,900,000	8,200,000	5,958,488	2,241,512	
Div. of Senior Services, Disabilities, & Vets Affairs, Etc.					
Salaries and Wages	129,943	129,943	129,932	11	
Other Expenses	14,000	14,000	3,319	10,681	
Adult Day Care - OOA Salaries and Wages	25,057	25,057	4,903	20,154	
Adult Day Care - OOA Other Expenses	11,000	11,000	10,583	417	
County Health Dept. Chapter 329 PL 1975					
Salaries and Wages	807,000	807,000	806,978	22	
Other Expenses	24,000	24,000	23,881	119	
Mosquito Division					
Salaries and Wages	755,000	755,000	724,780	30,220	
Other Expenses	67,000	67,000	49,165	17,835	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
RECREATIONAL					
Parks & Recreation Department					
Salaries and Wages-Parks	4,200,000	3,825,000	3,688,060	136,940	
Salaries and Wages-Golf Course	1,500,000	1,500,000	1,344,207	155,793	
Other Expenses-Parks	725,000	800,000	763,568	36,432	
Other Expenses-Golf Course	447,000	447,000	432,276	14,724	
Cultural and Historical Affairs					
Salaries and Wages	500,000	510,000	463,801	46,199	
Other Expenses	81,875	81,875	80,382	1,493	
Passaic County Historical Society (NJS 40:32-6)	25,000	25,000	25,000		
EDUCATIONAL					
Office of County Superintendent of Schools					
Salaries and Wages	536,000	536,000	499,283	36,717	
Other Expenses	24,000	24,000	10,505	13,495	
Passaic County Vocational School					
County Extension Services	7,044,594	7,044,594	7,044,594		
Salaries and Wages	68,000	68,500	68,223	277	
Other Expenses	157,500	157,500	110,475	47,025	
Passaic County Community College	16,500,000	16,500,000	16,500,000		
Reimbursement for Residents Attending Out of County Two Year College (NJS18:A:64A-23)	175,000	175,000	52,250	122,750	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
UNCLASSIFIED					
Purchase of Expendable Equipment	450,000	450,000	128,933	321,067	
Sick Leave Payment	300,000	300,000	256,001	43,999	
Matching Funds for Grants	316,300	316,300	33,012	283,288	
Aid to Health & Welfare Councils (NJS 40-23-8.28)	711,000	711,000	676,084	34,916	
Aid to Housing First	90,000	90,000	45,000	45,000	
Para-Transit					
Other Expenses - Vehicle Maintenance	50,000	50,000	425	49,575	
Police Academy					
Salaries and Wages	658,000	658,000	620,477	37,523	
Other Expenses	122,000	122,000	69,287	52,713	
Debt Service Fees	50,000	50,000	28,674	21,326	
UTILITIES (40A:4-45 4H)					
Gasoline	1,000,000	1,100,000	989,366	110,634	
Telephone & Telegraph	825,000	1,025,000	808,228	216,772	
Natural Gas & Electric	4,500,000	4,500,000	4,462,402	37,598	
Heating Oil	35,000	35,000	29,400	5,600	
Water	600,000	600,000	582,469	17,531	
Garbage	350,000	350,000	277,195	72,805	
Street Lighting	475,000	555,000	465,740	89,260	
Sewer	600,000	600,000	349,039	250,961	
PUBLIC & PRIVATE PROGRAMS OFFSET					
BY REVENUES					
County Match					
Aging Area Plan Grant 2021	1,000,000	1,000,000	1,000,000		
Aging Area Nutrition 2021	1,077,313	1,077,313	1,077,313		
Casino Revenue Grant	400,000	400,000	400,000		
Aging Area Plan Grant	2,234,369	2,234,369	2,234,369		
Aging Area Nutrition	2,406,484	2,406,484	2,406,484		
CDBG CV1/CV3	881,057	881,057	881,057		
CDBG COVID-19 CV2 2020	2,287,345	2,287,345	2,287,345		
Coronavirus Aid, Relief, and Economic Security Act -					

COUNTY OF PASSAIC
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Preakness Healthcare Center	543,583	543,583	543,583		
Early Voting Grant Program	1,250,000	1,250,000	1,250,000		
Emergency Rental Assistance	14,975,093	14,975,093	14,975,093		
Emergency Rental Assistance 2	21,136,875	21,136,875	21,136,875		
American Rescue Plan	97,473,818	97,473,818	97,473,818		
COVID-19 Vaccination Supplemental	450,000	450,000	450,000		
Emergency Management Agency Assistance	110,000	110,000	110,000		
General Operating Support Grant	40,000	40,000	40,000		
CARES Act Grant Program - Elections	100,000	100,000	100,000		
Personal Assistance Services Program	54,504	54,504	54,504		
NJACCHO LHD COVID-19	3,260	3,260	3,260		
Insurance Fraud	250,000	250,000	250,000		
State Health Insurance Program (SHIP) Grant	35,500	35,500	35,500		
CEHA Grant	178,499	178,499	178,499		
Plan Conformance Amended Grant	24,400	24,400	24,400		
Alcohol/Drug Abuse Grant	825,425	825,425	825,425		
Alcohol/Drug Abuse Innovations	167,627	167,627	167,627		
Municipal Alliance 2021	242,095	242,095	242,095		
Code Blue Support Funding	145,000	145,000	145,000		
Casino Revenue	972,347	972,347	972,347		
Equipment Modernization Program	250,000	250,000	250,000		
Homeland Security (SHSP-Local Share)	573,098	573,098	573,098		
Preservation Re-Grant Program	500,000	500,000	500,000		
NJ Historic Trust Heritage Tourism Grant	19,443	19,443	19,443		
NJ Historic Commission Operating Support Grant	20,843	20,843	20,843		
Preakness Gero-Psych Program	338,210	338,210	338,210		
Division of Child Behavioral Health Services	73,455	73,455	73,455		
Social Services for the Homeless	1,025,000	1,025,000	1,025,000		
LIHEAP Weatherization 2020 COVID-19	370,273	370,273	370,273		
LIHEAP Assistance 2021	875,823	875,823	875,823		
LEOTEF	36,707	36,707	36,707		
Childhood Lead Exposure Program	441,664	441,664	441,664		
Overdose Fatality Review Teams	100,000	100,000	100,000		
Sexual Assault Nurse Examiner (SART/FNE)	182,613	182,613	182,613		
21BERN/Passaic HSAC-SEC	241,212	241,212	241,212		

COUNTY OF PASSAIC
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
CSBG NON-DISCRETIONARY	307,654	307,654	307,654		
CSBG NON-DISCRETIONARY 2018	10,135	10,135	10,135		
Community Development Block Grant (CDBG)	891,398	891,398	891,398		
21st Century Redevelopment Challenge	50,000	50,000	50,000		
LEAD - Safe Home Remediation	158,774	158,774	158,774		
Single Family Home Remediation	236,103	236,103	236,103		
Stop Violence Against Woman Act	50,351	50,351	50,351		
Stop Violence Against Woman Act	91,305	91,305	91,305		
HUD Housing First NJ 0329-309	319,340	319,340	319,340		
HUD Housing First NJ 0364-905	1,314,211	1,314,211	1,314,211		
HUD Housing First NJ 0365-905	99,626	99,626	99,626		
HUD Housing First NJ0635	131,369	131,369	131,369		
HUD Housing First NJ0242-905	728,494	728,494	728,494		
PHLP LINC5 2022	832,014	832,014	832,014		
Transportation and TIP	404,914	404,914	404,914		
Subregional Transportation Program (STP) Grant	132,048	132,048	132,048		
Co-Operative Marketing Grant	18,750	18,750	18,750		
Passaic County Film Festival	2,600	2,600	2,600		
PCCHC Arts Re-Grant	3,800	3,800	3,800		
NJHC Negro League Baseball Exhibit	16,170	16,170	16,170		
Workforce Development/Economic Opportunity Data Reporting	12,971	12,971	12,971		
Workforce Learning Link Program 2020/2021	100,000	100,000	100,000		
Workforce Learning Link Program 2021/2022	147,000	147,000	147,000		
Workforce Innovation Opportunity Act Adult	1,741,255	1,741,255	1,741,255		
Workforce Innovation Opportunity Act Dislocated Worker	1,478,877	1,478,877	1,478,877		
Workforce Innovation Opportunity Act Youth	1,886,612	1,886,612	1,886,612		
Temporary Assistance for Needy Families 2021/2022	4,355,920	4,355,920	4,355,920		
General Assistance/Supplemental Nutrition Assistance Program	2,252,504	2,252,504	2,252,504		
Senior Farmers Market Nutrition Program	1,050	1,050	1,050		
Heating Improvement Program (HIP) COVID-19	117,482	117,482	117,482		
Weatherization DOE 2021	442,924	442,924	442,924		
Right to Know Program (2022-RTK-LOA)	15,213	15,213	15,213		
Clean Communities Grant 2021	83,782	83,782	83,782		
Intensive Case Management	858,000	858,000	858,000		
Urban Area Security Initiative	350,500	350,500	350,500		

