

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 13, 2026

NEW ISSUE

RATING: Moody's: "MIG 1"

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with its Tax Certificate described herein, 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 Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

**\$ 13,745,000 BOND ANTICIPATION NOTES
OF THE
BOROUGH OF CARLSTADT
COUNTY OF BERGEN, NEW JERSEY
(Non-Callable) (Book-Entry Only)**

**Dated: April 30, 2026
Due: April 30, 2027**

The \$13,745,000 Bond Anticipation Notes (the "Notes") of the Borough of Carlstadt, in the County of Bergen, New Jersey (the "Borough"), shall be issued as fully registered book-entry notes registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any integral multiple thereof with a minimum of \$5,000 required. Beneficial Owners, as defined herein, of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "THE NOTES - Book-Entry Only System" herein.

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

Interest on the Notes will be payable at maturity on April 30, 2027. Principal and interest on the Notes will be paid to DTC by the Borough. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

INTEREST

RATE

%

YIELD

%

The Notes are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Notes in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about April 30, 2026.

**PROPOSALS FOR THE NOTES WILL BE RECEIVED
UNTIL 11:00 AM ON APRIL 22, 2026
BY BOND COUNSEL ON BEHALF OF THE BOROUGH,
VIA ELECTRONIC MAIL AT SLR@ROGUTMCCARTHY.COM OR
VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC
FOR MORE DETAILS REFER TO THE NOTICE OF SALE**

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and the information contained herein is subject to completion or amendment in accordance with applicable law. The Issuer will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**BOROUGH OF CARLSTADT
IN THE COUNTY OF BERGEN, NEW JERSEY**

MAYOR

Robert Zimmermann

BOROUGH COUNCIL

Diane DeBiase
Joseph Emerson
Suzanne Fonseca
James Lenoy
William Roseman
David Stoltz

BOROUGH ADMINISTRATOR

Joseph Crifasi

ACTING BOROUGH CLERK

Kimberly Koziel

CHIEF FINANCIAL OFFICER

Ashley Morrone

BOROUGH ATTORNEY

Joseph R. Donahue
Ridgewood, New Jersey

BOROUGH AUDITOR

Garbarini & Co., P.C. CPAs
River Edge, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

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

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

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

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

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**OFFICIAL STATEMENT
OF THE BOROUGH OF CARLSTADT
IN THE COUNTY OF BERGEN, NEW JERSEY
relating to**

\$13,745,000 BOND ANTICIPATION NOTES

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Carlstadt (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$13,745,000 Bond Anticipation Notes (the "Notes"). This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the Notes.

This Preliminary Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), but is subject to (a) completion with certain pricing and other information to be made available by the Underwriter and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the "final official statement" within the meaning of Rule 15c2-12.

THE NOTES

General Description

The Notes shall be dated and shall bear interest from April 30, 2026 and shall mature on April 30, 2027. The Notes shall bear interest at the interest rate set forth on the cover hereof, which interest is payable on April 30, 2027. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The note certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants, as defined herein, and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants, as defined herein, will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Borough or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial Owners of the Notes.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes 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 note certificate will be issued for the Notes, in the principal amount of the Notes, and will be deposited with DTC.

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

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("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 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

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

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

The Borough 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 Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE PARTICIPANTS OR BENEFICIAL OWNERS OF THE NOTES.

Prior Redemption

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

SECURITY AND SOURCE OF PAYMENT

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

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

AUTHORIZATION AND PURPOSE OF THE NOTES

The Bond Anticipation Notes are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law") and adopted bond ordinances of the Borough.

The bond ordinances included in the sale of the Bond Anticipation Notes were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Bond Anticipation Notes by the Borough.

The proceeds of the Bond Anticipation Notes will be used to (i) currently refund \$13,745,000 of the Borough's \$18,500,000 outstanding bond anticipation notes maturing on May 1, 2026.

Ord. No.	Description	Amount
21-11	Various Public Improvements & Acquisitions	\$ 1,066,854
22-1	Various Public Improvements & Acquisitions	1,786,709
22-8	Supplemental Funding for Construction of Soccer Field	1,985,145
23-1	Acquisition of Real Property - 447 Garden Street	2,413,316
23-4	Various Public Improvements & Acquisitions	3,013,640
24-04	Various Public Improvements & Acquisitions	3,479,336
		\$ 13,745,000

NO DEFAULT

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

MARKET PROTECTION – BOND AND NOTE FINANCING

The Borough does not contemplate issuing any bonds or tax anticipation notes during the remainder of 2026. The Borough may issue additional bond anticipation notes during 2026, as needed.

**CERTAIN STATUTORY PROVISIONS FOR THE
PROTECTION OF GENERAL OBLIGATION DEBT**

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

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

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

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

An independent examination of the Borough'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 within eight months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

Debt Limits

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

At December 31, 2025

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 6,925,000	\$ 6,925,000	\$ -
General Debt	32,015,000		32,015,000
	\$ 38,940,000	\$ 6,925,000	\$ 32,015,000

The Borough has not exceeded its statutory debt limit. On December 31, 2025 (Unaudited) the statutory net debt as a percentage of average equalized valuation was .913%. As noted above, the statutory limit is 3.50%.

Exceptions to Debt Limits - Extensions of Credit

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

Short-Term Financing

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

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

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

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

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

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

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

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

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

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

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

district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act.

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

Investment of Municipal Funds

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

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

The Borough has no investments in derivatives.

MUNICIPAL BUDGET

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

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

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

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

Limitations on Municipal Appropriations and Tax Levy

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

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

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

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

The Borough's appropriation and tax levy increase for 2011 through 2025, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and without conducting a referendum to exceed the cap limits. The Borough's 2026 budget has been introduced on March 18, 2026 and the budget hearing will take place on April 15, 2026. The appropriation and tax levy increase in the 2026 introduced budget was within the limits allowed under the CAP Law, taking into account applicable adjustments and without conducting a referendum to exceed the cap limits.

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

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

The reserve requirement is calculated as follows:

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

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Operation of Utilities

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

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

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

Fiscal Year

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

Budget Process

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 35% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

Capital Budget

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

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Borough, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500, and an additional penalty of 6% on delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Borough. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser

is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

Tax Appeals

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

Further, pursuant to Assembly Bill No. 862, signed into law on January 18, 2022, residential tax appeal refunds, or commercial tax appeal refunds exceeding \$100,000, may be paid to the property owner, with interest, as a credit against the balance of property taxes that become due within a three-year period, with any excess after three years being paid immediately.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Notes and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Notes to be included in gross income of the owners thereof retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Notes, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with the Tax Certificate, 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. In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. For other Federal tax information, see "Tax Matters - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof.

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of governmental obligations, such as the Notes, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Notes. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

Proposals for Tax Changes

From time to time, there are proposals of the Office of the President of the United States, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

STATEMENT OF LITIGATION

To the knowledge of the Borough Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any taxes to pay the principal of or the interest on the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of the taxes, affecting the validity of the Notes or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers of the Borough to their respective offices.

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Borough, including the Notes, and such Notes are authorized security for any and all public deposits.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "MIG 1" to the Notes. The ratings reflect only the view of the Rating Agency and an explanation of the significance of the ratings may only be obtained from the Rating Agency at the following address: 7 World Trade Center, 250 Greenwich Street, New York 10007. The Borough forwarded to the Rating Agency certain information and materials concerning the Notes and the Borough. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of the rating, may have an adverse effect on the marketability or market price of the Notes.

UNDERWRITING

The Notes have been purchased at a public sale from the Borough for resale by _____ (the "Underwriter").

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Notes. If all the Notes are sold at the public offering price or at the yield set forth on the cover page of this Official Statement, the Underwriter anticipates total selling compensation of \$ _____.*. The public offering price or yield on the Notes may be changed from time to time by the Underwriter without notice. The Notes may be offered and sold to dealers, including the Underwriter and dealers acquiring the Notes for their own account or any account managed by them, at prices lower than the public offering price.

* Information obtained from the Underwriter.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

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

Legal Matters

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

1. The Notes have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough, enforceable in accordance with their terms, except as enforcement of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.
2. The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Notes, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such *ad valorem* taxes as may be necessary to pay the Notes and the interest thereon, without limitation as to rate or amount.

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

Certificates of Borough Officials

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

INFECTIOUS DISEASE OUTBREAK – COVID-19

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, 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, 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 Borough 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 Borough. The Borough cannot quantify any such impacts at this time.

The Plan, signed into law on March 11, 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. For municipalities with populations less than 50,000, such as the Borough, the relief funds were distributed by the State. The relief funds were received from the State in two equal payments, one within 30 days of receipt of the funding by the State and the balance no earlier than 12 months from the initial payment. The deadline to obligate the funds was December 31, 2024, and to spend them is December 31, 2026. The Borough received the full amount of its relief funds in the amount of \$641,828. The Borough expended all of those funds on Police Department salaries and wages.

SECONDARY MARKET DISCLOSURE

The Borough has a limited secondary market disclosure obligation pursuant to Rule 15c2-12(d)(3) because the Notes have a stated maturity of 18 months or less. In accordance with such exemption from full secondary market disclosure, the Borough will agree, pursuant to a continuing disclosure certificate to be executed on the date of issuance of the Notes, to undertake for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format, as prescribed by the MSRB. Specifically, the Borough will do the following for the benefit of the holders of the Notes and the beneficial owners thereof:

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

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

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

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

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

The Borough reserves the right to terminate its obligation to provide notice of material events, as set forth above, if and when the Borough no longer remains an "obligated person" with respect to the Notes within the meaning of Rule 15c2-12.

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

The Borough has previously entered into secondary market disclosure undertakings in accordance with Rule 15c2-12. The Borough has appointed Garbarini & Co., P.C. CPAs, River Edge, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information with the MSRB's Electronic Municipal Market Access system ("EMMA") as required with respect to the Notes and the Borough's obligations.

FINANCIAL STATEMENTS

The compiled financial statements of the Borough for the year ended December 31, 2025 and the audited financial statements of the Borough for the year ended December 31, 2024 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been prepared by Garbarini & Co., P.C. CPAs, an independent auditor (the "Auditor"). See "Appendix B –Independent Accountant's Compilation Report for the Year Ended December 31, 2025 and Independent Auditor's Report for the Year Ended December 31, 2024".

PREPARATION OF OFFICIAL STATEMENT

The Auditor takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report.

All other information has been obtained from sources which the Borough considers to be reliable and the Borough 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 requests for information additional to that contained herein, may be directed to the Borough of Carlstadt, 500 Madison Street, Carlstadt, New Jersey, 07072, Ashley Morrone, Chief Financial Officer, (201) 531-7197.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Notes. 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 Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

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

**BOROUGH OF CARLSTADT, IN THE
COUNTY OF BERGEN, NEW JERSEY**

By: /s/ _____
Ashley Morrone
Chief Financial Officer

Dated: _____

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APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION
RELATING TO THE BOROUGH OF CARLSTADT**

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GENERAL INFORMATION
ABOUT THE
BOROUGH OF CARLSTADT, IN THE
COUNTY OF BERGEN, NEW JERSEY

The following material presents certain economic and demographic information of the Borough of Carlstadt (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State").

Form of Government

The Borough, incorporated in 1894, has a governing body consisting of a Mayor and six Council members. Council members are elected for staggered three-year terms; the Mayor is elected separately every four years. At the annual reorganization meeting, the Council elects one member as its President. The Mayor and Council are assisted by an appointed Administrator responsible for the implementation of policies established by the governing body and for the coordination of the various Borough departments.

The executive power of the Borough is exercised by the Council. Administrative functions for implementing policies of the Borough are exercised by department heads who report to their respective department Council Committee Chairperson and the Mayor.

The governing body meets on the first and the third Wednesday of each month. The preceding Wednesday is designated as the Council work session and the third Wednesday is designated as the regular meeting.

The Borough Clerk is appointed by the Mayor and Council. The Clerk's office prepares official minutes of Council meetings, advertises and records ordinances and resolutions, issues licenses as required by State statutes and local ordinances and conducts all phases of municipal elections and voter registrations.

Geographical Location and Area

The Borough is situated in the south-west section of Bergen County, is located on the west bank of the Hackensack River, and is a 4.2 square-mile residential, commercial and industrial area. Neighboring communities include East Rutherford, Wallington, Wood-Ridge, Moonachie, South Hackensack, Ridgefield and Secaucus.

The Borough is located approximately 5 miles from the Lincoln Tunnel. Residents have access to all parts of New York and New Jersey via I-95, which runs directly through Carlstadt, and Routes #3, # 17, 20 and #46. Transportation is available by bus and NJ Transit Rail Services.

There are a total of 2,690 acres, or 4.2 square miles, within the Borough. Land Use is divided as follows:

<u>Types of Land Use</u>	<u>Acres</u>	<u>%</u>
Residential: (single family, 2 to 4 family, townhouse)	1,883	70
Commercial	215	8
Light Industrial	350	13
Public and Semi-Public Facilities	81	3
Other: (utilities, vacant streets, railroad, streams, brooks & ponds)	161	6
Total	2,690	100

Utilities

Sanitation

The Borough provides garbage collection for all homes on a semi-weekly basis through the Department of Public Works.

Sewerage Authority

The Carlstadt Sewerage Authority (the "Authority") was created to construct and operate a wastewater collection system to serve the portion of the Borough between Berry's Creek and the Hackensack River. The wastewater collected flows through two pumping stations operated by the Authority and is pumped to the Bergen County Utilities Authority for treatment. The flow handled by the Authority is primarily industrial.

The Authority bills its users directly on a quarterly basis. The billing is based on flow records provided by Veolia North America.

As a public body under existing statutes, the Authority is exempt from both Federal and State taxes.

Stormwater

In March 2019, the Stormwater Utility Law, officially known as the "Clean Stormwater and Flood Reduction Act", was signed into State law. This Act authorizes local and county governments and certain utilities the ability to create stormwater utilities. A stormwater utility is currently the only mechanism that would be able to dedicate these funds directly to stormwater management, thus allowing a utility to properly operate, maintain, repair, and improve their storm sewer system as necessary.

Carlstadt created a stormwater utility in 2025 to assess fees and use the revenue from these fees to maintain infrastructure designed to control stormwater flooding and reduce pollutants from entering into waterways.

Gas and Electric

Gas and electric services are supplied by Public Service Electric and Gas Company (PSE&G), although the State has authorized competition within the supply side of energy. PSE&G remains responsible for the maintenance and upkeep of the infrastructure.

Cellular Phone Tower

A cellular telephone transmission tower has been installed at Route 17 and Division Avenue. The purpose of the tower is to improve cellular coverage and to eliminate "dead spots" in the Borough.

The Council had adopted a cellular tower ordinance that gives guidance and protection to Borough citizens regarding future installations.

Cable Television

The entire Borough is wired for cable television. Installation and service are provided by Cablevision. The cable system has recently undergone a system upgrade, which enables the provision of Internet service, digital television and telephone service.

Public Facilities

Municipal Building

The Memorial Municipal Building is located on 500 Madison Street in the Borough. All of the Borough's administrative offices are located in this building - Borough Clerk, Treasurer, Tax Collector, Municipal Court, Tax Assessor, Construction Department, Board of Health and Mayor and Council Chambers.

Police Department

The Police Department is also located at the Memorial Municipal Building. Carlstadt is served by a Police Department consisting of 32 police officers, which includes 3 detectives and operates with 17 marked cars, 5 unmarked cars and 5 motorcycles.

Through the use of modern equipment, the Department keeps abreast of the latest developments in crime prevention and detection. Every member of the force is given the opportunity to improve his/her professional police skills by attending schools on both County and State levels. As a result, members of the Police Department are qualified to handle any phase of police work faced by their counterparts in a larger city.

Fire Department

The Fire department was organized in 1865 and has facilities at both 500 Madison Street and 480 Washington Avenue.

The Department presently operates three "Class A" pumpers, which are rated at over 1,500 gallons per minute, a 115-foot LTI laddertruck and a Rescue truck.

The Fire Department members are all volunteers. They include, on average, 68 members.

Ambulance Corps

The Carlstadt Volunteer Ambulance Corps, Inc. (the "CVAC") is a nonprofit corporation established to provide free first aid and emergency care to residents of the Borough and sports fans attending nearby events. The CVAC is located on 424 Hackensack Street.

The CVAC utilizes two ambulances and a 1st responder vehicle, all of which are equipped with defibrillators and LUCAS devices, for coronary care patients. There are 19 active riding members who provide twenty-four-hour coverage for emergencies. Frequently, mutual aid is provided to neighboring towns.

Public Facilities (cont'd)

Department of Public Works

The Department of Public Works (the "DPW") is responsible for the maintenance of Borough buildings, streets, parks, sidewalks, storm drains, sanitary sewers, shade trees, snow removal, water service and leaf recycling. In 1988, the DPW designed and developed a recycling center across from its headquarters.

