

NEW ISSUE

RATING: MOODY'S: "MIG 1"
(See "RATING" herein)

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.

\$25,734,000 GENERAL OBLIGATION NOTES
consisting of

I. \$25,450,000 BOND ANTICIPATION NOTES
comprised of

\$21,800,621 General Bond Anticipation Notes,
\$3,408,000 Golf Course Utility Bond Anticipation Notes
and
\$241,379 Swimming Pool Utility Bond Anticipation Notes

II. \$284,000 SPECIAL EMERGENCY NOTES

of the
BOROUGH OF PARAMUS
COUNTY OF BERGEN, NEW JERSEY
(Non-Callable)(Not Bank-Qualified)(Book-Entry Only)

Dated: April 29, 2026
Due: April 29, 2027

The \$25,734,000 General Obligation Notes consisting of (I) \$25,450,000 Bond Anticipation Notes comprised of \$21,800,621 General Bond Anticipation Notes, \$3,408,000 Golf Course Utility Bond Anticipation Notes and \$241,379 Swimming Pool Utility Bond Anticipation Notes (collectively, the "Bond Anticipation Notes"), and (II) \$284,000 Special Emergency Notes (the "Special Emergency Note" and together with the Bond Anticipation Notes, the "Notes") of the Borough of Paramus, 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 (except for three odd pieces in excess of \$5,000). Beneficial Owners 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 29, 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.

<u>INTEREST</u>	<u>YIELD</u>	<u>CUSIP NO.</u>
<u>RATE</u>	<u> </u>	<u> </u>
_____ %	_____ %	699330____

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 29, 2026.

PROPOSALS FOR THE NOTES WILL BE RECEIVED
UNTIL 11:00 AM ON TUESDAY, APRIL 21, 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 PARAMUS
BERGEN COUNTY, NEW JERSEY**

**BOROUGH OF PARAMUS
BERGEN COUNTY, NEW JERSEY**

MAYOR

Christopher DiPiazza

BOROUGH COUNCIL

Ace Antonio
Robert Kaiser
Alfredo Nadera
Mary Ellen Rizzo
Jeanne T. Weber
Michael Wilkins

BOROUGH ADMINISTRATOR

Hector Olmo

BOROUGH CLERK

Annemarie Krusznis

CHIEF FINANCIAL OFFICER

Sheryl A. Luna

BOROUGH ATTORNEY

Brian Giblin, Sr., Esq.
Paramus, New Jersey

MUNICIPAL ADVISOR

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

BOROUGH AUDITOR

Lerch, Vinci & Bliss, LLP
Fair Lawn, 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 PARAMUS
IN THE COUNTY OF BERGEN, NEW JERSEY
relating to**

**\$25,734,000 GENERAL OBLIGATION NOTES
consisting of**

**I. \$25,450,000 BOND ANTICIPATION NOTES
comprised of**

**\$21,800,621 General Bond Anticipation Notes,
\$3,408,000 Golf Course Utility Bond Anticipation Notes
and
\$241,379 Swimming Pool Utility Bond Anticipation Notes**

II. \$284,000 SPECIAL EMERGENCY 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 Paramus (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$25,734,000 General Obligation Notes consisting of (I) \$25,450,000 Bond Anticipation Notes comprised of \$21,800,621 General Bond Anticipation Notes, \$3,408,000 Golf Course Utility Bond Anticipation Notes and \$241,379 Swimming Pool Utility Bond Anticipation Notes (collectively, the "Bond Anticipation Notes"), and (II) \$284,000 Special Emergency Notes (the "Special Emergency Notes" and together with the 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 Underwriters 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 29, 2026 and shall mature on April 29, 2027. The Notes shall bear interest at the interest rate set forth on the cover hereof, which interest is payable on April 29, 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 (except for three odd pieces in excess of \$5,000). 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 and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants 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. Separate note certificates will be issued for each principal amount of each series of the Bond Anticipation Notes and for the Special Emergency 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 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 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 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 Notes by the Borough.