COUNTY OF PASSAIC
Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Cancelled
Universal Service Fund	470,527	470,527	470,527		
Juvenile Detention Alternatives Initiative	120,000	120,000	120,000		
State Body Armor Replacement Fund	5,104	5,104	5,104		
Body-Worn Camera	61,140	61,140	61,140		
Body Armor PCSD	33,156	33,156	33,156		
Body-Worn Camera PCSD	489,120	489,120	489,120		
Sustained Enforcement	90,000	90,000	90,000		
Victim Witness Advocacy VOCA	544,103	544,103	544,103		
Pedestrian Safety Grant	100,000	100,000	100,000		
Hateful Things Exhibition	19,000	19,000	19,000		
Operation Helping Hand	179,108	179,108	179,108		
Family Court Services	278,149	278,149	278,149		
Green Acres 2021 - Garret Mountain	3,400,000	3,400,000	3,400,000		
Highlands Open Space Partnership Funding Program	100,000	100,000	100,000		
A Campaign for Coastal New Jersey	12,500	12,500	12,500		
State Community Partnership (JJC)	500,656	500,656	500,656		
County Aid - Resurfacing 2021	7,529,999	7,529,999	7,529,999		
COVID-19 Response Bridge Grants	12,000	12,000	12,000		
High Mountain Road Culvert	1,300,000	1,300,000	1,300,000		
LBFN-Pennington Avenue	900,000	900,000	900,000		
Passaic Avenue Culvert	620,465	620,465	620,465		
Fair Lawn Ave Bridge	2,049,486	2,049,486	2,049,486		
Total Operation (item 8(A))	508,562,583	507,462,583	493,090,545	14,372,038	

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Contingent	50,000	50,000	37,614	12,386	
Total Operation Including Contingent	508,612,583	507,512,583	493,128,159	14,384,424	
Detail:					
Salaries and Wages	144,794,500	143,355,500	139,929,806	3,425,694	
Other Expenses (Including Contingent)	363,818,083	364,157,083	353,198,353	10,958,730	
Capital Improvement					
Capital Improvement Fund	600,000	600,000	600,000		
Acquisition of Various Equipment	2,400,000	2,650,000	2,650,000		
Total Capital Improvements	3,000,000	3,250,000	3,250,000		
County Debt Service					
Payment of Bond Principal					
County College Bonds	3,300,000	3,300,000	3,252,000		48,000
State Aid- County College Bonds (N.J.S. 18A:64A-22.6)	1,600,000	1,600,000	1,581,000		19,000
Vocational School Bonds	2,650,000	2,650,000	2,610,000		40,000
Other Bonds	20,200,000	20,200,000	20,175,000		25,000
Payment of Bond Anticipation Notes	4,000,000	4,000,000	4,000,000		
Interest on Bonds					
County College Bonds	700,000	700,000	666,875		33,125
State Aid- County College Bonds (N.J.S. 18A:64A-22.6)	400,000	400,000	303,702		96,298
Vocational School Bonds	1,500,000	1,500,000	1,488,969		11,031
Other Bonds	6,350,000	6,350,000	6,284,851		65,149
Interest on Notes	300,000	300,000	275,660		24,340
Passaic County Utilities Authority					
Contract Services	50,000	50,000	32,197		17,803
PCUA Debt Services	4,084,000	4,084,000	4,079,307		4,693
PCIA Loans					
Prosecutors Building	450,000	450,500	450,478		22
Preakness Healthcare Center	5,425,000	5,429,100	5,429,070		30
Nike	1,400,000	1,395,400	1,380,365		15,035
Green Trust Loan	49,550	49,550	49,542		8
Total County Debt Service	52,458,550	52,458,550	52,059,016		399,534

COUNTY OF PASSAIC

Statement of Expenditures-Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Deferred Charges and Statutory Expenditures					
Deferred Charges - Capital	1,050,986	1,050,986	1,050,986		
Due From OSTF - Court House Renovation	200,000	200,000	200,000		
Due From OSTF - Passaic River Front Park Project	500,000	500,000	500,000		
Due From OSTF - Lambert Castle/Carriage House Restoration	250,000	250,000	250,000		
Statutory Charges:					
Contribution to PERS	17,015,229	17,015,229	17,015,229		
Defined Benefit Pension	100,000	100,000	64,713	35,287	
County Pension Fund	1,450,000	1,450,000	1,396,783	53,217	
Social Security System (O.A.S.I.)	12,500,000	13,350,000	13,103,770	246,230	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	400,000	400,000	323,076	76,924	
Police and Fire Retirement System	18,525,408	18,525,408	18,525,408		
Total Deferred Charges & Statutory Expenditures	51,991,623	52,841,623	52,429,965	411,658	
Total General Appropriations	\$ 616,062,756	616,062,756	600,867,140	14,796,082	399,534
Adopted Budget		436,521,790			
Added by N.J.S.A. 40A:4-87		179,540,966			
	\$ 616,062,756				
		Cash \$	378,545,339		
		Reserve for Encumbrances	10,450,905		
		Interfunds	21,577,616		
		Grants Appropriated	190,293,280		
		\$	600,867,140		

See accompanying notes to financial statements.

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2021 and 2020

	<u>Assets</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Other Trust Fund:				
Cash		B-1	\$ 52,736,350	48,942,435
Accounts Receivable - PCSD Off Duty		B-4		26,303
			<u>52,736,350</u>	<u>48,968,738</u>
Confiscated Trust Fund:				
Cash		B-1	<u>2,335,538</u>	<u>3,121,183</u>
			<u>2,335,538</u>	<u>3,121,183</u>
Self Insurance Fund:				
Cash		B-1	<u>61,806,697</u>	<u>63,175,751</u>
			<u>61,806,697</u>	<u>63,175,751</u>
Community Development Grant Fund:				
Cash		B-1	<u>6,951,384</u>	<u>7,049,570</u>
			<u>6,951,384</u>	<u>7,049,570</u>
Total Assets			<u>\$ 123,829,969</u>	<u>122,315,242</u>

COUNTY OF PASSAIC

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Other Trust Fund:			
Various Trust Deposits	B-2	\$ 1,470,191	1,323,695
Reserve for Dedicated Revenues	B-3	38,290,441	35,502,392
Reserve for Open Space Expenditures	B-5	12,931,053	12,142,651
Due to Current Fund	B-12	44,665	
		<u>52,736,350</u>	<u>48,968,738</u>
Confiscated Trust Fund:			
Reserve for Confiscated Trust Fund	B-6	2,335,538	3,121,183
		<u>2,335,538</u>	<u>3,121,183</u>
Self Insurance Fund:			
Reserve for Workmen's Compensation	B-7	9,241,137	9,428,021
Reserve for Health Benefits	B-8	27,213,889	30,629,101
Reserve for Liability Insurance	B-9	25,351,671	23,118,629
		<u>61,806,697</u>	<u>63,175,751</u>
Community Development Grant Fund:			
Reserve for:			
Housing Voucher Program	B-10	6,878,395	7,003,913
Section 8	B-11	72,989	45,657
		<u>6,951,384</u>	<u>7,049,570</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>123,829,969</u>	<u>122,315,242</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC
Comparative Balance Sheet-Regulatory Basis
General Capital Fund
December 31, 2021 and 2020

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 104,201,429	46,615,008
Grants Receivable	C-4	46,410,345	37,802,971
Due from PCIA (Nike Base - DPW Building Project)	C-12		2,324,200
Deferred Charges to Future Taxation:			
Funded	C-5	371,936,000	355,602,809
Unfunded	C-6	52,714,847	69,165,195
Total Assets		\$ 575,262,621	511,510,183
<u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes	C-15	\$ 14,480,000	18,480,000
General Serial Bonds	C-16	297,966,000	277,404,000
Green Trust Loans Payable	C-17		48,809
Capital Leases Payable	C-18	73,970,000	78,150,000
Improvement Authorizations:			
Funded	C-7	44,956,661	50,585,831
Unfunded	C-7	75,666,886	24,964,840
Commitments Payable	C-8	26,692,811	18,973,738
Capital Improvement Fund	C-9	13,906,470	5,105,470
Reserve for Payment of Bonds and Notes	C-10	14,056,677	12,567,723
Reserve for Capital Acquisition	C-13	55,323	11,055,323
Reserve for Grants Receivable	C-14	4,356,952	5,891,233
Fund Balance	C-1	9,154,841	8,283,216
Total Liabilities		\$ 575,262,621	511,510,183

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2021 and 2020 of \$38,234,847 and \$50,685,195, respectively.

See accompanying notes to the financial statements.

COUNTY OF PASSAIC
Statement of Changes in Fund Balance-Regulatory Basis
General Capital Fund
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Balance - January 1,	\$ 8,283,216	7,369,586
Increased by:		
Premium on Bond/Note Sales	1,271,525	913,630
Improvement Authorizations Cancelled	<u>41,000</u>	<u> </u>
	<u>1,312,525</u>	<u>913,630</u>
	9,595,741	8,283,216
Decreased by:		
Premium on Ch. 12 Bond Sale - State of NJ	40,900	
Improvement Authorizations - Ord. 2021-01	<u>400,000</u>	<u> </u>
	<u>440,900</u>	<u> </u>
Balance - December 31,	<u>\$ 9,154,841</u>	<u>8,283,216</u>

See accompanying notes to the financial statements.

COUNTY OF PASSAIC

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>General Fixed Assets:</u>		
Land	\$ 328,943,853	326,587,084
Buildings and Building Improvements	341,062,686	329,138,402
Machinery and Equipment	86,966,689	77,412,988
Construction in Progress	<u>78,290,716</u>	<u>96,681,812</u>
	<u>\$ 835,263,944</u>	<u>829,820,286</u>
 Investment in Fixed Assets	 <u>\$ 835,263,944</u>	 <u>829,820,286</u>

See accompanying notes to financial statements.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

A. Reporting Entity

The County of Passaic (the "County") was organized under an act of the New Jersey Legislative on February 7, 1837 and operates under an elected Freeholder form of County government. On August 21, 2020, Senate Bill 855 changed the title from Freeholder to Commissioner. The County's major operations include the County judiciary system; law enforcement, recreation, road and bridge maintenance and construction, the County correctional and penal system, health and welfare, education and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will be by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the counties in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the County does not include the operations of the autonomous agencies including the Passaic County Utilities Authority, Passaic County Community College, Vocational-Technical High School, Employees Retirement System, Welfare Board and the Private Industry Council of Passaic County which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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

The County has the following funds and account group:

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

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

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

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

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

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

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting

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

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

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

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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

Trust Funds
General Capital Fund

The governing body shall introduce and approve the annual budget not later than January 26, of the fiscal year. The budget shall be adopted not later than February 25, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the County budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the County. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During the years ended December 31, 2021 and 2020, the Governing Body approved additional revenues and appropriations of \$179,540,966 and \$151,455,167, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2021 and 2020.