Library

The William E. Dermody Free Public Library is located at 420 Hackensack Street. The Public Library provides free library services to Borough residents ranging from reference assistance, children's programs, audiovisual materials and periodicals.

Recreation Facilities

The Borough has a year-round recreation program, which is administered by a Recreation Committee appointed by the Mayor and Council.

The Borough has a very active Little League, which makes use of its own field created for that purpose. It also has Borough-supervised football, basketball, soccer and softball programs. A multi-million-dollar state-of-the-art Soccer Complex was recently constructed by the Borough.

A Civic Center houses activities for the senior citizens of the Borough and offers meeting rooms for civic organizations.

Building Permits

<u>Year</u>	<u>Permit</u>	<u>Value of Construction</u>
2025	298	\$27,452,760
2024	291	14,027,960
2023	346	49,621,625
2022	360	19,023,745
2021	401	23,327,243

Education

The Borough’s school district is a Type II school district, an independent legal entity administered by a nine-member Board of Education elected by the voters of the school district. The school district is authorized by law to issue debt for school purposes upon vote of the electorate.

The school system consists of one elementary school, grades Pre-K through 8. Students in grades 9 through 12 attend the Henry P. Becton Regional High School.

<u>School Year</u>	<u>Enrollment</u>
2024-2025	498
2023-2024	512
2022-2023	530
2021-2022	524
2020-2021	511

Source: Carlstadt Board of Education

Transportation

NJ Transit bus service is available to and from the Port Authority Bus Terminal in Midtown Manhattan on the 161, 163 and 164 routes; to Newark on the 76; and to other New Jersey communities served on the 703 and 772 routes.

Retirement Systems

All full-time permanent or qualified Borough employees who began employment after 1954 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions within the New Jersey Department of Treasury is the administrator of the funds with the benefit and contribution levels set by the State. The Borough is enrolled in the Public Employees' Retirement System and the Police and Firemen’s Retirement System. The State Division of Pensions annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Borough's share of pension costs is based upon the annual billings received from the State.

DESCRIPTION OF
THE BOROUGH OF CARLSTADT
TOGETHER WITH
CERTAIN ECONOMIC, DEMOGRAPHIC AND DEBT INFORMATION

Employment and Unemployment Comparisons

For the years 2020 to 2024, the New Jersey Department of Labor reported the following annual average employment information for the Borough of Carlstadt, the County of Bergen and the State of New Jersey:

Borough of Carlstadt

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate (%)</u>
2024	3,938	3,770	168	4.3%
2023	3,898	3,742	156	4.0%
2022	3,775	3,641	134	3.5%
2021	3,677	3,406	271	7.4%
2020	3,688	3,276	412	11.2%

County of Bergen

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate (%)</u>
2024	541,844	521,596	20,248	3.7%
2023	536,776	517,682	19,094	3.6%
2022	519,799	502,401	17,398	3.3%
2021	499,794	468,726	31,068	6.2%
2020	494,538	449,149	45,389	9.2%

State of New Jersey

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate (%)</u>
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Population Estimates from US Census Bureau

Borough of Carlstadt

April 1, 2020	6,109
Population Estimates (as of July 01)	
2024.....	6,454
2023.....	6,390
2022	6,345
2021	6,349
2020	6,109

County of Bergen

April 1, 2020	955,732
Population Estimates (as of July 01)	
2024.....	978,641
2023.....	957,736
2022	952,997
2021	954,879
2020	955,732

DESCRIPTION OF
THE BOROUGH OF CARLSTADT
TOGETHER WITH
CERTAIN ECONOMIC, DEMOGRAPHIC AND DEBT INFORMATION

Per Capita Income Estimate from US Census Bureau

County of Bergen

Per capita income in last 12 months (in 2024 dollars)	\$63,735
Median Household income (in 2024 dollars)	\$124,884

Major Real Property Taxpayers

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>
Russo	\$ 321,953,600
AMB Properties	265,656,000
600 Washington Ave, LLC	53,633,500
Starke Commercial Center	48,799,600
Trans Con Pipe Line	40,164,200
760 Washington Ave., LLC	32,166,000
455 Sixteenth St., LLC	30,801,300
LIT Meadowlands, LLC	27,257,800
STRS OHIO	24,460,800
Centerpoint Commercial, LLC	23,387,500

Net Assessed and Equalized Property Valuations

<u>Classification</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Apartment	\$ 16,980,600	\$ 16,468,500	\$ 14,937,600	\$ 14,055,600	\$ 13,655,000
Residential	859,312,900	824,044,600	753,633,800	694,969,500	652,435,300
Commercial	450,233,000	431,571,400	418,913,900	408,806,300	405,723,600
Industrial	2,024,619,600	1,946,576,900	1,792,463,400	1,660,860,200	1,531,068,200
Vacant Land	48,734,800	30,641,800	30,435,600	21,167,400	21,331,300
Subtotal	3,399,880,900	3,249,303,200	3,010,384,300	2,799,859,000	2,624,213,400
Public Utilities	4,552,151	4,601,292	4,485,384	4,413,386	4,512,252
Total	<u>\$ 3,404,433,051</u>	<u>\$ 3,253,904,492</u>	<u>\$ 3,014,869,684</u>	<u>\$ 2,804,272,386</u>	<u>\$ 2,628,725,652</u>

DESCRIPTION OF
THE BOROUGH OF CARLSTADT
TOGETHER WITH
CERTAIN ECONOMIC, DEMOGRAPHIC AND DEBT INFORMATION

Comparative Schedule of Tax Rate Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>1.705</u>	<u>1.661</u>	<u>1.645</u>	<u>1.688</u>	<u>1.813</u>

Apportionment of Tax Rate

Municipal	0.795	0.749	0.734	0.756	0.795
Municipal Open Space	0.010	0.009			
County	0.237	0.237	0.232	0.231	0.254
Local School	0.412	0.416	0.433	0.459	0.486
Regional High School	0.251	0.250	0.246	0.242	0.278

Comparative Schedule of Tax Levy Information

	<u>2025 (Unaudited)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Apportionment of of Tax Levy</u>					
Municipal	\$ 25,972,397	\$ 23,325,992	\$ 21,218,004	\$ 20,367,338	\$ 20,033,599
Library	1,143,322	1,093,281	939,446	844,868	879,701
Municipal Open Space	340,443	325,390			
County	7,677,835	7,322,634	6,690,391	6,186,521	6,372,598
County Open Space	345,230	330,372	293,684	257,089	265,755
Local School	13,998,703	13,516,689	13,037,167	12,874,367	12,766,397
Regional School	<u>8,538,908</u>	<u>8,124,091</u>	<u>7,386,622</u>	<u>6,794,695</u>	<u>7,332,149</u>
Total	<u>\$ 58,016,838</u>	<u>\$ 54,038,449</u>	<u>\$ 49,565,314</u>	<u>\$ 47,324,878</u>	<u>\$ 47,650,199</u>

Comparison of Tax Levies and Collection

<u>Year</u>	<u>*Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2025 (Unaudited)	\$ 58,062,875	\$ 57,628,691	99.25%
2024	54,068,250	53,685,333	99.29%
2023	49,603,777	49,414,665	99.62%
2022	47,346,583	47,177,496	99.64%
2021	47,687,263	47,497,746	99.60%

* Tax Levy includes Special District and Added Taxes

DESCRIPTION OF
THE BOROUGH OF CARLSTADT
TOGETHER WITH
CERTAIN ECONOMIC, DEMOGRAPHIC AND DEBT INFORMATION

Delinquent Taxes and Tax Title Liens

<u>December Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2025 (Unaudited)	\$ 981,680	\$ 359,618	\$ 1,341,298	2.31%
2024	949,198	237,504	1,186,701	2.19%
2023	917,554	121,371	1,038,925	2.09%
2022	913,738	110,007	1,023,745	2.16%
2021	878,920	108,194	987,114	2.07%

Comparison of Assessed Valuation and Tax Rates

<u>Year</u>	<u>Net Taxable Value</u>	<u>Tax Rate</u>	<u>Real Property Assessed Valuation Percentage of True Value</u>
2025	\$ 3,404,433,051	1.705	99.71%
2024	3,253,904,492	1.661	99.61%
2023	3,014,869,684	1.645	103.38%
2022	2,804,272,386	1.688	105.05%
2021	2,628,725,652	1.813	103.72%

Property Acquired by Tax Title Lien Liquidation

<u>Year</u>	<u>Amount</u>
2025 (Unaudited)	\$ 4,265,700
2024	4,265,700
2023	4,265,700
2022	4,265,700
2021	4,265,700

DESCRIPTION OF
THE BOROUGH OF CARLSTADT
TOGETHER WITH
CERTAIN ECONOMIC, DEMOGRAPHIC AND DEBT INFORMATION

Current Fund Balances and Amounts Utilized in Succeeding Year's Budget

<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>in Succeeding</u> <u>Year's Budget</u>
2025 (Unaudited)	\$ 4,068,174	\$ 1,440,000
2024	3,263,947	1,440,000
2023	2,930,178	1,140,000
2022	1,678,284	890,000
2021	967,888	290,000

**Summary of the Borough of Carlstadt's Current Fund Budgets
(As Adopted)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues					
Surplus Anticipated	\$ 1,440,000	\$ 1,140,000	\$ 890,000	\$ 290,000	\$ 290,000
Miscellaneous Revenues	6,046,746	6,134,811	3,315,897	2,649,032	2,411,156
Receipts from Delinquent Taxes	141,455	160,617	115,069	225,358	188,959
Amount to be Raised by Taxation for Municipal Purposes	27,115,719	24,419,273	22,157,451	21,212,206	20,913,300
	<u>\$ 34,743,919</u>	<u>\$31,854,701</u>	<u>\$26,478,417</u>	<u>\$24,376,596</u>	<u>\$23,803,415</u>
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Expenditures					
Salaries and Wages	\$10,463,085	\$10,124,971	\$9,721,194	\$9,333,500	\$8,895,500
Other Expenses	16,121,029	15,671,569	11,776,594	10,170,544	9,572,394
Deferred Charges and Statutory Expenditures	2,641,270	2,652,816	2,707,220	2,372,248	2,462,398
Capital Improvement Fund	300,000	300,000	420,000	425,000	349,185
Municipal Debt Service	4,778,535	2,665,345	1,413,409	1,635,304	2,083,938
Reserve for Uncollected Taxes	440,000	440,000	440,000	440,000	440,000
	<u>\$34,743,919</u>	<u>\$31,854,701</u>	<u>\$26,478,417</u>	<u>\$24,376,596</u>	<u>\$23,803,415</u>

Source: Borough of Carlstadt 2025-2021 Budgets as adopted.

DESCRIPTION OF
THE BOROUGH OF CARLSTADT
TOGETHER WITH
CERTAIN ECONOMIC, DEMOGRAPHIC AND DEBT INFORMATION

Summary of Municipal Debt

	<u>2025 (Unaudited)</u>	<u>2024</u>	<u>2023</u>
Issued			
Bonds, Notes and Loans Issued General:			
Bonds, Notes and Loans	\$ 30,600,000	\$ 32,578,000	\$ 29,991,000
Debt Issued	30,600,000	32,578,000	29,991,000
Authorized but not Issued General:			
Bonds and Notes	1,415,000	5,888,000	3,537,000
Less Deductions	-	-	-
Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 32,015,000</u>	<u>\$ 38,466,000</u>	<u>\$ 33,528,000</u>

	<u>2025 (Unaudited)</u>	<u>2024</u>	<u>2023</u>
School Debt	\$ 6,925,000	\$ 8,200,000	\$ 9,295,000
General Debt	32,015,000	38,466,000	33,528,000
Gross Debt	\$ 38,940,000	\$ 46,666,000	\$ 42,823,000
Deductions:			
School Debt	\$ 6,925,000	\$ 8,200,000	\$ 9,295,000
Net Debt	<u>\$ 32,015,000</u>	<u>\$ 38,466,000</u>	<u>\$ 33,528,000</u>

Statutory Net Debt as Percentage	0.913% (a)	1.213% (b)	1.167% (c)
----------------------------------	------------	------------	------------

(a) December 31, 2025 Net Debt of \$32,015,000 divided by of Average Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$3,505,653,287 = .913%.

(b) December 31, 2024 Net Debt of \$38,466,000 divided by of Average Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$3,171,552,238 = 1.213%.

(c) December 31, 2023 Net Debt of \$33,528,000 divided by of Average Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$2,873,127,852 = 1.167%.

DESCRIPTION OF
THE BOROUGH OF CARLSTADT
TOGETHER WITH
CERTAIN ECONOMIC, DEMOGRAPHIC AND DEBT INFORMATION

Overlapping Debt (Unaudited)

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
County ¹	\$1,770,600,392	1.450%	\$25,673,706
Bergen County Utilities Authority ²	1,761,952		<u>1,761,952</u>
Net Indirect Debt			\$27,435,658
Net Direct Debt			<u>32,015,000</u>
Total Net Direct and Indirect Debt			<u>\$59,450,658</u>

¹ The County of Bergen has \$1,770,600,392 (unaudited) in gross permanent and temporary debt at December 31, 2025. The Borough's net share is obtained by dividing the Borough's 2025 equalized valuation \$3,816,231,788 by the County's 2025 equalized valuation \$263,228,963,188.

Source: Bergen County Annual Debt Statement – Gross Debt

² Overlapping debt from Bergen County Utilities Authority was computed based upon usage.

Debt Limit as of December 31, 2025 (Unaudited)

Average Equalized Valuation Basis (2023, 2024, 2025)	\$3,505,653,287
Permitted Debt Limitation (3 1/2%)	122,697,865
Less: Net Debt as of December 31, 2025	<u>32,015,000</u>
Remaining Borrowing Power	<u>\$90,682,865</u>
Percentage of Net Debt to Average Equalized Valuation	.913%

Debt Statistics (Unaudited)

Overall Debt (Gross and Overlapping Debt) Per Capita based on 2020 population of 6,109	\$10,865
Gross Debt Per Capita based on 2020 population of 6,109	\$6,374
Net Debt Per Capita based on 2020 population of 6,109	\$5,241

APPENDIX B

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024
OF THE BOROUGH OF CARLSTADT,
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY**

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BOROUGH OF CARLSTADT
BERGEN COUNTY, NEW JERSEY

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

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Statement of Expenditures- Regulatory Basis

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General Fixed Assets Account Group

Comparative Statement of General Fixed Assets Group of Accounts – Regulatory Basis

F

GARBARINI & CO., P.C.
Certified Public Accountants

Registered Municipal Accountants
Licensed Public School Accountants

Office:
70 Grand Ave, Suite 108
River Edge, NJ 07661

Correspondence:
P.O. Box 385
Ho-Ho-Kus, NJ 07423
(201) 933-5566
www.garbarinicpa.com

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Carlstadt, New Jersey

Management is responsible for the accompanying financial statements of the Borough of Carlstadt, New Jersey (the "Borough") which comprise the balance sheet - regulatory basis, of each fund and General Fixed Assets as of December 31, 2025, and the statement of operations and changes in fund balance-regulatory basis, statement of revenues-regulatory basis and statement of appropriations-regulatory basis, of the Current Fund, which collectively comprise the Borough's basic financial statements. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the December 31, 2025 financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

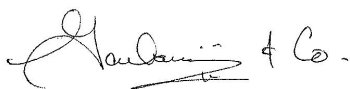
The financial statements are prepared in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The December 31, 2024 financial statements were audited by our firm, and we expressed an unmodified opinion on them in accordance with the financial reporting provisions of the Division as described above in our report dated June 30, 2025, which is available on the Borough's website and also on <https://emma.msrb.org/>.