The Special Emergency Notes are to be issued in accordance with the Local Budget Law of the State of New Jersey, N.J.S.A. 40A:4-1 et seq., as amended (the "Local Budget Law") and an adopted ordinance and resolution of the Borough.

The Local Budget 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 party shall be estopped from questioning the sale or the execution or the delivery of the Special Emergency Notes by the Borough.

The proceeds of the Bond Anticipation Notes will be used to (i) currently refund \$16,034,217 of the Borough's \$17,173,000 outstanding bond anticipation notes maturing on April 30, 2026 and (ii) provide \$9,415,783 to finance unfunded projects of the Borough. The proceeds of the Special Emergency Notes will be used to currently refund \$284,000 of the Borough's \$426,000 outstanding special emergency notes maturing on April 30, 2026

Ord. No.	Description	Amount
<u>General Bond Anticipation Notes</u>		
2020-25	Various Public Improvements and Acquisitions	\$ 1,025,654
2021-42	Various Machinery & Equipment	279,364
2023-37	Various Public Improvements and Acquisitions	6,039,000
2024-22	Various Public Improvements and Acquisitions	6,375,820
2025-15	Various Public Improvements and Acquisitions	6,652,783
2025-38	Various Public Improvements and Acquisitions	1,428,000
		<u>21,800,621</u>
<u>Golf Course Utility Bond Anticipation Notes</u>		
2023-38	Various Golf Course Improvements & Acquisitions	600,000
2024-23	Various Golf Course Improvements & Acquisitions	1,473,000
2025-16	Various Golf Course Improvements & Acquisitions	1,335,000
		<u>3,408,000</u>
<u>Swimming Pool Utility Bond Anticipation Notes</u>		
2022-26	Various Swimming Pool Improvements	241,379
<u>Special Emergency Notes</u>		
2023-09	Terminal Pay	284,000
	Total Notes to be Issued	<u><u>\$ 25,734,000</u></u>

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 balance of 2026. The Borough may issue additional bond anticipation notes during the balance of 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.

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 0.383%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$ 51,083,831	\$ 245,937	\$ 50,837,894
Golf Course Utility Purposes	6,148,430	6,148,430	-
Swimming Pool Utility Purposes	590,000	-	590,000
School Purposes	<u>4,395,000</u>	<u>4,395,000</u>	<u>-</u>
	<u>\$ 62,217,261</u>	<u>\$ 10,789,367</u>	<u>\$ 51,427,894</u>

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 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 not been introduced as of the date of this Official Statement.

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 by Governor Phil Murphy 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 by Governor Murphy 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 Presidential proposals, 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, 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, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the 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 \$2,749,014.92. The Borough utilized all of those funds to replace lost public sector revenues in the 2022 and 2023 budgets.

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 continuing disclosure undertakings in accordance with Rule 15c2-12. Phoenix Advisors, Bordentown, New Jersey, serves as continuing disclosure agent to assist the Borough in complying with the requirements of Rule 15c2-12.

FINANCIAL STATEMENTS

Appendix "B" to this Official Statement contains the unaudited financial statements for the year ended December 31, 2025 and the audited financial statements of the Borough for the years ended December 31, 2024 and 2023. The unaudited financial statements were compiled from the Borough's unaudited Annual Financial Statement for the year ended December 31, 2025. The audited financial data was provided by Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey (the "Auditor"), and is included herein in reliance upon the authority of such firm. The Auditor has consented to the inclusion of their report in this Official Statement. Copies of the complete Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Borough.

PREPARATION OF OFFICIAL STATEMENT

The Auditor takes responsibility for the financial statements to the extent specified in the Accountant's Compilation Report and 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 Paramus, 1 Jockish Square, Paramus, New Jersey, 07652, Sheryl A. Luna, Chief Financial Officer, (201) 201-265-2100 ext. 2271.