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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

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

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

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of, or guaranteed by, the Federal Government and bonds or other obligations of Federal or local units having a maturity date not more than twelve months from the date of purchase.

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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

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

Impact of Recently Issued Accounting Principles

The County did not implement any new accounting pronouncements in 2021.

C. Basic Financial Statements

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

[THIS AREA INTENTIONALLY LEFT BLANK]

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2021 and 2020, \$- of the County's bank balance of \$406,661,794 and \$347,013,679, respectively, were exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 3. COUNTY DEBT

Long-term debt as of December 31, 2021 and 2020 consisted of the following:

<u>2021</u>	<u>Balance Dec. 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2020</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General					
Obligation Debt	\$277,404,000	\$48,180,000	\$27,618,000	\$297,966,000	\$30,395,000
Capital Leases	78,150,000		4,180,000	73,970,000	3,465,000
Other Liabilities:					
Compensated Absences	20,534,346	4,718,791	3,736,286	21,516,851	
New Jersey:					
Green Trust Loans	48,809		48,809	0	
Deferred Pension	<u>5,162,269</u>	<u> </u>	<u>897,697</u>	<u>4,264,572</u>	<u>1,073,449</u>
	<u>\$381,299,424</u>	<u>\$52,898,791</u>	<u>\$36,480,792</u>	<u>\$397,717,423</u>	<u>\$34,933,449</u>
<u>2020</u>	<u>Balance Dec. 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2020</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General					
Obligation Debt	\$271,942,000	\$44,690,000	\$39,228,000	\$277,404,000	\$27,618,000
Capital Leases	82,160,000		4,010,000	78,150,000	4,180,000
Other Liabilities:					
Compensated Absences	17,713,208	6,114,885	3,293,747	20,534,346	
New Jersey:					
Green Trust Loans	96,655		47,846	48,809	48,809
Deferred Pension	<u>5,986,771</u>	<u> </u>	<u>824,502</u>	<u>5,162,269</u>	<u>897,697</u>
	<u>\$377,898,634</u>	<u>\$50,804,885</u>	<u>\$47,404,095</u>	<u>\$381,299,424</u>	<u>\$32,744,506</u>

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's debt is summarized as follows:

	<u>2021</u>	<u>2020</u>
Issued		
General		
Bonds, Notes and Loans	\$312,446,000	\$295,932,809
Bonds Authorized by Another Public Body		
Guaranteed by the County	<u>139,560,515</u>	<u>148,060,839</u>
Total Issued	<u>452,006,515</u>	<u>443,993,648</u>
Authorized But Not Issued		
General		
Bonds, Notes and Loans	<u>38,234,847</u>	<u>50,685,195</u>
Total Issued and Authorized But Not Issued	<u>490,241,362</u>	<u>494,678,843</u>
Less: Funds Temporarily Held to Pay Bonds and Notes	14,056,677	12,567,723
Receivables from Other Public Authorities	8,425,000	9,875,000
Additional Borrowing for County College	12,935,000	10,426,000
Refunding Bonds	10,390,000	11,260,000
Bonds Authorized by Another Public Body		
Guaranteed by the County	<u>139,560,515</u>	<u>148,060,839</u>
Total Deductions	<u>185,367,192</u>	<u>192,189,562</u>
Net Debt	<u><u>\$304,874,170</u></u>	<u><u>\$302,489,281</u></u>

The summarized statement of debt condition which follows is extracted from the County's Annual Debt Statement, indicates a statutory net debt of 565% and 584% at December 31, 2021 and 2020, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General debt	<u>\$490,241,362</u>	<u>\$185,367,192</u>	<u>\$304,874,170</u>
<u>2020</u>			
General debt	<u>\$494,678,844</u>	<u>\$192,189,562</u>	<u>\$302,489,282</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 3. COUNTY DEBT, (continued)

The County's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
2% of equalized valuation basis (county)	\$1,079,992,908	\$1,035,776,852
Net debt	<u>304,874,170</u>	<u>302,489,281</u>
Remaining Borrowing Power	<u><u>\$775,118,738</u></u>	<u><u>\$733,287,571</u></u>

The County's long-term debt consisted of the following at December 31, 2021 and 2020:

Paid by Current Fund:

General Obligation Bonds

	<u>2021</u>	<u>2020</u>
\$6,560,000 2003 Bonds, due in annual installments of \$25,000 to \$880,000 through Feb. 15, 2021, interest at various rates from 2.00% to 5.75%	\$	\$60,000
\$4,389,000, 2010 Bonds, due in annual installments of \$200,000 to \$374,000 through July 31, 2027, interest at various rates from 1.660% to 6.540%	1,966,000	2,236,000
\$1,177,000, 2010 Bonds, due in annual installments of \$95,000 to \$152,000 through Aug. 1, 2021, interest at various rates from 2.00% to 3.00%		152,000
\$1,176,000, 2010 Bonds, due in annual installments of \$95,000 to \$151,000 through Aug. 1, 2021, interest at various rates from 2.00% to 3.00%		151,000
\$23,155,000, 2012 Bonds, due in annual installments of \$1,025,000 to \$2,050,000 through Apr. 1, 2026, interest at various rates from 2.00% to 3.00%	10,250,000	12,300,000
\$13,570,000, 2012 Bonds, due in annual installments of \$1,000,000 to \$1,570,000 through Apr. 1, 2022, interest at various rates from 2.00% to 3.00%	1,570,000	3,270,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

	<u>2021</u>	<u>2020</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$4,250,000, 2012 Series A College Bonds, due in annual installments of \$375,000 to \$495,000 through June 1, 2022, interest at various rates from 1.50% to 3.00%	\$495,000	\$970,000
\$4,250,000, 2012 Series B College Bonds, due in annual installments of \$375,000 to \$495,000 through June 1, 2022, interest at various rates from 1.50% to 3.00%	495,000	970,000
\$10,200,000, 2012 Refunding Bonds, due in annual installments of \$550,000 to \$2,895,000 through Aug. 15, 2021, interest at various rates from 1.50% to 4.00%		550,000
\$17,650,000, 2013 Refunding Bonds, due in annual installments of \$1,265,000 to \$2,595,000 through Feb. 1, 2026, interest at various rates from 1.25% to 3.00%	10,200,000	11,850,000
\$2,875,000, 2014 Series A College Bonds, due in annual installments of \$175,000 to \$235,000 through June 15, 2028, interest at various rates from 2.00% to 5.00%	1,545,000	1,750,000
\$2,875,000 2014 Series B College Bonds, due in annual installments of \$175,000 to \$235,000 through June 15, 2028, interest at various rates from 2.00% to 5.00%	1,545,000	1,750,000
\$22,201,000, 2014 Bonds, due in annual installments of \$965,000 to \$1,921,000 through December 1, 2029, interest at various rates from 2.00% to 4.00%	14,161,000	15,786,000
\$979,000, 2014 Vocational School Bonds, due in annual installments of \$40,000 to \$80,000 through December 1, 2029, interest at various rates from 2.00% to 4.00%	639,000	714,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

	<u>2021</u>	<u>2020</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$3,940,000, 2014 Series B College Bonds, due in annual installments of \$275,000 to \$515,000 through December 1, 2024, interest at various rates from 2.50% to 3.00%	\$1,475,000	\$1,905,000
\$36,570,000, 2015 General Obligation Refunding Bonds, due in annual installments of \$2,735,000 to \$4,050,000 through February 1, 2028, interest at various rates from 3.00% to 5.00%	25,090,000	28,115,000
\$1,600,000, 2015 County College Bonds, Series 2015A, due in annual installments of \$105,000 to \$200,000 through July 1, 2025, interest at various rates from 2.00% to 4.00%	785,000	965,000
\$1,600,000, 2015 County College Bonds, Series 2015B, due in annual installments of \$105,000 to \$200,000 through July 1, 2025, interest at various rates from 2.00% to 4.00%	785,000	965,000
\$11,600,000, 2015 General Improvement Bonds, due in annual installments of \$710,000 to \$1,400,000 through December 1, 2028, interest at various rates from 1.50% to 4.00%	7,185,000	7,910,000
\$2,000,000, 2015 County Vocational School Bonds, due in annual installments of \$100,000 to \$200,000 through December 1, 2027, interest at various rates from 1.50% to 4.00%	1,200,000	1,400,000
\$1,500,000, 2016 County College Bonds, Series 2016A, due in annual installments of \$105,000 to \$210,000 through July 1, 2026, interest at various rates from 1.00% to 2.00%	885,000	1,025,000
\$1,500,000, 2016 County College Bonds, Series 2016B, due in annual installments of \$105,000 to \$210,000 through July 1, 2016, interest at various rates from 1.00% to 2.00%	\$885,000	\$1,025,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