Management has elected to omit all the disclosures ordinarily included in financial statements prepared in accordance with the financial reporting provisions of the Division. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough's assets, liabilities, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C.
Certified Public Accountants

River Edge, New Jersey
March 6, 2026

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED) AND 2024 (AUDITED)

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>At December 31:</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash	\$ 7,676,985.99	\$ 5,944,904.25
Cash - Change Fund	150.00	150.00
	<hr/>	<hr/>
	7,677,135.99	5,945,054.25
	<hr/>	<hr/>
Receivable and Other Assets with Full Reserves:		
Delinquent Property Taxes	359,618.40	237,503.65
Tax Title Liens Receivable	981,679.54	949,197.55
Property Acquired for Taxes - Assessed Valuations	4,265,700.00	4,265,700.00
Revenue Accounts Receivable	-	24,302.52
Due From Sewerage Authority	-	242.50
Due From Animal License Fund	917.00	-
Due from Grant Fund	-	312,474.71
Due From Capital Fund	-	790,505.59
Due From Payroll Account	-	15,000.00
	<hr/>	<hr/>
	5,607,914.94	6,594,926.52
	<hr/>	<hr/>
Deferred Charges:		
Special Emergency Authorization (40A:4-55)	160,000.00	200,000.00
	<hr/>	<hr/>
	160,000.00	200,000.00
	<hr/>	<hr/>
TOTAL ASSETS	\$ 13,445,050.93	\$ 12,739,980.77
	<hr/> <hr/>	<hr/> <hr/>

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED) AND 2024 (AUDITED)

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>At December 31:</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>2025</u>	<u>2024</u>
LIABILITIES, RESERVES AND FUND BALANCES		
Liabilities:		
Appropriation Reserves	\$ 517,137.11	\$ 639,478.19
Encumbrances Payable	252,559.18	154,804.29
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	22,183.18	20,933.18
Due to Open Space Trust Fund	10.00	-
Due to Capital Fund	171,128.55	-
Prepaid Taxes	253,296.55	454,328.15
Tax Overpayments	599,271.40	141,467.28
Prepaid Pilot- Springhill Suites	-	199,542.00
Due to County Added Taxes	297.69	1,930.85
Due to County PILOT- Added Taxes	7,761.88	-
Local District School Tax Payable	4,023.56	4,024.04
Regional High School Tax Payable	7,134.21	7,134.17
Reserve for Revaluation	7,900.00	7,900.00
DCA Fees Payable	6,620.00	6,008.00
Marriage License Fees Payable	275.00	-
Reserve for Storm Water Map	28,871.45	200,000.00
Reserve for Tax Appeal Refunds	1,890,492.23	1,043,557.18
	<u>3,768,961.99</u>	<u>2,881,107.33</u>
Reserve for Receivable and Other Assets	5,607,914.94	6,594,926.52
Fund Balance	<u>4,068,174.00</u>	<u>3,263,946.92</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 13,445,050.93</u></u>	<u><u>\$ 12,739,980.77</u></u>

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED) AND 2024 (AUDITED)
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS**

	<u>For the Years Ended December 31:</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>2025</u>	<u>2024</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,440,000.00	\$ 1,140,000.00
Miscellaneous Revenue Anticipated	6,928,315.90	6,608,253.53
Receipts from Delinquent Taxes	234,651.11	124,245.24
Receipts from Current Taxes	57,628,691.13	53,685,332.61
Non-Budget Revenues	321,085.51	369,301.00
Other Credits to Income:		
Budget Appropriation Canceled	-	790,505.59
Unexpended Balance of Appropriation Reserves & Encumbrances	142,784.36	2,392.14
Interfunds Returned	326,800.21	75,965.90
Statutory Excess- Animal License Fund	917.00	
Canceled Tax Overpayments	25,151.43	835.30
Total revenue and other income	<u>67,048,396.65</u>	<u>62,796,831.31</u>
Expenditures:		
Budget Appropriations	34,303,919.38	31,414,701.38
County Taxes	7,677,835.21	7,322,634.30
County Share for Added Taxes	297.69	14,453.90
County Open Space	345,229.95	330,371.61
Municipal Open Space	340,443.31	325,390.00
Local District School Taxes	13,757,695.50	13,276,928.00
Regional High School Taxes	8,331,499.50	7,755,356.50
Bank Rec Adjustments	4,260.81	175.00
Interfund Advances		790,505.59
IRS - Prior Year 941 Notice	4,866.69	-
Grant Fund Receivable- Cancellations	23,636.73	-
Due to County- PILOT Payments	10,484.80	-
Due to State IDA Overpayment	-	10,700.33
Refund of PY Overpaid Fees	-	4,088.00
Prior Year Payroll Deficit	-	55,624.94
Payroll- Agency Payments Due	-	18,632.55
Prior Year Senior Citizen deductions disallowed/charge back	4,000.00	3,500.00
Total expenditures	<u>64,804,169.57</u>	<u>61,323,062.10</u>
Excess in Revenues Over Expenditures	2,244,227.08	1,473,769.21
Adjustments to Income Before Fund Balance Expenditures Included		
Above Which are by Statute Deferred to Budget of Succeeding Year	<u>2,244,227.08</u>	<u>1,473,769.21</u>
Fund Balance January 1	3,263,946.92	2,930,177.71
Decreased by:		
Utilization as Anticipated Revenue	<u>(1,440,000.00)</u>	<u>(1,140,000.00)</u>
Fund Balance December 31	<u>\$ 4,068,174.00</u>	<u>\$ 3,263,946.92</u>

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED)

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	\$ 1,440,000.00	\$ 1,440,000.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	22,800.00	22,057.20	(742.80)
Other	30,000.00	32,594.00	2,594.00
Fees and Permits - Other	250,000.00	361,432.99	111,432.99
Fines and Costs - Municipal Court	100,000.00	226,966.80	126,966.80
Interest and Costs on Taxes	43,000.00	65,155.93	22,155.93
Interest on Investments and Deposits	320,000.00	635,940.49	315,940.49
Fees and Permits - UFSA	8,000.00	29,475.00	21,475.00
Hotel/ Motel Tax Revenue	610,000.00	632,630.26	22,630.26
Traffic Details Amin. Fee	60,000.00	60,000.00	-
Due from Capital- Interfund Receivable	790,505.59	790,505.59	-
Energy Receipts Tax	1,038,406.00	1,043,574.81	5,168.81
Uniform Construction Code Fees	150,000.00	333,206.52	183,206.52
Shared Services- Wallington Court	132,280.64	132,280.64	-
Municipal Alliance Grant	3,836.33	3,836.33	-
CDBG- ADA Restroom Improvement	104,000.00	104,000.00	-
CDBG- ADA Touchless Fixtures	47,400.00	47,400.00	-
DCA Broad Street Sports Complex	1,500,000.00	1,500,000.00	-
Body Armor Replacement Fund	2,513.65	2,513.65	-
Bullet Proof Vest Partnership	1,925.89	1,925.89	-
AAA Pedestrian Safety Grant	1,120.00	1,120.00	-
Chapter 159:			
Municipal Alliance Grant	3,836.33	3,836.33	-
Drunk Driving Enforcement Fund	17,952.07	17,952.07	-
Recycling Tonnage Grant	71,581.18	71,581.18	-
Clean Communities Grant	16,925.91	16,925.91	-
Franchise Fee (Verizon)	45,784.00	45,784.42	0.42
Franchise Fee (Comcast)	16,095.00	16,095.60	0.60
Payment in Lieu of Taxes- 192 Paterson Plank Rd.	200,000.00	199,542.00	(458.00)
Uniform Fire Safety Act	150,492.00	221,690.98	71,198.98
Premium on Bond Anticipation Notes	121,153.16	121,153.16	-
Reserve for Payments of Bonds and Notes	187,138.15	187,138.15	-
	<hr/>	<hr/>	<hr/>
Total Miscellaneous Revenues	6,046,745.90	6,928,315.90	881,570.00
Receipts from Delinquent Taxes	<hr/> 141,454.78	<hr/> 234,651.11	<hr/> 93,196.33
Subtotal General Revenues	7,628,200.68	8,602,967.01	974,766.33
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	27,115,718.70	<hr/> 27,615,689.97	<hr/> 499,971.27
Total General Revenues - Adopted	<hr/> <u>\$ 34,743,919.38</u>	36,218,656.98	<hr/> <u>\$ 1,474,737.60</u>
Non-Budget Revenues		<hr/> 321,085.51	
		<hr/> <u>\$ 36,539,742.49</u>	

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED)

STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections	
Revenue from Collections	\$ 57,628,691.13
Allocated to School, County Taxes & Municipal Open Space	(30,453,001.16)
Balance for Support of Municipal Appropriations	<u>27,175,689.97</u>
Add: Appropriation "Reserve for Uncollected Taxes"	<u>440,000.00</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 27,615,689.97</u>

RECEIPTS FROM DELINQUENT TAXES

Tax Title Liens Received	-
Delinquent Tax	<u>234,651.11</u>
	<u>\$ 234,651.11</u>

MISCELLANEOUS REVENUES

Current Fund	\$ 4,957,682.54
Applied Prepaid Payment in Lieu of Taxes	199,542.00
Unappropriated Reserve for Grants	2,513.65
Grants Receivable	<u>1,768,577.71</u>
	<u>\$ 6,928,315.90</u>

ANALYSIS OF NON-BUDGET REVENUES

Miscellaneous Revenues Not Anticipated:	
Sen/Vets 2% Administrative Fee	\$ 570.00
Inspection Fines	750.00
FEMA Reimbursements	337.00
Prior Year Refunds	11,387.73
Soccer Field Use	1,300.00
Borough Bus Service	260.00
Street Vendor Fee	1,900.00
Lease Borough Property	16,380.00
Leaf Bags	3.00
Planning/Zoning Board Applications	4,200.00
Payment in Lieu of Taxes	265,470.18
Payment in Lieu of Taxes- 2% Administration Fee	5,261.56
Scrap Metal	1,036.60
Community Affairs BHI	1,975.00
Unclaimed Property	525.00
BCUA Sewer Connections	2,238.66
Miscellaneous	7,490.78
	<u>\$ 321,085.51</u>

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			Over expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	\$ 66,050.00	\$ 61,240.54	\$ 61,240.54	\$ -	\$ -	\$ -
Borough Clerk Office						
Salaries and Wages	616,000.00	602,479.92	602,479.92	-	-	
Other Expenses	125,000.00	133,000.00	132,994.10	5.90	-	
Elections						
Salaries and Wages	7,500.00	7,500.00	7,500.00	-	-	
Other Expenses	6,600.00	6,305.57	6,305.57	-	-	
Financial Administration						
Salaries and Wages	194,000.00	175,191.88	175,191.88	-	-	
Other Expenses	280,000.00	241,900.00	221,063.63	20,836.37	-	
Annual Audit	40,000.00	40,000.00	20,000.00	20,000.00	-	
Data Processing (Technology & Computer Support)						
Other Expenses	40,000.00	24,799.82	24,799.82	-	-	
Assessment of Taxes						
Salaries and Wages	32,600.00	32,600.00	32,592.16	7.84	-	
Other Expenses	45,000.00	45,000.00	37,723.00	7,277.00	-	
Collection of Taxes						
Salaries and Wages	97,800.00	89,534.28	89,534.28	-	-	
Other Expenses	18,000.00	16,000.00	14,970.39	1,029.61	-	
Professional Fees / Tax Appeals						
Other Expenses	115,000.00	105,000.00	86,560.90	18,439.10	-	
Legal Services & Costs						
Other Expenses	160,000.00	154,000.00	142,517.36	11,482.64	-	
Prosecutor						
Salaries and Wages	15,000.00	15,000.00	12,503.12	2,496.88	-	-
Engineering Services and Costs						
Other Expenses	80,000.00	132,000.00	121,195.12	10,804.88	-	
Revitalization Consultant						
Other Expenses	110,000.00	108,025.00	108,025.00	-	-	
Public Buildings and Grounds						
Salaries and Wages	1,140,335.29	1,045,335.29	1,042,664.25	2,671.04	-	
Other Expenses	270,000.00	329,000.00	319,014.33	9,985.67	-	
Planning Board						
Salaries and Wages	5,200.00	5,200.00	5,199.96	0.04	-	
Other Expenses	2,000.00	1,768.00	1,768.00	-	-	

(Continued Next Page)

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
 CURRENT FUND
 DECEMBER 31, 2025 (UNAUDITED)

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Over expenditure</u>
OPERATIONS - WITHIN "CAPS" (CONT'D)						
Board of Adjustments						
Salaries and Wages	\$ 9,000.00	\$ 8,600.04	\$ 8,600.04	\$ -	\$ -	\$ -
Other Expenses	1,000.00	529.65	529.65	-	-	-
Insurance						
Surety Bond Premiums	200.00	200.00	-	200.00	-	-
Unemployment Compensation Insurance	45,000.00	41,000.00	35,790.45	5,209.55	-	-
General Liability	499,375.00	499,375.00	499,375.00	-	-	-
Workmen's Compensation	500,000.00	454,970.01	454,970.01	-	-	-
Employee Group Insurance (Net of Employee Ins. Contribution)	5,568,998.00	5,568,998.00	5,520,812.08	48,185.92	-	-
Health Benefits Waiver	187,175.00	187,232.49	187,232.49	-	-	-
Public Safety - Fire						
Salaries and Wages	220,000.00	191,199.06	191,199.06	-	-	-
Other Expenses	175,000.00	191,500.00	178,451.70	13,048.30	-	-
Police						
Salaries and Wages	5,031,000.00	5,228,893.09	5,228,893.09	-	-	-
Body Worn Camera Contract	39,645.00	39,645.00	39,644.80	0.20	-	-
Other Expenses	190,000.00	215,000.00	196,736.05	18,263.95	-	-
Acquisition of Police Vehicles				-	-	-
Special Police						
Salaries and Wages	110,000.00	57,696.48	57,696.48	-	-	-
First Aid Organization						
Salaries and Wages	120,000.00	139,160.00	139,160.00	-	-	-
Other Expenses	35,000.00	35,000.00	35,000.00	-	-	-
Zoning Official						
Salaries and Wages	95,000.00	114,800.00	114,772.79	27.21	-	-
Other Expenses	4,000.00	4,000.00	3,304.78	695.22	-	-
Fire Official						
Salaries and Wages	152,000.00	156,000.00	155,262.18	737.82	-	-
Other Expenses	35,000.00	35,000.00	26,289.86	8,710.14	-	-
Emergency Management Services						
Salaries and Wages	6,600.00	7,000.00	6,999.96	0.04	-	-
Other Expenses	20,000.00	8,000.00	3,278.69	4,721.31	-	-

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED)
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	Over expenditure
OPERATIONS - WITHIN "CAPS" (CONT'D)						
STREETS AND ROADS:						
Road Repairs and Maintenance						
Salaries and Wages	\$ 680,000.00	\$ 618,882.54	\$ 618,882.54	\$ -	\$ -	\$ -
Other Expenses	229,000.00	190,000.00	175,598.91	14,401.09	-	-
HEALTH AND WELFARE:						
Other Expenses				-	-	-
Board of Health						
Salaries and Wages	47,000.00	47,000.00	34,159.05	12,840.95	-	-
Other Expenses	4,000.00	4,000.00	882.05	3,117.95	-	-
Social Service Director						
Salaries and Wages	6,000.00	6,000.00	6,000.00	-	-	-
RECREATION AND EDUCATION:						
Recreation						
Salaries and Wages	170,000.00	138,479.51	138,430.67	48.84	-	-
Other Expenses	115,000.00	105,475.00	93,478.19	11,996.81	-	-
Senior Citizen Program - Other Expenses	37,000.00	37,000.00	36,603.43	396.57	-	-
UNCLASSIFIED:						
Borough Mechanic						
Salaries and Wages	124,000.00	129,721.35	129,721.35	-	-	-
Other Expenses	200,000.00	235,000.00	232,677.78	2,322.22	-	-
SANITATION:						
Garbage and Trash Removal						
Salaries and Wages	350,000.00	336,538.00	336,538.00	-	-	-
Other Expenses - Tipping Fees	380,000.00	380,000.00	346,302.19	33,697.81	-	-
Recycling - Salaries and Wages	110,000.00	121,003.07	121,003.07	-	-	-
Municipal Court						
Salaries and Wages	116,000.00	108,405.00	108,405.00	-	-	-
Other Expenses	20,000.00	29,000.00	28,760.11	239.89	-	-
Public Defender (P.L. 1997, C.256)						
Salaries and Wages	8,000.00	8,000.00	1,250.00	6,750.00	-	-

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED)
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Over expenditure</u>
OPERATIONS - WITHIN "CAPS" (CONT'D)						
Celebration of Public Events:						
Spring Fest	\$ 4,200.00	\$ 3,233.59	\$ 3,233.59	\$ -	\$ -	\$ -
Street Fair	14,500.00	14,500.00	14,225.25	274.75	-	-
Summer Concert Series	45,000.00	45,000.00	45,000.00	-	-	-
Fall Fest	3,750.00	3,750.00	3,527.62	222.38	-	-
Winter Fest	4,450.00	5,325.02	5,325.02	-	-	-
Summer Fest				-	-	-
Memorial Day Parade	13,000.00	12,000.00	12,000.00	-	-	-
National Night Out	4,500.00	4,500.00	4,500.00	-	-	-
Holiday Float	5,000.00	6,000.00	5,000.00	1,000.00	-	-
Crossing Guards						
Salaries and Wages	320,000.00	320,238.55	320,238.55	-	-	-
Other Expenses	4,700.00	4,700.00	-	4,700.00	-	-
NJSEA Land Use Admin						
Salaries and Wages	60,000.00	64,000.00	56,968.26	7,031.74	-	-
Dispatchers						
Salaries and Wages	202,000.00	186,559.32	186,559.32	-	-	-
Other Expenses	4,000.00	-	-	-	-	-
Salary & Wage Adjustment						
				-	-	-
Senior Transport/Bus Driver						
Salaries and Wages	82,000.00	74,400.74	74,400.74	-	-	-
Construction Code Officials						
Salaries and Wages	160,000.00	177,560.00	177,558.37	1.63	-	-
Other Expenses	12,000.00	3,000.00	2,637.03	362.97	-	-

