

**NEW ISSUE – BOOK-ENTRY-ONLY**

**RATINGS: S&P: “AA-” (Bonds)  
“SP-1+” (Notes)  
(See “RATINGS” herein)**

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

**CITY OF CLIFTON,  
IN THE COUNTY OF PASSAIC, NEW JERSEY**

**\$19,340,000\***  
**GENERAL IMPROVEMENT BONDS, SERIES 2025**  
**(CALLABLE)**

**\$10,659,000**  
**BOND ANTICIPATION NOTES, SERIES 2025B**  
**consisting of:**  
**\$8,000,000 General Improvement Bond Anticipation Note**  
**and**  
**\$2,659,000 Sewer Utility Bond Anticipation Note**  
**(NON-CALLABLE)**

**Dated: Date of Delivery**  
**Due: August 15, as Shown on the Inside Front Cover Page**

**Dated: Date of Delivery**  
**Due: August 27, 2026**

The \$19,340,000\* General Improvement Bonds, Series 2025 (the “Bonds”), of the City of Clifton, in the County of Passaic, New Jersey (the “City”), will be issued in the form of one certificate for each maturity of the Bonds in the principal amount of such maturity and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. See “THE OBLIGATIONS – Book-Entry-Only System” herein.

Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity or prior redemption, commencing on February 15, 2026. Principal of and interest due on the Bonds will be paid to DTC by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 1 and August 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Bonds are subject to optional redemption prior to their stated maturities. See “THE OBLIGATIONS – Redemption” herein.

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

The \$10,659,000 Bond Anticipation Notes, Series 2025B, consisting of the \$8,000,000 General Improvement Bond Anticipation Note (the “General Improvement Note”) and the \$2,659,000 Sewer Utility Bond Anticipation Note (the “Sewer Utility Note”, and together with the General Improvement Note, the “Notes”, and together with the Bonds, the “Obligations”), will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of DTC, which will act as securities depository. See “THE OBLIGATIONS – Book-Entry-Only System” herein. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes are not subject to redemption prior to their stated maturity. See “THE OBLIGATIONS – Redemption” herein.

The Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City without limitation as to rate or amount.

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

*The Obligations will be offered when, as and if issued and delivered to the Underwriters (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the City by the City Attorney, Thomas Egan, Esq., Clifton, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the City in connection with the issuance of the Obligations. Delivery is anticipated to be via DTC in Brooklyn, New York, on or about August 28, 2025.*

**BIDS FOR THE BONDS AND NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICES OF SALE UNTIL 11:00 A.M. AND 11:30 A.M., RESPECTIVELY, ON WEDNESDAY, JULY 30, 2025. FOR MORE DETAILS ON HOW TO BID, VIEW THE NOTICES OF SALE POSTED AT [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.COM).**

\* Preliminary, subject to change.

This is a Preliminary Official Statement complete with the exception of the specific information permitted to be omitted by Rule 15(c)2-12 of the Securities and Exchange Commission. The City has authorized the distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15(c)2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Obligations described herein, the City will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchaser's confirmations requesting payment for the Obligations.

**CITY OF CLIFTON,  
IN THE COUNTY OF PASSAIC, NEW JERSEY**

**\$19,340,000\* GENERAL IMPROVEMENT BONDS, SERIES 2025**

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

<b><u>Year</u></b> <b><u>(August 15)</u></b>	<b><u>Principal</u></b> <b><u>Amount*</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP**</u></b>
2026	\$1,205,000	%	%	
2027	1,500,000			
2028	1,575,000			
2029	1,625,000			
2030	1,685,000			
2031	1,750,000			
2032	1,800,000			
2033	1,875,000			
2034	1,950,000			
2035	2,000,000			
2036	2,375,000			

**\$10,659,000 BOND ANTICIPATION NOTES, SERIES 2025B**

**consisting of:**

**\$8,000,000 General Improvement Bond Anticipation Note**

**and**

**\$2,659,000 Sewer Utility Bond Anticipation Note**

**MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, YIELD AND CUSIP NUMBER**

**Maturity:** August 27, 2026    **Amount:** \$10,659,000    **Interest Rate:** \_\_\_\_%    **Yield:** \_\_\_\_%    **CUSIP\*\*:** \_\_\_\_\_

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\* Preliminary; subject to change.

\*\* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Obligations only at the time of issuance of the Obligations, and the City 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 specified maturity is subject to being changed after the issuance of the Obligations as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Obligations.

**CITY OF CLIFTON,  
IN THE COUNTY OF PASSAIC, NEW JERSEY**

**MAYOR**

Raymond Grabowski

**CITY COUNCIL**

Chris D'Amato  
Rosemary Pino  
Mary Sadrakula  
William Gibson  
Joseph Kolodziej  
Antonio Latona

**CITY MANAGER**

Gary S. DeMarzo

**CHIEF FINANCIAL OFFICER**

Joseph Kunz

**CITY CLERK**

Kathleen Tolosi

**CITY ATTORNEY**

Thomas Egan, Esq.  
Clifton, New Jersey

**INDEPENDENT AUDITORS**

Lerch, Vinci & Bliss, LLP  
Fair Lawn, New Jersey

**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC  
Roseland, New Jersey

**MUNICIPAL ADVISOR**

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

No broker, dealer, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Obligations 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. 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 Obligations in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the City 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 City. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. This Official Statement is submitted in connection with the sale of the Obligations 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 City during normal business hours.

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

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

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

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

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**OFFICIAL STATEMENT**  
**Relating to the**  
**CITY OF CLIFTON,**  
**IN THE COUNTY OF PASSAIC, NEW JERSEY**

**\$19,340,000\* GENERAL IMPROVEMENT BONDS, SERIES 2025**

**-and-**

**\$10,659,000 BOND ANTICIPATION NOTES, SERIES 2025B**

**consisting of:**

**\$8,000,000 General Improvement Bond Anticipation Note and**  
**\$2,659,000 Sewer Utility Bond Anticipation Note**

**INTRODUCTION**

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the City of Clifton (the “City”), in the County of Passaic (the “County”), New Jersey (the “State”), in connection with the sale and issuance of its (i) \$19,340,000\* General Improvement Bonds, Series 2025 (the “Bonds”), and (ii) \$10,659,000 Bond Anticipation Notes, Series 2025B, consisting of the \$8,000,000 General Improvement Bond Anticipation Note (the “General Improvement Note”) and the \$2,659,000 Sewer Utility Bond Anticipation Note (the “Sewer Utility Note”, and together with the General Improvement Note, the “Notes”, and together with the Bonds, the “Obligations”). This Official Statement has been executed by and on behalf of the City by its Chief Financial Officer and may be distributed in connection with the sale of the Obligations described herein.

This Official Statement contains specific information relating to the Obligations, including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

**THE OBLIGATIONS**

**General Description**

The Bonds will be dated their date of delivery, will bear interest from their dated date and will mature on August 15 in each of the years and in the principal amounts set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity or prior redemption, commencing on February 15, 2026, at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the City or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 1 and August 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

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\* Preliminary, subject to change.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York (“DTC”), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the City directly to Cede & Co. (or any successor or assign), as nominee for DTC.

The Notes will be dated, will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the inside front cover page hereof. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, shall be registered in the name of Cede & Co., as nominee for DTC, which will act as securities depository. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity. The Notes may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof.

### **Book-Entry-Only System\***

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Obligations, payment of principal and interest and other payments on the Obligations to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Obligations and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. DTC will act as securities depository for the Obligations. The Obligations 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 maturity of each series of the Obligations in the aggregate principal amount of such maturity and will be deposited with DTC.

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

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\* Source: The Depository Trust Company.

with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Obligations 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 Obligations 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 City 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 shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the City, 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 City 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 Obligations at any time by giving reasonable notice to the City or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

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

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

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE CITY MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO OBLIGATION HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE OBLIGATIONS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE OBLIGATIONS. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

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

#### **Discontinuation of Book-Entry-Only System**

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

#### **Redemption**

The Bonds maturing prior to August 15, 2033 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 15, 2033 are redeemable at the option of the City, in

whole or in part, on any date on or after August 15, 2032 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed bond registrar. Any failure of the securities depository to advise any of its Participants or any failure of any Participant to notify any Beneficial Owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the City. The Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City shall send redemption notices only to Cede & Co.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

The Notes are not subject to redemption prior to their stated maturity.

## **AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS**

### **The Bonds**

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the “Local Bond Law”), the bond ordinances adopted by the City Council of the City referred to in the chart below and by a resolution duly adopted by the City Council of the City on July 7, 2025 (the “Resolution”). The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period for each of the bond ordinances has concluded as of the date of this Official Statement.

Proceeds from the sale and issuance of the Bonds, along with a current budget appropriation of the City in the amount of \$839, will be used to: (i) currently refund \$9,340,839 of the City’s Bond Anticipation Note, Series 2024B, dated and issued on November 25, 2024 and maturing on November 24, 2025; (ii) currently refund the City’s \$10,000,000 Bond Anticipation Note, Series 2025A, dated and issued on May 20, 2025 and maturing on August 29, 2025; and (iii) pay the costs associated with the issuance of the Bonds.

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount Funded from Bond Proceeds</b>
7471-18	Various 2018 Capital Improvements, finally adopted September 4, 2018.	\$7,001,000
7544-19	Various 2019 Capital Improvements, finally adopted September 3, 2019.	4,220,000
7606-20	Various 2020 Capital Improvements, finally adopted October 20, 2020.	<u>8,119,000</u>
	<b>SUB-TOTAL:</b>	<b><u>\$19,340,000</u></b>

### **The Notes**

The Notes have been authorized by and are being issued pursuant to the Local Bond Law and the bond ordinances adopted by the City Council of the City referred to in the charts below. The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period for each of the bond ordinances has concluded as of the date of this Official Statement.

Proceeds from the sale and issuance of the Notes, along with a current budget appropriation of the City in the amount of \$161, will be used to: (i) currently refund \$659,161 of the City's Bond Anticipation Note, Series 2024B, dated and issued on November 25, 2024 and maturing on November 24, 2025; (ii) temporarily finance various capital improvements in and by the City in the amount of \$10,000,000; and (iii) pay the costs associated with the issuance of the Notes.

### *General Improvement Note*

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount of Notes to Be Issued</b>
7666-21	Various 2021 Capital Improvements, finally adopted August 17, 2021.	\$8,000,000
	<b>SUB-TOTAL:</b>	<b><u>\$8,000,000</u></b>

### *Sewer Utility Note*

<b>Bond Ordinance Number</b>	<b>Description of Improvement and Date of Adoption of Bond Ordinance</b>	<b>Amount of Notes to Be Issued</b>
7472-18	Various 2018 Sewer Improvements, finally adopted September 4, 2018.	\$659,000
7667-21	Various Sewer Improvements, finally adopted August 17, 2021.	<u>2,000,000</u>
	<b>SUB-TOTAL:</b>	<b><u>\$2,659,000</u></b>
	<b>TOTAL NOTE PROCEEDS:</b>	<b><u>\$10,659,000</u></b>

### **SECURITY AND SOURCE OF PAYMENT**

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

The Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

### **CERTAIN RISK FACTORS**

#### **Recent Healthcare Developments**

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

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

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The City has received \$30,531,115.00 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

### **Cyber Security**

The City relies upon a large and complex technology environment to conduct its various operations. As a result, the City faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the City has invested in multiple forms of cybersecurity and operational safeguards. In addition, the City maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the City could cause material disruption of the City's finances and operations.

### **Weather Related Matters**

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the City as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services and escalated recovery costs. The City has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the City.

## **MARKET PROTECTION**

The City does not anticipate issuing any additional bonds during the remainder of calendar year 2025. The City may issue additional bond anticipation notes, as necessary, during the remainder of calendar year 2025.

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

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

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

The authorized bonded indebtedness of the City for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The City has not exceeded its statutory debt limit.

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

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

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

The cash basis budgets of local units must be in balance, *i.e.*, the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit’s expenditures

exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

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

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

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

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

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

Under legislation recently enacted to address the COVID-19 pandemic, P.L. 2020, c. 60 (A4175), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director of the Division of Local Government Services and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation

reserves may also be transferred during the first three months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate, subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

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

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

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

### **Tax Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the 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.

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

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time state aid is certified, by the City's Tax Collector. 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.

By State statute, tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes.

### **Tax Appeals**

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the City is on file with the Clerk and is available for review during business hours.

## **TAX MATTERS**

### **Exclusion of Interest on the Obligations From Gross Income for Federal Tax Purposes**

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

Assuming the City observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC (“Bond Counsel”) is of the opinion that, under existing law, interest on the Obligations is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Obligations is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

Payments of interest on tax-exempt obligations, including the Obligations, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Obligations is subject to backup withholding under those requirements, then payments of interest will also be subject to backup

withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

### **Original Issue Discount**

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

### **Original Issue Premium**

The Notes and certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the “Premium Obligations”). The excess, if any, of the tax basis of the Premium Obligations to a purchaser (other than a purchaser who holds such Premium Obligations as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Obligations used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Obligations. Accordingly, an owner of a Premium Obligation may have taxable gain from the disposition of the Premium Obligation, even though the Premium Obligation is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Obligation. Bond premium amortizes over the term of the Premium Obligations under the “constant yield method” described in regulations interpreting Section 1272 of the Code. Owners of the Premium Obligations should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Obligations.

### **Additional Federal Income Tax Consequences of Holding the Obligations**

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

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Obligations from gross income pursuant to Section 103 of

the Code and interest on the Obligations not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Obligations should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Obligations.

### **Bank-Qualification**

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

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

### **Changes in Federal Tax Law Regarding the Obligations**

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

### **State Taxation**

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

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

## **FINANCIAL STATEMENTS**

Excerpts from the audited financial statements of the City for the City's year ending December 31, 2024 are presented in Appendix "B" to this Official Statement (the "Financial Statements"). The Financial Statements have been prepared by Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey (the

“Auditor”), an independent auditor, as stated in its report appearing in Appendix “B” to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix “B” hereto) and, accordingly, will express no opinion with respect thereto. See “APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF THE CITY OF CLIFTON, IN THE COUNTY OF PASSAIC, NEW JERSEY” herein.

## **LITIGATION**

To the knowledge of the City Attorney, Thomas Egan, Esq., Clifton, New Jersey (the “City Attorney”), 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 principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Further, to the best of the knowledge of the City Attorney, no litigation is presently pending or threatened that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided.

## **SECONDARY MARKET DISCLOSURE**

### **The Bonds**

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

(a) On or prior to September 30 of each year, beginning September 30, 2025, electronically to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the City 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 City and certain financial information and operating data, consisting of (i) the City and overlapping indebtedness, including a schedule of outstanding debt issued by the City, (ii) property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by State law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any of the following events with respect to the Bonds (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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the City, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the City, if any such event reflects financial difficulties.

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

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

### **The Notes**

The City has covenanted for the benefit of the holders and beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Rule. Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the City will provide in a timely manner not in excess of ten business days after the occurrence of the event, to EMMA, notice of any Disclosure Events with respect to the Notes.

### **The Obligations**

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

The undertakings may be amended by the City from time to time, without the consent of the holders or beneficial owners of the Obligations, 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.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The City has previously entered into secondary market disclosure undertakings in accordance with the Rule. The City appointed Phoenix Advisors, Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

### **MUNICIPAL BANKRUPTCY**

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

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

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, issuance, sale and delivery of the Obligations are subject to the approval of Bond Counsel to the City, whose approving legal opinions will be delivered with the Obligations substantially in the forms set forth in Appendix "C" attached hereto. Certain legal matters will be passed on for the City by the City Attorney.

## UNDERWRITING

### The Bonds

The Bonds have been purchased from the City at a public sale by \_\_\_\_\_ (the “Bond Underwriter”) at a price of \$ \_\_\_\_\_ (consisting of the par amount of the Bonds plus [net] original issue premium in the amount of \$ \_\_\_\_\_ less underwriter’s discount in the amount of \$ \_\_\_\_\_). The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement.

The Bond Underwriter 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 Bond Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Bond Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments 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 Bond Underwriter without prior notice.

### The Notes

The Notes have been purchased from the City at a public sale by \_\_\_\_\_ (the “Note Underwriter”, and together with the Bond Underwriter, the “Underwriters”) at a price of \$ \_\_\_\_\_ (consisting of the par amount of the Notes plus original issue premium in the amount of \$ \_\_\_\_\_ less underwriter’s discount in the amount of \$ \_\_\_\_\_). The Note Underwriter has purchased the Notes in accordance with the Notice of Sale. The Notes are being offered for sale at the yield set forth on the inside cover page of this Official Statement.

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

## RATINGS

S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (the “Rating Agency”), has assigned ratings of “AA-” to the Bonds and “SP-1+” to the Notes, based upon the creditworthiness of the City. The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The City furnished to the Rating Agency certain information and materials concerning the Obligations and the City. There can be no assurance that the ratings will be maintained for any given period of time or that they may not be raised, lowered or withdrawn entirely if, in the Rating Agency’s judgment, circumstances so warrant. Any downward change in or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Obligations.



## **MUNICIPAL ADVISOR**

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

## **PREPARATION OF OFFICIAL STATEMENT**

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

The Auditor has participated in the preparation of the information contained in Appendix “A” hereto, but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements described herein under the heading entitled “FINANCIAL STATEMENTS” and contained in Appendix “B” hereto.