	<u>2021</u>	<u>2020</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$24,025,000, 2016 General Obligation Bonds, due in annual installments of \$1,030,000 to \$2,100,000 through December 1, 2031, interest at various rates from 2.00% to 5.00%	\$18,515,000	\$19,665,000
\$8,150,000, 2016 County Vocational School Bonds, due in annual installments of \$350,000 to \$700,000 through December 1, 2031, interest at various rates from 2.00% to 5.00%	6,050,000	6,525,000
\$2,500,000, 2016 County College Bonds, due in annual installments of \$210,000 to \$335,000 through December 1, 2025, interest at various rates from 2.00% to 5.00%	1,310,000	1,585,000
\$1,500,000, 2017 County College Bonds, Series 2017A, due in annual installments of \$105,000 to \$210,000 through July 1, 2027, interest at various rates from 2.00% to 3.00%	1,025,000	1,155,000
\$1,500,000, 2017 County College Bonds, Series 2017B, due in annual installments of \$105,000 to \$210,000 through July 1, 2027, interest at various rates from 2.00% to 3.00%	1,025,000	1,155,000
\$7,385,000, 2017 General Obligation Bonds, due in annual installments of \$405,000 to \$660,000 through December 1, 2031, interest at various rates from 2.00% to 4.00%	5,665,000	6,115,000
\$36,000,000, 2017 County Vocational School Bonds, due in annual installments of \$1,245,000 to \$2,385,000 through December 1, 2037, interest at various rates from 2.00% to 4.00%	\$30,720,000	\$32,115,000
\$1,015,000, 2017 County Vocational School Bonds, due in annual installments of \$65,000 to \$120,000 through December 1, 2037, interest at various rates from 2.00% to 4.00%	725,000	805,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

	<u>2021</u>	<u>2020</u>
NOTE 3. <u>COUNTY DEBT, (continued)</u>		
\$1,600,000, 2018 County College School Bonds, due in annual installments of \$105,000 to \$210,000 through June 1, 2028, interest at various rates from 3.00% to 4.00%	\$1,255,000	\$1,380,000
\$1,600,000, 2018 County College School Bonds, due in annual installments of \$105,000 to \$210,000 through June 1, 2028, interest at various rates from 3.00% to 4.00%	1,255,000	1,380,000
\$15,557,000, 2018 General Obligation Bonds, due in annual installments of \$800,000 to \$1,357,000 through December 1, 2033, interest at various rates from 2.00% to 4.00%	13,097,000	13,937,000
\$1,600,000, 2018 County Vocational School Bonds, due in annual installments of \$110,000 to \$205,000 through December 1, 2028, interest at various rates from 2.00% to 4.00%	1,225,000	1,365,000
\$4,843,000, 2018 County College School Bonds, due in annual installments of \$275,000 to \$533,000 through December 1, 2031, interest at various rates from 2.00% to 4.00%	3,388,000	3,883,000
\$3,200,000, 2019 County College School Bonds, Series 2019A, due in annual installments of \$170,000 to \$300,000 through May 1, 2033, interest at various rates from 2.00% to 4.00%	2,855,000	3,030,000
\$3,200,000, 2019 County College School Bonds, Series 2019B, due in annual installments of \$170,000 to \$300,000 through May 1, 2033, interest at various rates from 2.00% to 4.00%	\$2,855,000	\$3,030,000
\$23,520,000, General Improvement Bonds, Series 2019A, due in annual installments of \$1,300,000 to \$1,675,000 through December 1, 2035, interest at various	20,905,000	22,220,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

	<u>2021</u>	<u>2020</u>
NOTE 3. COUNTY DEBT, (continued)		
\$2,935,000, County Vocational School Bonds, Series 2019B, due in annual installments of \$160,000 to \$255,000 through December 1, 2033, interest at various rates from 1.00% to 4.00%	\$2,605,000	\$2,775,000
\$4,235,000, County College Bonds, Series 2019C, due in annual installments of \$525,000 to \$560,000 through December 1, 2027, interest at various rates from 1.00% to 4.00%	3,185,000	3,710,000
\$12,300,000, Energy Savings Improvement Bonds, Series 2019D, due in annual installments of \$600,000 to \$1,100,000 through December 1, 2034, interest at various rates from 1.00% to 4.00%	10,390,000	11,200,000
\$9,510,000, General Obligation Bonds, Series 2020, due in installments of \$130,000 to \$2,615,000 through October 1, 2024, interest at rate of 5.00%	7,355,000	9,380,000
\$180,000, County College Refunding Bonds, Series 2020, due in annual installments of \$5,000 to \$175,000 through October 1, 2021, interest at rate of 5.00%		175,000
\$31,550,000, General Improvement Bonds, Series 2020A, due in annual installments of \$1,500,000 to \$3,000,000 through November 1, 2035, interest at various rates from 0.05% to 3.00%	30,050,000	31,550,000
\$975,000, County Vocational School Bonds, Series 2020B, due in annual installments of \$75,000 to \$120,000 through November 1, 2030, interest at various rates from 2.00% to 3.00%	\$900,000	\$975,000
\$2,475,000, County College Bonds, Series C, due in annual installments of \$200,000 to \$315,000 through November 1, 2030, interest at various rates from 2.00% to 3.00%	2,275,000	2,475,000

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

	<u>2021</u>	<u>2020</u>
NOTE 3. COUNTY DEBT, (continued)		
\$4,090,000, County College Bonds, Series 2021A, due in annual installments of \$355,000 to \$475,000 through February 15, 2031, interest at various rates from 0.25% to 2.00%	\$4,090,000	\$
\$4,090,000, County College Bonds, Series 2021B, due in annual installments of \$355,000 to \$475,000 through February 15, 2031, interest at various rates from 0.25% to 2.00%	4,090,000	
\$36,250,000, General Improvement Bonds, Series 2021, due in annual installments of \$1,800,000 to \$3,000,000 through November 1, 2036, interest at various rates from 1.25% to 3.00%	36,250,000	
\$3,750,000, County College Bonds, Series 2021B, due in annual installments of \$505,000 to \$570,000 through November 1, 2028, interest at various rates from 1.25% to 3.00%	<u>3,750,000</u>	<u> </u>
	<u>\$297,966,000</u>	<u>\$277,404,000</u>

Intergovernmental Loans Payable

The County has entered into a loan agreement with New Jersey Department of Environmental Protection for the financing relating to the Acquisition of Sterling Forest.

	<u>2021</u>	<u>2020</u>
\$564,657 Loan, due in semi-annual installments of \$19,124 to \$24,526 through August 28, 2021, interest at 2.0%	<u>\$ -0-</u>	<u>\$48,809</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 3. COUNTY DEBT, (continued)

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

Calendar Year	Bonds		Total
	<u>Principal</u>	<u>Interest</u>	
2022	\$30,395,000	\$8,810,513	\$39,205,513
2023	29,205,000	7,911,790	37,116,790
2024	30,262,000	6,963,747	37,225,747
2025	27,786,000	5,966,963	33,752,963
2026	28,624,000	4,990,751	33,614,751
2027-2031	98,102,000	13,710,742	111,812,742
2032-2036	51,207,000	3,336,390	54,543,390
2037	<u>2,385,000</u>	<u>71,550</u>	<u>2,456,550</u>
	<u>\$297,966,000</u>	<u>\$51,762,446</u>	<u>\$349,728,446</u>

NOTE 4. BOND ANTICIPATION NOTES

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

On December 31, 2021 and 2020, the County had \$14,480,000 and \$18,480,000, respectively, in outstanding General Capital bond anticipation notes.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2021 and 2020:

<u>2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Piper Sandler & Co.	\$18,480,000	\$	\$18,480,000	\$0
TD Securities (USA) LLC		14,480,000		\$14,480,000
	<u>\$18,480,000</u>	<u>\$14,480,000</u>	<u>\$18,480,000</u>	<u>\$14,480,000</u>
<u>2020</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Jefferies LLC	\$44,980,000	\$	\$44,980,000	\$0
Piper Sandler & Co.		18,480,000		\$18,480,000
	<u>\$44,980,000</u>	<u>\$18,480,000</u>	<u>\$44,980,000</u>	<u>\$18,480,000</u>

NOTE 5. CAPITAL LEASES PAYABLE

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$4,365,000	\$2,819,057	\$7,184,057
2023	4,550,000	2,642,175	7,192,175
2024	4,745,000	2,436,544	7,181,544
2025	4,990,000	2,193,794	7,183,794
2026	4,785,000	1,956,869	6,741,869
2027-2031	26,715,000	6,963,567	33,678,567
2032-2036	<u>23,820,000</u>	<u>1,810,282</u>	<u>25,630,282</u>
	<u>\$73,970,000</u>	<u>\$20,822,288</u>	<u>\$94,792,288</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 6. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2021 and 2020.

	<u>2021</u>	Balance <u>Dec. 31, 2020</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>Dec. 31, 2021</u>
Land		\$326,587,084	\$2,600,202	\$243,433	\$328,943,853
Buildings and Building Improvements		329,138,403	19,016,142	7,091,858	341,062,687
Machinery and Equipment		77,412,988	11,088,805	1,535,103	86,966,690
Construction in Progress		<u>96,681,812</u>		<u>18,391,096</u>	<u>78,290,716</u>
		<u>\$829,820,287</u>	<u>\$32,705,149</u>	<u>\$27,261,490</u>	<u>\$835,263,946</u>

	<u>2020</u>	Balance <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>Dec. 31, 2020</u>
Land		\$326,382,551	\$204,533	\$	\$326,587,084
Buildings and Building Improvements		302,503,909	26,713,589	79,095	329,138,403
Machinery and Equipment		69,951,685	8,859,209	1,397,906	77,412,988
Construction in Progress		<u>64,827,299</u>	<u>32,130,513</u>	<u>276,000</u>	<u>96,681,812</u>
		<u>\$763,665,444</u>	<u>\$67,907,844</u>	<u>\$1,753,001</u>	<u>\$829,820,287</u>

NOTE 7. INTERFUND BALANCES AND ACTIVITIES

Balance due to/from other funds at December 31, 2021 consist of the following:

\$47,691,851	Due to the Federal and State Grant Fund from the Current Fund for grants receivable.
<u>44,665</u>	Due to the Current Fund from the Other Trust Fund for deposit in error.
<u>\$47,736,516</u>	

NOTE 8. FUND BALANCES APPROPRIATED

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

	<u>2022</u>	<u>2021</u>
Current Fund	<u>\$19,000,000</u>	<u>\$19,000,000</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 9. ACCUMULATED VACATION AND SICK PAY (UNAUDITED)

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

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

It is estimated that the current cost of such unpaid compensation, which was not audited by us would approximate \$21,516,851 and \$20,534,346 at December 31, 2021 and 2020, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. The County has accumulated reserves to offset annual costs of \$4,426,217 and \$4,426,217 at December 31, 2021 and 2020, respectively.