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See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED)
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	Over expenditure
OPERATIONS - WITHIN "CAPS" (CONT'D)						
UNCLASSIFIED:						
Utilities						
Street Lighting	\$ 250,000.00	\$ 250,000.00	\$ 236,999.95	\$ 13,000.05	\$ -	\$ -
Fire Hydrant Services	145,000.00	145,000.00	131,727.53	13,272.47	-	-
Fuel - Gasoline	160,000.00	160,000.00	111,160.32	48,839.68	-	-
Gas	35,000.00	35,000.00	25,483.76	9,516.24	-	-
Electric	130,000.00	130,000.00	120,885.00	9,115.00	-	-
Telephone	95,000.00	95,000.00	82,333.08	12,666.92	-	-
Water	45,000.00	45,000.00	38,433.26	6,566.74	-	-
				-	-	
TOTAL OPERATIONS WITHIN "CAPS"	<u>20,905,178.29</u>	<u>20,833,950.81</u>	<u>20,416,731.48</u>	<u>417,219.33</u>	<u>-</u>	<u>-</u>
Detail:						
Salaries and Wages	10,353,085.29	10,274,218.66	10,241,604.63	32,614.03	-	-
Other Expenses (Including Contingent)	<u>10,552,093.00</u>	<u>10,559,732.15</u>	<u>10,175,126.85</u>	<u>384,605.30</u>	<u>-</u>	<u>-</u>
DEFERRED CHARGES						
Over expenditure of Appropriations				-		
Over expenditure of Recycling Program				-		
Prior Year Bills	2,729.78	2,729.78	2,704.85	24.93		
STATUTORY EXPENDITURES:						
Public Employees' Retirement System	646,833.00	636,333.00	636,333.00	-	-	
Social Security System (O.A.S.I.)	490,000.00	497,970.00	496,921.18	1,048.82	-	
Police and Fireman's Retirement System of NJ	1,454,437.00	1,454,437.00	1,454,437.00	-	-	
Defined Contribution Retirement Program (DCRP)	10,000.00	17,000.00	13,253.33	3,746.67	-	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	<u>2,603,999.78</u>	<u>2,608,469.78</u>	<u>2,603,649.36</u>	<u>4,820.42</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>23,509,178.07</u>	<u>23,442,420.59</u>	<u>23,020,380.84</u>	<u>422,039.75</u>	<u>-</u>	<u>-</u>

(Continued Next Page)

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED)
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Over expenditure</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
Sewer - Contractual - BCUA	\$ 962,424.55	\$ 962,424.55	\$ 962,424.55	\$ -	\$ -	\$ -
Maintenance of Free Public Library (P.L. 1985, Chap. 82&541)	1,143,321.64	1,143,321.64	1,143,321.64	-	-	-
L.O.S.A.P.	95,000.00	95,000.00	-	95,000.00	-	-
Tax Appeal Refunds	800,000.00	866,757.48	866,757.48	-	-	-
Appropriation CAP Relief						
General Liability				-	-	-
Workers Compensation Insurance				-	-	-
Employee Group Health	661,002.00	661,002.00	661,002.00	-	-	-
Joint Meeting	16,560.00	16,560.00	16,560.00	-	-	-
Shared Services- Municipal Court (Wallington)	137,280.64	137,280.64	137,280.64	-	-	-
Shared Services-UCC Official (East Rutherford)	78,147.04	78,147.04	78,147.04	-	-	-
Shared Services- Animal Control (Bergen County)	10,420.00	10,420.00	10,322.64	97.36	-	-
Shared Services- Property Management (Rutherford)				-	-	-
Matching Funds- Alliance to Prevent A &DA	959.08	959.08	959.08	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse	3,836.33	3,836.33	3,836.33	-	-	-
DCA Broad Street Sports Complex	1,500,000.00	1,500,000.00	1,500,000.00	-	-	-
Bullet Proof Vest Partnership	1,925.89	1,925.89	1,925.89	-	-	-
Body Armor Replacement Fund	2,513.65	2,513.65	2,513.65	-	-	-
Chapter 159: CDBG ADA Restroom Improvements	104,000.00	104,000.00	104,000.00	-	-	-
Chapter 159: CDBG ADA Touchless Fixtures	47,400.00	47,400.00	47,400.00	-	-	-
Chapter 159: AAA Pedestrian Safety	1,120.00	1,120.00	1,120.00	-	-	-
Chapter 159: Municipal Alliance on Alcoholism and Drug Abuse	3,836.33	3,836.33	3,836.33	-	-	-
Chapter 159: Drunk Driving Enforcement	17,952.07	17,952.07	17,952.07	-	-	-
Chapter 159: Recycling Tonnage	71,581.18	71,581.18	71,581.18	-	-	-
Chapter 159: Clean Communities	16,925.91	16,925.91	16,925.91	-	-	-
Total Public and Private Programs Offset by Revenues	<u>1,772,050.44</u>	<u>1,772,050.44</u>	<u>1,772,050.44</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	<u>5,676,206.31</u>	<u>5,742,963.79</u>	<u>5,647,866.43</u>	<u>95,097.36</u>	<u>-</u>	<u>-</u>
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	5,676,206.31	5,742,963.79	5,647,866.43	95,097.36	-	-

(Continued Next Page)

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2025 (UNAUDITED)
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			Over expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Down Payments on Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvement Fund	300,000.00	300,000.00	300,000.00	-	-	-
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	300,000.00	300,000.00	300,000.00	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Payment of Bond Anticipation Notes & Capital Notes	376,775.00	376,775.00	376,775.00	-	-	-
Interest on Bonds	225,250.00	225,250.00	225,250.00	-	-	-
Interest on Notes incl. Tax Refunding BAN	876,510.00	876,510.00	876,510.00	-	-	-
Payment of BAN- Ordinance #22-01	1,500,000.00	1,500,000.00	1,500,000.00	-	-	-
Payment of BAN- Ordinance #21-11	800,000.00	800,000.00	800,000.00	-	-	-
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	4,778,535.00	4,778,535.00	4,778,535.00	-	-	-
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Special Emergency Authorization -5 years (N.J.S.A. 40A:4-55)	40,000.00	40,000.00	40,000.00	-	-	-
	40,000.00	40,000.00	40,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	10,794,741.31	10,861,498.79	10,766,401.43	95,097.36	-	-
SUBTOTAL GENERAL APPROPRIATIONS	34,303,919.38	34,303,919.38	33,786,782.27	517,137.11	-	-
Reserve for Uncollected Taxes	440,000.00	440,000.00	440,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 34,743,919.38	\$ 34,743,919.38	\$ 34,226,782.27	\$ 517,137.11	\$ -	\$ -
Adopted Budget	34,743,919.38					
Emergency						
	\$ 34,743,919.38					
Cash Expended			\$ 32,667,826.53			
Reserve for Uncollected Taxes			440,000.00			
Budget Offsets			(1,771,291.36)			
Grants			1,770,930.44			
Deferred Charges- Over expenditure of Medical Benefits						
Tax Appeal Reserve			866,757.48			
Encumbrance Payable			252,559.18			
			\$ 34,226,782.27			

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
TRUST FUND
DECEMBER 31, 2025 (UNAUDITED) AND 2024 (AUDITED)

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>At December 31:</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>2025</u>	<u>2024</u>
ASSETS		
Animal License Fund:		
Cash	\$ 4,966.70	\$ 3,042.90
	<u>4,966.70</u>	<u>3,042.90</u>
Other Funds:		
Cash:		
Payroll Account	100,317.87	121,323.31
Trust Fund	3,516,842.49	3,224,997.99
POAA	10,207.60	6,647.60
Community Trust Fund	43,709.00	50,593.10
Medical Benefits Account		2,473.64
Flexible Spending Trust	1,980.38	587.70
Municipal Open Space- Trust Fund	551,260.69	327,327.35
Total Cash	<u>4,224,318.03</u>	<u>3,733,950.69</u>
Due to Current Fund- Municipal Open Space	<u>10.00</u>	
	<u>4,224,328.03</u>	<u>3,733,950.69</u>
TOTAL ASSETS	<u>\$ 4,229,294.73</u>	<u>\$ 3,736,993.59</u>

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
TRUST FUND
DECEMBER 31, 2025 (UNAUDITED) AND 2024 (AUDITED)

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

LIABILITIES, RESERVE AND FUND BALANCE	<u>At December 31:</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>2025</u>	<u>2024</u>
Animal License Fund:		
Due to Current Fund	\$ 917.00	\$ -
Due to State of New Jersey	112.80	15.60
Reserve for Animal License Expenditures	3,936.90	3,027.30
	4,966.70	3,042.90
Other Funds:		
Due to Current Fund - Payroll Account	-	15,000.00
Reserve for Payroll Withholdings Payable	100,317.87	106,323.31
Street Opening Deposits	28,712.50	28,712.50
Escrow Deposits	386,779.94	210,121.89
Due to State of New Jersey - Fees Payable	2,048.00	2,048.00
Miscellaneous Reserves	2,985,139.03	2,882,457.64
Premium Received at Tax Sale	170,060.00	161,960.00
Municipal Open Space Trust Fund	551,270.69	327,327.35
	4,224,328.03	3,733,950.69
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$ 4,229,294.73	\$ 3,736,993.59

See Independent Accountant's Compilation Report.

EXHIBIT C

BOROUGH OF CARLSTADT
CAPITAL FUND
DECEMBER 31, 2025 (UNAUDITED) AND 2024 (AUDITED)

COMPARATIVE BALANCE SHEETS- REGULATORY BASIS

ASSETS	At December 31:	
	(Unaudited) 2025	(Audited) 2024
Cash	\$ 4,090,803.75	\$ 3,149,933.85
Grants Receivable	393,965.13	1,171,721.84
Due from Current Fund	171,128.55	-
Deferred Charges to Future Taxation:		
Funded	12,100,000.00	13,100,000.00
Unfunded	19,915,000.00	25,366,000.00
TOTAL ASSETS	\$ 36,670,897.43	\$ 42,787,655.69
LIABILITIES, RESERVE AND FUND BALANCE		
General Serial Bonds	\$ 12,100,000.00	\$ 13,100,000.00
Bond Anticipation Notes	18,500,000.00	19,478,000.00
Premium on Bond Anticipation Note		
Due to Current Fund	-	790,505.59
Improvement Authorizations		
Funded	5,152.10	-
Unfunded	1,456,681.22	2,818,233.10
Encumbrance Payable	2,264,425.04	4,050,046.62
Capital Improvement Fund	131,574.95	19,574.95
Down Payments on Improvements	123,700.00	123,700.00
Reserve for Payment of Bonds/BANS	1,525,197.52	1,114,718.77
Reserve for Grants Receivable	393,965.13	1,171,721.84
Fund Balance	170,201.47	121,154.82
TOTAL LIABILITIES, RESERVE AND FUND BALANCE	\$ 36,670,897.43	\$ 42,787,655.69

Bonds and notes authorized but not issued on December 31, 2025 and 2024
is \$1,415,000 and \$5,888,000 respectively

EXHIBIT C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2024		\$ 121,154.82
Increased by:		
Premium on BAN Sale		170,200.00
		291,354.82
Decreased by:		
Fund Authorized not Issued	\$ 0.19	
Current Fund Anticipated	121,153.16	
		121,153.35
Balance December 31, 2025		\$ 170,201.47

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
GRANT FUND
DECEMBER 31, 2025 (UNAUDITED) AND 2024 (AUDITED)

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>At December 31:</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ 1,507,305.35	\$ 2,314,772.17
Grants Receivable	361,919.78	557,101.50
Due From Current Fund	-	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,869,225.13	\$ 2,871,873.67
	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES AND RESERVES		
Due To Current Fund	\$ -	\$ 312,474.71
Reserve for Appropriated Grants	1,859,225.13	2,556,885.31
Encumbrance Payable		
Reserve for Unappropriated Grants	10,000.00	2,513.65
	<hr/>	<hr/>
TOTAL LIABILITIES AND RESERVES	\$ 1,869,225.13	\$ 2,871,873.67
	<hr/> <hr/>	<hr/> <hr/>

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
STORM WATER UTILITY FUND
FOR THE INITIAL YEAR AT DECEMBER 31, 2025 (UNAUDITED)

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	At December 31 (Unaudited) <u>2025</u>
ASSETS	
Operating Fund:	
Cash	\$ 403,215.22
Consumer Accounts Receivable	68,809.16
Sewer Lien Receivable	3,989.81
Total Operating Fund:	<u>\$ 476,014.19</u>
Capital Fund:	
Cash	\$ 75,000.00
Fixed Capital	-
Fixed Capital: Authorized and Uncompleted	-
Total Capital Fund	<u>\$ 75,000.00</u>
TOTAL ASSETS	<u><u>\$ 551,014.19</u></u>
 LIABILITIES, RESERVES AND FUND BALANCE	
Operating Fund:	
Encumbrance Payable	\$ 183,416.74
Appropriations Reserves	91,436.97
Utility Rents Overpaid	875.68
	<u>275,729.39</u>
Reserve for Receivable	72,798.97
Fund Balance	127,485.83
Total Operating Fund	<u>\$ 476,014.19</u>
Capital Fund:	
Improvement Authorizations:	
Funded	\$ -
Unfunded	-
Capital Improvement Fund	75,000.00
Reserve for Amortization	-
Fund Balance	-
Total Capital Fund	<u>\$ 75,000.00</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u><u>\$ 551,014.19</u></u>

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT, NJ
 STORM WATER UTILITY FUND
 FOR THE INITIAL YEAR AT DECEMBER 31, 2025 (UNAUDITED)

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
 - REGULATORY BASIS**

	For the Year Ended December 31, (Unaudited) 2025
REVENUE AND OTHER INCOME REALIZED	
Operating Surplus Anticipated	\$ -
Rents	696,375.61
Cancel Appropriations	190,000.00
Interest Income	3,491.10
	889,866.71
Total Income	889,866.71
EXPENDITURES	
Operating	663,960.00
Capital Improvements	75,000.00
Statutory Expenditures	21,040.00
Surplus Utilized	-
	760,000.00
Total Expenditures	760,000.00
EXCESS (DEFICIT) IN REVENUES	129,866.71
Fund Balance - Operating - January 1	-
	129,866.71
Operating Surplus Anticipated	-
FUND BALANCE - OPERATING - DECEMBER 31	\$ 129,866.71

See Independent Accountant's Compilation Report.

EXHIBIT E-2

BOROUGH OF CARLSTADT, NJ
 STORM WATER UTILITY FUND
 FOR THE INITIAL YEAR AT DECEMBER 31, 2025 (UNAUDITED)

STATEMENT OF REVENUE - REGULATORY BASIS

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Operating Surplus Anticipated	\$ -	\$ -	\$ -
Rents	760,000.00	696,375.61	(63,624.39)
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 760,000.00</u>	<u>\$ 696,375.61</u>	<u>\$ (63,624.39)</u>
	E-3		

EXHIBIT E-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Budget</u>	Budget After <u>Modification</u>	Expended <u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
Operating:					
Salaries & Wages	\$ 200,000.00	\$ 200,000.00	\$ 44,770.19	\$ 229.81	\$ 155,000.00
Other Expenses	413,960.00	413,960.00	337,752.84	41,207.16	35,000.00
Annual Fee- Dept. of Environmental Protection	50,000.00	50,000.00	-	50,000.00	-
	<u>663,960.00</u>	<u>663,960.00</u>	<u>382,523.03</u>	<u>91,436.97</u>	<u>190,000.00</u>
Capital Improvements:					
Capital Improvement Fund	75,000.00	75,000.00	75,000.00	-	-
Statutory Expenditures:					
Social Security	10,540.00	10,540.00	10,540.00	-	-
PERS	10,500.00	10,500.00	10,500.00	-	-
	<u>21,040.00</u>	<u>21,040.00</u>	<u>21,040.00</u>	<u>-</u>	<u>-</u>
Total Storm Water Utility Appropriations	<u>\$ 760,000.00</u>	<u>\$ 760,000.00</u>	<u>\$ 478,563.03</u>	<u>\$ 91,436.97</u>	<u>\$ 190,000.00</u>

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
 GENERAL FIXED ASSETS ACCOUNT GROUP
 DECEMBER 31, 2025 (UNAUDITED) AND 2024 (AUDITED)

**COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
 GROUP OF ACCOUNTS - REGULATORY BASIS**

	<u>At December 31:</u>	
	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>2025</u>	<u>2024</u>
ASSETS		
Land	\$ 22,705,700.00	\$ 22,537,000.00
Buildings	7,020,700.00	6,788,100.00
Machinery and Equipment	11,599,778.52	11,599,778.52
TOTAL ASSETS	\$ 41,326,178.52	\$ 40,924,878.52
 LIABILITIES AND RESERVES		
Investment in General Fixed Assets	\$ 41,326,178.52	\$ 40,924,878.52
TOTAL LIABILITIES AND RESERVES	\$ 41,326,178.52	\$ 40,924,878.52

See Independent Accountant's Compilation Report.