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

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

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

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Joseph Kunz, Chief Financial Officer, City of Clifton, 900 Clifton Avenue, Clifton, New Jersey 07013, (973) 470-5787, or to its Municipal Advisor, Phoenix Advisors, a division of

First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, telephone (609) 291-0130.

### **MISCELLANEOUS**

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

### **CITY OF CLIFTON**

**By:** \_\_\_\_\_  
**Joseph Kunz**  
**Chief Financial Officer**

Dated: July \_\_, 2025

**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF  
CLIFTON, IN THE COUNTY OF PASSAIC, NEW JERSEY**

## **DEMOGRAPHIC AND ECONOMIC FACTORS**

### **Size and Geographical Location**

The City of Clifton (the “City”) is situated in the lower part of Passaic County (the “County”) in the State of New Jersey (the “State”) portion of the New York metropolitan area. The City encompasses an area of 11.75 square miles. The Passaic River forms its eastern boundary. Neighboring communities include the City of Paterson, the Township of Montclair, the Township of Bloomfield, the Township of Nutley, the City of Passaic, the Borough of Woodland Park, the Township of Little Falls, the Borough of Rutherford, the Borough of Elmwood Park and the City of Garfield.

### **Form of Government**

The City has operated under the Municipal Manager form of government since 1934. Under this form of government, the City Manager, who is appointed by the City Council, functions as the Chief Executive and Administrative Officer of the City.

The City Manager, who also functions as the Director of Public Safety, makes all police and fire department appointments and promotions from Civil Service eligibility lists. Additionally, the City Manager is responsible for the hiring of all other municipal employees. The City Manager attends all meetings of the City Council and is obligated to implement all of its policy decisions.

The City Charter provides for an elected body of seven (7) members each serving a four-year term. City Council elections are non-partisan with the Council members being elected at large and representing the City as a whole. The City Council in turn selects a Mayor from among its members.

As policy-making body of the City, the City Council has the power to do whatever it deems necessary to promote and maintain the health, safety, welfare, comfort and peace of the City. The Mayor does, however, have additional responsibilities including presiding at City Council meetings and making appointments to the Planning Board and the Board of Library Trustees. City Council meetings, which are open to the public, are held in the City Hall Council Chambers on the first and third Tuesday of each month.

### **Transportation**

The City is located about 13 miles from the Lincoln Tunnel. Residents have access to all parts of New York and New Jersey via nearby highways including Routes 3, 20, 21, 46, the Garden State Parkway, and Interstate 80. Transportation by bus and N.J. Transit commuter train service is also available.

### **Protection**

The City is served by a police department consisting of approximately 150 police officers, including detectives. The department is broken down into the administrative services bureau, the field operations bureau and the investigations bureau. The administrative bureau is responsible for the day-to-day operations of the department including purchasing, hiring, budgeting, maintenance of records, crime statistics, evidence, jail management, new officer training and in-service training. The field operation bureau is directly responsible for the general protection of the City and its residents, as well as enforcement of City ordinances, traffic control and safety, implementing community programs and crime prevention. The investigations bureau is responsible for the investigation of adult and youth related offenses, community policing and crime prevention. The department owns and operates approximately forty (40) marked police cars, thirty (30) unmarked police cars and fifteen (15) other vehicles.

The City's fire department has approximately 140 uniformed personnel who work out of six (6) fire stations. The headquarters for the fire department are located next to City Hall. The department has earned a Class 1, highest public protection rating, by the Insurance Services Office. The department maintains the most up-to-date equipment including eight (8) pumper trucks, one (1) ladder truck, one (1) quint apparatus, five (5) ambulances, one (1) haz-mat response vehicle and one (1) foam pumper. The department also has eight (8) fire prevention vehicles, one (1) chief vehicle, one (1) deputy chief vehicle, one (1) training officer vehicle, one (1) communication officer vehicle and one (1) reserve vehicle. There are over 1,500 fire hydrants within the City limits.

### **Sanitation and Sewerage Services**

The City provides garbage collection for all homes on a twice-weekly basis and recycling every other week. Garbage services are contracted by public bid and City employees collect the recycling.

The City is a member of the Passaic Valley Sewerage Commission ("PVSC") and is responsible for payment of the cost of the maintenance, repair and operation, including debt service, of PVSC based on the City's proportionate share of sewerage discharged into the system. The City's obligation is provided for in full in the municipal budget.

### **Utilities**

Electricity and gas are supplied by Public Service Electric & Gas Company. Water is supplied by the Passaic Valley Water Commission ("PVWC") which is owned and operated by the City and the Cities of Paterson and Passaic.

### **Industry**

A large amount of diversified industry has been attracted to the City, serving to assure the City's economic position. The City has several advantages to offer industry including accessible highways, a convenient location to a large labor supply and a location near the ports of New York and Newark. In addition, it is serviced by the Conrail Railroad.

### **Housing**

As is the case with all older municipalities, it cannot be assumed that growth in the City will stop even though there is no more vacant land to be developed. Recent trends demonstrate that growth continues and land uses change. There is also a trend to redevelop presently built-up land that contains functionally obsolete buildings by demolishing existing structures and building new structures. The new use is always one that is up-to-date to better service the community and its people. Pressures for development will continue. The scarcity of land combined with a favorable tax rate has resulted in relatively high land values.

### **Recreation**

The City's Recreation Center offers a wide variety of programs and activities including: aerobic dancing, drawing and painting, arts and crafts, gymnastics, track and field, and a supplemental program of education for basic school skills.

Presently, there are twenty-nine (29) parks and playgrounds and thirty-two (32) tennis courts for the citizens' enjoyment.

## Employment and Unemployment Comparisons

The New Jersey Department of Labor reported the following annual average employment information for the City of Clifton, the County of Passaic and the State of New Jersey:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>City</u></b>				
2024	50,807	48,583	2,224	4.4%
2023	50,291	48,220	2,071	4.1%
2022	48,962	47,109	1,853	3.8%
2021	47,729	44,271	3,458	7.2%
2020	47,758	42,750	5,008	10.5%
<b><u>County</u></b>				
2024	276,179	261,567	14,612	5.3%
2023	273,311	259,615	13,696	5.0%
2022	265,157	253,179	11,978	4.5%
2021	259,732	237,864	21,868	8.4%
2020	261,371	230,579	30,792	11.8%
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research.

## Population

<b><u>Area</u></b>	<b><u>1990</u></b>	<b><u>2000</u></b>	<b><u>2010</u></b>	<b><u>2020</u></b>	<b><u>2024</u></b>
City	71,742	78,672	84,136	90,296	90,322
County	453,060	489,049	501,226	524,118	526,597
State	7,730,188	8,414,350	8,791,894	9,288,994	9,500,851

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Source: New Jersey Department of Labor and Workforce Development

## DEBT INFORMATION OF THE CITY

The City must report all new authorizations of debt or changes in previously authorized debt to the Division. The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the City must file an Annual Debt Statement with the Director and with the City Clerk. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

### **Debt Incurring Capacity as of December 31, 2024**

<u>Year</u>	<u>Equalized Valuations Amount</u>
2022	\$12,708,234,847
2023	13,903,318,841
2024	<u>14,888,942,920</u>
Total	<u>\$41,500,496,608</u>

#### **Municipal**

Equalized Valuation Basis (last 3 years average)	\$ 13,833,498,869
3 1/2% Borrowing Margin	484,172,460
Net Debt Issued, Outstanding and Authorized	<u>93,937,192</u>
Remaining Municipal Borrowing Capacity	<u>\$ 390,235,268</u>

#### **Local School**

4% Borrowing Margin	\$ 553,339,955
Debt, Issued, Outstanding and Authorized	<u>156,800,735</u>
Remaining School Borrowing Capacity	<u>\$ 396,539,220</u>

Source: The City's 2024 Annual Audit Report

### **Gross and Statutory Net Debt as of December 31,**

<u>Year</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt Amount</u>	<u>Percentage</u>
2024	\$ 289,512,370	\$ 93,937,192	0.68%
2023	276,885,268	82,837,412	0.66%
2022	289,629,984	88,425,381	0.77%
2021	291,127,365	91,157,630	0.84%
2020	122,426,807	90,738,948	0.87%

Source: The City's Annual Audit Reports

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

**General Purpose**

Bonds	\$ 37,640,106	
Notes	19,340,839	
Loans	762,125	
Authorized But Not Issued	<u>36,188,003</u>	
		\$ 93,931,073

**Sewer Utility Purpose**

Bonds	19,500,894	
Notes	659,161	
Loans	268,389	
Authorized But Not Issued	<u>18,352,118</u>	
		38,780,562

**Local School**

Bonds Issued and Authorized		<u>156,800,735</u>
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Total Gross Debt 289,512,370

**Statutory Deductions**

Municipal Purpose	322,775	
Sewer Utility Purpose	38,451,668	
Local School	<u>156,800,735</u>	
		<u>195,575,178</u>

Total Net Debt \$ 93,937,192

**Overlapping Debt**

County of Passaic (1)	\$ 95,528,049	
Passaic County Utilities Authority (1)	6,474,773	
North Jersey District Water Supply Commission (2)	1,777,457	
Passaic Valley Sewerage Commission (2)	27,468,727	
Passaic Valley Water Commission (3)	<u>27,914,319</u>	
Total Overlapping Debt		\$ <u>159,163,325</u>

**Gross Debt**

Per Capita (2024 Estimate - 90,322)	\$ 3,205
Percent of Net Valuation Taxable (2024- \$5,378,975,380)	5.38%
Percent of Estimated True Value of Real Property (2024 - \$13,920,743,737)	2.08%

**Net Municipal Debt**

Per Capita (2024 Estimate - 90,322)	\$ 1,040
Percent of Net Valuation Taxable (2024- \$5,378,975,380)	1.75%
Percent of Estimated True Value of Real Property (2024 - \$13,920,743,737)	0.67%

**Overall Debt (Net and Overlapping Debt)**

Per Capita (2024 Estimate - 90,322)	\$ 2,802
Percent of Net Valuation Taxable (2024- \$5,378,975,380)	4.71%
Percent of Estimated True Value of Real Property (2024 - \$13,920,743,737)	1.82%

Source: The City's 2024 Annual Audit Report

(1) Based on equalized value of municipality to County

(2) Based on usage

(3) Based on ownership (City: 14.29%)



## TAX INFORMATION OF THE CITY

### Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2024	\$ 319,893,504	\$ 316,604,955	98.97%
2023	312,273,577	309,137,759	99.00%
2022	306,709,266	303,597,123	98.99%
2021	293,880,409	290,772,013	98.94%
2020	293,728,123	290,208,489	98.80%

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Source: The City's Annual Audit Reports

### Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>		<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2024	\$ 19,413	\$ 2,913,328	\$ 2,932,741		0.92%
2023	20,504	2,677,671	2,698,175		0.86%
2022	18,673	2,812,348	2,831,021		0.92%
2021	17,388	2,487,280	2,504,668		0.85%
2020	27,207	3,217,295	3,244,502		1.10%

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Source: The City's Annual Audit Reports

### Assessed Valuations of Property Owned by the City of Clifton Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2024	\$ 1,441,100
2023	1,441,100
2022	1,441,100
2021	1,441,100
2020	1,441,100

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Source: The City's Annual Audit Reports

## Ten Largest Taxpayers

The largest taxpayers in the City and their 2025 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Castleton Assoc. LLC	\$ 40,501,500
201 Main Ave LLC	38,000,000
Public Service	34,396,200
GI TC 2 Peekay Drive LLC	31,500,000
Clifton Commons, I LLC	25,509,800
Clifton Lifestyle Ctr LLC	24,962,800
Syertowne Shopping Center, LLC	20,154,400
Exelis Inc.	19,500,000
Country Club Towers I & II LLC	16,003,100
SPG Delawanna LLC	15,500,000
Total	<u>\$ 266,027,800</u>
Total as of a % of Net Valuation Taxable	4.94%

Source: The City, Tax Assessor.

## Assessed Valuations Land and Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>	<u>Total</u>
2025	\$42,637,500	\$3,852,164,300	\$789,192,700	\$553,779,400	\$145,897,000	\$ 312,900	\$ 5,383,983,800
2024	44,986,800	3,844,483,900	790,107,500	551,819,700	141,710,400	311,200	5,373,419,500
2023	44,359,400	3,835,486,200	803,745,000	546,797,800	141,542,800	311,200	5,372,242,400
2022	44,120,700	3,823,457,600	795,287,800	542,218,700	140,958,400	311,200	5,346,354,400
2021	40,506,800	3,815,691,000	793,797,400	542,783,000	140,730,600	310,600	5,333,819,400

Source: The City's Tax List District Summary.

**Assessed Valuations  
Net Valuation Taxable**

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2025	\$ 5,383,983,800	\$ 5,220,639	\$ 5,389,204,439	36.09%	\$ 15,061,250,507
2024	5,373,419,500	5,555,880	5,378,975,380	38.64%	13,920,743,737
2023	5,372,242,400	5,893,668	5,378,136,068	42.07%	12,893,199,807
2022	5,346,354,400	6,315,636	5,352,670,036	47.10%	11,512,232,791
2021	5,333,819,400	6,695,022	5,340,514,422	50.21%	10,764,538,147

Source: County Abstract of Ratables.

**Total Tax Requirements  
Including School and County Purposes**

<u>Year</u>	<u>Total</u>	<u>Municipal (1)</u>	<u>Local School</u>	<u>County</u>
2024	\$ 319,893,504	\$ 95,421,496	\$ 152,998,755	\$ 71,473,253
2023	312,273,577	92,102,869	148,214,264	71,956,444
2022	306,709,266	89,421,314	144,755,495	72,532,457
2021	293,880,409	87,427,231	135,191,260	71,261,918
2020	293,728,123	86,742,800	135,228,660	71,756,663

Source: The City, Tax Collector, Annual Audit Reports,  
(1): Includes Municipal Open Space Tax Beginning in 2024

**Components of Real Estate Tax Rate  
(Per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal (1)</u>	<u>Local School</u>	<u>County</u>
2024	\$ 5.936	\$ 1.765	\$ 2.845	\$ 1.326
2023	5.794	1.702	2.756	1.336
2022	5.710	1.654	2.705	1.351
2021	5.475	1.615	2.532	1.328
2020	5.493	1.614	2.536	1.343

Source: The City, Tax Collector and Annual Audit Reports  
(1): Includes Municipal Open Space Tax Beginning in 2024

**SUMMARY OF MUNICIPAL BUDGETS**

Current Fund (As Adopted)

	<b><u>2025</u></b> (1)	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Anticipated Revenues					
Fund Balance Anticipated	\$ 10,260,000	\$ 8,404,000	\$ 10,000,000	\$ 8,660,000	\$ 6,071,464
Miscellaneous Revenues	27,422,367	33,917,021	29,123,971	36,048,184	37,907,026
Receipts from Delinquent Taxes	2,800,000	2,600,000	2,800,000	2,450,000	3,100,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>99,964,869</u>	<u>94,402,930</u>	<u>91,538,946</u>	<u>88,548,055</u>	<u>86,259,098</u>
	<u>\$ 140,447,236</u>	<u>\$ 139,323,951</u>	<u>\$ 133,462,917</u>	<u>\$ 135,706,239</u>	<u>\$ 133,337,588</u>
Appropriations					
Salaries and Wages	\$ 57,054,847	\$ 53,806,736	\$ 53,754,377	\$ 49,961,116	\$ 48,796,264
Other Expenses	52,116,392	52,867,014	51,598,428	56,655,278	54,960,040
Deferred Charges and Statutory Expenditures	17,770,347	16,394,779	14,907,083	14,463,245	13,518,678
Capital Improvements	640,650	3,415,422	693,029	500,000	2,252,606
Municipal Debt Service	7,365,000	7,340,000	6,965,000	8,626,600	8,310,000
Judgements	-	-	45,000	-	-
Reserve for Uncollected Taxes	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,500,000</u>
	<u>\$ 140,447,236</u>	<u>\$ 139,323,951</u>	<u>\$ 133,462,917</u>	<u>\$ 135,706,239</u>	<u>\$ 133,337,588</u>

(1) Budget as introduced

Source: The City's Adopted Municipal Budgets.

**Comparative Schedule of Fund Balances  
Current Fund**

<b><u>Year</u></b>	<b><u>Fund Balance December 31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2024	\$ 15,017,850	\$ 10,260,000 (1)
2023	13,333,424	8,040,000
2022	14,877,647	10,000,000
2021	13,739,658	8,660,000
2020	10,408,764	6,071,464

(1) Budget as introduced

Source: The City's Annual Audit Reports

**APPENDIX B**

**EXCERPTS FROM FINANCIAL STATEMENTS OF THE CITY OF CLIFTON, IN THE  
COUNTY OF PASSAIC, NEW JERSEY**



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

### **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the City Council  
City of Clifton  
Clifton, New Jersey

#### **Report on the Audit of Financial Statements**

##### ***Opinions***

We have audited the financial statements of the City of Clifton which comprise the balance sheets - regulatory basis of the various funds and account group, as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance - regulatory basis, the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the years then ended, and the related notes to the financial statements.

##### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the City of Clifton as of December 31, 2024 and 2023, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2024 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

##### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Clifton as of December 31, 2024 and 2023, or changes in financial position, or, where applicable, cash flows for the years then ended.

### ***Basis for Opinions***

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Clifton on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Clifton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Clifton'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.

LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

Fair Lawn, New Jersey  
July 15, 2025



**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
REGULAR FUND		
Cash	\$ 48,804,125	\$ 53,431,498
Cash - Change Funds	2,010	2,010
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	<u>38,586</u>	<u>39,710</u>
	<u>48,844,721</u>	<u>53,473,218</u>
Receivables and Other Assets With Full Reserves		
Delinquent Property Tax Receivable	2,913,328	2,677,671
Special Improvement District Tax Receivable	22,819	11,870
Tax Title Liens Receivable	19,413	20,504
Property Acquired for Taxes - Assessed Valuation	1,441,100	1,441,100
Revenue Accounts Receivable	172,777	130,990
Due from Special Improvement District	18,931	
Due from Animal Control Trust Fund		218
Due from Community Development Block Grant Fund	23,050	23,955
Due from Public Housing Voucher Program Fund	5,227	53,470
Due from Sewer Utility Operating Fund	<u>-</u>	<u>49,270</u>
	<u>4,616,645</u>	<u>4,409,048</u>
Deferred Charges		
Special Emergency Authorizations	<u>100,000</u>	<u>-</u>
	<u>100,000</u>	<u>-</u>
Total Regular Fund	<u>53,561,366</u>	<u>57,882,266</u>
GRANT FUND		
Cash		620,895
Grants Receivable	12,860,792	7,504,619
Due from Current Fund	<u>1,521,791</u>	<u>8,652,856</u>
Total Grant Fund	<u>14,382,583</u>	<u>16,778,370</u>
Grand Total	<u>\$ 67,943,949</u>	<u>\$ 74,660,636</u>

**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
REGULAR FUND		
Liabilities and Reserves		
Appropriation Reserves	\$ 4,638,893	\$ 4,999,452
Encumbrances Payable	1,940,752	2,942,300
Accounts Payable	180,690	72,973
Fees Payable	61,705	31,691
Prepaid Taxes	2,093,219	1,995,182
Tax Overpayments - Property Taxes	35	3,793
Prepaid Special Improvement District Taxes	762	3,952
Prepaid Revenue	65,071	108,718
County Tax Payable	133,544	153,255
Special Improvement District Taxes Payable		1,726
Local District School Taxes Payable	20,646,886	18,254,641
Miscellaneous Reserves	124,939	207,327
Reserve for Tax Appeals	1,605,017	1,551,721
Due to Grant Fund	1,521,791	8,652,856
Due to Other Trust Fund	-	496,227
Due to Municipal Open Space Trust Fund	991	
Due to Public Library Fund	<u>912,576</u>	<u>663,980</u>
	33,926,871	40,139,794
Reserve for Receivables and Other Assets	4,616,645	4,409,048
Fund Balance	<u>15,017,850</u>	<u>13,333,424</u>
Total Regular Fund	<u>53,561,366</u>	<u>57,882,266</u>
GRANT FUND		
Encumbrances Payable	3,751,885	2,562,836
Appropriated Grant Reserves	10,595,241	13,145,995
Unappropriated Grant Reserves	<u>35,457</u>	<u>1,069,539</u>
Total Grant Fund	<u>14,382,583</u>	<u>16,778,370</u>
Grand Total	<u>\$ 67,943,949</u>	<u>\$ 74,660,636</u>

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND**  
**CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
REVENUE AND OTHER INCOME REALIZED:		
Fund Balance Utilized	\$ 8,404,000	\$ 10,000,000
Miscellaneous Revenue Anticipated	39,888,943	35,259,633
Receipts from Delinquent Taxes	2,801,173	2,755,470
Receipts from Current Taxes	316,604,955	309,137,759
Non-Budget Revenues	898,204	929,975
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves Lapsed	4,257,012	2,091,189
Cancelled Appropriated Grant Reserves	142,654	43,986
Interfunds Returned	<u>126,913</u>	<u>58,371</u>
Total Income	<u>373,123,854</u>	<u>360,276,383</u>
EXPENDITURES		
Budget Appropriations:		
Operations		
Salaries and Wages	49,074,359	52,112,966
Other Expenses	61,147,773	55,886,704
Deferred Charges and Statutory Expenditures	16,394,779	14,977,083
Capital Improvements	4,168,679	1,282,529
Municipal Debt Service	7,287,713	6,892,717
Judgments		45,000
County Taxes	71,339,979	71,803,189
Amount Due County for Added and Omitted Taxes	133,544	153,255
Local District School Taxes	152,998,755	148,214,264
Municipal Open Space Taxes	538,889	
Prior Years' Senior Citizens and		
Veterans Deductions Disallowed	3,750	5,250
Refund of Prior Year Revenue		320,711
Cancelled Grants Receivable		25
Establish Reserve for Due from Special Improvement District	18,931	
Interfunds Advanced	<u>28,277</u>	<u>126,913</u>
Total Expenditures	363,135,428	351,820,606
Adjustments		
Less: Expenditures Included Above Which by Statute are		
Required to be Raised in Subsequent Years' Budgets	<u>100,000</u>	<u>-</u>
Adjusted Expenditures	363,035,428	351,820,606
Excess in Revenue (Brought Forward)	<u>10,088,426</u>	<u>8,455,777</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND**  
**CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Excess in Revenue (Carried Forward)	\$ 10,088,426	\$ 8,455,777
Fund Balance, January 1	<u>13,333,424</u>	<u>14,877,647</u>
	23,421,850	23,333,424
Decreased by:		
Utilized as Anticipated Revenue	<u>8,404,000</u>	<u>10,000,000</u>
Fund Balance, December 31	<u>\$ 15,017,850</u>	<u>\$ 13,333,424</u>

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>		<u>2023</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
FUND BALANCE ANTICIPATED	\$ 8,404,000	\$ 8,404,000	\$ 10,000,000	\$ 10,000,000
MISCELLANEOUS REVENUES				
Licenses:				
Alcoholic Beverages	276,000	272,690	281,000	276,003
Other	252,000	251,170	227,000	253,177
Fees and Permits	869,000	1,004,035	785,000	869,200
Municipal Court				
Fines and Costs	1,441,000	1,902,688	1,315,000	1,441,170
Interest and Costs on Taxes	745,000	724,027	635,000	857,004
Interest on Investments and Deposits	3,300,000	3,741,610	1,600,000	3,402,320
Anticipated Sewer Utility Operating Surplus	450,000	450,000	1,000,000	1,000,000
Ambulance Fees	2,056,000	2,208,687	1,900,000	2,056,268
Energy Receipts Tax	10,172,727	10,172,727	10,122,342	10,122,342
Reserve for Municipal Relief Fund Aid			524,396	524,396
Municipal Relief Fund Aid			1,048,792	1,048,792
Uniform Construction Code Fees	1,729,000	2,053,626	1,700,000	1,864,709
Shared Service Agreements				
Little Falls Health Officer	119,000	121,506	116,700	119,124
Public and Private Revenues Offset				
Safe and Secure Communities Program	77,550	77,550		
Pedestrian Safety, Education, and Enforcement Fund	35,000	35,000	80,000	80,000
State of NJ Body Armor Replacement Fund	11,442	11,442	9,686	9,686
Office of Aging Program	24,960	24,960	32,000	32,000
Recreation Grant	1,900,000	1,900,000	50,000	50,000
Recycling Tonnage Grant	173,356	173,356	143,693	143,693
Senior Citizen/Disabled Resident Transportation Grant	105,203	105,203		
Byrne Memorial Justice Assistance			25,394	25,394
American Rescue Plan				
Occupant Protection			30,000	30,000
NJ Department of Transportation			193,029	193,029
Passaic County Code Blue Grant	14,000	14,000		
Stormwater Assistance Grant			15,000	15,000
NJDEP GreenAcres	1,400,000	1,400,000		
Urban Parks Grant	750,000	750,000		
Health Department Grant	82,164	82,164	721,556	721,556
NJ Historic Trust - Hamilton House Presentation	444,995	444,995	300,750	300,750
Passaic County Grants- Misc.	97,500	97,500	45,000	45,000
Pedestrian Safety Grant			30,000	30,000
County of Passaic Cultural and Heritage Council -				
2024 Art Learning Programs			2,500	2,500
County of Passaic Cultural and Heritage Council -				
2024 Clifton Quarantine Stati.			5,286	5,286
Sustained Enforcement Grant	80,000	80,000	80,000	80,000
NJ DOT - FY 2023 Municipal Aid Program -				
Neighborhood Sidewalks & Curbs	753,257	753,257		
NJ DOT - FY 2024 Municipal Aid Program -				
Third Street Pedestrian Safety			339,500	339,500
US DOJ - 2023 COPS Hiring Program (CHP)			750,000	750,000
Passaic County - Childhood Lead 2025 Grant	259,942	259,942	259,942	259,942
Passaic County Open Space - FY 23 Sperling Park			250,000	250,000

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>		<u>2023</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
Strengthening Local Public Health Capacity				
Program 2024 - Pathway A			\$ 406,046	\$ 406,046
NJ OHSP - FY2024 Emergency Operations Center Grant	\$ 637,195	\$ 637,195		
NJ DEP - FY2022 Reforestation/Tree Planting			49,026	49,026
NJ DCA - 2023 Lead Grant Assistance Program			166,500	166,500
Municipal Spotted Lanternfly Reimbursement Program			15,000	15,000
Municipal Alliance on Alcoholism and Drug Abuse	17,312	17,312	17,312	17,312
Alcohol Education and Rehabilitation Fund	490	490		
Drunk Driving Enforcement Fund	54,228	54,228		
DMHS - Youth Leadership Grant			8,544	8,544
NJ DEP - Stormwater Assistance - Additional -				
Water Resources Planning Management			10,000	10,000
NJACCHO - Sustaining Local Public Health	168,049	168,049		
NJACCHO - Local Public Health Infrastructure			697,521	697,521
NJDEP Clean Communities Program	180,297	180,297	158,736	158,736
Public and Private Revenues Offset (Continued)				
Passaic County Human Services -2023 Stigma Free				
Wellness Fair			\$ 1,000	1,000
County of Passaic - ARP Title IIIB			45,000	45,000
Sustainable Jersey Small Grants Program			10,000	10,000
Passaic County 2023 Cultural and Historical Affairs				
Grant - On the Go Program			3,000	3,000
2023 Open Space Stewardship Project			1,452	1,452
Special Items of Revenue				
Hydrant Inspection Fee - PVWC	\$ 165,000	\$ 166,150	80,750	249,550
Hazmat Fees	35,000	37,029	20,000	35,462
Uniform Fire Safety Act	230,700	354,780	234,000	230,707
Rents	88,500	144,924	26,000	88,983
American Rescue Plan	4,915,422	4,915,422	1,930,883	1,930,883
In Lieu of Taxes (40:55C-40)	1,955,000	1,963,619	1,940,000	1,955,085
Police Extra Duty-Administration Fees	275,000	275,826	370,000	278,446
Police Extra Duty-Vehicles	334,000	335,854	440,000	334,643
Sale of Recyclable Materials	143,000	68,829	150,000	143,320
Hotel Occupancy Tax	388,446	345,678	231,000	423,831
Cable Television Franchise Fees	482,900	482,967	504,000	504,810
Verizon Franchise Fees	265,000	265,925	269,000	269,935
Reimbursements	137,025	318,234		
CDBG Indirect Costs	27,000	44,000	27,000	27,000
	<u>38,120,684</u>	<u>39,888,943</u>	<u>32,432,359</u>	<u>35,259,633</u>
Total Miscellaneous Revenues				
	<u>38,120,684</u>	<u>39,888,943</u>	<u>32,432,359</u>	<u>35,259,633</u>
RECEIPTS FROM DELINQUENT TAXES	<u>2,600,000</u>	<u>2,801,173</u>	<u>2,800,000</u>	<u>2,755,470</u>
AMOUNT TO BE RAISED BY TAXES FOR				
SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	89,766,530	92,457,388	87,300,767	90,228,872
Minimum Library Tax	4,636,400	4,636,400	4,238,179	4,238,179
	<u>94,402,930</u>	<u>97,093,788</u>	<u>91,538,946</u>	<u>94,467,051</u>
Total Budget Revenues	<u>\$ 143,527,614</u>	<u>\$ 148,187,904</u>	<u>\$ 136,771,305</u>	<u>\$ 142,482,154</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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2024 STATEMENT OF EXPENDITURES  
CURRENT FUND



**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages					
Municipal Council	\$ 28,500	\$ 28,500	\$ 28,278	\$ 222	
Personnel	404,290	419,290	419,290		
City Manager	333,000	318,000	314,828	3,172	
City Clerk	379,000	379,000	376,789	2,211	
Economic Development	1	1		1	
Management Info. Systems	194,500	199,500	198,097	1,403	
Bureau of Cable Television	67,000	71,000	68,106	2,894	
Other Expenses					
Municipal Council	30,000	5,000	4,936	64	
Personnel	290,500	290,500	283,217	7,283	
City Manager	60,000	60,000	56,203	3,797	
City Clerk	134,000	194,000	187,881	6,119	
Economic Development	45,001	25,001	21,999	3,002	
Management Info. Systems	137,000	137,000	130,463	6,537	
Bureau of Cable Television	12,000	12,000	11,525	475	
Advertising, Printing, Postage & Office Supplies	47,500	57,500	57,236	264	
Financial Administration					
Salaries and Wages	616,000	607,000	579,084	27,916	
Other Expenses	302,800	267,800	254,066	13,734	
Auditing Expenses	86,000	171,000	170,870	130	
Tax Assessor					
Salaries and Wages	491,000	491,000	491,000		
Other Expenses	115,500	200,500	154,982	45,518	
Tax Collector					
Salaries and Wages	314,000	314,000	223,543	90,457	
Other Expenses	49,000	59,000	49,323	9,677	
Legal Services & Costs					
Salaries and Wages	711,500	711,500	654,674	56,826	
Other Expenses	105,500	95,500	41,042	54,458	
Engineering Services and Costs					
Salaries and Wages	383,500	383,500	370,178	13,322	
Other Expenses	278,500	258,500	226,478	32,022	
Zoning and Planning					
Salaries and Wages	269,500	282,500	226,807	55,693	
Other Expenses	143,000	143,000	142,913	87	
Environmental Protection Commission (R.S. 40A:56A-1)					
Other Expenses	800	800	800		
Rent Leveling Board					
Other Expenses	750	750	500	250	

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
GENERAL GOVERNMENT (Cont'd)					
Housing Director					
Salaries and Wages	\$ 350,500	\$ 337,500	\$ 320,531	\$ 16,969	
Other Expenses	40,500	40,500	13,457	27,043	
Alcoholic Beverage Control					
Salaries and Wages	9,500	9,500	7,500	2,000	
Other Expenses	400	400		400	
Traffic Safety Council					
Other Expenses	250	250		250	
PUBLIC SAFETY					
Fire					
Salaries and Wages	13,458,685	13,958,685	13,625,927	332,758	
Other Expenses	651,500	636,500	622,119	14,381	
Salaries and Wages - American Rescue Plan	2,457,711	2,457,711	2,457,711		
Police					
Salaries and Wages	20,751,774	20,251,774	19,097,233	1,154,541	
Other Expenses	927,700	927,700	913,906	13,794	
Salaries and Wages - American Rescue Plan	2,457,711	2,457,711	2,457,711		
Office of Emergency Management					
Other Expenses	9,500	9,500	9,436	64	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	1,290,000	1,290,000	952,619	337,381	
Other Expenses	185,000	185,000	184,229	771	
Human Services					
Salaries and Wages	105,001	105,001	105,001		
Other Expenses	72,000	72,000	71,748	252	
Animal Control Shelter					
Salaries and Wages	234,000	234,000	182,069	51,931	
Other Expenses	49,000	49,000	48,953	47	
RECREATION AND EDUCATION					
Public Playgrounds and Recreation					
Salaries and Wages	593,500	593,500	593,500		
Other Expenses	165,500	165,500	162,570	2,930	
Senior Citizens and Handicapped Programs					
Salaries and Wages	405,000	405,000	371,587	33,413	
Other Expenses	31,000	31,000	29,057	1,943	
Arts Center and Sculpture Park					
Salaries and Wages	96,500	96,500	88,225	8,275	
Other Expenses	25,900	25,900	24,210	1,690	
Hamilton House					
Other Expenses	5,000	5,000	3,976	1,024	

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
SANITATION					
Garbage and Trash - Contractual	\$ 9,050,000	\$ 9,030,000	\$ 8,692,142	\$ 337,858	
Trash Removal - Multi-family Dwelling Units					
Other Expenses	700,000	755,000	233,326	521,674	
PUBLIC WORKS					
Salary and Wages					
Street and Road Maintenance	1,150,000	1,155,000	1,139,497	15,503	
Other Public Works Functions-Admin.	465,500	465,500	465,500		
Recycling Collection	1,085,310	1,080,310	969,039	111,271	
Shade Tree	669,500	669,500	649,674	19,826	
Vehicle Maintenance	711,000	711,000	627,304	83,696	
Maintenance of Parks	933,500	933,500	931,979	1,521	
Other Expenses					
Street and Road Maintenance	771,500	735,000	666,064	68,936	
Other Public Works Functions	64,500	66,000	64,423	1,577	
Recycling Collection	18,000	18,000	6,010	11,990	
Shade Tree	61,000	56,000	52,424	3,576	
Vehicle Maintenance	729,600	724,600	683,500	41,100	
Maintenance of Parks	97,000	97,000	94,063	2,937	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)					
Salaries and Wages	855,000	865,000	859,529	5,471	
Other Expenses	162,500	154,000	134,795	19,205	
MUNICIPAL COURT					
Municipal Court Administration					
Salaries and Wages	933,500	933,500	907,767	25,733	
Other Expenses	233,350	233,350	179,725	53,625	
Public Defender (P.L. 1997, C. 256)					
Salaries and Wages	57,500	57,500	57,500		
UNCLASSIFIED					
Insurance					
General Liability	3,028,203	3,028,203	3,028,203		
Self-Insurance Trust Fund: Other Insurance	180,000	180,000	180,000		
Unemployment Insurance	1	1		1	
Employee Group Health	19,800,000	19,800,000	19,800,000		
Employee Group Health Benefit - Waiver	525,000	465,000	426,033	38,967	
Purchase/Lease of Automobiles	800,000	800,000	800,000		