NOTE 10. EMPLOYEE RETIREMENT SYSTEM

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Defined Contribution Retirement Program

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

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2021	\$17,015,229	\$18,525,408	\$91,502
2020	15,865,777	17,045,465	66,923
2019	16,902,736	16,158,822	81,002
2018	16,003,353	14,385,998	63,532

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements. The following pension information is as of June 30, 2016 which is the latest information available. This information is eighteen months prior to December 31, 2019. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end.

The following pension information is as of June 30, 2020 which is the latest information available. This information is eighteen months prior to December 31, 2021. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the independent auditor's report is being made since The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Public Employees Retirement System (PERS)

At December 31, 2020, the County had a liability of \$166,004,817 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2020, the County's proportion was 1.0179732573 percent, which was an increase/(decrease) of 0.010179732573 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the County recognized pension expense of \$15,865,777. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$3,022,675	\$587,065
Changes of assumptions	5,385,384	69,507,788
Net difference between projected and actual earnings on pension plan investments	5,674,178	
Changes in proportion and differences between the County's contributions and proportionate share of contributions	<u>1,374,546</u>	<u>7,540,382</u>
Total	<u><u>\$15,456,783</u></u>	<u><u>\$77,635,235</u></u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$(20,830,569)
2022	(18,991,146)
2023	(10,852,955)
2024	(4,388,752)
2025	(949,194)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
County's Proportion	1.0179732573%	1.0466481037%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2020.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
County's proportionate share of the pension liability	\$209,310,242	\$166,004,817	\$129,258,980

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2020, the County had a liability of \$201,955,421 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2020, the County's proportion was 1.5629629020 percent, which was an increase/(decrease) of 0.01526317 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the County recognized pension expense of \$17,045,465. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$2,036,053	\$724,794
Changes of assumptions	508,220	54,143,041
Net difference between projected and actual earnings on pension plan investments	11,841,591	
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>9,357,338</u>	<u>5,589,120</u>
Total	<u>\$23,743,202</u>	<u>\$60,456,955</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2021	(\$18,891,541)
2022	(12,749,501)
2023	(5,190,411)
2024	(1,960,752)
2025	(1,689,765)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.90, 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$1,601,195,680	\$1,198,936,924
Collective deferred inflows of resources	4,191,274,402	4,874,748,912
Collective net pension liability	14,926,648,722	12,237,818,793
County's Proportion	1.5629629020%	1.5476997332%

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-15.25% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2020.

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Long-Term Rate of Return

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2020		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
County's proportionate share of the pension liability	\$278,895,734	\$201,955,421	\$138,050,611

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Special Funding Situation - PFRS

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

At December 31, 2020 and 2019, the State proportionate share of the net pension liability attributable to the County for the PFRS special funding situation is \$31,342,562 and \$29,907,360, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the County for the PFRS special funding situation is \$3,552,052 and \$3,474,991, respectively, which is more than the actual contributions the State made on behalf of the County of \$2,411,792 and \$2,015,136, respectively. The State's proportionate share attributable to the County was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the County's financial statements.

Pension Plan Fiduciary Net Position

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

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

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

Disability Retirement:

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

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

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

Death In Service:

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

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

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

Death After Retirement:

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

Widow or Widower:

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

Termination:

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

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

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

Member Contributions:

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

County Contributions:

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

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

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

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

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

As the plan assets are very limited, a very significant portion of the plan liabilities are an obligation of the County. The interest rate reflects the average cost to the County for obtaining funding over the past 20 years. The 20-year GO municipal bond rate was used as the basis for the cost of funds. As of December 31, 2020, the Bartel Associates 20-year rate was 2.12%

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

The Society of Actuaries are developing a new mortality table specifically for governmental employees

Salary Scale: 2.50%

The salary scale assumption is insignificant as there is only one active employee and they have attained retirement age.

Cost of Living: 2.00%

After applying professional judgment, the COLA assumption was set at 2.00% based on the anticipated increase in the Consumer Price Index (CPI).

Load for Ancillary Benefits: None

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 10. EMPLOYEE RETIREMENT SYSTEM, (continued)

The valuation results are summarized below:

Number of Plan Members:		
Actives		\$ 1
Retired Members & Beneficiaries		<u>43</u>
Total		<u><u>44</u></u>
Present Value of Benefits:		
Active Members	\$1,086,204	
Retired Members	<u>11,487,209</u>	
Total		\$12,573,413
Plan Assets		<u>4,264,509</u>
Excess (deficiency) of assets over liabilities		<u><u>(\$8,308,904)</u></u>

Annual pension payments to retirees totaled \$1,433,375. The average payment was \$33,334. The additional potential payment to the 1 active member was \$108,225. Pension payments are increased annually (after the first three years of retirement). The rate of increase is provided by the State Retirement Bureau. We have assumed an annual increase of 2.00% in our valuation. The aggregate total of future pension payments will decrease as a result of the death of any retirees or beneficiaries currently in pay status. The average age of the pensioners was 88.

Based on current and projected annual payments, it is recommended that the fund maintain at least \$1.585 million in liquid assets for the next five years.

The valuation was based on an assumed rate of return of 3.00%. The mortality assumption was changed from the RP2000 gender specific table with mortality improvements projected to the valuation year to the Pub-2010 GE amount-weighted table with mortality improvements projected generationally. This is the most recent mortality table released by the Society of Actuaries specifically for governmental employees. In our opinion, these assumptions are reasonable for valuation purposes.

The last actuarial valuation performed for this plan was as of December 31, 2018. It included 51 retirees and 1 active participant. As of that date, plan assets were \$751,868 and plan liabilities were \$12,273,659 resulting in a deficit of \$(11,521,791). The valuation was based on an assumed rate of return of 5.00%.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 11. SELF-INSURANCE WORKMEN'S COMPENSATION PLAN

The County has established a workmens compensation plan for its employees. The County funds the entire cost of the plan. Claims are paid directly by the plan. The County also budgets funds in each year's budget to meet current claims. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2021 and 2020. These reserve amounts are \$9,241,137 for 2021 and \$9,428,021 for 2020. Exhibit B-7 summarizes the 2021 transactions of the plan.

NOTE 12. SELF-INSURANCE LIABILITY PLAN

The County has established a liability trust reserve for the purpose of funding payments that may arise from any general, auto or other liability claims against the County on a self-insured basis. The County funds the entire cost of the plan. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2021 and 2020. These reserve amounts are \$25,351,671 for 2021 and \$23,118,629 for 2020. Exhibit B-9 summarizes the 2021 transactions of the plan.

NOTE 13. SELF-INSURANCE HEALTH BENEFITS PLAN

The County has established a Health Benefits plan for its employees. The County funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$350,000 per employee per year, with any excess benefit being reimbursed through a Re-Insurance Agreement with Sun Life Assurance Company for an unlimited amount per employee per year. The County has created a loss reserve for claims incurred and claims not reported which were unpaid at December 31, 2021 and 2020. These reserve amounts are \$27,213,889 for 2021 and \$30,629,101 for 2020.

NOTE 14. CLAIMS AND JUDGEMENTS

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 15. RELATED PARTY TRANSACTIONS

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

a. Overlapping Debt/Contingent Liability

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

- \$33,015,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012 (the “2012 Refunding Bonds”) outstanding in the amount of \$22,830,000 consisting of \$13,430,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012A and \$9,400,000 aggregate principal amount of Solid Waste Disposal Revenue Bonds, Refunding Series 2012B (Federally Taxable)

- \$14,930,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2018 outstanding in the amount of \$13,335,000.

- \$8,270,000 in aggregate principal amount of its Solid Waste Disposal Revenue Bonds, Refunding Series 2014B - Taxable outstanding in the amount of \$6,025,000.

NOTE 16. LITIGATION

General Litigation

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

LITIGATION AFFECTING THE PASSAIC COUNTY UTILITIES AUTHORITY

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

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

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

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

Determination of Underrecovery

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

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

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

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

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

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

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

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

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

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

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

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

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

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

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

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

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

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

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

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

On or about January 28, 2014, PenPac petitioned the New Jersey Supreme Court for a grant of certification to review the December 27, 2013 decision of the Appellate Division. That application remains pending at this time.

2. Plaintiff v. Passaic County Sheriff's Department

In this matter, the plaintiff was arrested by the Passaic County Sheriff's Department's warrant squad for an outstanding child support debts.

During the arrest, the plaintiff became combative, and additional criminal charges were filed against him. Plaintiff contested those criminal charges, which were dismissed in a Municipal Court. The plaintiff has instituted litigation, and has made a monetary demand for settlement.

3. Plaintiff v. Passaic Sheriff's Office

This is a case involving a Pro Se defendant, who alleges he was injured/attacked at the Passaic County Jail (PCJ). This individual is very litigious and violent. He was at the PCJ, due to a NJ/DOC transfer Order. This case is in the middle of discovery. However, J.S. Mag. Judge Wetre, has recommended that this matter be settled. This case is proceeding to trial.