BOROUGH OF CARLSTADT
BERGEN COUNTY, NEW JERSEY

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024 AND 2023

BOROUGH OF CARLSTADT
BERGEN COUNTY, NEW JERSEY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Carlstadt, New Jersey

Report on the Audit of the Regulatory Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the accompanying comparative balance sheets – regulatory basis of various funds of the Borough of Carlstadt, in the County of Bergen, State of New Jersey (the “Borough”), as of December 31, 2024 and 2023, and the related comparative statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues and expenditures – regulatory basis and comparative statement of general fixed assets group of accounts – regulatory basis for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and account group of the Borough as of December 31, 2024 and 2023, and each fund’s respective operations and changes in financial position and fund balance – regulatory basis for the years then ended, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse and Unmodified Opinions” section of our audit report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough as of December 31, 2024 and 2023, or the changes in financial position 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 in compliance with audit requirements as prescribed by the Division. Our responsibilities under those standards and requirements are further described in the “Auditors’ Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide our adverse and unmodified audit opinions.

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

As described in Note 1, the financial statements are prepared and presented by the Borough on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirement of the State of New Jersey for municipal government entities. The effect on financial statements of the variances between the regulatory accounting practices and GAAP, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis (the “financial statements”) in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough’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 Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

Report on Supplementary Information Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplementary schedules and the audit comments and recommendations listed in the table of contents are presented for the purpose of additional analysis as required by the Division and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Report on Supplementary Information as Required by the Uniform Guidance and NJ OMB Circular 15-08

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*; and NJ OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and related notes to the schedules of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards, state financial assistance, and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards, state financial assistance, and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Required Supplementary Information

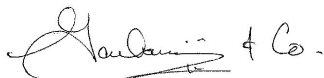
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division, to supplement the financial statements and therefore it has not been presented by management. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2025 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C. CPAs
Registered Municipal Accountants

June 30, 2025
River Edge, New Jersey

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024 AND 2023

A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Reference	<u>At December 31:</u>	
		<u>2024</u>	<u>2023</u>
ASSETS			
Current Assets:			
Cash	A-4	\$ 5,944,904.25	\$ 5,067,031.10
Cash - Change Fund	A-5	<u>150.00</u>	<u>150.00</u>
		<u>5,945,054.25</u>	<u>5,067,181.10</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-7	237,503.65	121,371.31
Tax Title Liens Receivable	A-8	949,197.55	917,553.83
Property Acquired for Taxes - Assessed Valuations	A-9	4,265,700.00	4,265,700.00
Revenue Accounts Receivable	A-10	24,302.52	5,562.96
Due from Sewerage Authority	A-18	242.50	
Due From Animal License Fund	B		11,208.40
Due from Grant Fund	D	312,474.71	312,474.71
Due From Capital Fund	C	790,505.59	
Due From Payroll Account	B	<u>15,000.00</u>	<u>80,000.00</u>
	Contra	<u>6,594,926.52</u>	<u>5,713,871.21</u>
Deferred Charges:			
Special Emergency Authorization- Storm Water Mapping	A-24	200,000.00	-
Over- expenditure of Appropriations			<u>128,454.85</u>
		<u>200,000.00</u>	<u>128,454.85</u>
TOTAL ASSETS		<u>\$ 12,739,980.77</u>	<u>\$ 10,909,507.16</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024 AND 2023

A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Reference	<u>At December 31:</u>	
		<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Liabilities:			
Appropriation Reserves	A-3,12	\$ 639,478.19	\$ 431,126.52
Encumbrances Payable	A-12,13	154,804.29	418,558.26
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	A-14	20,933.18	20,933.18
Prepaid PILOT Payment	A-4	199,542.00	
Reserve for Municipal Relief Funds	A-15	-	107,568.19
Reserve for Storm Water Mapping	A-15a	200,000.00	
Due to Sewerage Authority	A-18		746.77
Prepaid Taxes	A-16	454,328.15	444,046.69
Tax Overpayments	A-17	141,467.28	114,981.68
Outside Tax Title Liens Payable	A-19	-	-
Due to County Taxes	A-20	1,930.85	1,091.06
Local District School Tax Payable	A-21	4,024.04	4,024.02
Regional High School Tax Payable	A-22	7,134.17	7,134.16
Reserve for Revaluation	A-11	7,900.00	7,900.00
DCA Fees Payable	A-23	6,008.00	13,358.15
Reserve for Tax Appeal Refunds	A-25	1,043,557.18	693,989.56
		<u>2,881,107.33</u>	<u>2,265,458.24</u>
Reserve for Receivable and Other Assets	Contra	6,594,926.52	5,713,871.21
Fund Balance	A-1	<u>3,263,946.92</u>	<u>2,930,177.71</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 12,739,980.77</u>	<u>\$ 10,909,507.16</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024 AND 2023

A-1

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS**

	Reference	<u>For the Years Ended December 31:</u>	
		<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,140,000.00	\$ 890,000.00
Miscellaneous Revenue Anticipated	A-2	6,608,253.53	4,214,325.05
Receipts from Delinquent Taxes	A-2	124,245.24	161,927.17
Receipts from Current Taxes	A-2	53,685,332.61	49,414,664.81
Non-Budget Revenues	A-2	369,301.00	478,137.71
Other Credits to Income:			
Budget Appropriation Canceled	A-3	790,505.59	565.01
Unexpended Balance of Appropriation Reserves & Encumbrances	A-12	2,392.14	4,883.34
Interfunds Returned		75,965.90	62,617.64
Statutory Excess- Animal License Fund	B-3		11,208.40
Canceled Tax Overpayments	A-17	835.30	481.77
		<hr/>	<hr/>
Total revenue and other income		<u>62,796,831.31</u>	<u>55,238,810.90</u>
Expenditures:			
Budget Appropriations	A-3	31,414,701.38	26,060,416.97
County Taxes	A-20	7,322,634.30	6,690,391.29
County Share for Added Taxes	A-20	1,930.85	1,091.06
County Open Space	A-20	330,371.61	293,683.59
Additional County Taxes- PILOT	A-20	12,523.05	
Local District School Taxes	A-21	13,276,928.00	12,955,767.00
Regional High School Taxes	A-22	7,755,356.50	7,090,658.50
Municipal Open Space	A-2	325,390.00	
Bank Rec Adjustments	A-4	175.00	908.45
Due to State- IDA Overpayment	A-4	10,700.33	
Refund of Prior Year O/P Fees	A-4	4,088.00	
Prior Year Payroll Deficit	A-4	55,624.94	
Payroll - 3rd Quarter Overpayment Due	A-4	17,992.62	
IRS Payment Due- 2021	A-4	639.93	
Interfund Advances		790,505.59	
Prior Year Senior Citizen deductions disallowed/charge back	A-14	3,500.00	4,000.00
		<hr/>	<hr/>
Total expenditures		<u>61,323,062.10</u>	<u>53,096,916.86</u>
Excess in Revenues Over Expenditures		1,473,769.21	2,141,894.04
Adjustments to Income Before Fund Balance Expenditures Included Above Which are by Statute Deferred to Budget of Succeeding Year- Emergency Appropriations		<hr/>	<hr/>
		1,473,769.21	2,141,894.04
Fund Balance January 1	A	2,930,177.71	1,678,283.67
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>(1,140,000.00)</u>	<u>(890,000.00)</u>
Fund Balance December 31	A	<u>\$ 3,263,946.92</u>	<u>\$ 2,930,177.71</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-2

STATEMENT OF REVENUES - REGULATORY BASIS

	Reference	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	A-1	\$ 1,140,000.00	\$ 1,140,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-10	24,000.00	22,921.40	(1,078.60)
Other	A-10	29,700.00	33,731.00	4,031.00
Fees and Permits - Other		250,000.00	258,629.82	8,629.82
Fines and Costs - Municipal Court	A-10	90,000.00	117,007.49	27,007.49
Interest and Costs on Taxes		43,000.00	43,517.86	517.86
Interest on Investments and Deposits		320,000.00	603,459.78	283,459.78
Fees and Permits - UFSA		8,400.00	8,272.00	(128.00)
Hotel/ Motel Tax Revenue		550,000.00	672,833.71	122,833.71
Traffic Details Amin. Fee		48,801.00	48,801.00	-
Energy Receipts Tax		1,043,575.00	1,043,574.81	(0.19)
Reserve for State Aid		107,568.19	107,568.19	-
Uniform Construction Code Fees	A-10	175,000.00	150,398.15	(24,601.85)
Shared Services- Wallington Court		129,686.90	129,686.90	-
				-
Distracted Driver Incentive Program		5,810.00	5,810.00	-
Recycling Tonnage Grant		73,510.29	73,510.29	-
Clean Communities Program-2024		17,065.59	17,065.59	-
Reserve for Clean Communities Grant		15,024.88	15,024.88	-
Body Armor Replacement Fund		2,419.64	2,419.64	-
COPS Hiring Grant		625,000.00	625,000.00	-
Chapter 159:				
DCA Broad Street Sports Complex		2,000,000.00	2,000,000.00	-
Bullet Proof Vest Partnership		10,376.00	10,376.00	-
AAA Pedestrian Safety Grant		1,120.00	1,120.00	-
Franchise Fee (Verizon)		48,330.82	48,330.82	-
Franchise Fee (Comcast)		16,987.29	16,987.29	-
Uniform Fire Safety Act		160,893.72	213,665.39	52,771.67
Premium on Bond Anticipation Notes		113,391.52	113,391.52	-
Reserve for Payments of Bonds and Notes		225,150.00	225,150.00	-
		<hr/>	<hr/>	<hr/>
Total Miscellaneous Revenues	A-1,Next Pg.	6,134,810.84	6,608,253.53	473,442.69
Receipts from Delinquent Taxes	A-1,Next Pg.	<hr/> 160,617.83	<hr/> 124,245.24	<hr/> (36,372.59)
Subtotal General Revenues		7,435,428.67	7,872,498.77	437,070.10
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes				
	Next Pg.	24,419,272.71	<hr/> 24,504,225.85	<hr/> 84,953.14
Total General Revenues - Adopted	A-3	<u>\$ 31,854,701.38</u>	32,376,724.62	<u>\$ 522,023.24</u>
Non-Budget Revenues	A-1,Next Pg.		<hr/> 369,301.00	
			<hr/> <u>\$ 32,746,025.62</u>	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-2

**STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

	<u>Reference</u>	<u>2024</u>
<u>ANALYSIS OF REALIZED REVENUES</u>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1	\$ 53,685,332.61
Allocated to School and County Taxes	A-20,21,22	(29,295,716.76)
Allocated to Municipal Open Space	A-1	(325,390.00)
Balance for Support of Municipal Appropriations		<u>24,064,225.85</u>
 Add: Appropriation "Reserve for Uncollected Taxes"	 A-3	 <u>440,000.00</u>
 Amount for Support of Municipal Budget Appropriations	 Prev. Pg.	 <u>\$ 24,504,225.85</u>
<u>RECEIPTS FROM DELINQUENT TAXES</u>		
Tax Title Liens Received	A-8	-
Delinquent Tax	A-7	<u>124,245.24</u>
	A-1,Prev. Pg.	<u>\$ 124,245.24</u>
<u>MISCELLANEOUS REVENUES</u>		
Current Fund	A-4	\$ 3,750,358.94
Reserve for State Aid	A-15	107,568.19
Unappropriated Reserve for Grants	D-3	23,254.52
Grants Receivable	D-4	<u>2,727,071.88</u>
	A-1,Prev. Pg.	<u>\$ 6,608,253.53</u>
<u>ANALYSIS OF NON-BUDGET REVENUES</u>		
Miscellaneous Revenues Not Anticipated:		
Payment in Lieu of Taxes		\$ 250,461.26
Payment in Lieu of Taxes- 2% Administration Fee		13,302.90
Bergen County Regional SWAT Team		2,136.06
Sen/Vets 2% Administrative Fee		585.00
Textile Recycling		452.96
Housing Inspections		3,500.00
Soccer Field Use		4,000.00
South Bergen JIF Dividend		29,264.50
Current Fund Voided Checks		5,462.87
Street Vendor Fee		774.00
Lease Borough Property		16,380.00
Refunds/Reimbursements/ Prior Year Voided Checks		6,471.30
Payment of Easement		1,100.00
Leaf Bags		16.50
Planning/Zoning Board Applications		1,600.00
Scrap Metal		796.50
Police Application Fees		1,640.00
Community Affairs BHI		5,700.00
Unclaimed Property		65.00
BCUA Sewer Connections		1,764.75
Special Misc. Charges- Clean-up		700.00
Miscellaneous		<u>23,127.40</u>
	A-4	<u>\$ 369,301.00</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			Over expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	\$ 64,500.00	\$ 64,500.00	\$ 64,500.00	\$ -	\$ -	\$ -
Borough Clerk Office						
Salaries and Wages	520,000.00	513,059.11	513,059.11	-	-	
Other Expenses	125,000.00	131,500.00	130,449.17	1,050.83	-	
Elections						
Salaries and Wages	2,500.00	2,500.00	2,500.00	-	-	
Other Expenses	5,200.00	6,534.75	6,534.75	-	-	
Financial Administration						
Salaries and Wages	185,000.00	129,128.79	129,128.79	-	-	
Other Expenses	240,000.00	277,000.00	275,459.65	1,540.35	-	
Annual Audit	39,000.00	39,000.00		39,000.00	-	
Assessment of Taxes						
Salaries and Wages	32,000.00	32,000.00	32,000.00	-	-	
Other Expenses	45,000.00	47,000.00	41,890.00	5,110.00	-	
Collection of Taxes						
Salaries and Wages	95,000.00	87,351.90	87,351.90	-	-	
Other Expenses	18,000.00	18,707.00	18,707.00	-	-	
Professional Fees / Tax Appeals						
Other Expenses	145,000.00	103,500.00	103,417.50	82.50	-	
Legal Services & Costs						
Other Expenses	170,000.00	145,000.00	143,188.08	1,811.92	-	
Prosecutor						
Salaries and Wages	14,000.00	17,307.85	17,307.85	-	-	-
Engineering Services and Costs						
Other Expenses	115,000.00	70,000.00	58,580.09	11,419.91	-	
Public Buildings and Grounds						
Salaries and Wages	1,000,000.00	1,090,000.00	1,043,595.64	46,404.36	-	
Other Expenses	270,000.00	258,500.00	256,539.29	1,960.71	-	
Planning Board						
Salaries and Wages	5,200.00	5,200.00	5,200.00	-	-	
Other Expenses	2,000.00	1,942.72	1,942.72	-	-	

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	<u>Over expenditure</u>
OPERATIONS - WITHIN "CAPS" (CONT'D)						
Board of Adjustments						
Salaries and Wages	\$ 9,000.00	\$ 8,600.04	\$ 8,600.04	\$ -	\$ -	\$ -
Other Expenses	1,000.00	418.44	418.44	-	-	-
Insurance						
Surety Bond Premiums	200.00	-	-	-	-	-
Unemployment Compensation Insurance	45,000.00	33,756.08	33,756.08	-	-	-
General Liability	694,234.00	654,959.50	654,959.50	-	-	-
Workmen's Compensation	119,025.00	84,025.00	81,697.67	2,327.33	-	-
Employee Group Insurance (Net of Employee Ins. Contribution)	5,111,573.00	5,330,664.14	5,271,942.37	58,721.77	-	-
Health Benefits Waiver	154,300.00	155,504.00	155,504.00	-	-	-
Public Safety - Fire						
Salaries and Wages	190,000.00	216,581.38	216,581.38	-	-	-
Other Expenses	170,000.00	176,500.00	172,976.10	3,523.90	-	-
Police						
Salaries and Wages	4,906,000.00	4,969,000.00	4,930,278.05	38,721.95	-	-
PERC Settlement	65,000.00	65,000.00	36,162.27	28,837.73	-	-
Other Expenses	190,000.00	250,650.00	249,071.86	1,578.14	-	-
Acquisition of Police Vehicles				-	-	-
Special Police						
Salaries and Wages	40,000.00	47,236.40	47,236.40	-	-	-
First Aid Organization						
Salaries and Wages	85,000.00	114,097.00	114,097.00	-	-	-
Other Expenses	35,000.00	35,000.00	35,000.00	-	-	-
Zoning Official						
Salaries and Wages	95,000.00	95,000.00	95,000.00	-	-	-
Other Expenses	4,000.00	4,535.69	4,535.69	-	-	-
Fire Official						
Salaries and Wages	141,000.00	131,000.00	131,000.00	-	-	-
Other Expenses	35,000.00	35,000.00	29,388.74	5,611.26	-	-
Emergency Management Services						
Salaries and Wages	6,600.00	6,600.00	6,600.00	-	-	-
Other Expenses	20,000.00	20,000.00	6,528.69	13,471.31	-	-