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
UNCLASSIFIED (Cont'd)					
Utilities:					
Gasoline	\$ 500,000	\$ 493,500	\$ 451,080	\$ 42,420	
Fuel Oil	450,000	350,000	315,815	34,185	
Electricity	800,000	860,000	829,693	30,307	
Telephone and Telegraph	550,000	580,000	569,821	10,179	
Street Lighting	850,000	910,000	772,714	137,286	
Reserve for Accumulated Absences	300,001	300,001		300,001	
Reserve for Tax Appeals	500,000	500,000	500,000	-	-
Total Operations Within "CAPS"	97,434,239	97,534,239	93,176,003	4,358,236	-
Contingent	25,000	25,000	-	25,000	-
Total Operations Including Contingent - Within "CAPS"	97,459,239	97,559,239	93,176,003	4,383,236	-
Detail:					
Salaries and Wages	48,347,061	48,357,061	45,902,655	2,454,406	-
Other Expenses (Including Contingent)	49,112,178	49,202,178	47,273,348	1,928,830	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY CHARGES					
Contribution to:					
Public Employees Retirement System	2,758,878	2,758,878	2,663,574	95,304	
Social Security System (O.A.S.I.)	1,900,000	1,900,000	1,894,478	5,522	
Police and Firemen's Retirement System of N.J.	11,660,901	11,660,901	11,660,901		
Defined Contribution Retirement Plan	75,000	75,000	57,153	17,847	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	16,394,779	16,394,779	16,276,106	118,673	-
Total General Appropriations for Municipal Purposes Within "CAPS"	113,854,018	113,954,018	109,452,109	4,501,909	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	4,636,400	4,636,400	4,636,400		
Public Works					
Recycling - Salary and Wages	97,690	97,690	97,690		
Insurance					
General Liability	471,797	471,797	471,797	-	-
Total Other Operations - Excluded from "CAPS"	5,205,887	5,205,887	5,205,887	-	-

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)</b>					
Interlocal Municipal Services Agreements					
Board of Health Services					
Salaries and Wages	\$ 119,000	\$ 119,000	\$ 119,000		
Hamilton House Museum					
Other Expenses - Passaic County Contract	55,000	55,000	45,000	\$ 10,000	-
Total Interlocal Municipal Services Agreements	174,000	174,000	164,000	10,000	-
Additional Appropriations Offset by Revenues					
(N.J.S. 40A:4-45.3h)					
Fire					
Salaries and Wages	165,000	165,000	165,000		
Other Expenses	35,000	35,000	26,573	8,427	-
Total Additional Appropriations Offset by Revenues	200,000	200,000	191,573	8,427	-
Public and Private Programs Offset by Revenues					
Matching Funds for Grants	120,000	118,557		118,557	
Pedestrian Safety, Education and Enf Fund		35,000	35,000		
State of NJ Body Armor Replacement Fund	11,442	11,442	11,442		
NJ Recycling Tonnage Grant	173,356	173,356	173,356		
NJ Historical Trust - Hamilton House Preservation					
Historic Preservation Grant	444,995	444,995	444,995		
Local Match	444,995	444,995	444,995		
Drunk Driving Enforcement		54,228	54,228		
Health Department Grant	82,164	82,164	82,164		
Miscellaneous Recreation Grants	1,900,000	1,900,000	1,900,000		
Passaic County Grant	97,500	97,500	97,500		
NJ OHSP - FY24 Emergency Operations Center Grant		637,195	637,195		
FY2025 Sustained Enforcement Grant		80,000	80,000		
Passaic County - Childhood Lead 2025 Grant		259,942	259,942		
NJ DEP - Green Acres & Urban Parks Grant		2,150,000	2,150,000		
Municipal Alliance on Alcoholism and Drug Abuse	12,984	12,984	12,984		
Municipal Alliance on Alcoholism and Drug Abuse - Match	4,328	10,099	10,099		
Alcohol Education and Rehabilitation Fund		490	490		
NJACCHO - Sustaining Local Health		168,049	168,049		

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)					
County of Passaic - Code Blue Grant		\$ 14,000	\$ 14,000		
NJDEP Clean Communities Program	\$ 180,297	180,297	180,297		
Safe and Secure Communities Program	32,400	77,550	77,550		
Senior Citizen/Disabled Resident Transportation Grant	105,203	105,203	105,203		
Office of Aging Program Grant	24,960	24,960	24,960	-	-
Total Public and Private Program Offset by Revenues	3,634,624	7,083,006	6,964,449	\$ 118,557	-
Total Operations - Excluded from "CAPS"	9,214,511	12,662,893	12,525,909	136,984	-
Detail:					
Salaries and Wages	381,690	717,298	717,298	-	
Other Expenses	8,832,821	11,945,595	11,808,611	136,984	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	3,415,422	3,415,422	3,415,422		
NJDOT - 2023 Municipal Aid Neighborhood Sidewalks & Curbs	-	753,257	753,257	-	-
Total Capital Improvements Excluded from "CAPS"	3,415,422	4,168,679	4,168,679	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	5,225,000	5,225,000	5,200,071		\$ 24,929
Interest on Bonds	1,200,000	1,200,000	1,180,103		19,897
Interest on Notes	830,000	830,000	827,111		2,889
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	85,000	85,000	80,428	-	4,572
Total Municipal Debt Service - Excluded from "CAPS"	7,340,000	7,340,000	7,287,713	-	52,287
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	19,969,933	24,171,572	23,982,301	136,984	52,287
Subtotal General Appropriations	133,823,951	138,125,590	133,434,410	4,638,893	52,287
Reserve for Uncollected Taxes	5,500,000	5,500,000	5,500,000	-	-
Total General Appropriations	\$ 139,323,951	\$ 143,625,590	\$ 138,934,410	\$ 4,638,893	\$ 52,287
Original Budget		\$ 139,323,951			
Added by 40A:4-87		4,201,639			
Special Emergency Authorization		100,000			
		<u>\$ 143,625,590</u>			

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2023 STATEMENT OF EXPENDITURES  
CURRENT FUND



**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages					
Municipal Council	\$ 28,500	\$ 28,500	\$ 28,500		
Personnel	351,000	371,000	368,652	\$ 2,348	
City Manager	330,000	305,000	285,900	19,100	
City Clerk	333,000	333,000	328,704	4,296	
Economic Development	1	1		1	
Management Info. Systems	210,000	210,000	210,000		
Bureau of Cable Television	60,000	60,000	60,000		
Other Expenses					
Municipal Council	20,000	20,000	9,638	10,362	
Personnel	290,500	248,100	222,215	25,885	
City Manager	60,000	60,000	58,108	1,892	
City Clerk	134,000	134,000	125,532	8,468	
Economic Development	45,001	45,001	43,998	1,003	
Management Info. Systems	137,000	137,000	117,892	19,108	
Bureau of Cable Television	12,000	12,000	11,902	98	
Advertising, Printing, Postage & Office Supplies	47,500	47,500	44,096	3,404	
Financial Administration					
Salaries and Wages	598,000	598,000	492,035	105,965	
Other Expenses	247,800	247,800	247,489	311	
Auditing Expenses	89,000	89,000	81,921	7,079	
Tax Assessor					
Salaries and Wages	226,800	226,800	176,992	49,808	
Other Expenses	39,000	49,000	45,828	3,172	
Tax Collector					
Salaries and Wages	525,500	525,500	468,102	57,398	
Other Expenses	125,500	115,500	104,649	10,851	
Legal Services & Costs					
Salaries and Wages	672,750	672,750	672,750		
Other Expenses	155,500	155,500	55,565	99,935	
Engineering Services and Costs					
Salaries and Wages	353,200	358,200	358,200		
Other Expenses	278,500	278,500	266,108	12,392	
Zoning and Planning					
Salaries and Wages	260,000	200,000	175,207	24,793	
Other Expenses	143,000	153,000	148,859	4,141	
Environmental Protection Commission (R.S. 40A:56A-1)					
Other Expenses	800	800	800		
Rent Leveling Board					
Other Expenses	750	750	125	625	

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
GENERAL GOVERNMENT (Cont'd)					
Housing Director					
Salaries and Wages	\$ 210,000	\$ 270,000	\$ 237,270	\$ 32,730	
Other Expenses	40,500	30,500	14,593	15,907	
Alcoholic Beverage Control					
Salaries and Wages	8,500	8,500	7,500	1,000	
Other Expenses	400	400		400	
Traffic Safety Council					
Other Expenses	250	250		250	
PUBLIC SAFETY					
Fire					
Salaries and Wages	15,609,396	15,609,396	15,093,658	515,738	
Other Expenses	651,500	651,500	643,477	8,023	
Salaries and Wages - American Rescue Plan	775,604	775,604	775,604	-	
Police					
Salaries and Wages	22,694,396	22,694,396	21,809,531	884,865	
Other Expenses	927,700	927,700	920,861	6,839	
Salaries and Wages - American Rescue Plan	775,604	775,604	775,604		
Office of Emergency Management					
Other Expenses	9,500	9,500	6,342	3,158	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	924,351	914,351	413,340	501,011	
Other Expenses	175,000	185,000	184,988	12	
Human Services					
Salaries and Wages	360,000	315,000	59,240	255,760	
Other Expenses	30,000	72,400	70,989	1,411	
Animal Control Shelter					
Salaries and Wages	201,000	201,000	156,546	44,454	
Other Expenses	49,000	49,000	48,816	184	
RECREATION AND EDUCATION					
Public Playgrounds and Recreation					
Salaries and Wages	623,000	623,000	585,877	37,123	
Other Expenses	165,500	165,500	164,441	1,059	
Senior Citizens and Handicapped Programs					
Salaries and Wages	403,710	448,710	434,106	14,604	
Other Expenses	31,000	31,000	30,984	16	
Arts Center and Sculpture Park					
Salaries and Wages	92,000	92,000	81,560	10,440	
Other Expenses	19,300	19,300	19,011	289	
Hamilton House					
Other Expenses	5,000	5,000	4,871	129	

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
SANITATION					
Garbage and Trash - Contractual	\$ 5,977,125	\$ 5,962,125	\$ 5,937,564	\$ 24,561	
Trash Removal - Multi-family Dwelling Units					
Other Expenses	700,000	700,000		700,000	
PUBLIC WORKS					
Salary and Wages					
Street and Road Maintenance	990,325	960,325	947,728	12,597	
Other Public Works Functions-Admin.	400,400	415,400	412,927	2,473	
Recycling Collection	1,023,000	1,048,000	1,048,000		
Shade Tree	630,000	665,000	665,000		
Vehicle Maintenance	679,000	679,000	665,832	13,168	
Maintenance of Parks	973,500	928,500	915,611	12,889	
Streets and Road Maintenance -					
Salaries and Wages - American Rescue Plan	379,675	379,675	379,675		
Other Expenses					
Street and Road Maintenance	971,500	971,500	844,903	126,597	
Other Public Works Functions	64,500	64,500	64,322	178	
Recycling Collection	18,000	18,000	10,960	7,040	
Shade Tree	61,000	61,000	49,927	11,073	
Vehicle Maintenance	729,600	729,600	693,697	35,903	
Maintenance of Parks	97,000	97,000	96,864	136	
UNIFORM CONSTRUCTION CODE -					
APPROPRIATIONS OFFSET					
BY DEDICATED REVENUES					
(N.J.A.C. 5:23-4.17)					
Salaries and Wages	895,000	855,000	824,406	30,594	
Other Expenses	162,500	202,500	194,932	7,568	
MUNICIPAL COURT					
Municipal Court Administration					
Salaries and Wages	848,100	848,100	848,100		
Other Expenses	233,350	233,350	155,744	77,606	
Public Defender (P.L. 1997, C. 256)					
Salaries and Wages	56,000	46,000	10,626	35,374	
UNCLASSIFIED					
Insurance					
General Liability	2,725,800	2,925,800	2,925,800		
Self-Insurance Trust Fund: Other Insurance	1,250,000	1,000,000	1,000,000		
Unemployment Insurance	1	1	1		
Employee Group Health	20,000,000	20,000,000	20,000,000		
Employee Group Health Benefit - Waiver	510,000	510,000	480,074	29,926	
Purchase/Lease of Automobiles	1,200,000	1,200,000	1,120,111	79,889	

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
UNCLASSIFIED (Cont'd)					
Utilities:					
Gasoline	\$ 465,750	\$ 465,750	\$ 381,121	\$ 84,629	
Fuel Oil	450,000	450,000	392,496	57,504	
Electricity	650,000	650,000	553,639	96,361	
Telephone and Telegraph	520,000	570,000	555,923	14,077	
Street Lighting	825,000	825,000	744,117	80,883	
Reserve for Accumulated Absences	300,001	300,001	49,903	250,098	-
Total Operations Within "CAPS"	95,342,940	95,317,940	90,718,979	4,598,961	-
Contingent	25,000	25,000	-	25,000	-
Total Operations Including Contingent - Within "CAPS"	95,367,940	95,342,940	90,718,979	4,623,961	-
Detail:					
Salaries and Wages	53,501,312	51,510,429	48,841,900	2,668,529	-
Other Expenses (Including Contingent)	41,866,628	43,832,511	41,877,079	1,955,432	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
STATUTORY CHARGES					
Contribution to:					
Public Employees Retirement System	2,429,295	2,429,295	2,298,782	130,513	
Social Security System (O.A.S.I.)	1,900,000	1,900,000	1,822,229	77,771	
Police and Firemen's Retirement System of N.J.	10,527,788	10,527,788	10,527,785	3	
Defined Contribution Retirement Plan	50,000	75,000	63,021	11,979	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	14,907,083	14,932,083	14,711,817	220,266	-
Total General Appropriations for Municipal Purposes Within "CAPS"	110,275,023	110,275,023	105,430,796	4,844,227	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	4,238,179	4,238,179	4,238,179		
Sanitation - Garbage and Trash Contractual	2,632,875	2,632,875	2,632,875		
Public Employees Retirement System	183,755	183,755	183,755		
Police and Firemen's Retirement System of N.J.	619,912	619,912	619,912		
Gasoline	84,250	84,250	84,250	-	-
Total Other Operations - Excluded from "CAPS"	7,758,971	7,758,971	7,758,971	-	-

**CITY OF CLIFTON  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)					
Interlocal Municipal Services Agreements					
Board of Health Services					
Salaries and Wages	\$ 116,700	\$ 116,700	\$ 116,700		
Hamilton House Museum					
Other Expenses - Passaic County Contract	55,000	55,000	45,000	\$ 10,000	-
Total Interlocal Municipal Services Agreements	171,700	171,700	161,700	10,000	-
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Fire					
Salaries and Wages	80,750	80,750	80,750		
Other Expenses	20,000	20,000	19,298	702	-
Total Additional Appropriations Offset by Revenues	100,750	100,750	100,048	702	-
Public and Private Programs Offset by Revenues					
Matching Funds for Grants	120,000	120,000	20,477	99,523	
Pedestrian Safety, Education and Enf Fund	80,000	80,000	80,000		
State of NJ Body Armor Replacement Fund	9,686	9,686	9,686		
NJ Recycling Tonnage Grant	143,693	143,693	143,693		
Office of Aging Program - Title III B					
Salaries and Wages - County Share	32,000	32,000	32,000		
Salaries and Wages - Local Share	79,615	79,615	79,615		
NJ Historical Trust - Hamilton House Preservation					
Historic Preservation Grant	300,750	300,750	300,750		
Local Match	300,750	300,750	300,750		
Byrne Memorial Justice Assistance	25,394	25,394	25,394		
Occupant Protections	30,000	30,000	30,000		
Health Department Grant	721,556	721,556	721,556		
Miscellaneous Recreation Grants	50,000	50,000	50,000		
Passaic County Grant	45,000	45,000	45,000		
Stormwater Assistance Grant	15,000	15,000	15,000		
Pedestrian Safety Grant		30,000	30,000		
County of Passaic Cultural and Heritage Council - 2024 Art Learning Programs		2,500	2,500		
County of Passaic Cultural and Heritage Council - 2024 Clifton Quarantine Stati.		5,286	5,286		
FY2024 Sustained Enforcement Grant		80,000	80,000		
US DOJ - 2023 COPS Hiring Program (CHP)		750,000	750,000		
Passaic County - Childhood Lead 2024 Grant		259,942	259,942		
Strengthening Local Public Health Capacity			-		
Program 2024 - Pathway A		406,046	406,046		
NJ DEP - FY2022 Reforestration/Tree Planting		49,026	49,026		
NJ DCA - 2023 Lead Grant Assistance Program		166,500	166,500		
Municipal Spotted Lanternfly Reimbursement Program		15,000	15,000		
Municipal Alliance on Alcoholism and Drug Abuse		17,312	17,312		
DMHAS - Youth Leadership Grant		8,544	8,544		
NJ DEP - Stormwater Assistance - Additional - Water Resources Planning Management		10,000	10,000		
NJACCHO Year 2 - Local Public Health Infrastructure		697,521	697,521		