4. Plaintiff vs. County of Passaic, PCSD

This is a motor vehicle accident, which occurred when our client/insured side-swiped the plaintiff's vehicle at a merge on her right side. Defendant has admitted liability. Although, the incident and property damage appeared minor in nature - the plaintiff submitted herself for two lower back surgeries. Discovery has concluded and arbitration occurred on August 30, 2020. This case is being mediated.

5. Plaintiff vs. Passaic County Sheriff's Office and Richard Berdnik

This case was recently filed in late December of 2020. The prime defendants are: The County of Passaic, Passaic County Sheriff's Office, and Richard Berdnik – as a professional and individually.

The Plaintiff dismissed their cause of action with prejudice as against to Sheriff Richard Berdnik (only) and against Passaic County Sheriff's Office of County of Passaic without prejudice. The Plaintiff has until January 5, 2023 to reinstate their action against the County of Passaic of Passaic County Sheriff's Department.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

**6. Plaintiff v, County of Passaic and Dewberry Engineers
Superior Court of New Jersey, Passaic County**

Plaintiff filed a complaint against the County of Passaic ("County") and Dewberry Engineers ("Dewberry"), in the Superior Court of New Jersey, Passaic County, on January 30, 2017.

The claims in the Complaint arising from the County's bid for the replacement of West Brook Road Bridge over Wanaque Reservoir. Defendant Dewberry served as engineer for this project. In response to the County's bid documents, which contained the New Jersey Department of Transportation 2007 Standard Specifications for Road and Bridge Construction along with Supplemental Specifications, Plaintiff NRC bid for the project. The County and NRC entered into a contract on July 23, 2013, whereby NRC could serve as general contractor. During the course of the project, Plaintiff NRS claimed that they had to engage in extra work related to additional costs it incurred related to the treatment of concrete in the drilled shaft foundations as Mass Concrete, in the amount of \$135,023.86, including overhead and profit. The County rejected this claim based upon its contention that NRC had been informed from the bid documents prior to the contract of the requirement of thermal curing treatment for the Mass Concrete.

Plaintiff also claimed it was subjected to differing site conditions in the rock foundation for the project, which it alleged as materially different than what the project plans depicted. According to Plaintiff, the Project Specifications and Plans provided insufficient information for NRC to anticipate the underwater conditions and that no bidder could have anticipated such conditions. Plaintiff claimed it had to incur additional costs associated with redesigns to address the alleged differing site conditions, and sought recovery of such costs from the County.

The contract between the County and NRC required, as a condition precedent to litigation that NRC and the County participate in non-binding arbitration on NRC's claims. The County and NRC participated in non-binding arbitration before the Hon. Peter E. Doyne (J.S.C. Ret.). On August 9, 2016, Judge Doyne rendered a decision in favor of the County and denied NRC's claim for additional monies relating to the handling of mass concrete in the construction of bridge support columns, finding that all work concerning mass concrete and thermal curing was set forth in the bid documents, construction plans and specifications. On November 30, 2016, Judge Doyne rendered a decision in favor of the County on NRC's claim of differing site conditions, finding that under the bid documents and contract, NRC had the responsibility to investigate subsurface conditions, not the County (Type I claim). As to NRC's claim that the rock formation was an unusual condition that materially differed from those ordinarily encountered or which could not have been reasonably anticipated pre-bid (Type II claim), Judge Doyne determined that based on competing expert reports and the record, he could not determine whether NRC had shown such a claim.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

Based upon the aforementioned factual background, Plaintiff thereafter filed its Complaint against the County and Dewberry alleging breach of contract (County only, Count I), unjust enrichment (County only, Count II), *Quantum Meruit* (County only, Count III), and misrepresentation (Dewberry only, Count IV).

The County of Passaic was served with the Complaint on February 8, 2017, and filed its Answer on or about April 14, 2017. The parties exchanged extensive Interrogatories and Document Requests, to which responses were mutually provided on or about November 30, 2017. To date, twenty-four depositions have been conducted of seventeen fact and expert witnesses. Both fact and expert discovery is now concluded.

On April 11, 2019, the County of Passaic filed a Motion for Partial Summary Judgement seeking dismissal of Counts I through III of Plaintiff's Complaint as to Mass Concrete and Type 1 Differing Site Conditions Claims. On May 3, 2019, Plaintiff opposed the County's Motion and filed a Cross-Motion for Partial Summary Judgement on Mass Concrete and the County's Liquidated Damages claim.

After multiple dates of oral argument, the Court ruled on April 29, 2021, to dismiss Plaintiff's Mass Concrete claim. The Court denied the County's Motion for dismissal of the Plaintiff's Type I Differing Site Condition claim. The Court held additional argument May 13, 2021, on the issue of the County's Liquidated Damages, and the Court ruled on that date that the County may present at trial Liquidated Damages in the amount of \$2,600 per working day from the Project's contractual completion date of August 11, 2017 through the Project's substantial completion date of Bridge opening on April 15, 2018, and that the County shall not be entitled to assess Liquidated Damages for any period post-April 15, 2018.

Trial was originally scheduled for January 13, 2020. In anticipation of this trial date, the parties filed a total of eleven Motions *In Limine*, nine of which were pending the Court's resolution. The January 13, 2020 trial date was adjourned to March 9, 2020, then adjourned again to November 8, 2021.

Shortly before the anticipated trial date, the parties were able to mutually agree on a settlement. Generally, the settlement called for the County to pay NRC a net total of \$1,924,821.47 together with \$200,000.00 received from a separate settlement with Dewberry Engineers, Inc. A Stipulation of Dismissal with Prejudice was filed with the Court and this matter is now considered closed.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

7. Plaintiff v. Passaic Sheriff's Office

Plaintiff filed her Complaint on or about September 5, 2019. The matter arises out of an alleged altercation between Plaintiff and her ex-boyfriend, Defendant. According to the Complaint, on or about January 3, 2018, Plaintiff left her residence with the intent to go shopping. Plaintiff was intercepted by her ex-boyfriend, Defendant, who entered her vehicle while it was stopped at the intersection of North Ninth Street and Belmont Avenue. Within Plaintiff's vehicle, Defendant brandished a .380 caliber Cobra Denali and informed Plaintiff that she "had to die because she didn't want to be with [him] any longer." According to the Complaint, Plaintiff drove her vehicle across oncoming traffic and then stopped her vehicle, blocking the flow of traffic. Defendant shot Plaintiff multiple times and "pistol whipped" her in the face. The First Count of Plaintiff's Complaint alleges a claim of state law negligence/gross negligence against Defendant. The Second Count alleges Defendant Sheriff's Officer was negligent in his duties as a law enforcement officer. Plaintiff's Third Count alleges vicarious liability against Defendant, Passaic County Sheriff's Department and Plaintiff's Fourth Count alleges vicarious liability against Defendant, County of Passaic.

This matter has been settled.

8. Plaintiff v. County of Passaic and Preakness Health Care Center

1. Plaintiff v. County of Passaic and Preakness Health Care Center
 - a. Complaint and jury demand filed in Superior Court in Passaic County,
 - b. The Plaintiff, individually, as Administrator and Administrator *ad Prosequendum*, alleges medical malpractice, wrongful death and negligence arising from the death of his mother as the result of a perforated bowel while a resident of the Preakness Health Care Center,
 - c. The Plaintiff has made a demand of seven hundred fifty thousands dollars (\$750,000.00),
 - d. There are presently no identified insurance policies that would cover the claims made by the Plaintiff,
 - e. The Plaintiff are seeking monetary damages.
2. The case is in the discovery phase which runs through February 26, 2021,
3. On behalf of the County of Passaic, we have denied all of the Plaintiffs' allegations and are defending the case vigorously,
4. As discovery is ongoing through August 2021, it is premature to make an evaluation as to the likelihood of an unfavorable outcome. However, a review of medical malpractice cases over the past two decades indicate that defendants like the County of Passaic win between fifty and eighty percent (50% to 80%) of such cases.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

9. Horizon Claim to Retention of County \$1,643,136.53 Deposit

The County had formerly engaged Horizon Blue Cross Blue Shield (“Horizon”) as Administrator of the County’s self-funded employee Health Plan (“Plan”), disengaging Horizon’s services in January 2020. As Plan Administrator, Horizon was responsible for advancing payments for health care services rendered to County employees, subject to the County’s reimbursement of Horizon immediately upon receipt of Horizon invoices. In simplified terms, under arrangements for administrative services, the County had provided Horizon with a refundable deposit of approximately \$3,537,302.00 (“Deposit”), to be held by Horizon and applied against any shortfall of County reimbursement payments.

The County and its consultants have concluded, after analysis of administration of the Plan under Horizon’s tenure, that, as of the date of Horizon’s disengagement, the County was current with reimbursement of Horizon payments, making the entire Deposit refundable to the County. However, rather than return the Deposit, through email dated May 5, 2021, Horizon advised, without further explanation, that it was returning, by wire transfer, only a portion of the Deposit (\$1,894,165.47) and retaining \$1,643,136.53 of the Deposit to be applied against alleged outstanding County reimbursements (“Horizon Deposit Claim”).

As of the date of Horizon’s retention of a portion of the Deposit, the County had pending, and is now prosecuting, an action in New Jersey Superior Court, captioned County of Passaic v. Horizon Blue Cross Blue Shield, Dkt. No. PAS-L-001385-21, seeking damages for Horizon’s maladministration of the Plan, causing losses to the County due to Horizon’s neglectful overpayment of claims for healthcare services, as detailed in the County’s complaint (“the County Action”). By way of response to the Horizon Deposit Claim, asserted by Horizon shortly after filing of the County Action, the County filed an Amended Complaint in the County Action (“Amended Complaint”), asserting an additional cause of action against Horizon for return of portion of the Deposit retained by Horizon, maintaining that: a) the entire Deposit was due to be refunded to the County because the County had met all reimbursement obligations to Horizon, and b) any Horizon Deposit Claim would be entirely set off by the substantially greater losses Horizon’s neglectful overpayments of health care providers have caused the County.