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	Over expenditure
OPERATIONS - WITHIN "CAPS" (CONT'D)						
STREETS AND ROADS:						
Road Repairs and Maintenance						
Salaries and Wages	\$ 895,000.00	\$ 730,000.00	\$ 646,373.87	\$ 83,626.13	\$ -	\$ -
Other Expenses	229,000.00	204,000.00	193,673.80	10,326.20	-	-
HEALTH AND WELFARE:						
Other Expenses	-			-	-	-
Board of Health						
Salaries and Wages	61,000.00	59,652.75	59,652.75	-	-	-
Other Expenses	4,000.00	3,972.23	3,972.23	-	-	-
Social Service Director						
Salaries and Wages	9,500.00	6,000.00	6,000.00	-	-	-
RECREATION AND EDUCATION:						
Recreation						
Salaries and Wages	160,000.00	154,077.80	154,077.80	-	-	-
Other Expenses	115,000.00	115,000.00	114,800.45	199.55	-	-
Senior Citizen Program - Other Expenses	37,000.00	37,000.00	37,000.00	-	-	-
UNCLASSIFIED:						
Borough Mechanic						
Salaries and Wages	112,000.00	119,535.17	119,535.17	-	-	-
Other Expenses	200,000.00	180,000.00	171,129.25	8,870.75	-	-
SANITATION:						
Garbage and Trash Removal						
Salaries and Wages	350,000.00	350,000.00	350,000.00	-	-	-
Other Expenses - Tipping Fees	380,000.00	380,000.00	344,376.69	35,623.31	-	-
Recycling - Salaries and Wages	130,000.00	106,135.03	106,135.03	-	-	-
Municipal Court						
Salaries and Wages	103,000.00	102,530.18	102,530.18	-	-	-
Other Expenses	20,000.00	28,600.00	27,068.29	1,531.71	-	-
Public Defender (P.L. 1997, C.256)						
Salaries and Wages	8,000.00	1,500.00	600.00	900.00	-	-

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	Over expenditure
OPERATIONS - WITHIN "CAPS" (CONT'D)						
Celebration of Public Events:						
Spring Fest	\$ 4,500.00	\$ 4,500.00	\$ 647.50	\$ 3,852.50	\$ -	\$ -
Street Fair	4,500.00	4,500.00	4,284.83	215.17	-	-
Summer Concert Series	45,000.00	45,000.00	40,100.00	4,900.00	-	-
Fall Fest	4,500.00	4,500.00	3,225.41	1,274.59	-	-
Winter Fest	4,500.00	4,500.00	4,045.56	454.44	-	-
Summer Fest	4,500.00	4,500.00	4,500.00	-	-	-
Memorial Day Parade	13,000.00	13,000.00	12,900.00	100.00	-	-
National Night Out	4,500.00	4,500.00	4,388.42	111.58	-	-
Holiday Float	4,500.00	4,500.00	4,500.00	-	-	-
Crossing Guards						
Salaries and Wages	320,000.00	313,941.60	313,941.60	-	-	-
Other Expenses	4,700.00	4,700.00	-	4,700.00	-	-
NJSEA Land Use Admin						
Salaries and Wages	57,000.00	57,000.00	57,000.00	-	-	-
Dispatchers						
Salaries and Wages	202,000.00	170,989.04	170,989.04	-	-	-
Other Expenses	6,000.00	804.48	804.48	-	-	-
Salary & Wage Adjustment	84,671.00	84,671.00	84,670.08	0.92	-	-
Senior Transport/Bus Driver						
Salaries and Wages	82,000.00	67,990.12	67,990.12	-	-	-
Construction Code Officials						
Salaries and Wages	160,000.00	159,294.36	158,241.27	1,053.09	-	-
Other Expenses	12,000.00	2,549.45	2,549.45	-	-	-

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See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			Over expenditure
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	
OPERATIONS - WITHIN "CAPS" (CONT'D)						
UNCLASSIFIED:						
Utilities						
Street Lighting	\$ 155,000.00	\$ 245,000.00	\$ 242,226.09	\$ 2,773.91	\$ -	\$ -
Fire Hydrant Services	135,000.00	137,400.00	125,403.43	11,996.57	-	-
Fuel - Gasoline	160,000.00	160,000.00	135,895.97	24,104.03	-	-
Gas	35,000.00	35,000.00	17,261.47	17,738.53	-	-
Electric	205,000.00	120,000.00	95,586.10	24,413.90	-	-
Telephone	90,000.00	90,000.00	82,258.87	7,741.13	-	-
Water	45,000.00	45,000.00	25,471.03	19,528.97	-	-
				-	-	
TOTAL OPERATIONS WITHIN "CAPS"	19,865,703.00	19,835,703.00	19,308,492.05	527,210.95	-	-
Detail:						
Salaries and Wages	10,124,971.00	10,012,479.52	9,841,773.07	170,706.45	-	-
Other Expenses (Including Contingent)	9,740,732.00	9,823,223.48	9,466,718.98	356,504.50	-	-
DEFERRED CHARGES						
Over expenditure of Appropriations	128,454.85	128,454.85	128,454.85	-	-	-
Over expenditure of Recycling Program	733.00	733.00	733.00	-	-	-
Prior Year Bills	1,613.25	1,613.25	1,613.25	-	-	-
STATUTORY EXPENDITURES:						
Public Employees' Retirement System	702,447.85	702,447.85	702,447.85	-	-	-
Social Security System (O.A.S.I.)	490,000.00	470,000.00	458,015.94	11,984.06	-	-
Police and Fireman's Retirement System of NJ	1,321,180.00	1,321,180.00	1,321,180.00	-	-	-
Defined Contribution Retirement Program (DCRP)	10,000.00	10,000.00	8,485.87	1,514.13	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	2,654,428.95	2,634,428.95	2,620,930.76	13,498.19	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	22,520,131.95	22,470,131.95	21,929,422.81	540,709.14	-	-

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	Over expenditure
OPERATIONS - EXCLUDED FROM "CAPS"						
Sewer - Contractual - BCUA	\$ 926,686.09	\$ 926,686.09	\$ 926,686.09	\$ -	\$ -	\$ -
Maintenance of Free Public Library (P.L. 1985, Chap. 82&541)	1,093,281.04	1,093,281.04	1,093,281.04	-	-	-
L.O.S.A.P.	95,000.00	95,000.00		95,000.00	-	-
Tax Appeal Refunds	500,000.00	550,000.00	550,000.00	-	-	-
Appropriation CAP Relief						
General Liability	10,263.00	10,263.00	10,263.00	-	-	-
Workers Compensation Insurance	285,621.00	285,621.00	285,621.00	-	-	-
Joint Meeting	5,000.00	5,000.00	5,000.00	-	-	-
Shared Services- Municipal Court (Wallington)	129,686.90	129,686.90	125,919.06	3,767.84		
Shared Services-UCC Official (East Rutherford)	76,188.00	76,188.00	76,187.31	0.69		
Shared Services- Animal Control (Bergen County)	10,132.00	10,132.00	10,131.48	0.52		
Shared Services- Property Management (Rutherford)	47,040.00	23,519.66	23,519.66	-		
Reserves						
Clean Communities Program	15,024.88	15,024.88	15,024.88	-	-	-
Recycling Tonnage Grant	73,510.29	73,510.29	73,510.29	-	-	-
Clean Communities-2024	17,065.59	17,065.59	17,065.59	-	-	-
Distracted Driver Incentive Program	5,810.00	5,810.00	5,810.00	-	-	-
Body Armor Replacement Fund	2,419.64	2,419.64	2,419.64	-	-	-
COPS Hiring Grant	625,000.00	625,000.00	625,000.00	-	-	-
Chapter 159: Bulletproof Vest Partnership	10,376.00	10,376.00	10,376.00			
Chapter 159: AAA Pedestrian Safety Grant	1,120.00	1,120.00	1,120.00			
Chapter 159: DCA Broad St. Sports Complex	2,000,000.00	2,000,000.00	2,000,000.00	-	-	-
Total Public and Private Programs Offset by Revenues	2,750,326.40	2,750,326.40	2,750,326.40	-	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	5,929,224.43	5,955,704.09	5,856,935.04	98,769.05	-	-
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	5,929,224.43	5,955,704.09	5,856,935.04	98,769.05	-	-

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CURRENT FUND
DECEMBER 31, 2024

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			<u>Over expenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Down Payments on Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Improvement Fund	300,000.00	300,000.00	300,000.00	-	-	-
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	<u>300,000.00</u>	<u>300,000.00</u>	<u>300,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	950,000.00	950,000.00	950,000.00	-	-	-
Payment of Bond Anticipation Notes & Capital Notes	763,000.00	790,505.59	-	-	790,505.59	-
Interest on Bonds	235,000.00	235,000.00	235,000.00	-	-	-
Interest on Notes incl. Tax Refunding BAN	717,345.00	713,359.75	713,359.75	-	-	-
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	<u>2,665,345.00</u>	<u>2,688,865.34</u>	<u>1,898,359.75</u>	<u>-</u>	<u>790,505.59</u>	<u>-</u>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Emergency Authorizations	-	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	<u>8,894,569.43</u>	<u>8,944,569.43</u>	<u>8,055,294.79</u>	<u>98,769.05</u>	<u>790,505.59</u>	<u>-</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>31,414,701.38</u>	<u>31,414,701.38</u>	<u>29,984,717.60</u>	<u>639,478.19</u>	<u>790,505.59</u>	<u>-</u>
Reserve for Uncollected Taxes	440,000.00	440,000.00	440,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$31,854,701.38</u>	<u>\$31,854,701.38</u>	<u>\$30,424,717.60</u>	<u>\$ 639,478.19</u>	<u>\$ 790,505.59</u>	<u>\$ -</u>
Reference	Below	A-1, Below	Below	A	A-1	A, A-24
Adopted Budget	31,854,701.38	Above				
Emergency	<u>\$31,854,701.38</u>	A,A-1				
	<u>Reference</u>	Above				
Cash Expended	A-4		\$28,421,628.89			
Reserve for Uncollected Taxes	A-2		440,000.00			
Budget Offsets	A-4		(1,970,496.83)			
Grants	D-2		2,750,326.40			
Deferred Charges- Over expenditure of Medical Benefits	A-24		128,454.85			
Tax Appeal Reserve	A-25		500,000.00			
Encumbrance Payable	A-13		<u>154,804.29</u>			
	Above		<u>\$30,424,717.60</u>			

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
TRUST FUND
DECEMBER 31, 2024 AND 2023

B

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2024</u>	<u>2023</u>
ASSETS			
Animal License Fund:			
Cash	B-1	\$ 3,042.90	\$ 16,109.50
		3,042.90	16,109.50
Other Funds:			
Cash:			
Payroll Account	B-12	121,323.31	98,521.50
Trust Fund		3,224,997.99	2,382,316.87
POAA		6,647.60	5,193.60
Community Trust Fund		50,593.10	46,097.17
Medical Benefits Account		2,473.64	-
Community Development Trust		-	-
Flexible Spending Trust		587.70	1,060.38
Total Cash	B-1	3,406,623.34	2,533,189.52
Due from Current Fund- Trust Fund	A,B-6	-	-
Deferred Charges- Overexpenditure		-	733.00
		3,406,623.34	2,533,922.52
TOTAL ASSETS		\$ 3,409,666.24	\$ 2,550,032.02

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
TRUST FUND
DECEMBER 31, 2024 AND 2023

B

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Animal License Fund:			
Due to Current Fund	A,B-4	\$ -	\$ 11,208.40
Due to State of New Jersey	B-5	15.60	4.80
Reserve for Animal License Expenditures	B-3	3,027.30	4,896.30
		3,042.90	16,109.50
Other Funds:			
Due to Current Fund - Payroll Account	A, B-12	15,000.00	80,000.00
Reserve for Payroll Withholdings Payable	B-12	106,323.31	18,521.50
Street Opening Deposits	B-7	28,712.50	28,712.50
Escrow Deposits	B-8	210,121.89	49,292.36
Due to State of New Jersey - Fees Payable	B-9	2,048.00	2,048.00
Miscellaneous Reserves	B-10	2,882,457.64	2,100,888.16
Premium Received at Tax Sale	B-11	161,960.00	254,460.00
		3,406,623.34	2,533,922.52
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 3,409,666.24	\$ 2,550,032.02

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
CAPITAL FUND
DECEMBER 31, 2024 AND 2023

C

COMPARATIVE BALANCE SHEETS- REGULATORY BASIS

ASSETS	Reference	At December 31:	
		2024	2023
Cash	C-2,C-3	\$ 3,149,933.85	\$ 791,886.69
Grants Receivable	C-4	1,171,721.84	249,957.63
Deferred Charges to Future Taxation:			
Funded	C-5	13,100,000.00	14,050,000.00
Unfunded	C-6	25,366,000.00	19,478,000.00
TOTAL ASSETS		\$ 42,787,655.69	\$ 34,569,844.32

LIABILITIES, RESERVE AND FUND BALANCE

General Serial Bonds	C-12	\$ 13,100,000.00	\$ 14,050,000.00
Bond Anticipation Notes	C-11	19,478,000.00	15,941,000.00
Premium on Bond Anticipation Note	C-15	121,153.16	113,391.52
Due to Current Fund	A,C-7	790,505.59	-
Improvement Authorizations			
Funded	C-8	-	-
Unfunded	C-8	2,818,233.10	3,212,603.60
Encumbrance Payable	C-8	4,050,046.62	
Capital Improvement Fund	C-9	19,574.95	14,574.95
Down Payments on Improvements	C-13	123,700.00	123,700.00
Reserve for Payment of Bonds/BANS	C-10	1,114,718.77	864,614.96
Reserve for Grants Receivable	C-4	1,171,721.84	249,957.63
Fund Balance	C-1	1.66	1.66
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		\$ 42,787,655.69	\$ 34,569,844.32

Bonds and notes authorized but not issued on December 31, 2024 and 2023
on Exhibit C-14 is \$5,888,000 and \$3,537,000 respectively

C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Reference		
Balance December 31, 2023	C	\$	1.66
Increased by:			
Canceled Funded Ordinances	C-8		-
			1.66
Decreased by:			
Funded Improvement Authorizations	C-6		-
Balance December 31, 2024	C	\$	1.66

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
GRANT FUND
DECEMBER 31, 2024 AND 2023

D

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Reference</u>	<u>At December 31:</u>	
		<u>2024</u>	<u>2023</u>
ASSETS			
Cash	D-1	\$ 2,314,772.17	\$ 338,772.57
Grants Receivable	D-5	557,101.50	36,646.18
		<hr/>	<hr/>
TOTAL ASSETS		<u><u>\$ 2,871,873.67</u></u>	<u><u>\$ 375,418.75</u></u>
 LIABILITIES AND RESERVES			
Due To Current Fund	A, D-2	\$ 312,474.71	\$ 312,474.71
Reserve for Appropriated Grants	D-3	2,556,885.31	35,939.52
Encumbrance Payable	D-3	-	3,750.00
Reserve for Unappropriated Grants	D-4	2,513.65	23,254.52
		<hr/>	<hr/>
TOTAL LIABILITIES AND RESERVES		<u><u>\$ 2,871,873.67</u></u>	<u><u>\$ 375,418.75</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
GENERAL FIXED ASSETS ACCOUNT GROUP
DECEMBER 31, 2024 AND 2023

E

**COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
GROUP OF ACCOUNTS - REGULATORY BASIS**

	<u>At December 31:</u>	
	<u>2024</u>	<u>2023</u>
ASSETS		
Land	\$ 22,537,000.00	\$ 21,391,500.00
Buildings	6,788,100.00	5,455,500.00
Machinery and Equipment	11,599,778.52	10,801,178.00
TOTAL ASSETS	\$ 40,924,878.52	\$ 37,648,178.00
 LIABILITIES AND RESERVES		
Investment in General Fixed Assets	\$ 40,924,878.52	\$ 37,648,178.00
TOTAL LIABILITIES AND RESERVES	\$ 40,924,878.52	\$ 37,648,178.00

See independent auditor's report and the notes to the financial statements.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

The Borough operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

However, the municipalities in the State of New Jersey do not issue financial statements in accordance with GAAP, and thus, do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers, or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

B. Fund Accounting

The accounting policies of the Borough conform to the accounting principles applicable to municipalities, which have been prescribed by the Division. 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. The accounts of the Borough are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts, which include its assets, liabilities, fund equity, revenues, and expenses or expenditures.