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>	<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u> <u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd)				
Passaic County Human Services -2023 Stigma Free				
Wellness Fair		\$ 1,000	\$ 1,000	
County of Passaic - ARP Title IIIB		45,000	45,000	
Sustainable Jersey Small Grants Program		10,000	10,000	
NJDEP Clean Communities Program		158,736	158,736	
Passaic County 2023 Cultural and Historical Affairs				
Grant - On the Go Program		3,000	3,000	
2023 Open Space Stewardship Project	-	1,452	1,452	-
	-	-	-	-
Total Public and Private Program Offset by Revenues	1,953,444	4,670,309	4,570,786	\$ 99,523
	-	-	-	-
Total Operations - Excluded from "CAPS"	9,984,865	12,701,730	12,591,505	110,225
	-	-	-	-
Detail:				
Salaries and Wages	341,143	602,537	602,537	-
Other Expenses	9,643,722	12,099,193	11,988,968	110,225
	-	-	-	-
CAPITAL IMPROVEMENTS -				
EXCLUDED FROM "CAPS"				
Capital Improvement Fund	500,000	500,000	500,000	-
New Jersey Transportation Trust Fund Authority Act	193,029	193,029	193,029	-
NJ DOT - FY 2024 Municipal Aid Program -			-	
Third Street Pedestrian Safety		339,500	339,500	
Passaic County Open Space - FY 23 Sperling Park	-	250,000	250,000	-
	-	-	-	-
Total Capital Improvements Excluded from "CAPS"	693,029	1,282,529	1,282,529	-
	-	-	-	-
MUNICIPAL DEBT SERVICE -				
EXCLUDED FROM "CAPS"				
Payment of Bond Principal	5,250,000	5,250,000	5,209,106	\$ 40,894
Interest on Bonds	1,360,000	1,360,000	1,336,925	23,075
Interest on Notes	270,000	270,000	266,258	3,742
Green Trust Loan Program:				
Loan Repayments for Principal and Interest	85,000	85,000	80,428	- 4,572
	-	-	-	-
Total Municipal Debt Service -				
Excluded from "CAPS"	6,965,000	6,965,000	6,892,717	- 72,283
	-	-	-	-
Judgments	45,000	45,000	-	45,000
	-	-	-	-
Total General Appropriations for Municipal				
Purposes Excluded from "CAPS"	17,687,894	20,994,259	20,766,751	155,225
	-	-	-	-
Subtotal General Appropriations	127,962,917	131,269,282	126,197,547	4,999,452
	-	-	-	-
Reserve for Uncollected Taxes	5,500,000	5,500,000	5,500,000	-
	-	-	-	-
Total General Appropriations	\$ 133,462,917	\$ 136,769,282	\$ 131,697,547	\$ 4,999,452
	-	-	-	-
Original Budget		\$ 133,462,917		
Added by 40A:4-87		3,306,365		
		\$ 136,769,282		

**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
ANIMAL CONTROL FUND		
Cash	\$ 8,567	\$ 22,951
OTHER TRUST FUND		
Cash	14,911,845	16,626,952
Other Accounts Receivable	425,776	38,355
Due from Current Fund	<u>-</u>	<u>496,227</u>
	<u>15,337,621</u>	<u>17,161,534</u>
MUNICIPAL OPEN SPACE TRUST FUND		
Cash	539,749	
Due from Current Fund	<u>991</u>	<u>-</u>
	<u>540,740</u>	<u>-</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND		
Cash	<u>395,193</u>	<u>474,155</u>
SELF-INSURANCE FUND		
Cash	<u>6,607,101</u>	<u>7,630,101</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND		
Cash	11,669	29,880
Community Development Block Grant Receivable	<u>2,146,174</u>	<u>3,232,723</u>
	<u>2,157,843</u>	<u>3,262,603</u>
REVOLVING LOAN FUND		
Cash	<u>526,193</u>	<u>501,304</u>
Total Assets	<u>\$ 25,573,258</u>	<u>\$ 29,052,648</u>

**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL FUND		
Due to State	\$ 26	\$ 137
Encumbrances Payable	3,539	1,040
Reserve for Animal Control Fund Expenditures	5,002	21,556
Due to Current Fund	<u>-</u>	<u>218</u>
	<u>8,567</u>	<u>22,951</u>
OTHER TRUST FUND		
Escrow Deposits	1,993,750	1,858,884
Payroll Deductions Payable	533,788	949,624
Encumbrances Payable	429,845	760,537
Reserve for Affordable Housing	3,635,523	3,316,318
Miscellaneous Reserves and Deposits	<u>8,744,715</u>	<u>10,276,171</u>
	<u>15,337,621</u>	<u>17,161,534</u>
MUNICIPAL OPEN SPACE TRUST FUND		
Reserve for Municipal Open Space Expenditures	<u>540,740</u>	<u>-</u>
UNEMPLOYMENT COMPENSATION INSURANCE FUND		
Due to State - Claims Payable	150,512	147,388
Reserve for Unemployment Compensation	<u>244,681</u>	<u>326,767</u>
	<u>395,193</u>	<u>474,155</u>
SELF-INSURANCE FUND		
Claims Payable	1,150,345	397,506
Reserve for Self-Insurance Expenditures	<u>5,456,756</u>	<u>7,232,595</u>
	<u>6,607,101</u>	<u>7,630,101</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND		
Encumbrances Payable	434,213	1,653,865
Due to Current Fund	23,050	23,955
Authorized Budgets and Improvement Authorizations	1,575,938	1,460,141
Reserve for Program Income	<u>124,642</u>	<u>124,642</u>
	<u>2,157,843</u>	<u>3,262,603</u>
REVOLVING LOAN FUND		
Reserve for Revolving Loan Program	<u>526,193</u>	<u>501,304</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 25,573,258</u>	<u>\$ 29,052,648</u>



**CITY OF CLIFTON**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**MUNICIPAL OPEN SPACE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024 Anticipated</u>	<u>2024 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	\$ 537,898	\$ 538,889	\$ 991
Interest Earned	<u>-</u>	<u>1,851</u>	<u>1,851</u>
	<u>\$ 537,898</u>	<u>\$ 540,740</u>	<u>\$ 2,842</u>

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**MUNICIPAL OPEN SPACE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024 Budget</u>	<u>2024 Paid or Charged</u>	<u>Reserved</u>
Reserve for Future Use	<u>\$ 537,898</u>	<u>\$ -</u>	<u>\$ 537,898</u>

**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 4,153,410	\$ 8,763,253
Deferred Charges to Future Taxation:		
Funded	38,402,231	43,666,522
Unfunded	<u>55,387,825</u>	<u>38,858,825</u>
 Total Assets	 <u>\$ 97,943,466</u>	 <u>\$ 91,288,600</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
General Serial Bonds	\$ 37,640,106	\$ 42,840,177
Green Acres Loans	762,125	826,345
Bond Anticipation Notes	19,340,839	19,340,839
Encumbrances Payable	11,056,308	8,399,624
Due to Sewer Utility Capital Fund		659,161
Improvement Authorizations:		
Funded	8,835,252	7,505,667
Unfunded	19,623,315	10,102,497
Capital Improvement Fund	130,308	500,308
Reserves for:		
Acquisition of Property	74,605	74,605
Senior Citizen Housing	168,687	168,687
Debt Service	181,758	181,758
Bond Issuance Costs	26,708	26,708
Fund Balance	<u>103,455</u>	<u>662,224</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 97,943,466</u>	 <u>\$ 91,288,600</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2024 and 2023 of \$36,188,003 and \$19,659,003, respectively.

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Balance, January 1,	\$ 662,224	\$ 38,713
Increased by:		
Premium on Serial Bonds/Notes Issued	121,231	183,985
Funded Improvements Authorizations Cancelled	<u>-</u>	<u>439,526</u>
	783,455	662,224
Decreased By:		
Appropriated to Finance Improvement Authorizations	<u>680,000</u>	<u>-</u>
Balance, December 31,	<u>\$ 103,455</u>	<u>\$ 662,224</u>

**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
OPERATING FUND		
Cash	\$ 2,286,801	\$ 2,717,175
Receivables With Full Reserves		
Sewer User Fees Receivable	1,077,575	933,436
Deferred Charges		
Emergency Authorization	<u>-</u>	<u>150,000</u>
Total Operating Fund	<u>3,364,376</u>	<u>3,800,611</u>
CAPITAL FUND		
Cash	2,117,750	2,038,680
Due from General Capital Fund		659,161
Fixed Capital	38,783,438	38,583,491
Fixed Capital Authorized and Uncompleted	<u>27,950,417</u>	<u>19,160,417</u>
Total Capital Fund	<u>68,851,605</u>	<u>60,441,749</u>
	<u>\$ 72,215,981</u>	<u>\$ 64,242,360</u>

**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**  
**(Continued)**

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
OPERATING FUND		
Liabilities		
Appropriation Reserves	\$ 142,776	\$ 219,869
Encumbrances Payable	94,671	176,541
Accounts Payable	-	20,600
Accrued Interest Bonds and Notes	186,258	206,359
Accrued Interest Loans	1,303	1,553
Sewer Fee Overpayments	109,877	74,436
Due to Current Fund	<u>-</u>	<u>49,270</u>
	534,885	748,628
Reserve for Receivables	1,077,575	933,436
Fund Balance	<u>1,751,916</u>	<u>2,118,547</u>
Total Operating Fund	<u>3,364,376</u>	<u>3,800,611</u>
CAPITAL FUND		
Serial Bonds	19,500,894	21,085,823
Environmental Infrastructure Trust Loans	268,389	321,067
Bond Anticipation Notes	659,161	659,161
Encumbrances Payable	1,619,712	770,752
Improvement Authorizations		
Funded	4,504,208	3,789,987
Unfunded	13,119,330	6,672,602
Capital Improvement Fund	364,290	264,290
Reserve for Amortization	26,460,652	24,623,098
Deferred Reserve for Amortization	1,492,641	752,641
Fund Balance	<u>862,328</u>	<u>1,502,328</u>
Total Capital Fund	<u>68,851,605</u>	<u>60,441,749</u>
	<u>\$ 72,215,981</u>	<u>\$ 64,242,360</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2024 and 2023 of \$18,352,118 and \$10,302,118, respectively.

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE**  
**REGULATORY BASIS - SEWER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Anticipated	\$ 520,798	\$ 615,900
Sewer User Fees	11,693,552	11,848,128
Sewer User Fees - Direct	266,034	237,724
Interest and Costs on User Fees	160,010	154,707
Interest on Investments and Deposits	287,677	459,032
Water Capital Fund Balance		
Non-Budget Revenues	40,352	31,383
Other Credits to Income		
Unexpended Balances of Appropriation Reserves	296,140	241,550
Cancelled Prior Year Accounts Payable	<u>9,100</u>	<u>254,233</u>
Total Income	<u>13,273,663</u>	<u>13,842,657</u>
EXPENDITURES		
Operating	9,637,789	9,478,771
Capital Improvements	400,000	225,000
Debt Service	2,269,698	2,236,109
Deferred Charges and Statutory Expenditures	<u>362,009</u>	<u>203,300</u>
Total Expenditures	<u>12,669,496</u>	<u>12,143,180</u>
Excess in Revenues	604,167	1,699,477
Adjustments to Income Before Fund Balance		
Expenditures Included Above Which by Statute are Deferred to Subsequent Year's Budget		150,000
Surplus (General Budget)	<u>(450,000)</u>	<u>(1,000,000)</u>
Statutory Excess to Fund Balance	154,167	849,477
Fund Balance, January 1,	<u>2,118,547</u>	<u>1,884,970</u>
	2,272,714	2,734,447
Decreased by:		
Utilized as Anticipated Revenue	<u>520,798</u>	<u>615,900</u>
Balance, December 31,	<u><u>\$ 1,751,916</u></u>	<u><u>\$ 2,118,547</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**SEWER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Balance, January 1,	\$ 1,502,328	\$ 20,364
Increased by:		
Funded Improvement Authorizations Cancelled	<u>-</u>	<u>1,481,964</u>
	1,502,328	1,502,328
Decreased by:		
Appropriation to Finance Improvement Authorizations	<u>640,000</u>	<u>-</u>
Balance, December 31,	<u>\$ 862,328</u>	<u>\$ 1,502,328</u>

**CITY OF CLIFTON**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2025</u>		<u>2025</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Fund Balance Anticipated	\$ 520,798	\$ 520,798	\$ 520,798	\$ 520,798
Sewer User Fees	11,848,000	11,693,552	11,848,000	11,693,552
Sewer User Fees - Direct	200,000	266,034	200,000	266,034
Interest and Cost on User Fees	125,000	160,010	125,000	160,010
Interest on Investments and Deposits	<u>450,000</u>	<u>287,677</u>	<u>450,000</u>	<u>287,677</u>
Total Budget Revenues	<u>\$ 13,143,798</u>	<u>\$ 12,928,071</u>	<u>\$ 13,143,798</u>	<u>\$ 12,928,071</u>



**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 930,708	\$ 930,708	\$ 890,192	\$ 40,516	
Other Expenses	575,035	575,035	556,985	18,050	
Other Expenses - Health Benefits	395,570	395,570	395,570		
Other Expenses - PVSC	7,636,476	7,636,476	7,632,466	4,010	
Other Expenses - Joint Sewer Fees	100,000	100,000	26,737	73,263	-
Total Operating	9,637,789	9,637,789	9,501,950	135,839	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	200,000	200,000	200,000		
Capital Outlay	200,000	200,000	199,947	53	-
Total Capital Improvements	400,000	400,000	399,947	53	-
DEBT SERVICE					
Payment of Bond Principal	1,600,000	1,600,000	1,584,929		\$ 15,071
Interest on Bonds	600,000	600,000	594,756		5,244
Interest on Notes	34,000	34,000	34,000		-
Wastewater Loan - Principal & Interest	60,000	60,000	56,013	-	3,987
Total Debt Service	2,294,000	2,294,000	2,269,698	-	24,302
DEFERRED CHARGES AND STATUTORY					
Deferred Charges					
Emergency Appropriation	150,000	150,000	150,000		
Statutory Expenditures					
Contribution to					
Public Employees Retirement System	137,025	137,025	137,025		
Social Security System (O.A.S.I.)	74,984	74,984	68,100	6,884	-
Total Deferred Charges and Statutory Expenditures	362,009	362,009	355,125	6,884	-
SURPLUS (GENERAL BUDGET)	450,000	450,000	450,000	-	-
	<u>\$ 13,143,798</u>	<u>\$ 13,143,798</u>	<u>\$ 12,976,720</u>	<u>\$ 142,776</u>	<u>\$ 24,302</u>
Adopted Budget		<u>\$ 13,143,798</u>			

**CITY OF CLIFTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 903,600	\$ 883,600	\$ 790,769	\$ 92,831	
Other Expenses	543,400	707,371	665,701	41,670	
Other Expenses - Health Benefits	379,000	379,000	379,000		
Other Expenses - PVSC	7,408,800	7,408,800	7,336,571	72,229	
Other Expenses - Joint Sewer Fees	100,000	100,000	100,000	-	-
Total Operating	9,334,800	9,478,771	9,272,041	206,730	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	100,000	100,000	100,000		
Capital Outlay	125,000	125,000	124,208	792	-
Total Capital Improvements	225,000	225,000	224,208	792	-
DEBT SERVICE					
Payment of Bond Principal	1,550,000	1,545,894	1,545,894		
Interest on Bonds	635,000	648,562	633,892		\$ 14,670
Wastewater Loan - Principal & Interest	60,000	56,573	56,323	-	250
Total Debt Service	2,245,000	2,251,029	2,236,109	-	14,920
DEFERRED CHARGES AND STATUTORY					
Statutory Expenditures					
Contribution to					
Public Employees Retirement System	130,500	130,500	130,500		
Social Security System (O.A.S.I.)	72,800	72,800	60,453	12,347	-
Total Deferred Charges and Statutory Expenditures	203,300	203,300	190,953	12,347	-
SURPLUS (GENERAL BUDGET)	1,000,000	1,000,000	1,000,000	-	-
	<u>\$ 13,008,100</u>	<u>\$ 13,158,100</u>	<u>\$ 12,923,311</u>	<u>\$ 219,869</u>	<u>\$ 14,920</u>
Adopted Budget		\$ 13,008,100			
Emergency Appropriation		150,000			
		<u>\$ 13,158,100</u>			