While the County believes that the claims asserted in the Amended Complaint are meritorious, the County Action is still in the pleading stage, Horizon not yet having filed an answer to the Amended Complaint, it is therefore not possible to provide a projection of the outcome with a reasonable degree of certainty.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 16. LITIGATION, (continued)

Workers' Compensation Cases

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

NOTE 17. ARBITRAGE REBATE

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

NOTE 18. RISK MANAGEMENT

The County is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has obtained insurance coverage to guard against these events which will provide minimum exposure to the County should they occur. During the 2021 calendar year, the County did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 19. POST RETIREMENT BENEFITS

Basis of Valuation

This valuation has been based upon census, plan design and financial information provided by the County. Census includes 1,734 participants currently receiving retiree benefits, and 1,880 active participants of whom 302 are eligible to retire as of the valuation date. The average age of the active population is 47 and the average age of the retiree population is 67.

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

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2019 report from Cheiron. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 19. POST RETIREMENT BENEFITS, (continued)

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP number OPEB requirements taken from the July 1, 2019 GASB 75 report from Aon Consultants.

Key Actuarial Assumptions

<i>Mortality</i>	<i>RP 2000 Combined Health Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 25 years of service</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>2.74% Based on the Bond Buyer 20 Index December 31, 2019 2.12% Based on the Bond Buyer 20 Index December 31, 2020</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Travel</i>	<i>Medical: 5.6% in 2020, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drug: 9.0% in 2020, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026 Dental and Vision: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2020 medical and prescription drug and dental premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (47) and scaled to each age based on the medical cost aging factors. At age 65, scaling of rates is discontinued.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 19. POST RETIREMENT BENEFITS, (continued)

- Retiree contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the County increased annually by the rate of medical trend.
- Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2020 payroll is \$140.980 million.

Results of Valuation

- *Total OPEB Liability and Net OPEB Liability*

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

Total OPEB Liability Active	\$ 610,720,825
Total OPEB Liability Retired	\$1,328,747,855
Total OPEB Liability	\$1,939,468,680
Plan Fiduciary Net Position	\$ 0
Net OPEB Liability	\$1,939,468,680
Net Position/OPEB Liability	\$ 0.00%

- *Total OPEB Expense*

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 19. POST RETIREMENT BENEFITS, (continued)

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

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

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

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

NET OPEB LIABILITY

The components of the Net OPEB Liability as of December 31, 2020 are as follows:

Total OPEB Liability	\$1,939,468,680
Plan Fiduciary Net Position	\$ 0
Net OPEB Liability	\$1,939,468,680
Net Position/OPEB Liability	\$ 0.00%

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

1% Decrease <u>(1.12%)</u>	Current Discount Rate <u>(2.12%)</u>	1% Increase <u>(3.12%)</u>
\$2,158,573,632	\$1,939,468,680	\$1,761,081,781

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

1% Decrease <u></u>	Current Health Care Trend Rate <u></u>	1% Increase <u></u>
\$1,742,383,867	\$1,939,468,680	\$2,183,115,763

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 19. POST RETIREMENT BENEFITS, (continued)

Total OPEB Liability and Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of 12/31/2019*	\$1,790,480,252	\$0	\$1,790,480,252
Changes for the Year			
Service Cost	16,019,813		16,019,813
Interest on Total OPEB Liability	48,774,570		48,774,570
Changes in Benefits	0		0
Difference Between Expected and Actual Experience			
Changes in Assumptions	137,006,589		137,006,589
Employer Contributions		0	0
Employee Contributions		0	0
Net Investment Income		0	0
Benefit Payments, Including Employee Refunds	(52,812,544)	0	(52,812,544)
Administrative Expenses		0	0
Other Changes	0	0	0
Net Changes	148,988,428	0	148,988,428
Balances as of 12/31/2020	<u>\$1,939,468,680</u>	<u>\$0</u>	<u>\$1,939,468,680</u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 19. POST RETIREMENT BENEFITS, (continued)

Total OPEB Expense Calculation as of 12/31/2021

Service Cost	\$16,019,813
Interest on Total OPEB Liability - Over Measurement Period	48,774,570
Benefit Changes (if any)	0
Recognition of Experience Changes	0
Recognition of Assumption Changes	23,989,172
Recognition of Investment Gain or Loss	0
Projected Investment Income	0
Employee Contributions	0
Administrative Expense	0
Other Changes	0
Total GASB 75 OPEB Expense Recognized	\$88,783,555

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

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 19. POST RETIREMENT BENEFITS, (continued)

Interest on Total OPEB Liability

	Amount (a)	Time Period* (b)	Interest* (c)	Calculation (a)x(b)x(c)
Beginning of Year Total OPEB Liability	\$1,790,480,252	1.0	0.0274	\$49,059,159
Service Cost (positive number)	16,019,813	1.0	0.0274	438,943
Benefit Payments (negative number)	(52,812,544)	0.5	0.0274	(723,532)
Employee Refunds (if any) (negative number)	0	0.5	0.0274	<u>0</u>
Interest on Total OPEB Liability				<u><u>\$48,774,570</u></u>

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

Summary of Deferred Outflows and Inflows to OPEB Expense

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences Between Expected and Actual Experience	\$0	\$0
Changes of assumptions	<u>284,795,285</u>	<u>0</u>
TOTAL	<u><u>\$284,795,285</u></u>	<u><u>\$0</u></u>

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 19. POST RETIREMENT BENEFITS, (continued)

Amounts Reported as Deferred Outflows and Inflows Related to OPEB Expense

For Fiscal Year Ending:

31-Dec-21	\$23,989,172
31-Dec-22	23,989,172
31-Dec-23	23,989,172
31-Dec-24	23,989,172
31-Dec-25	23,989,172
Thereafter	164,849,425

NOTE 20. OTHER MATTERS

On March 9, 2020 Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the ratepayers of the County of Passaic. The County has identified several risks as a result of this pandemic, including a possible delay in collection of revenues and cash flow shortages as the result of these delayed collection. During 2020 and 2021, the County received reimbursement of health emergency costs associated with the pandemic from FEMA and/or the Federal CARES Act funding provided to the State or County Governments.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the County of Passaic is \$97,473,818 which will be available for use until December 31, 2024. This amount will be distributed to the County in two installments. The first installment of \$48,736,909 was received in June 2021 and the second installment one year after the receipt of the first installment.

COUNTY OF PASSAIC, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(continued)

NOTE 21. SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 15, 2022, the date which the financial statements were available to be issued and no other items were noted for disclosure.

APPENDIX A

SELECTED FINANCIAL INFORMATION FOR YEARS ENDED DECEMBER 31, 2022-2018

The selected data presented on pages A-91 to A-94 under the section “Selected Financial Information” as of and for each of the years in the four year period ended December 31, 2021 are derived from the financial statements of the County of Passaic. The selected data for year ended December 31, 2022 is derived from the “Unaudited” Annual Financial Statements. The excerpts from the financial statements as of December 31, 2021 and the Independent Auditor’s Report thereon are included in the previous section.

COUNTY OF PASSAIC

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE

	(Unaudited) Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 2020	Balance December 31, 2019	Balance December 31, 2018
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Miscellaneous Revenue Anticipated	169,906,461	258,646,162	232,263,068	123,347,131	129,055,704
Receipts from Current Taxes	347,570,636	347,570,666	347,570,634	347,570,633	347,570,634
Nonbudget Revenues	1,979,658	3,555,833	2,682,823	2,909,153	2,347,275
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	10,906,295	9,804,182	16,632,813	12,050,209	11,867,015
Prior Year Interfund Returned				84,021	1,665,856
Cancellation of Liabilities	214,078	80,282,908	2,395,602	8,305,172	
Total Revenues	<u>549,577,128</u>	<u>718,859,751</u>	<u>620,544,940</u>	<u>513,266,319</u>	<u>511,506,484</u>
Expenditures					
Budget Appropriations	518,070,863	615,663,222	591,927,398	476,782,325	475,994,534
Cancellation of Federal and State Grants Receivable	83,656	80,167,916	2,081,922	6,312,165	
Adjustments/Refunds	1,496,285		141,685	87,950	141,011
Interfunds Advanced		119,580			
Total Expenditures	<u>519,650,804</u>	<u>695,950,718</u>	<u>594,151,005</u>	<u>483,182,440</u>	<u>476,135,545</u>
Excess (Deficit) in Revenue	29,926,324	22,909,033	26,393,935	30,083,879	35,370,939
Adjustment to Income Before Fund Balance Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding					
Statutory Excess to Fund Balance	29,926,324	22,909,033	26,393,935	30,083,879	35,370,939
Fund Balance, January 1	<u>88,814,032</u>	<u>84,904,999</u>	<u>77,511,064</u>	<u>66,427,185</u>	<u>50,056,246</u>
	118,740,356	107,814,032	103,904,999	96,511,064	85,427,185
Decreased by:					
Utilization as Anticipated Revenue	<u>19,000,000</u>	<u>19,000,000</u>	<u>19,000,000</u>	<u>19,000,000</u>	<u>19,000,000</u>
Fund Balance, December 31	<u><u>99,740,356</u></u>	<u><u>88,814,032</u></u>	<u><u>84,904,999</u></u>	<u><u>77,511,064</u></u>	<u><u>66,427,185</u></u>