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. **Summary of Significant Accounting Policies (Continued)**

B. Fund Accounting (Continued)

The following funds and groups of accounts are used by the Borough:

Current Fund - Resources and expenditures for governmental operations of a general nature.

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The Division regulates the accounting for these funds.

Assessment Trust Fund - This fund is used to account for special assessments levied against properties for specific purposes.

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

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

Grant Fund - Receipt and disbursement of funds from Federal and State Grants.

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or insurable cost if the actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Under this modified accrual basis of accounting, revenues, except for State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local government units. The more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the municipal budget. Receivables for property taxes are recorded with offsetting reserves on the financial position of the Borough's Current Fund. Accordingly, such amounts are not recorded as revenue until collected. Other amounts, which are susceptible to accrual, that are due to the municipality are recorded as receivables with offsetting reserves and are recorded as revenue when received.

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. **Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

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

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

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division per N.J.S.A. 40A:4 et seq. Transfers can be made during the last two months and the first three months of the following year. The budget may also be amended by emergency appropriation, which must be raised in the succeeding year's budget. Special items of revenue and corresponding expenditure may be added to the budget with special written consent from the Division (Chapter 159).

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

Trust Funds
General Capital Fund

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

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

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

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. **Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

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

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

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

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

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

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

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 and not when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. **Summary of Significant Accounting Policies (Continued)**

C. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets – **N.J.A.C. 5:30-5.6 accounting for governmental fixed assets** continues the requirement that all local units shall have and maintain a fixed assets accounting and reporting system that differs in certain respects from GAAP. The fixed assets accounting and reporting system shall establish and maintain a physical inventory of fixed assets of non-expendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular 87, Cost Principals for State, Local and Indian Governments and shall place a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985, shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The fixed assets accounting and reporting system shall also have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets and such ledger shall be maintained and reconciled periodically and at the end of every fiscal year with the general ledger control accounts for fixed assets. The system shall also provide property management standards for fixed assets that ensure that property records are maintained accurately, to reflect a description and source of the property, its ownership, the acquisition cost and date, the percentage of Federal participation in the acquisition, and the location, use and condition of the property. Property management standards for fixed assets shall also ensure that periodic physical inventories are taken and reconciled with property records, that a control system is provided with adequate safeguards against loss, damage, or theft of property and that property is adequately maintained to keep the property in good condition. A Statement of General Fixed Assets shall be in every annual audit report.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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

Foreclosed Property - Foreclosed property is recorded in the Current Fund when such property was acquired and is fully reserved.

D. Basic Financial Statements

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

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

2. **Cash and Cash Equivalents**

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 municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2024, and 2023, \$0 of the municipality’s bank balance of \$16,487,641.14 and \$10,172,478.18 respectively, was exposed to custodial credit risk.

3. **Investments**

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

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units.
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund; or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. The underlying securities are permitted investments pursuant to paragraphs 1 and 3 above;
 - b. The custody of collateral is transferred to a third party;
 - c. The maturity of the agreement is not more than 30 days;
 - d. The underlying securities are purchased through a public depository as defined in statute; and
 - e. A master repurchase agreement providing for the custody and security of collateral is executed.

See independent auditor’s opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

4. **Leases**

There were no new leases during 2024.

5. **Interfund Receivables and Payables**

Interfund receivables and payables at December 31, 2024 and 2023 were as follows:

Fund Type	December 31, 2024		December 31, 2023	
	Receivables	Payables	Receivables	Payables
Current Fund	\$ 1,117,980.30	\$ -	\$ 403,683.11	\$ -
Animal License Fund				11,208.40
Trust Funds		15,000.00		80,000.00
Capital Fund		790,505.59		
Grant Fund		312,474.71		312,474.71
Total Interfund Receivables and Payable	\$ 1,117,980.30	\$ 1,117,980.30	\$ 403,683.11	\$ 403,683.11

6. **Fund Balance Appropriated**

The fund balance for the years ended December 31, 2024 and 2023, which has been appropriated and included as anticipated revenue in the budget was as follows:

	Budget	
	2024	2023
Current Fund	\$ 1,140,000.00	\$ 890,000.00

7. **Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are to be deferred to budgets of succeeding years.

At December 31, 2024 and 2023, deferred charges shown on the Financial Positions of various funds:

	2024	2023
Current Fund - Special Emergency Auth.-Storm Water Mapping	\$ 200,000.00	\$ -
Current Fund- Over-expediture of Appropriations		128,454.85
	\$ 200,000.00	\$ 128,454.85

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

8. Property Tax Calendar

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with State statutes. The amount of tax levied includes not only the amount required in support of the Borough’s annual budget, but also the amounts required in support of the budget of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough’s Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when they are available and measurable, reduced by an allowance for doubtful accounts.

School Taxes

The Borough is responsible for levying, collecting and remitting school taxes for the Board of Education. Operations are charged for the full amount required to be raised from taxation to operate the local school district.

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local School District Tax		Regional High School Tax	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Balance of Tax	\$ 6,762,368.54	\$ 6,522,607.52	\$ 4,069,179.67	\$ 3,700,445.16
Deferred	<u>6,758,344.50</u>	<u>6,518,583.50</u>	<u>4,062,045.50</u>	<u>3,693,311.00</u>
Taxes Payable (Prepaid)	\$ 4,024.04	\$ 4,024.02	\$ 7,134.17	\$ 7,134.16

County Taxes

The municipality is responsible for levying, collecting and remitting county taxes for the County of Bergen. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Prepaid Taxes

Taxes collected in advance are recorded as cash liabilities in the financial statements and were \$454,328.15 and \$444,046.69 for the year ended December 31, 2024 and 2023, respectively.

Reserve for Uncollected Taxes

The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Borough’s annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Property Taxes Receivable, Tax Title Liens

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens 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 taxes receivable and tax title liens that are uncollectible.

See independent auditor’s opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

9. Summary of Municipal Debt

Temporary Debt, Notes

The Borough's temporary debt at December 31, 2024, consists of Bond Anticipation Note Payable of \$19,478,000 dated May 2, 2024, maturing May 2, 2025, bearing interest rate of 3.878% per annum.

Permanent, Temporary and Authorized Debt (excluding current fund)

Issued	<u>2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
Bonds and Note Issued General:			
Bonds and Notes	\$ 32,578,000.00	\$ 29,991,000.00	\$ 24,000,000.00
Net Debt Issued	32,578,000.00	29,991,000.00	24,000,000.00
Authorized but not Issued General:			
Bonds and Notes	5,888,000.00	3,537,000.00	4,465,000.00
Net Bonds and Notes Issued & Authorized But Not Issued, ("General Debt")	\$ 38,466,000.00	\$ 33,528,000.00	\$ 28,465,000.00

Summary of Statutory Condition – Annual Debt Statement:

The summarized statement of debt condition, which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.213 % as of December 31, 2024 and 1.167% as of December 31, 2023.

<u>2024</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 8,200,000.00	\$ 8,200,000.00	\$ -
General Debt	38,466,000.00	-	38,466,000.00
	<u>\$ 46,666,000.00</u>	<u>\$ 8,200,000.00</u>	<u>\$ 38,466,000.00</u>

Net Debt \$33,528,000 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2
\$ 3,171,552,238 = 1.213% at December 31, 2024

<u>2023</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 9,295,000.00	\$ 9,295,000.00	\$ -
General Debt	33,528,000.00	-	33,528,000.00
	<u>\$ 42,823,000.00</u>	<u>\$ 9,295,000.00</u>	<u>\$ 33,528,000.00</u>

Net Debt \$33,528,000 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2
\$ 2,873,127,852 = 1.167% at December 31, 2023

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

9. Summary of Municipal Debt (Continued)

Summary of Statutory Condition – Annual Debt Statement (continued):

<u>Borrowing Power Under N.J.S.A. 40A:2-6 - As Amended</u>	2024	2023
3 1/2% of Equalized Valuation Basis (Municipal)	\$ 111,004,328.34	\$ 100,559,474.82
Net Debt	38,466,000.00	33,528,000.00
Remaining Borrowing Power	\$ 72,538,328.34	\$ 67,031,474.82

Overlapping Debt

County of Bergen (1) – Borough’s share (1.396%)	\$ 23,577,544
Bergen County Utilities Authority (2)	<u>2,127,149</u>
Total Overlapping Debt	\$25,704,693

(1) The County of Bergen has \$1,688,935,829 @ 12/31/24 in gross long-term and temporary debt. The Borough’s net share is obtained by dividing the Borough’s equalized valuation \$3,171,552,238 by the County’s equalized valuation \$227,183,185,143.

(2) Overlapping debt was computed based upon usage billing @ 12/31/2023.

Permanent Debt

Long Term debt as of December 31, 2024 and 2023 consisted of the following:

	Balance Dec. 31, 2023	Additions	Reductions	Balance Dec. 31, 2024	Due in One Year
Bonds Payable:					
General Obligation Debt	\$ 14,050,000.00	\$ -	\$ 950,000.00	\$ 13,100,000.00	\$ 1,000,000.00
Total Bonds Payable	14,050,000.00	-	950,000.00	13,100,000.00	1,000,000.00
Other Liabilities:					
None					
	\$ 14,050,000.00	\$ -	\$ 950,000.00	\$ 13,100,000.00	\$ 1,000,000.00

General Improvement Serial Bonds

\$15,910,000 - 2021 General Improvement Bonds, payable in annual installments of, \$1,000,000 in 2025, \$1,200,000 in 2026, \$1,300,000 in 2027, \$1,400,000 in 2028, \$1,500,000 in 2029, \$1,600,000 in 2030, \$1,700,000 in 2031-33, at variable interest rate from 1% to 2%

	2024	2023
	\$ 13,100,000.00	\$ 14,050,000.00
Total	\$ 13,100,000.00	\$ 14,050,000.00

See independent auditor’s opinion.

BOROUGH OF CARLSTADT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 AND 2023

9. **Summary of Municipal Debt (Continued)**

Schedule of Annual Debt Service for
 Principal and Interest for Bonded Debt
 Issued and Outstanding, and Loans

	Principal	Interest
2025	\$ 1,000,000	\$ 157,250
2026	1,200,000	146,250
2027	1,300,000	132,125
2028	1,400,000	178,000
2029	1,500,000	149,000
2030-2033	6,700,000	271,000
	\$ 13,100,000	\$ 1,033,625

See independent auditor’s opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

10. Pension and Retirement Plans

Description of Plans

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). Those systems are sponsored and administered by the State of New Jersey and are considered cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for PERS and PFRS. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625 or can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Summary of Significant Accounting Policies -PERS and PFRS

GASB 68, *Accounting and Financial Reporting for Pensions*, is effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Amendments to and further clarification of GASB 68, include GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB 67 and 68.*, and GASB 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*.

New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Therefore, the following information with regards to GASB 68 is for disclosure purposes only. The GASB 68 reports for fiscal year June 30, 2024 were not available as of the date of this audit.

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

Public Employees' Retirement System (PERS)

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

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

At June 30, 2023 and June 30, 2022, the Borough has disclosed a liability of \$7,354,943 and \$7,760,466 respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2023, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2023 and 2022. At June 30, 2023, the Borough's proportion was 0.05077846%, which was a decrease of .00064474% from its proportion measured as of June 30, 2022 of .0514232%.

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

10. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

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

For the year ended December 31, 2023, the Borough recognized pension expense of \$648,471 as measured at June 30, 2023. At June 30, 2023 and 2022, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2023		June 30, 2022	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 70,323	\$ 30,065	\$ 56,011	\$ 49,394
Changes of assumptions	16,157	445,741	24,044	1,162,049
Net difference between projected and actual earnings on pension plan investments	33,870		321,199	
Changes in proportion and differences between Borough and proportionate share of contributions	324,238	692,842	609,154	891,301
Borough contributions subsequent to the measurement date				
Total	<u>\$ 444,588</u>	<u>\$ 1,168,648</u>	<u>\$ 1,010,408</u>	<u>\$ 2,102,744</u>

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

	<u>Year Ended June 30:</u>
2024	\$ (388,313)
2025	(216,742)
2026	302,882
2027	(54,204)
2028	922
Total	<u>\$ (355,455)</u>

Changes in Proportion-The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21, and 5.63 years for the years for the 2023, 2022, 2021, 2020, and 2019 amounts, respectively.

	<u>6/30/2023</u>	<u>6/30/2022</u>
Collective deferred outflows of resources	\$ 1,080,204,730	\$ 1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability (Non-State-Local Group)	14,606,489,066	15,219,184,920
Borough's portion of net pension liability	7,354,943	7,760,466
Borough's proportion %	0.0507784630%	0.0514231805%

See independent auditor's report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

10. Pension Plans (Continued)

Public Employees' Retirement System (PERS)(Continued):

Actuarial assumptions. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% – 6.55% based on years of service
Investment Rate of Return:	7.00%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-US Developed Market Equity	12.75%	9.22%
International Small CAP Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Assets	8.00%	8.58%
Real Estate	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
US Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount rate. The discount rate used to measure the total pension liability was 7.00% and 7.00% and as of June 30, 2023, and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

See independent auditor's report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

10. Pension Plans (Continued)

Public Employees' Retirement System (PERS)(Continued):

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2023, and 2022, calculated using the discount rate of 7.00% and 7.00% respectively, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	June 30, 2023 <u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Borough's proportionate share of the net pension liability	\$ 9,574,571	\$ 7,354,943	\$ 5,465,746
	<u>1% Decrease</u> <u>(6.00%)</u>	June 30, 2022 <u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Borough's proportionate share of the net pension liability	\$ 9,969,926	\$ 7,760,466	\$ 5,880,127

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PERS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under disability provisions of PERS. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 2,3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

See independent auditor's report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

10. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full-time county and municipal police and firefighters, and state firefighters or officer employees with police powers appointed after June 30, 1944.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement 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.

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

At June 30, 2023 and June 30, 2022, the Borough has disclosed a liability of \$10,965,609 and \$12,388,806, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2023, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2023 and 2022. At June 30, 2023, the Borough's proportion was 0.0992472%, which was a decrease of 0.0089868% from its proportion measured as of June 30, 2022 of 0.108234%.

A special funding situation exists for Local employers of the PFRS, in which the State of New Jersey is required to pay additional costs incurred by Local employers under 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. Since the local participating employers do not contribute under this legislation, there is no pension liability, deferred inflows or outflows to report. The amount of the Borough's proportionate share of collective net pension liability at June 30, 2023 and 2022 respectively was \$2,020,541 and \$2,204,844.

Police and Firemen's Retirement System (PFRS)

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

For the year ended December 31, 2023, the Borough recognized pension expense of \$1,407,636, as measured on June 30, 2023. At December 31, 2023 as measured on June 30, 2023 and June 30, 2022, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	June 30, 2023		June 30, 2022	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 469,525	\$ 522,962	\$ 560,750	\$ 758,983
Changes of assumptions	23,668	740,441	33,953	1,559,506
Net difference projected and actual earnings on pension plan investments	558,458		1,134,451	
Changes in proportion and differences between Borough's and proportionate share of contributions	574,847	1,860,183	982,628	1,266,247
Borough contributions subsequent to the measurement date				
Total	<u>\$ 1,626,498</u>	<u>\$ 3,123,586</u>	<u>\$ 2,711,782</u>	<u>\$ 3,584,736</u>

See independent auditor's report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

10. Pension Plans (Continued)

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

Year Ended June 30:	
2024	\$ (426,743)
2025	(409,536)
2026	658,901
2027	(56,671)
2028	20,227
Thereafter	2,068
	\$ (211,753)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6.16, 6.22, 6.17, 5.90, 5.92, and 5.73 years for the years for the 2023, 2022, 2021, 2020, and 2019 amounts, respectively.

Police and Firemen's Retirement System (PFRS)

	6/30/2023	6/30/2022
Collective deferred outflows of resources	\$ 1,753,080,638	\$ 2,163,793,985
Collective deferred inflows of resources	1,966,439,601	2,805,919,493
Collective net pension liability (Non-State-Local Group)	13,084,649,602	13,483,472,009
Borough's portion of net pension liability	10,965,609	12,388,806
Borough's portion of net pension liability	0.0992472100%	0.1082336200%

Actuarial assumptions. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25% – 16.25% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the PubS-2010 amount weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, postretirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability retirement rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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.