**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**PUBLIC HOUSING FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
MODERATE REHABILITATION FUND		
Cash	\$ 105,213	\$ 100,223
Total Moderate Rehabilitation Fund	<u>105,213</u>	<u>100,223</u>
VOUCHER PROGRAM FUND		
Cash	814,215	909,030
Accounts Receivable	7,025	44,209
Land, Structures and Equipment	<u>75,350</u>	<u>75,350</u>
Total Voucher Program Fund	<u>896,590</u>	<u>1,028,589</u>
Total Assets	<u><u>\$ 1,001,803</u></u>	<u><u>\$ 1,128,812</u></u>
LIABILITIES AND FUND BALANCE		
MODERATE REHABILITATION FUND		
Fund Balance		
Unreserved/Undesignated	\$ 105,213	\$ 100,223
Total Moderate Rehabilitation Fund	<u>105,213</u>	<u>100,223</u>
VOUCHER PROGRAM FUND		
Liabilities:		
Accounts Payable	59,112	17,793
Due to Current Fund	5,227	53,470
Tenant Security Deposits	<u>89,169</u>	<u>81,053</u>
Total Liabilities	<u>153,508</u>	<u>152,316</u>
Fund Balance		
Investment in Fixed Assets	75,350	75,350
Unreserved:		
Designated for Housing Assistance Payments	101,052	83,805
Undesignated	<u>566,680</u>	<u>717,118</u>
Total Fund Balance	<u>743,082</u>	<u>876,273</u>
Total Voucher Program Fund	<u>896,590</u>	<u>1,028,589</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,001,803</u></u>	<u><u>\$ 1,128,812</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**PUBLIC HOUSING MODERATE REHABILITATION FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
REVENUES		
Interest Earned	\$ 4,990	\$ 4,587
Total Revenues	<u>4,990</u>	<u>4,587</u>
Excess in Revenue	4,990	4,587
Balance, January 1	<u>100,223</u>	<u>95,636</u>
Balance, December 31	<u>\$ 105,213</u>	<u>\$ 100,223</u>

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**PUBLIC HOUSING VOUCHER PROGRAM FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
REVENUES		
HUD Public Housing Assistance Grants	\$ 2,625,533	\$ 2,706,319
Other Income - Portability Fees	522,481	536,211
Interest Earned	<u>42,927</u>	<u>38,482</u>
Total Revenues	<u>3,190,941</u>	<u>3,281,012</u>
EXPENDITURES		
Administrative Expenses	398,644	260,371
Housing Assistance Payments	2,424,147	2,385,822
HAP Portability Expenses	<u>501,341</u>	<u>399,137</u>
Total Expenses	<u>3,324,132</u>	<u>3,045,330</u>
Excess in Revenue	(133,191)	235,682
Balance, January 1	<u>876,273</u>	<u>640,591</u>
Balance, December 31	<u>\$ 743,082</u>	<u>\$ 876,273</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF CLIFTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**PUBLIC LIBRARY FUND**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,878,226	\$ 1,342,493
Prepaid Expenditure	95,820	
Due from Current Fund	<u>912,576</u>	<u>663,980</u>
	<u>\$ 2,886,622</u>	<u>\$ 2,006,473</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	\$ 65,966	\$ 13,112
Fund Balance	<u>2,820,656</u>	<u>1,993,361</u>
Total Liabilities and Fund Balance	<u>\$ 2,886,622</u>	<u>\$ 2,006,473</u>

**CITY OF CLIFTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND**  
**CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**PUBLIC LIBRARY FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
REVENUES		
City Contribution	\$ 1,323,900	\$ 1,265,341
State Aid	48,727	49,705
Fines	16,988	15,064
Lost and Paid	5,686	6,094
Book Sales	6,081	5,324
Public Use Printing and Paper Sales	18,803	16,143
Interest	6,482	4,417
Postage - Reimbursement	803	914
Summer Reading Grant / Pals Plus Rent	16,800	16,800
Community Room	470	245
Other Miscellaneous Income	3,193	4,493
Grants/Restricted Donations	4,944	6,291
Gifts/Unrestricted Donations	<u>4,364</u>	<u>5,240</u>
Total Revenues	<u>1,457,241</u>	<u>1,396,071</u>
EXPENDITURES		
Books/Periodicals	96,183	81,229
Consulting Services	120,364	23,603
Office/Library Supplies	11,683	9,981
Janitorial Supplies	11,004	9,121
Computer Equipment and Supplies	16,583	11,618
Other Equipment/Furniture	7,200	16,922
Repairs and Maintenance	128,336	236,065
Telephone	16,056	12,981
Electric and Gas	138,162	138,978
Restricted Funds	10,898	13,776
COVID -19		
Capital Improvements	46,773	57,920
Miscellaneous	<u>26,704</u>	<u>23,864</u>
Total Expenditures	<u>629,946</u>	<u>636,058</u>
Excess (Deficiency) in Revenue	827,295	760,013
Fund Balance, January 1,	<u>1,993,361</u>	<u>1,233,348</u>
Fund Balance, December 31,	<u><u>\$ 2,820,656</u></u>	<u><u>\$ 1,993,361</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF CLIFTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Land and Land Improvements	\$ 83,007,659	\$ 83,007,659
Buildings and Building Improvements	30,266,519	30,266,519
Machinery and Equipment	33,700,926	33,700,926
Construction in Progress	<u>8,309,173</u>	<u>8,309,173</u>
	<u>\$ 155,284,277</u>	<u>\$ 155,284,277</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 155,284,277</u>	<u>\$ 155,284,277</u>



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## **NOTES TO FINANCIAL STATEMENTS**

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Clifton (the "City") was incorporated in 1917 and operates under the Municipal Manager form of government. Under this form of government, the City Manager who is appointed by the City Council, functions as the Chief Executive and Administrative Officer of the City. The City Manager, who also functions as the Director of Public Safety, makes all police and fire department appointments and promotions from Civil Service eligibility lists. Additionally, he is responsible for the hiring of all other municipal employees. The City Manager attends all meetings of the City Council and he is obligated to implement all of its policy decisions. The City charter provides for an elected body of seven (7) members each serving a four-year term with each council member being elected at large and representing the City as a whole. The City Council in turn selects the Mayor from among its members. As the policy-making body of the City, the City Council has the power to do whatever it deems necessary to promote and maintain the health, safety, welfare, comfort and peace of the City. The Mayor does, however, have additional responsibilities including presiding at City Council meetings and making appointments to the Planning Board and the Board of Library Trustees. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5.

**B. Description of Regulatory Basis of Accounting**

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

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

The City 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 City functions or activities. The City also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The City has the following funds and account group:

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

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

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

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

Municipal Open Space Trust Fund - This fund is used to account for the resources, which have accumulated from a dedicated tax, to be used for the preservation of open space, recreation and farmland property.

Unemployment Compensation Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Self- Insurance Fund - This fund is used to account for the resources and expenditures for worker's compensation and employee medical self-insurance claims and premiums.

Community Development Block Grant Fund - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

Revolving Loan Fund - This fund is used to account for the receipts and disbursements relating to City's revolving economic development loan and grant program.

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

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the City's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

*Public Housing Fund* – This fund is used to account for the revenues and expenditures for operation of the City's Public Housing Agency.

*Public Library Fund* – This fund is used to account for the revenues and expenditures of funds from the City library activities generated by services provided to the Community.

*General Fixed Assets Account Group* - This account group is used to account for all general fixed assets of the City, other than those accounted for in the sewer utility and public housing funds. The City's infrastructure is not reported in the account group.

**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 City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2022 balances to conform to the December 31, 2023 presentation.

**Financial Statements – Regulatory Basis**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

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

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

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

**Incurred But Not Reported (IBNR) Reserves and Claims Payable** - The City has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the City has not received notices or report of losses (i.e. IBNR). Additionally, the City has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). 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 potential claims are recorded as a long-term obligation in the proprietary funds and government-wide financial statements.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

**Reserve for Uncollected Taxes** – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

**Pensions** – The City appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the City is only required to disclose in the Notes to the Financial Statements it's share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the proprietary funds and government-wide financial statements.

**Other Post-Employment Benefits (OPEB)** – The City funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the City is only required to disclose in the Notes to the Financial Statements it's actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the proprietary funds and government-wide financial statements.

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized. General fixed assets acquired under capital financing agreements are capitalized at their acquisition cost. Intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs) are not capitalized.

General Fixed Assets purchased after December 31, 1989 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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



**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets (Continued)**

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

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

GAAP requires that capital assets, including intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs), be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Trust Funds (Except Open Space)  
General Capital Fund  
Sewer Utility Capital Fund  
Public Housing Fund  
Public Library Fund

The City must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

**1977 Appropriation "CAP":** The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the City is permitted to increase its overall Current Fund appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The City can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum. Additionally, municipalities can bank the unused appropriation increases for use in any of the next two (2) succeeding budget years.

**2010 Levy "CAP":** The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy. Additionally, municipalities can bank the unused tax levy for use in any of the next three (3) succeeding budget years.

CITY OF CLIFTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2024 and 2023 the City Council increased the original Current Fund budget by \$4,301,639 and \$3,306,365. The increases were funded by additional aid allotted to the City in 2024 and 2023. In addition, during 2024 the City council approved a special emergency appropriation for tax maps, increasing the current fund budget by \$100,000. Also during 2023, the City Council increased the original sewer utility fund budget by \$150,000. This increase was attributable to an emergency resolution for sewer expenses. The governing body also approved several budget transfers during 2024 and 2023.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

The City’s deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The City is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee’s salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2024 and 2023 the book value of the City's deposits were \$83,162,067 and \$95,210,600 and bank and brokerage firm balances of the City's deposits amounted to \$83,876,038 and \$95,132,702, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" or “cash and cash equivalents” are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Insured	\$ 77,179,221	\$ 88,956,974
Uninsured and Collateralized	<u>6,696,817</u>	<u>6,175,728</u>
	<u>\$ 83,876,038</u>	<u>\$ 95,132,702</u>

CITY OF CLIFTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

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 City does not have a formal policy for custodial credit risk. As of December 31, 2024 and 2023, the City’s bank balances of \$6,696,817 and \$6,175,728 were exposed to custodial credit risk as follows:

	<u>2024</u>	<u>2023</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust		
department but not in the City's name	\$ 6,696,817	\$ 6,175,728

B. Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the City or bonds or other obligations of the school districts which are a part of the City or school districts located within the City, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of the Community Affairs for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2024 and 2023 the City had no outstanding investments.

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2024 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>2024</u>			
Property Taxes	\$ 2,913,328		\$ 2,913,328
Tax Title Liens	19,413		19,413
Special Improvement District Taxes	22,819		22,819
Sewer Utility Fees	-	\$ 1,077,575	1,077,575
	<u>\$ 2,955,560</u>	<u>\$ 1,077,575</u>	<u>\$ 4,033,135</u>

In 2024, the City collected \$2,635,268 from delinquent taxes and tax title liens, \$11,870 from special improvement district taxes and \$933,436 from sewer utility fees which represented 98%, 100% and 100% of the delinquent receivable balances at December 31, 2023.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)**

Receivables at December 31, 2023 consisted of the following:

	<u>Current</u>	<u>Sewer Utility</u>	<u>Total</u>
<b><u>2023</u></b>			
Property Taxes	\$ 2,677,671		\$ 2,677,671
Tax Title Liens	20,504		20,504
Special Improvement District Taxes	11,870		11,870
Sewer Utility Fees	<u>-</u>	<u>\$ 933,436</u>	<u>933,436</u>
	<u>\$ 2,710,045</u>	<u>\$ 933,436</u>	<u>\$ 3,643,481</u>

In 2023, the City collected \$2,755,470 from delinquent taxes and tax title liens, \$11,837 from special improvement district taxes and \$895,085 from sewer utility fees which represented 97%, 100% and 100% of the delinquent receivable balances at December 31, 2022.

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2024</u>		<u>2023</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
Regular	\$ 28,277	\$ 2,435,358	\$ 126,913	\$ 9,813,063
Grant	1,521,791		8,652,856	
Trust Fund:				
Animal Control Trust Fund				218
Other Trust			496,227	
Municipal Open Space Trust Fund	991			
Community Development Block Grant		23,050		23,955
General Capital Fund				659,161
Sewer Utility Fund:				
Operating				49,270
Capital			659,161	
Public Housing Fund:				
Voucher Program		5,227		53,470
Public Library Fund	<u>912,576</u>	<u>-</u>	<u>663,980</u>	<u>-</u>
Total	<u>\$ 2,463,635</u>	<u>\$ 2,463,635</u>	<u>\$ 10,599,137</u>	<u>\$ 10,599,137</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and receipts deposited or appropriations budgeted in one fund which are due to another fund.

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	Balance, December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
<b><u>2024</u></b>			
Current Fund			
Special Emergency Authorization (40A:4-53)	\$100,000	\$20,000	\$80,000
<b><u>2023</u></b>			
Sewer Utility			
Emergency Authorization	\$150,000	\$150,000	

**NOTE 7 DEFERRED SCHOOL TAXES**

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2024 and 2023 are as follows:

	<b><u>Local District School</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Balance of Tax	\$ 76,512,016	\$ 74,119,771
Deferred Liability	<u>55,865,130</u>	<u>55,865,130</u>
Taxes Payable	<u>\$ 20,646,886</u>	<u>\$ 18,254,641</u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 8 FUND BALANCES APPROPRIATED**

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

	<b>2024</b>		<b>2023</b>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget (1)	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 14,879,264	\$ -	\$ 13,293,714	\$ 8,040,000
Non-Cash Surplus	<u>138,586</u>	<u>-</u>	<u>39,710</u>	<u>-</u>
	<u>\$ 15,017,850</u>	<u>\$ -</u>	<u>\$ 13,333,424</u>	<u>\$ 8,040,000</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 1,751,916	\$ -	\$ 1,968,547	\$ 520,798
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
	<u>\$ 1,751,916</u>	<u>\$ -</u>	<u>\$ 2,118,547</u>	<u>\$ 520,798</u>

(1): As of the date of this report, the City has not introduced the 2025 budget.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2024 and 2023.

	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>
<b><u>2024*</u></b>				
Land and Land Improvements	\$ 83,007,659			\$ 83,007,659
Buildings and Building Improvement	30,266,519			30,266,519
Machinery and Equipment	33,700,926			33,700,926
Construction in Progress	<u>8,309,173</u>	<u>-</u>	<u>-</u>	<u>8,309,173</u>
	<u>\$ 155,284,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,284,277</u>
	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>
<b><u>2023*</u></b>				
Land and Land Improvements	\$ 83,007,659			\$ 83,007,659
Buildings and Building Improvement	30,266,519			30,266,519
Machinery and Equipment	33,700,926			33,700,926
Construction in Progress	<u>8,309,173</u>	<u>-</u>	<u>-</u>	<u>8,309,173</u>
	<u>\$ 155,284,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,284,277</u>

\* The City has not received an updated fixed assets report for 2024 or 2023 from the third party appraisal company as of the audit date.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 FIXED ASSETS (Continued)**

**B. Sewer Utility Fund Fixed Assets**

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2024 and 2023.

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>
<b><u>2024</u></b>				
System and System Improvements	\$ 37,628,988	\$ 199,947		\$ 37,828,935
Buildings and Building Improvements	470,034			470,034
Vehicles and Equipment	484,469	-	-	484,469
	<u>\$ 38,583,491</u>	<u>\$ 199,947</u>	<u>\$ -</u>	<u>\$ 38,783,438</u>
	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>
<b><u>2023</u></b>				
System and System Improvements	\$ 31,139,014	\$ 6,489,974		\$ 37,628,988
Buildings and Building Improvements	470,034			470,034
Vehicles and Equipment	484,469	-	-	484,469
	<u>\$ 32,093,517</u>	<u>\$ 6,489,974</u>	<u>\$ -</u>	<u>\$ 38,583,491</u>

**C. Public Housing Fund Fixed Assets**

The following is a summary of changes in the Public Housing Fund fixed assets for the years ended December 31, 2024 and 2023:

	Balance December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>
<b><u>2024</u></b>				
Land, Structures & Equipment	<u>\$ 75,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,350</u>
	Balance December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>
<b><u>2023</u></b>				
Land, Structures & Equipment	<u>\$ 75,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,350</u>



**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 10 MUNICIPAL DEBT**

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

The City's debt is summarized as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Issued		
General		
Bonds, Notes and Loans	\$ 57,743,070	\$ 63,007,361
Sewer Utility		
Bonds, Notes and Loans	<u>20,428,444</u>	<u>22,066,051</u>
	78,171,514	85,073,412
Less Funds Temporarily Held to Pay Bonds and Notes	<u>322,775</u>	<u>322,775</u>
Net Debt Issued	<u>77,848,739</u>	<u>84,750,637</u>
Authorized But Not Issued		
General		
Bonds and Notes	36,188,003	19,659,003
Sewer Utility		
Bonds and Notes	<u>18,352,118</u>	<u>10,302,118</u>
	<u>54,540,121</u>	<u>29,961,121</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 132,388,860</u>	<u>\$ 114,711,758</u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is in the format of the City's Annual Debt Statement and indicates a statutory net debt of .679% and .655% at December 31, 2024 and 2023, respectively.