COUNTY OF PASSAIC

COMPARATIVE BALANCE SHEETS - CURRENT FUND

	(Unaudited) Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 2020	Balance December 31, 2019	Balance December 31, 2018
ASSETS					
Cash	185,247,191	173,753,163	166,380,569	118,302,223	125,765,302
Deposits - Health Benefits			3,431,592	3,531,708	3,531,708
	<u>185,247,191</u>	<u>173,753,163</u>	<u>169,812,161</u>	<u>121,833,931</u>	<u>129,297,010</u>
Change Fund			675	675	675
Federal and State Grants Receivable	149,740,121	134,381,062	110,153,143	82,825,859	72,119,299
	<u>334,987,312</u>	<u>308,134,225</u>	<u>279,965,979</u>	<u>204,660,465</u>	<u>201,416,984</u>
Receivables With Full Reserves					
Revenue Accounts Receivable	901,018	901,018	1,190,135	533,790	726,191
Interfund Receivable		44,665			
	<u>901,018</u>	<u>945,683</u>	<u>1,190,135</u>	<u>533,790</u>	<u>726,191</u>
Total Assets	<u><u>335,888,330</u></u>	<u><u>309,079,908</u></u>	<u><u>281,156,114</u></u>	<u><u>205,194,255</u></u>	<u><u>202,143,175</u></u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	19,425,050	14,796,082	27,876,830	29,483,560	43,779,758
Accounts Payable	1,338,038	1,966,975	1,076,613	1,544,057	2,398,744
Encumbrances Payable	51,379,238	54,005,200	87,330,111	21,201,552	18,473,520
Due to Payroll Fund			1,926		57,247
Sheriff's Overtime DWI-DDEF					49,172
Miscellaneous Reserves	9,237,359	10,033,318	4,754,376	3,140,913	1,931,758
Reserve for State and Federal Grants					
Appropriated	96,984,671	106,823,835	73,842,671	71,770,096	68,281,222
Unappropriated	56,882,600	31,694,783	178,453	9,223	18,378
	<u>235,246,956</u>	<u>219,320,193</u>	<u>195,060,980</u>	<u>127,149,401</u>	<u>134,989,799</u>
Total Liabilities					
Reserve for Receivables	901,018	945,683	1,190,135	533,790	726,191
Fund Balance	<u>99,740,356</u>	<u>88,814,032</u>	<u>84,904,999</u>	<u>77,511,064</u>	<u>66,427,185</u>
Total Liabilities, Reserves and Fund Balance	<u><u>335,888,330</u></u>	<u><u>309,079,908</u></u>	<u><u>281,156,114</u></u>	<u><u>205,194,255</u></u>	<u><u>202,143,175</u></u>

COUNTY OF PASSAIC
COMPARATIVE BALANCE SHEETS - GENERAL CAPITAL FUND

	(Unaudited) Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 2020	Balance December 31, 2019	Balance December 31, 2018
ASSETS					
Cash	70,080,044	104,201,429	46,615,008	53,471,770	69,304,016
Due From PCIA (DPW Building)			2,324,200	10,058,177	
State Aid	45,479,181	46,410,345	37,802,971	38,756,682	51,381,804
Due From Current Fund					
Deferred Charges to Future Taxation					
Funded	342,146,000	371,936,000	355,602,809	354,198,655	337,564,559
Unfunded	57,113,996	52,714,847	69,165,195	105,801,659	127,541,379
Total Assets	<u>514,819,221</u>	<u>575,262,621</u>	<u>511,510,183</u>	<u>562,286,943</u>	<u>585,791,758</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Serial Bonds	272,541,000	297,966,000	277,404,000	271,942,000	251,251,000
Loan Payable			48,809	96,655	143,559
Bond Anticipation Notes		14,480,000	18,480,000	44,980,000	90,725,000
Improvement Authorizations					
Funded	30,708,028	44,956,661	50,585,831	25,391,088	35,003,869
Unfunded	88,481,616	75,666,886	24,964,840	43,070,582	42,461,191
Capital leases Payable	69,605,000	73,970,000	78,150,000	82,160,000	86,170,000
Accounts Payable					
Encumbrances Payable	16,733,789	26,692,811	18,973,738	56,979,099	39,312,130
Capital Improvement Fund	12,356,470	13,906,470	5,105,470	82,470	58,666
Other Reserves	15,684,251	18,468,952	29,514,279	30,215,463	33,960,820
Reserve for Final Payments and Litigation					
Fund Balance	<u>8,709,067</u>	<u>9,154,841</u>	<u>8,283,216</u>	<u>7,369,586</u>	<u>6,705,523</u>
Total Liabilities, Reserves and Fund Balance	<u>514,819,221</u>	<u>575,262,621</u>	<u>511,510,183</u>	<u>562,286,943</u>	<u>585,791,758</u>

COUNTY OF PASSAIC
COMPARATIVE STATEMENTS OF FUND BALANCE

	(Unaudited) Balance December 31, 2022	Balance December 31, 2021	Balance December 31, 2020	Balance December 31, 2019	Balance December 31, 2018
Balance, January 1,	9,154,841	8,283,216	7,369,586	6,705,523	6,023,853
Increased by:					
Premiums on Bond/Note Sales	38,336	1,271,525	913,630	1,280,063	1,255,063
Cancellations	5,109,134	41,000		580,000	3,737,583
Cancellation of Reserve	55,323				
	14,357,634	9,595,741	8,283,216	8,565,586	11,016,499
Decreased by:					
Cancellation of Old Receivables					3,634,976
Improvement Authorization Appropriation	5,000,000	400,000		1,100,000	580,000
Premium/State Share	19,167	40,900		96,000	96,000
Canceled Receivables	629,400				
Balance, December 31,	<u>8,709,067</u>	<u>9,154,841</u>	<u>8,283,216</u>	<u>7,369,586</u>	<u>6,705,523</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

FORM OF APPROVING LEGAL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

WATERS, McPHERSON, McNEILL

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

SECAUCUS – TRENTON – NEW YORK

MEADOWLANDS OFFICE

300 LIGHTING WAY

P.O. BOX 1560

SECAUCUS, NEW JERSEY 07096

201-863-4400

www.lawwmm.com

FAX

201-863-2866

July __, 2023

County of Passaic
Paterson, New Jersey

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$3,724,000 County College Bonds, Series 2023 consisting of \$1,862,000 County College Bonds, Series 2023A (the “Series 2023A Bonds”) and \$1,862,000 County College Bonds, Series 2023B (the “Series 2023B Bonds” and together with the Series 2023B Bonds, the “Bonds”) of the County of Passaic, a body corporate and politic of the State of New Jersey (the “County”) dated July 6, 2023. The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey. The Bonds are authorized by Bond Ordinance No. 2023-02, finally adopted on February 28, 2023 and in all respects duly approved and published as required by law; and Resolution No. 23-0514 adopted on May 9, 2023 (the “Authorization Proceedings”).

The Bonds are issued in fully registered form to The Depository Trust Company, New York, New York (“DTC”), and registered in the name of DTC’s nominee, Cede & Co. One bond certificate is issued for each year of maturity of the Bonds, numbered CCA-1 to CCA-10 in order of maturity for the Series 2023A Bonds and CCB-1 to CCB-10 in order of maturity for the Series 2023B Bonds.

The Bonds mature in the principal amounts on February 15 of each year until maturity, and bear interest at the interest rates per annum payable on February 15, 2024 and semiannually thereafter on August 15 and February 15 of each year until maturity, as follows:

<u>Year</u>	<u>Combined Maturity Schedule</u>	<u>County College Bonds, Series 2023A</u>	<u>County College Bonds, Series 2023B</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>
2024	\$330,000	\$165,000	\$165,000	3.00%	3.01%	702725 X31
2025	\$340,000	\$170,000	\$170,000	3.00%	2.95%	702725 X49
2026	\$350,000	\$175,000	\$175,000	3.00%	2.77%	702725 X56
2027	\$360,000	\$180,000	\$180,000	3.00%	2.64%	702725 X64

<u>Year</u>	<u>Combined Maturity Schedule</u>	<u>County College Bonds, Series 2023A</u>	<u>County College Bonds, Series 2023B</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>
2028	\$370,000	\$185,000	\$185,000	3.00%	2.60%	702725 X72
2029	\$380,000	\$190,000	\$190,000	4.00%	2.57%	702725 X80
2030	\$390,000	\$195,000	\$195,000	4.00%	2.50%	702725 X98
2031	\$400,000	\$200,000	\$200,000	4.00%	2.49%	702725 Y22
2032	\$400,000	\$200,000	\$200,000	4.00%	2.48%	702725 Y30
2033	\$404,000	\$202,000	\$202,000	4.00%	2.53%	702725 Y48

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

In our opinion, the Authorization Proceedings have been validly adopted, executed and delivered, and are in full force and effect. The Bonds are valid and legally binding general obligations of the County, enforceable in accordance with its terms and the Authorization Proceedings, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights. The County has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the County for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The County has covenanted to comply with any continuing requirements that may be necessary to preserve the tax-exempt status of the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"). In the event that the County continuously complies with its covenant, it is our opinion that interest on the Bonds is not includable in gross income for federal income tax purposes under the current law. It is also our opinion that interest on the Bonds is also not an item of tax preference under Section 57 of the Code when calculating the federal alternative minimum tax on individuals. However, interest on the Bonds is included in computing adjusted financial statement income of those corporations subject to the corporate alternative minimum tax. The Bonds are not "private activity bonds" as defined in the Code. We express no opinion regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

Further, in our opinion, under current law interest on the Bonds, and any gain on the sale thereof, is not includable as gross income under the New Jersey Gross Income Tax Act.

Very truly yours,

WATERS, McPHERSON, McNEILL, P.C.