See independent auditor's report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

10. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the 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 projected benefit payments to determine the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2023 and 2022, calculated using the discount rate of 7.00% and 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	June 30, 2023 <u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00)</u>
Borough's proportionate share of the net pension liability	\$ 15,278,656	\$ 10,965,609	\$ 7,373,871
		<u>Current</u> <u>Discount</u> June 30, 2022	
	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00)</u>
Borough's proportionate share of the net pension			

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

See independent auditor's report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

10. Pension Plans (Continued)

PFRS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after 4 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of the 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 early retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and tier 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 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.

Funding Policy- PERS and PFRS

The contribution policy is set by the laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 8.5% for PFRS of the employees' annual compensation, as defined. Under the provisions of Chapter 78, P.L. 2012, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2012. An additional increase to be phased in over the next 7 years will bring the total pension contribution rate to 7.5% of salary. PFRS employee pension contribution rates increased from 8.5% to 10% of salary, effective October 1, 2012. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The Borough's contributions to PERS and PFRS were as follows:

Year Ended December 31,	PERS Amount	PFRS Amount	Total
2024	\$ 702,447.85	\$ 1,321,180.00	\$ 2,023,627.85
2023	659,222.93	1,463,970.39	2,123,193.32
2022	583,338.00	1,208,810.00	1,792,148.00
2021	618,174.00	1,291,752.00	1,909,926.00
2020	527,056.00	1,135,357.00	1,662,413.00

11. Defined Contribution Retirement Program

The Defined Contributions Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008, and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation on the DCRP for the office or position. The waiver is irrevocable.

This retirement program is a pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through an investment option provided by the employer.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

12. Employee Deferred Compensation Plan

The Borough maintains a Deferred Compensation Plan (the “Plan”) in accordance with IRC Section 457 and State of NJ Deferred Revenue Regulation. Employees of the Borough are eligible to participate in the Plan. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Borough does not and is not required to make contributions to the Plan.

The deferred compensation plan is administered by unrelated financial institutions. Under the terms of an IRC Section 457 employee deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held in trust for the exclusive benefit of participants and their beneficiaries and is reported in our Review of the Employee Deferred Compensation financial statements for December 31, 2024 and 2023.

VOYA Retirement Insurance & Annuity Company is the administrator of the Plan. Fund assets at December 31, 2024 and 2023 totaled \$3,043,711.48 and \$2,590,930.95, respectively, which include contribution deposit in transit.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institutes of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented unaudited in this report as part of the Borough’s Trust Fund.

13. Volunteer Deferred Compensation Plan (LOSAP)

The Borough’s Length of Services Awards Program (the “LOSAP”) was approved by the Division of Local Government Services on March 19, 2001, pursuant to 457(e)(11)(13) of the IRC Section 457. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Emergency Squad, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body. If a volunteer meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index N.J.S.A. 40A:14-185(f). The DLGS issues the permitted maximum increase annually.

In accordance with the amendments to IRC Section 457 of the Internal Revenue Code and the State of NJ Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries and is reported in our Review of the Volunteer Employee Deferred Compensation financial statements for December 31, 2024 and 2023.

Lincoln Financial Corp. is the administrator of the plan. The Borough’s practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institutes of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented unaudited in this report as part of the Borough’s Trust Fund.

See independent auditor’s opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
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14. Other Post-Employment Benefits

Plan Description

The Borough provides a post-employment healthcare plan for its eligible retirees and their dependents. The plan is a single employer defined benefit healthcare plan administered by the Borough through Municipal Reinsurance Health Insurance Fund (“Fund”). In accordance with Borough employment, contracts and or personnel policies, the Borough provides post-employment health coverage to its eligible retired employees and their dependents at the time of retirement at the same cost to the retirees as there would be if any, if they remained an employee. Coverage for a retiree’s spouse and/ or dependents ends upon death of the retiree.

Funding Status and Funding Progress

The Borough expended funds for retired employees’ self-insured claims in the amount of \$1,524,789 and \$1,576,406 for 2024 and 2023, respectively. For 2024 and 2023, the expended funds amount for retired employees’ health benefits premiums was not available for 2024 and \$233,115.20 for 2023. 51 and 47 former employees received this benefit in 2024 and 2023, respectively.

Police & DPW employees with over 25 years of service and retiring after the age of 50, receive lifetime paid health insurance benefits. Other employees not contractually covered receive paid health insurance premiums for two months after retirement.

As of December 31, 2024, the most recent actuarial valuation date, there was no plan assets to offset the OPEB liability. The actuarial accrued OPEB liability for benefits was \$35,034,437 based upon a discount rate of 4.08% per annum and the plan provisions in effect on December 31, 2024. The covered payroll (annual payroll of active employees covered by the plan) was \$7,966,000. The liability is broken down as follows:

Total OPEB Liability Active	\$	25,389,986
Total OPEB Liability Retired		9,644,451
Total OPEB Liability		35,034,437
Plan Fiduciary Net Position		-
Net OPEB Liability	\$	35,034,437
Net Position/ OPEB Liability		0.00%

Annual OPEB Cost and Net OPEB Obligation

The Borough’s annual other post-employment benefit (OPEB) cost (expense) is actuarially determined in accordance with the parameters of GASB Statement 75. The following table shows the components of the Borough’s annual OPEB cost for the year 2024, the amount actually contributed to the plan, and changes in the Borough’s net OPEB obligation to the plan.

		2024
Annual Required Contribution- Service Costs	\$	471,280
Interest on Net OPEB Obligation- Over Measurement Period		1,028,415
Difference Between Expected and Actual Experience		3,869,677
Changes in Assumptions		(647,743)
Annual OPEB Cost (Expense)		4,721,629
Benefit Payments (incl Employee Refunds)		(1,524,789)
Contributions Made		-
Increase in Net OPEB Obligation		3,196,840
Net OPEB Obligation- Beginning of Year		31,837,597
GASB 75 Adjustment *		
Net OPEB Obligation- End of Year		\$ 35,034,437

See independent auditor’s report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

14. Other Post Retirement Benefits (Continued)

Total OPEB Expense

The Total OPEB expense is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the “service cost” (normal cost) which is a portion of future liabilities attributable to the measurement year, plus the recognized portion of the experience gain or loss, and interest on the net OPEB liability during the year. As of the measurement date, the plan had no assets to offset any portion of the net OPEB liability.

Expense Calculation:

Service Cost	\$ 471,280
Interest on Total OPEB Liability- Over Measurement Period	1,028,415
Recognition of Experience Changes	(920,647)
Recognition of Assumption Charges	<u>(917,048)</u>
Total GASB 75 OPEB Expense Recognized	<u>(\$ 338,000)</u>

Summary of Deferred Outflows and Inflows to OPEB Expense:

	<u>For Year Ended 12/31/2024</u>	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflow of</u>
	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ 4,144,422	\$ (13,650,023)
Changes of assumptions	2,956,959	(10,228,986)
Total	<u>\$ 7,101,381</u>	<u>\$ (23,879,009)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

	<u>Year Ended December 31:</u>
2025	\$ (1,837,695)
2026	(1,837,695)
2027	(1,837,695)
2028	(1,837,695)
2029	(1,837,695)
Thereafter	<u>(7,589,153)</u>
Total	<u>\$ (16,777,628)</u>

Actuarial Methods, Assumptions and Basis of Valuation

Basis of Valuation

The valuation performed by Cirkiel Actuarial Consulting LLC, was conducted as of December 31, 2024 based upon census, plan design and claims information provided by The Fund. The census includes 51 participants currently receiving retiree benefits, and 80 active participants of whom 17 are eligible to retire as of the valuation date. The average age of the active population is 48 and the average age of the retiree population is 70.

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

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2023, report from Cheiron. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2023 report from Aon Consultants.

See independent auditor’s report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

14. Other Post Retirement Benefits (Continued)

Key Actuarial Assumptions

Mortality	PUB 2010 “General” classification headcount weighted mortality with generational Improvement using Scale MP-2021
Turnover	NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility
Assumed Retirement Age	At first eligibility after completion of 25 years of service
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	3.26% Based on the Bond Buyer 20 Index December 31, 2023 4.08% Based on the Bond Buyer 20 Index December 31, 2024
Rate of Salary Increase	2.5%
Consumer Price Index	2.5%
Medical Trend	Medical: 6.5% in 2024, reducing by .25% per annum, leveling at 4.5% per annum in 2032 Drug: 14% in 2024, 10% in 2025, 7.5% in 2026, reducing by .75% per annum, leveling at 4.5% per annum in 2030 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

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 costs 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 (48) and scaled to each age until age 65 based on the medical cost aging factors.

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

Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2024 salaries were reported as \$7.966 million.

Sensitivity of Net OPEB Liability to Changes in Discount Rate

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

	<u>1%</u> <u>Decrease</u> (3.08%)	<u>Current</u> <u>Discount Rate</u> (4.08%)	<u>1%</u> <u>Increase</u> (5.08%)
Borough's proportionate share of OPEB Liability	\$ 39,392,621	\$ 35,034,437	\$ 31,600,703

Sensitivity of Net OPEB Liability to Changes in Health Trend Rate

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the medical trend rate were to increase by 1% per annum, the Net OPEB Liability as of December 31, 2024 would increase, and if it were to decrease by 1% the Net OPEB liability would decrease.

	<u>Decrease</u>	<u>Health Care Trend Rate</u>	<u>Increase</u>
Borough's proportionate share of OPEB Liability	\$ 32,156,115	\$ 35,034,437	\$ 38,722,560

See independent auditor’s report.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

15. Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Borough is a member of the South Bergen Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing its members with the following low-cost coverage: General Liability, Automobile Liability, Law Enforcement Professional Liability, and Employee Benefits Liability

Members are insured up to \$300,000. The Borough pays actuarial assessments annually. If these assessments prove deficient, additional assessments may be levied. The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL") and the New Jersey Environmental Risk Management Fund (the EJIF). The MEL provides insurance coverage for claims in excess of \$300,000 for general liability, automobile liability, law enforcement professional liability and employee benefits liability. The total limit of liability for the Borough is \$20,000,000. Additionally, the JIF/MEL provides the following coverage not subject to the \$20,000,000 limit of liability:

Cyber Liability
Public Officials Liability/Employment Practices Liability
Blanket Crime (Bond) Coverage
Workers Compensation
Environmental Liability (Coverage provided through the EJIF)

In addition, the MEL also provides for a Public Officials Bond Coverage – Statutory Positions with a \$1,000,000 bond limit. The Borough continues to carry commercial insurance coverage for all these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Borough is partially self-insured for employee health benefits. The Borough provides medical, prescription and vision benefits through a partially self-funded plan administrated by Insurance Design Administrators (IDA). The specific stop loss is \$45,000. All claims over the stop loss are covered by conventional insurance with Symetra Life Insurance Company. Dental coverage is provided through the Bergen Municipal Employees Benefit Fund.

The Borough paid \$5,934,259.82 and \$3,911,505.69 in medical benefits in 2024 and 2023, respectively, through its medical benefits account. The account was replenished with charges to budget appropriations amounting to \$6,128,804.69 and \$3,816,445.96 in 2024 and 2023, respectively.

Significant Legislation: P.L. 2011, C.78, effective October 2011, set new employee contribution requirements towards the cost of employer-provided health coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions have been phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

Health Insurance Waiver: The Borough offers health insurance waivers in an amount of the lesser of \$5,000 or the actual net insurance cost to employees that can show that coverage is provided by a spouse or other means. The Borough also reimburses employees for optional reductions in plan benefits. In 2024 and 2023 respectively, the Borough paid 44 and 40 employees a total of \$155,504 and \$125,654. Waiver and reduction amounts are reported as wages on their respective W-2's.

16. Compensated Absences

The Borough does not permit employees to accrue unused vacation and sick pay. The Borough at its discretion provides certain amounts of paid time off for employees at retirement, however it is not contractual.

17. Contingent Liabilities

Litigation

The Borough is involved in certain legal proceedings, none of a kind unusual for a municipality of its size and scope of operation. The resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

17. Contingent Liabilities (Continued)

Pending Tax Appeals

Various tax appeal cases were pending in the tax court at December 31, 2024 and 2023. Amounts claimed have not been determined, and may be material. The Borough is vigorously defending its assessments in each case. It is probable that one tax appeal currently in litigation may be settled during 2024, with an estimated settlement of \$4.5 to \$5 million. Under the accounting principles prescribed by the DLGS, the Borough does not recognize a liability, if any, until these cases have been adjudicated. Funding of any ultimate liability would be provided for in succeeding years' budget, fund balance or property tax refunding bond ordinances.

Federal and State Awards

The Municipality 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 Borough 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 Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Borough.

18. Joint Ventures with Other Municipalities

The Borough participates in an interlocal agreement with the Borough of Wallington to share the services of a Municipal Court. The revenues received by the Borough are used to offset the expenses of the Court. The Borough files an annual report with the County Administrative Office of the Courts which reports on the annual collections and disbursements of fines, costs and bail.

19. Federal Arbitrage Regulations

Municipalities are subject to Section 148 of the IRC as it pertains to the "arbitrage rebate" on all tax-exempt obligations. Under 1986 TRA, the IRS required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for the purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. Excess earnings may be required to be rebated to the IRS. The Bond Counsel should be engaged to calculate the estimated arbitrage earnings due to the IRS, if any.

20. Liquidity, Management Plans and Intentions

Due to COVID-19 Pandemic, the Borough had to adjust its operations in 2023 and 2024 to continue to provide services to taxpayers. The Pandemic did not have a significant impact on the financial statements of the Borough for the year ended December 31, 2024. However, the Pandemic did result in the State of New Jersey taking steps to award additional grant monies to help offset some additional costs incurred related to public health. On March 11, 2022 President Biden signed the American Rescue Plan Act of 2022 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer, or broadband infrastructure. The amount of federal aid available to the Borough of Carlstadt is \$641,828, which will be available until December 31, 2024. The Borough has expended all of the American Rescue Plan funds as of December 31, 2023. The first installment of half the amount was received during 2022 and the remainder was received during 2023. Additionally, the Borough prepared and balanced the 2024 budget and considered the potential impact the Pandemic could have on Borough operations. Management believes that the fund balance available as of December 31, 2024, and the anticipated revenues from taxes, grants, and other revenues will be sufficient to meet the Borough's financial needs for one year from the date of issuance of this report.

See independent auditor's opinion.

BOROUGH OF CARLSTADT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

21. Subsequent Events

The Borough has evaluated subsequent events through June 30, 2025, which is the date the financial statements were available to be issued. There were no subsequent events that required financial statements adjustment. The 2025 Municipal Budget was adopted on April 23, 2025.

The Borough renewed its \$18,500,000 in Bond Anticipation Notes with BNY Mellon Capital Markets, LLC on May 1, 2025 at an interest rate of 4.5% and premium paid of \$170,200 at a Moody's rating of MIG 1.

See independent auditor's opinion.

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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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STEVEN L. ROGUT
THOMAS J. BACE †
JOSHUA ANTHONY CUCUZZELLA

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

† ALSO ADMITTED IN FL AND DC

ROGUT McCARTHY LLC

COUNSELLORS AT LAW

37 ALDEN STREET
CRANFORD, NEW JERSEY 07016

Telephone (908) 931-1150
Facsimile (908) 931-1151
Facsimile (908) 653-4832
www.rogutmccarthy.com

APPENDIX C

[Proposed Form of Bond Counsel Opinion]

April __, 2026

Borough Council
Borough of Carlstadt
County of Bergen
State of New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of a \$13,745,000 Bond Anticipation Note (the "Note") by the Borough of Carlstadt, a municipal corporation of the State of New Jersey, located in the County of Bergen (the "Borough"). The Note is dated April 30, 2026, is payable April 30, 2027, bears interest from its date at the rate of _____% per annum, payable at maturity, and is numbered 26-1R.

The Note has been issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to and in anticipation of the issuance of bonds authorized by six bond ordinances adopted by the Borough Council of the Borough on September 2, 2021 (Ord. No. 21-11), February 2, 2022 (Ord. No. 22-1), September 21, 2022 (Ord. No. 22-8), February 1, 2023 (Ord. No. 23-1), July 5, 2023 (Ord. No. 23-4) and May 15, 2024 (Ord. No. 24-4) (the "Bond Ordinances") to finance the making of various public improvements in, by and for the Borough.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Note and other amounts and the rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Note to be included in gross income of the owners thereof retroactive to the date of issuance of the Note, regardless of when such noncompliance occurs.

The Borough will covenant, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Note, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the Bond Ordinances and a copy of the form of Note. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below including the Tax Certificate executed by the Chief Financial Officer of the Borough of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and any exhibits thereto. In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Note, on a certificate of the Borough.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Borough in connection with the sale and issuance of the Note, or (ii) other documents of the Borough delivered to the purchaser of the Note, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion that:

1. The Note has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Borough enforceable in accordance with its terms, except as enforcement of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Note, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such ad valorem taxes as may be necessary to pay the Note and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Note is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Note is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Note that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Note and any gain from the sale of the Note are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC

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