<b><u>2024</u></b>	<b><u>Gross Debt</u></b>	<b><u>Deductions</u></b>	<b><u>Net Debt</u></b>
General Debt	\$ 93,931,073	\$ 322,775	\$ 93,608,298
School Debt	156,800,735	156,800,735	-
Utility Debt	<u>38,780,562</u>	<u>38,451,668</u>	<u>328,894</u>
Total	<u>\$ 289,512,370</u>	<u>\$ 195,575,178</u>	<u>\$ 93,937,192</u>

<b><u>2023</u></b>	<b><u>Gross Debt</u></b>	<b><u>Deductions</u></b>	<b><u>Net Debt</u></b>
General Debt	\$ 82,666,364	\$ 322,775	\$ 82,343,589
School Debt	161,850,735	161,850,735	-
Utility Debt	<u>32,368,169</u>	<u>31,874,346</u>	<u>493,823</u>
Total	<u>\$ 276,885,268</u>	<u>\$ 194,047,856</u>	<u>\$ 82,837,412</u>

**Statutory Borrowing Power**

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

	<b><u>2024</u></b>	<b><u>2023</u></b>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 484,172,460	\$ 442,586,795
Less: Net Debt	<u>93,937,192</u>	<u>82,837,412</u>
Remaining Borrowing Power	<u>\$ 390,235,268</u>	<u>\$ 359,749,383</u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<b><u>2024</u></b>	<b><u>2023</u></b>
\$12,479,000 2013 Bonds due in an annual installment of \$1,449,000 in October 2025, interest at 3.125%	\$ 1,449,000	\$ 2,899,000
\$4,519,763 (\$5,600,000 Combined Issue), 2014 Refunding Bonds due in annual installments of \$451,976 to \$456,012 through August 2026, interest at 3.00% to 5.00%	907,988	1,355,929
\$2,554,472 (\$3,165,000 Combined Issue), 2016 Refunding Bonds due in annual installments of \$230,024 to \$238,094 through April 2026, interest at 1.960%	468,118	710,248
\$4,756,000, 2016 Bonds due in annual installments of \$550,000 through September 2027, interest at 2.00% to 3.00%	1,650,000	2,200,000
\$6,975,000, 2018 Bonds due in annual installments of \$405,000 to \$460,000 through August 2035, interest at 3.00% to 5.00%	4,905,000	5,365,000
\$32,435,000, 2021 Bonds due in annual installments of \$1,715,000 to \$2,955,000 through August 2035, interest at 2.00% to 4.00%	27,285,000	29,000,000
\$1,995,000, 2021 Refunding Bonds due in annual installments of \$320,000 to \$330,000 through August 2027, interest 3.00% to 4.00%	975,000	1,310,000
	<u>\$ 37,640,106</u>	<u>\$ 42,840,177</u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable**

The City has entered into loan agreements with the New Jersey Department of Environmental Protection for the financing relating to the Athenia Steel Recreation Complex Project. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

**General Intergovernmental Loans Payable**

	<b><u>2024</u></b>	<b><u>2023</u></b>
<u>Green Acres</u>		
\$400,000, 2010 Loan due in Semi-annual installments of \$10,982 to \$12,314 through March, 2030, interest at 2.00%	\$ 128,938	\$ 150,902
\$893,400, 2017 Loan due in Semi-annual installments of \$21,128 to \$27,366 through August, 2037, interest at 2.00%	<u>633,187</u>	<u>675,443</u>
	<u>\$ 762,125</u>	<u>\$ 826,345</u>

**Sewer Utility Bonds**

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

**Sewer Utility Bonds**

	<b><u>2024</u></b>	<b><u>2023</u></b>
\$4,802,000, 2013 Bonds due in annual installments of \$317,000 to \$320,000 through October 2031, interest at 3.125% to 4.00%	\$ 2,237,000	\$ 2,557,000
\$1,080,237 (\$5,600,000 Combined Issue), 2014 Refunding Bonds due in annual installments of \$108,024 to \$108,988 through August 2026, interest at 3.00% to 5.00%	217,012	324,071
\$610,528 (\$3,165,000 Combined Issue), 2016 Refunding Bonds due in annual installments of \$54,977 to \$56,906 through April 2026, interest at 1.96%	111,882	169,752

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Sewer Utility Bonds (Continued)**

	<u><b>2024</b></u>	<u><b>2023</b></u>
\$7,850,000, 2016 Bonds due in annual installments of \$450,000 through September 2036, interest at 2.00% to 4.00%	\$ 5,400,000	\$ 5,850,000
\$4,585,000, 2018 Bonds due in annual installments of \$250,000 to \$255,000 through August 2038, interest at 3.00% to 5.00%	3,565,000	3,815,000
\$8,525,000, 2021 Bonds due in annual installments of \$315,000 to \$530,000 through August 2041, interest at 2.00% to 4.00%	7,690,000	7,995,000
\$570,000, 2021 Refunding Bonds due in annual installments of \$90,000 to \$95,000 through August 2041, interest at 3.00% to 4.00%	<u>280,000</u>	<u>375,000</u>
	<u><u>\$ 19,500,894</u></u>	<u><u>\$ 21,085,823</u></u>

**Sewer Utility Intergovernmental Loans Payable**

The City has entered into loan agreements with the New Jersey Department of Environmental Protection for the financing relating to the City's replacement of Martin Avenue Pump Station. The City pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the sewer utility at December 31 are as follows:

**Sewer Utility Intergovernmental Loans Payable**

	<u><b>2024</b></u>	<u><b>2023</b></u>
<u>NJ Environmental Infrastructure Trust</u>		
\$245,000, 2010 Loan due in annual installments of \$15,000 to \$20,000 through August, 2029, interest at 3.50% to 4.00%	\$ 80,000	\$ 95,000
\$741,000, 2010 Loan due in semi-annual installments of \$12,559 through August, 2029, interest free	<u>188,389</u>	<u>226,067</u>
	<u><u>\$ 268,389</u></u>	<u><u>\$ 321,067</u></u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2024 is as follows:

<u>Calendar Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 5,259,582	\$ 1,017,877	\$ 1,647,607	\$ 539,294	\$ 8,464,360
2026	4,152,863	843,164	1,706,643	483,877	7,186,547
2027	3,513,171	717,932	1,542,678	432,505	6,206,286
2028	2,764,541	594,361	1,487,678	385,455	5,232,035
2029	2,860,939	489,764	1,502,677	339,644	5,193,024
2030-2034	16,330,152	1,448,469	6,422,000	1,140,191	25,340,812
2035-2039	3,520,983	78,956	4,405,000	388,581	8,393,520
2040-2041	-	-	1,055,000	31,700	1,086,700
	<u>\$ 38,402,231</u>	<u>\$ 5,190,523</u>	<u>\$ 19,769,283</u>	<u>\$ 3,741,247</u>	<u>\$ 67,103,284</u>

**Changes in Long-Term Municipal Debt**

The City's long-term capital debt activity for the years ended December 31, 2024 and 2023 were as follows:

	<u>Balance, December 31, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2024</u>	<u>Due Within One Year</u>
<b><u>2024</u></b>					
<b><u>General Capital Fund</u></b>					
Bonds Payable	\$ 42,840,177		\$ 5,200,071	\$ 37,640,106	\$ 5,194,071
Intergovernmental Loans Payable	826,345	-	64,220	762,125	65,511
General Capital Fund Long-Term Liabilities	<u>\$ 43,666,522</u>	<u>-</u>	<u>\$ 5,264,291</u>	<u>\$ 38,402,231</u>	<u>\$ 5,259,582</u>
<b><u>Sewer Capital Fund</u></b>					
Bonds Payable	\$ 21,085,823		\$ 1,584,929	\$ 19,500,894	\$ 1,594,930
Intergovernmental Loans Payable	321,067	-	52,678	268,389	52,677
General Capital Fund Long-Term Liabilities	<u>\$ 21,406,890</u>	<u>-</u>	<u>\$ 1,637,607</u>	<u>\$ 19,769,283</u>	<u>\$ 1,647,607</u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt**

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within One Year
<b><u>2023</u></b>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 48,049,283		\$ 5,209,106	\$ 42,840,177	\$ 5,200,071
Intergovernmental Loans Payable	<u>889,300</u>	<u>-</u>	<u>62,955</u>	<u>826,345</u>	<u>64,220</u>
General Capital Fund Long-Term Liabilities	<u>\$ 48,938,583</u>	<u>-</u>	<u>\$ 5,272,061</u>	<u>\$ 43,666,522</u>	<u>\$ 5,264,291</u>
<u>Sewer Capital Fund</u>					
Bonds Payable	\$ 22,631,717		\$ 1,545,894	\$ 21,085,823	\$ 1,584,930
Intergovernmental Loans Payable	<u>373,745</u>	<u>-</u>	<u>52,678</u>	<u>321,067</u>	<u>52,677</u>
General Capital Fund Long-Term Liabilities	<u>\$ 23,005,462</u>	<u>-</u>	<u>\$ 1,598,572</u>	<u>\$ 21,406,890</u>	<u>\$ 1,637,607</u>

**B. Short-Term Debt**

The City's short-term debt activity for the years ended December 31, 2024 and 2023 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2023</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2024</u>
<b><u>2023</u></b>						
<u>General Capital Fund</u>						
Various Capital Improvements	3.75%	11/24/2025	\$ 9,340,839	\$ 9,340,839	\$ 9,340,839	\$ 9,340,839
	4.50%	5/21/2025	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Total General Capital Fund			<u>\$ 19,340,839</u>	<u>\$ 19,340,839</u>	<u>\$ 19,340,839</u>	<u>\$ 19,340,839</u>
<u>Sewer Utility Capital Fund</u>						
Various Sewer Improvements	3.75%	11/24/2025	\$ 659,161	659,161	\$ 659,161	659,161
Total Sewer Capital Fund			<u>\$ 659,161</u>	<u>\$ 659,161</u>	<u>\$ 659,161</u>	<u>\$ 659,161</u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2022</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2023</u>
<b><u>2023</u></b>						
<u>General Capital Fund</u>						
Various Capital Improvements	5.00%	11/26/2024		\$ 9,340,839		\$ 9,340,839
	4.50%	5/23/2024	\$ 10,000,000	10,000,000	\$ 10,000,000	10,000,000
Total General Capital Fund			\$ 10,000,000	\$ 19,340,839	\$ 10,000,000	\$ 19,340,839
<u>Sewer Utility Capital Fund</u>						
Various Sewer Improvements	5.00%	11/26/2024	\$ -	659,161	\$ -	659,161
Total Sewer Capital Fund			\$ -	\$ 659,161	\$ -	\$ 659,161

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

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

**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2024</u></b>		
2023 Road Resurfacing Program	\$ 600,274	2025
2024 Sidewalk and Curb Improvements	1,259,274	2025
Plog Brook Culvert Rehabilitation	1,297,875	2025
<b><u>2023</u></b>		
2023 Sidewalk and Curb Improvements	\$ 2,296,902	2024
2023 Road Resurfacing Program	3,584,635	2025
Radio Infrastructure Improvements	1,432,500	2024
Rovine Park Sanitary Sewer Improvements	705,908	2024



**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)**

As of December 31, the City has other significant commitments as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>	<u>Date of Completion</u>
<b><u>2024</u></b>		
Acquisition of Ladder and (2) Pumpers - Fire Dept.	\$ 3,438,851	2025
Structural Firefighting Gear	800,718	2025
<b><u>2023</u></b>		
Two (2) Ambulance and EMT Vehicles	\$ 702,551	2024

**NOTE 12 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$16,286,197 and \$16,647,365 at December 31, 2024 and 2023, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024 and 2023, the City has reserved in the Other Trust Fund \$2,853,673 and \$4,205,073, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)**

**B. Deferred Pension Obligation**

During the year ended December 31, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$3,531,897 and will be paid back with interest over 15 years beginning in the 2012 year. The City is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (7.00% effective July 1, 2017) at December 31, 2024 and 2023 is \$1,182,051 and \$1,641,406, respectively.

During the years ended December 31, 2024, 2023 and 2022 the City was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

<u>Years Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2024	\$ 78,776	\$ 468,266
2023	77,803	461,764
2022	80,866	479,889

**Changes in Other Long-Term Liabilities**

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

The City's changes in other long-term liabilities for the years ended December 31, 2024 and 2023 were as follows:

	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<b><u>2024</u></b>					
Compensated Absences	\$ 16,647,365		\$ 361,168	\$ 16,286,197	\$ 250,000
Deferred Pension Obligation	1,641,406	\$ 87,687	547,042	1,182,051	551,214
Net Pension Liability - PERS (1)	29,045,091			29,045,091	
Net Pension Liability - PFRS (1)	92,897,305			92,897,305	
Net OPEB Liability	237,795,533			237,795,533	
Self-Insurance Claims Liability	<u>5,671,729</u>	<u>-</u>	<u>-</u>	<u>5,671,729</u>	<u>-</u>
Total	<u>\$ 383,698,429</u>	<u>\$ 87,687</u>	<u>\$ 908,210</u>	<u>\$ 382,877,906</u>	<u>\$ 801,214</u>

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

**CITY OF CLIFTON**  
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**NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities (Continued)**

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<b><u>2023</u></b>					
Compensated Absences	\$ 17,001,891		\$ 354,526	\$ 16,647,365	\$ 250,000
Deferred Pension Obligation	2,137,134	\$ 43,839	539,567	1,641,406	547,042
Net Pension Liability - PERS	30,339,979	1,240,346	2,535,234	29,045,091	
Net Pension Liability - PFRS	94,048,427	9,534,811	10,685,933	92,897,305	
Net OPEB Liability	231,380,840	13,813,374	7,398,681	237,795,533	
Self-Insurance Claims Liability	<u>4,594,915</u>	<u>32,472,779</u>	<u>31,395,965</u>	<u>5,671,729</u>	<u>-</u>
Total	<u>\$ 379,503,186</u>	<u>\$ 57,105,149</u>	<u>\$ 52,909,906</u>	<u>\$ 383,698,429</u>	<u>\$ 797,042</u>

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS**

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

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

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

The following represents the membership tiers for PFRS:

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

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

The following represents the membership tiers for PERS:

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds**

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2024 was not available and for June 30, 2023 is \$14.6 billion, and the plan fiduciary net position as a percentage of the total pension liability is 65.22% at June 30, 2023. The collective net pension liability of the participating employers for local PFRS at June 30, 2024 was not available and for June 30, 2023 is \$13.1 billion and the plan fiduciary net position as a percentage of total pension liability is 70.16% at June 30, 2023.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2022 which were rolled forward to June 30, 2023.

**Actuarial Methods and Assumptions**

In the July 1, 2022 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2023 and 2022 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2024 and 2023 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the City for 2024, 2023 and 2022 were equal to the required contributions.

During the years ended December 31, 2024, 2023 and 2022, the City, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2024	\$ 11,660,901	\$ 2,663,574	\$ 57,153
2023	10,685,933	2,535,234	63,021
2022	9,691,180	2,276,276	39,070

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2023 for the measurement date of June 30, 2024 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2024 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer to the total contributions to the plan during the fiscal years ended June 30, 2023 and 2022. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2023, the City reported a liability of \$29,045,091 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the ratio of the City's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the City's proportionate share was .20128 percent, which was an increase of .03412 percent from its proportionate share measured as of June 30, 2022 of .16716 percent.

For the year ended December 31, 2023, the pension system has determined the City's pension expense (benefit) to be \$(372,535), for PERS based on the actuarial valuations which is less than the actual contributions reported in the City's financial statements of \$2,535,234. At December 31, 2023, the City's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the City's financial statements are from the following sources:

	<b>2023</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 277,708	\$ 118,727
Changes of Assumptions	63,806	1,760,257
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	133,756	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>922,999</u>	<u>463,683</u>
Total	<u>\$ 1,398,269</u>	<u>\$ 2,342,667</u>

CITY OF CLIFTON  
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NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2023 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2024	\$ (1,502,958)
2025	(612,691)
2026	1,376,393
2027	(208,440)
2028	3,298
Thereafter	<u>-</u>
	<u>\$ (944,398)</u>

Actuarial Assumptions

The City’s total pension liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2023</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Rate for All Future Years	2.75 - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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 generational basis. Mortality improvement is based on Scale MP-2021.



**CITY OF CLIFTON**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2023, as reported for the year ended December 31, 2023, are summarized in the following table:

<u>Asset Class</u>	<b>2023</b>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%

***Discount Rate***

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Sensitivity of Net Pension Liability*

The following presents the City’s proportionate share of the PERS net pension liability as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
<b><u>2023</u></b>			
City's Proportionate Share of the PERS Net Pension Liability	<u>\$ 37,810,529</u>	<u>\$ 29,045,091</u>	<u>\$ 21,584,545</u>

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at December 31, 2023. A sensitivity analysis specific to the City’s net pension liability was not provided by the pension system.

*Pension Plan Fiduciary Net Position*

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

**Police and Firemen’s Retirement System (PFRS)**

At December 31, 2023, the City reported a liability of \$92,897,305, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City’s proportionate share of the net pension liability was based on the ratio of the City’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the City’s proportionate share was .84079 percent, which was an increase of .01915 percent from its proportionate share measured as of June 30, 2022 of .82164 percent.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

For the year ended December 31, 2023, the pension system has determined the City pension expense (benefit) to be \$4,022,285 for PFRS based on the actuarial valuations which is less than the actual contributions reported in the City's financial statements of \$10,685,933. At December 31, 2023, the City's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the City's financial statements are from the following sources:

	<b>2023</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 3,977,677	\$ 4,430,377
Changes of Assumptions	200,505	6,272,794
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,731,084	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>3,055,686</u>	<u>2,007,550</u>
Total	<u>\$ 11,964,952</u>	<u>\$ 12,710,721</u>

At December 31, 2023 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2024	(3,526,741)
2025	(3,372,780)
2026	5,890,217
2027	(292,644)
2028	481,782
Thereafter	<u>74,397</u>
	<u>\$ (745,769)</u>

**CITY OF CLIFTON**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Actuarial Assumptions*

The City’s total pension liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u><b>2023</b></u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	
Rate for All Future Years	3.25%-16.25%
	Based on Years
	of Service
Investment Rate of Return	7.00%

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

*Mortality Rates*

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2023, as reported for the year ended December 31, 2023, are summarized in the following table:

<u>Asset Class</u>	<b>2023</b>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%

***Discount Rate***

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. 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 in determining the total pension liability.

**CITY OF CLIFTON**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Sensitivity of Net Pension Liability*

The following presents the City’s proportionate share of the PFRS net pension liability as of December 31, 2023 calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
<b><u>2023</u></b>			
City's Proportionate Share of the PFRS Net Pension Liability	\$ 129,436,128	\$ 92,897,305	\$ 62,469,196

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at December 31, 2023. A sensitivity analysis specific to the City’s net pension liability was not provided by the pension system.

*Special Funding Situation – PFRS*

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

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$17,117,409. For the year ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the City for the PFRS special funding situation is \$1,947,070, which is less than the actual contribution the State made on behalf of the City of \$1,957,572. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the City was .84079 percent, which was an increase of .01915 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of .82164 percent. The State’s proportionate share attributable to the City was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported in the City’s financial statements.

*Pension Plan Fiduciary Net Position*

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

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS**

**State Administered Post-Retirement Health Benefits Program**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including certain eligible former City employees and/or their dependents under a special funding situation.

**Plan Description and Benefits Provided**

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

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

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

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

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

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

CITY OF CLIFTON  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Administered Post-Retirement Health Benefits Program (Continued)

**Plan Membership and Contributing Employers**

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2023:

Active Plan Members	65,613
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>34,771</u>
Total	<u>100,384</u>
Contributing Employers	574
Contributing Nonemployers	1

**Measurement Focus and Basis of Accounting**

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

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2024 was not available and for June 30, 2023 is \$15.0 billion, and the plan fiduciary net (deficit) as a percentage of the total OPEB liability is (0.79)% at June 30, 2023.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2022 which was rolled forward to June 30, 2023.

**Actuarial Methods and Assumptions**

In the July 1, 2022 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there can be a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$431.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$55.6 million for fiscal year 2023.



**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**State Administered Post-Retirement Health Benefits Program (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The City is not required to make contributions to the State Plan under the special funding situation. The State as a non-employer contributing entity makes contributions to the Plan on-behalf of the City under a special funding situation.

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2024 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2024 is not presented in the notes to the financial statements.

***Special Funding Situation***

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

The non-employer special funding allocation percentages presented as the State's proportion share was based on eligible plan members subject to the special fund situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

CITY OF CLIFTON  
 NOTES TO FINANCIAL STATEMENTS  
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NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Administered Post-Retirement Health Benefits Program (Continued)

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

Special Funding Situation (Continued)

At December 31, 2023, the State’s proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$56,532,975. For the year ended December 31, 2023 the plan has determined the State’s proportionate share of the OPEB expense attributable to the City for the OPEB special funding situation is \$10,250,533. At December 31, 2023 (measurement date June 30, 2023), the State’s share of the OPEB liability attributable to the City was 1.62027 percent, which was a decrease of .31403 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2021), of 1.93430 percent. The State’s proportionate share attributable to the City was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Actuarial Assumptions

The City’s total OPEB liability reported for the year ended December 31, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2023
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Rate For All Future Years	2.75% to 6.55% Based on Years of Service
PFRS:	
Rate For All Future Years	3.25% to 16.25% Based on Years of Service

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Mortality Rates

Pre-retirement and post-retirement mortality rates were based on the Pub-2010 Healthy “Safety” for PFRS and Healthy “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled “Safety” for PFRS and Disabled “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**State Administered Post-Retirement Health Benefits Program (Continued)**

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

***Health Care Trends***

The trend rate for pre-Medicare medical benefits is initially 6.50% and decreases to a 4.50% long-term trend rate after 9 years. For post-65 medical benefits PPO, the trend is, increasing to 14.80% in Fiscal Year 2026 and decreasing to 4.50% in Fiscal Year 2033. For HMO the trend is increasing to 17.40% in Fiscal Year 2026 and decreasing to 4.50% in Fiscal Year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after 7 years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount Rate**

The discount rate for June 30, 2023 measurement date was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

***OPEB Plan Fiduciary Net Position***

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

**City Administered Post-Retirement Health Benefits Program**

In addition to the State sponsored health benefit program plan, under a special funding situation, the City sponsors and administers a post-retirement health benefit program plan.

**Plan Description**

The City provides a postemployment healthcare plan (OPEB) for its eligible retirees and their dependents. The plan is a single-employer defined benefit healthcare plan administered by the City. In accordance with City ordinances, contracts and/or policies, the City can amend the benefit terms and financing requirements of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The City provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree's spouse and/or dependents under certain agreements continues upon the death of the retiree. For an employee to qualify for employer provided post-retirement medical benefits, they shall have retired in compliance with the requirements of the Public Employees Retirement System, the Police and Firemen's Retirement System or eligible for retirement under Senate Bill 3026 and have not attained the age of 70 or 75 years depending on the employment contract. Under the various employment contracts, post-retirement medical benefits can begin for eligible employees upon retirement for a period beginning from age 45 and ending at age 75 depending on the employment contract. Under certain employment contracts, employee provided post-retirement medical benefits are provided to certain employees and their dependents upon permanent disability or death in the line of duty.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**City Administered Post-Retirement Health Benefits Program (Continued)**

**Employees Covered by Postemployment Benefits**

At December 31, 2024 and 2023, the following employees were covered by postemployment health care benefits:

	<u>2024</u>	<u>2023</u>
Active Employees	459	424
Inactive Employees or Beneficiaries Currently Receiving Benefits	<u>323</u>	<u>315</u>
	<u>782</u>	<u>739</u>

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

At December 31, 2024 and 2023, the City's total OPEB liabilities were \$238,631,170 and \$237,795,533, respectively. The Net OPEB liabilities were measured as of December 31, 2024, and the OPEB liability was determined by an actuarial valuation as of December 31, 2024.

For the years ended December 31, 2024 and 2023, the City has determined it's OPEB expense to be \$12,279,562 and \$11,804,991, respectively, based on the actuarial valuation which is more than the actual contributions reported in the City's financial statements of \$7,034,98 and \$7,398,681, respectively. At December 31, 2024 and 2023, the City deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the City's financial statements are from the following sources:

	<u>2024</u>		<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience Changes of Assumptions	\$ 29,877,483 <u>2,249,695</u>	2521596 <u>\$ 32,042,665</u>	\$ 32,811,537 <u>2,409,715</u>	<u>\$ 33,249,396</u>
Total	<u>\$ 32,127,178</u>	<u>\$ 34,564,261</u>	<u>\$ 35,221,250</u>	<u>\$ 33,249,396</u>

At December 31, 2024 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized as expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2025	\$ 315,889
2026	315,889
2027	315,889
2028	315,889
2029	315,889
Thereafter	<u>(4,016,528)</u>
	<u>\$ (2,437,083)</u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**City Administered Post-Retirement Health Benefits Program (Continued)**

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

***Actuarial Assumptions***

The City's total OPEB liability reported for the year ended December 31, 2024 was based on the December 31, 2024 measurement date as determined by an actuarial valuation as of December 31, 2024. The total OPEB liability reported for the year ended December 31, 2023 was based on the December 31, 2023 measurement date as determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. These actuarial valuations used the following actuarial assumptions, applied to all periods in the measurement date:

<i>Mortality</i>	<i>PUB 2010 "General" Classification Headcount Weighted Mortality with Generational Improvement Using Scale MP-2021.</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates – prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 25 years of service for PBA retirees and after attainment of age 60 and completion of 10 years of service for all others</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.08% and 3.26% Based on the Bond Buyer 20 Index as of December 31, 2024 and 2023, respectively</i>
<i>CPI Increase</i>	<i>2.5%</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Medical Trend</i>	<i>Medical: 6.5% in 2024 and 5.1% in 2023, reducing by 0.25% per annum, leveling at 4.5% per annum in 2032. Drug: 14.0% in 2024, and 6.0% in 2023, reducing by 0.75% per annum leveling at 4.5% per annum in 2030. Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2024 medical and prescription drug premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (42) and scaled to each age based on the medical cost aging factors until age 65. At age 65, Medicare becomes the primary payer of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs.
- 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, it was assumed that a future retiree will contribute his/her current employee contribution as reported by the City increased annually by the rate of medical trend. For 2024 and 2023 employer and retiree contributions for retiree benefits as reported by the City are \$7.0 million and \$7.4 million, respectively.
- Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of 2024 payroll of \$41.001 million.

**CITY OF CLIFTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**City Administered Post-Retirement Health Benefits Program (Continued)**

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

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the December 31, 2024 and 2023 valuations were based on the results of actuarial experience studies as of December 31, 2024 and 2022, respectively. For December 31, 2023 it is a “Roll Forward” measurement that utilizes 2023 retiree costs.

***Changes in the Total OPEB Liability***

The change in the City’s OPEB liability for the years ended December 31, 2024 and 2023 based on measurement date of December 31, 2024 and 2023, respectively, is as follows:

	<b>Total OPEB Liability 2024</b>	<b>Total OPEB Liability 2023</b>
Balance - Beginning of Year	<u>\$ 237,795,541</u>	<u>\$ 231,380,848</u>
Changes for the Year:		
Service Cost	\$ 4,189,627	\$ 2,674,403
Interest on the Total OPEB Liability	7,774,038	8,569,240
Differences Between Expected and Actual Experience	(2,682,464)	
Changes in Assumptions	(1,410,584)	2,569,731
Benefit Payments	<u>(7,034,988)</u>	<u>(7,398,681)</u>
Net Changes	<u>835,629</u>	<u>6,414,693</u>
Balance - End of Year	<u><u>\$ 238,631,170</u></u>	<u><u>\$ 237,795,541</u></u>

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**City Administered Post-Retirement Health Benefits Program (Continued)**

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

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

The following presents the City's net OPEB liability as of December 31, 2024 and 2023 calculated using the discount rate of 4.08% and 3.26%, respectively, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08% and 2.26%, respectively) or 1-percentage-point higher (5.08% and 4.26%, respectively) than the current rate:

	<b>1% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
<b><u>2024</u></b>			
Net OPEB Liability	<u>\$265,253,375</u>	<u>\$ 238,631,170</u>	<u>\$ 216,458,338</u>
	<b>1% Decrease (2.26%)</b>	<b>Current Discount Rate (3.26%)</b>	<b>1% Increase (4.26%)</b>
<b><u>2023</u></b>			
Net OPEB Liability	<u>\$266,359,268</u>	<u>\$ 237,795,533</u>	<u>\$ 214,243,545</u>

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

The following presents the City's net OPEB liability as of December 31, 2024 and 2023 calculated using the healthcare trend rates as disclosed above as well as what the City's net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
<b><u>2024</u></b>			
Net OPEB Liability	<u>\$219,963,274</u>	<u>\$ 238,631,170</u>	<u>\$ 261,156,010</u>
	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
<b><u>2023</u></b>			
Net OPEB Liability	<u>\$216,572,884</u>	<u>\$ 237,795,533</u>	<u>\$ 263,298,328</u>

CITY OF CLIFTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 15 RISK MANAGEMENT

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

The City has established a group health insurance benefit plan (medical and prescription drug) for its employees and their eligible dependents. The City and its retirees contribute to fund the entire cost of the plan. Claims are paid directly by the plan up to a maximum benefit per person, per lifetime of \$150,000 with any excess benefit being reimbursed through a Re-Insurance Agreement. The City has not created a liability for loss reserves for claims incurred which were unpaid at December 31, 2024 and 2023. In addition, the City has not created a liability for reserves for any potential unreported losses which have taken place but in which the City has not received notices or report of losses. The effect on the financial statements from these omissions could not be determined, but is probably material. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. As of December 31, 2024 and 2023 the City has available in the Self Insurance Trust Fund \$2,860,631 and \$5,163,262, respectively for the payment of self-insured health benefit claims.

Estimates of claims payable and claims incurred, but not reported (IBNR) at December 31, 2024 and 2023 were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$2,650,000 and \$2,310,000, at December 31, 2024 and 2023, respectively is determined based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City has also established a workers compensation benefit plan for its employees and their eligible dependents. The City contributes to fund the entire cost of the plan. Claims are paid directly by the plan up to a maximum benefit per person, per lifetime of \$750,000 with any excess benefit being reimbursed through a Re-Insurance Agreement. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the City under existing reinsurance agreements. As of December 31, 2024 and 2023 the City has available in the Self- Insurance Trust Fund \$1,076,521 and \$2,052,299, respectively for the payment of unpaid self-insured workers compensation claims.

Estimates of claims payable and claims incurred, but not reported (IBNR) at December 31, 2024 and 2023 for the workers compensation benefit plans were determined based on claim information supplied by the claims administrators and actuary. The unpaid claims liability of \$2,291,141 and \$3,361,729, at December 31, 2024 and 2023, respectively is determined based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The City has estimated that the balances of claims liabilities for the group insurance medical benefit plan and workers compensation plan for the years ended December 31, 2024 and 2023 are as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Estimated Claims Liabilities		
Workers Compensation	\$2,291,141	\$3,361,729
Medical Benefits	<u>2,650,000</u>	<u>2,310,000</u>
	<u>\$4,941,141</u>	<u>\$5,671,729</u>



**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 15 RISK MANAGEMENT (Continued)**

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

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

<u>Year Ended</u> <u>December 31</u>	<u>City</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2024	NONE	\$ 83,283	\$ 165,369	\$ 244,681
2023	NONE	78,256	15,923	326,767
2022	NONE	75,771	11,513	264,434

**NOTE 16 CONTINGENT LIABILITIES**

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

**Pending Litigation –**

Occidental Chemical Corp. v. Passaic Valley Sewerage Commission (“PVSC”), et al, (Civil Action). Occidental Chemical Corporation has filed a federal lawsuit seeking contribution and cost recovery under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”). The City of Clifton is a member municipality of PVSC and it is anticipated that the City of Clifton will be served with the lawsuit in the near future. Occidental is alleging that Clifton contributed to the contamination by discharging contaminants into the Passaic River. Potential exposure at this time is unknown.

Villano v. City of Clifton, et.al., The Plaintiff, the City’s former City Manager, is claiming that four Council members created a hostile work environment and otherwise discriminated against him. Plaintiff sets forth an age discrimination claim as well as a conscientious employee protection act claim. He further alleged that the four Council Members were hindering and interfering with an ongoing investigation into his hostile work environment claim. As discovery has not commenced, it is difficult for the City attorney to estimate any potential liability. The Claimant has made an initial demand in the amount of \$3.25 million.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be material. As of December 31, 2024 and 2023, the City reserved \$1,605,017 and \$1,551,721, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

**Federal and State Awards** - The City 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 City may be required to reimburse the grantor government. As of December 31, 2024 and 2023, significant amounts of grant expenditure have not been audited by the various grantor agencies but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

**CITY OF CLIFTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 17 FEDERAL ARBITRAGE REGULATIONS**

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2024 and 2023, the City has no estimated arbitrage earnings due.

**NOTE 18 TAX ABATEMENTS**

For the years ended December 31, 2024 and 2023, the City provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the “LTTE Law”), and the Senior Citizen Nonprofit Rental Housing Tax Law.

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being “in need of redevelopment”. These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area “in need of redevelopment”. Upon adopting the planning board’s recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project.
- Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project.

For the years ended December 31, 2024 and 2023 the City abated property taxes totaling \$4,616,759 and \$4,506,318, respectively under the LTTE and Senior Citizens Nonprofit Rental Housing programs. The City received \$1,963,619 and \$1,955,085 in PILOT payments under these programs for the years ended December 31, 2024 and 2023, respectively.

**NOTE 19 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On May 20, 2025 the City issued bond anticipation notes in the amount of \$10,000,000 to temporarily finance expenditures related to various capital projects. The City has awarded the sale of said notes to Piper Sandler & Co, at an interest rate of 3.75%. These notes, dated May 20, 2025 will mature on August 29, 2025.

## **APPENDIX C**

### **FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL**

\_\_\_\_\_, 2025

City Council of the  
City of Clifton, in the  
County of Passaic, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of Clifton, in the County of Passaic, New Jersey (the "City"), in connection with the issuance by the City of its \$19,340,000\* General Improvement Bonds, Series 2025 (the "Bonds"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, the resolution of the City adopted on July 7, 2025 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

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

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

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

Very truly yours,

\*Preliminary; subject to change.

\_\_\_\_\_, 2025

City Council of the  
City of Clifton, in the  
County of Passaic, New Jersey

Dear Council Members:

We have acted as bond counsel to the City of Clifton, in the County of Passaic, New Jersey (the "City"), in connection with the issuance by the City of its \$10,659,000 Bond Anticipation Notes, Series 2025B, consisting of the \$8,000,000 General Improvement Bond Anticipation Note and the \$2,659,000 Sewer Utility Bond Anticipation Notes (together, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the City listed in the Certificate of Determination and Award prepared in connection with this issue, each in all respects duly approved and published as required by law. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the City, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the City without limitation as to rate or amount.

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

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

Very truly yours,