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 PARAMUS, IN THE COUNTY OF BERGEN, NEW JERSEY

By: /s/ _____
Sheryl A. Luna
Chief Financial Officer

Dated:

APPENDIX A
ECONOMIC AND DEMOGRAPHIC INFORMATION
RELATING TO THE BOROUGH OF PARAMUS

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INFORMATION REGARDING THE BOROUGH

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

General Information

The Borough of Paramus is located in West Central Bergen County, about 12 miles west of New York City. Surrounding towns include Ridgewood, Washington Township, Fair Lawn, Rochelle Park, Maywood, River Edge and Oradell. The Borough was incorporated as a borough in 1922; government for the Borough is provided through a mayor and six councilmen elected for overlapping terms.

The Borough of Paramus is primarily suburban residential in character with extensive light industrial and commercial development. Over 95% of all housing units are single family residences and about 90% are owner occupied.

Comprising about 10 square miles, the Borough has excellent transportation facilities. The principal route joining Bergen and Passaic Counties to New York City via the George Washington Bridge is N.J. Route 4. N.J. Route 17 is a major highway running north-south through Bergen and Hudson Counties, connecting southern New York State with the Lincoln Tunnel to New York City. The limited access Garden State Parkway runs through the Borough into southern New Jersey. Since the completion of Interstate 80, consumers in western New Jersey have access to the Bergen County retail stores. Together with these highways, four bus companies offer transportation to and from the Borough.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees’ Retirement System, the Police and Firemen’s Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the “Division”). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

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

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

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

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2024	12,844	12,347	497	3.9%
2023	12,740	12,255	485	3.8%
2022	12,417	11,971	446	3.6%
2021	11,998	11,209	789	6.6%
2020	11,988	10,808	1,180	9.8%
<u>County</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%
<u>State</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%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$ 144,349	\$ 124,884	\$ 103,556
Median Family Income	159,496	152,200	127,025
Per Capita Income	58,552	63,735	54,253

Source: US Bureau of the Census, 2020-2024 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024*	26,786	0.33%	978,641	2.40%	9,500,851	2.28%
2020	26,698	1.35%	955,732	5.59%	9,288,994	5.65%
2010	26,342	2.35%	905,116	2.38%	8,791,894	4.49%
2000	25,737	2.67%	884,118	7.12%	8,414,350	8.85%
1990	25,067	-5.31%	825,380	-2.37%	7,730,188	4.96%

* Estimate

Source: United States Department of Commerce, Bureau of the Census

FINANCIAL INFORMATION

Largest Taxpayers

The ten largest taxpayers in the Borough and their assessed valuations for 2026 are listed below:

<u>Taxpayers</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Westland Garden State Plaza LP	\$ 1,584,931,200	11.63%
UE Bergen Mall Owner LLC	375,000,000	2.75%
GSP Mixed Use	200,000,000	1.47%
Ikea Property Inc	150,000,000	1.10%
Faber Bros Inc NJ	95,451,300	0.70%
Paramus Park	77,250,400	0.57%
Gabriel, J & Etal & Temple Ridge	74,973,900	0.55%
Farber, Wm A Trustees	66,832,000	0.49%
CCP Owner LLC	61,455,000	0.45%
Paramus Road IV LLC	53,264,300	0.39%
Total	\$ 2,739,158,100	20.11%

Source: Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2025 (Unaudited)	\$ 194,537,782	\$ 192,031,007	98.71%
2024	187,349,287	185,544,280	99.04%
2023	181,482,755	180,036,789	99.20%
2022	170,957,614	169,806,978	99.33%
2021	165,325,148	163,734,662	99.04%

Source: 2025 Unaudited Annual Financial Statement and Annual Audit Reports of the Borough

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2025 (Unaudited)	\$ 9,522	\$ 1,878,286	\$ 1,887,808	0.97%
2024	8,645	1,423,540	1,432,185	0.76%
2023	7,826	1,211,124	1,218,950	0.67%
2022	7,030	986,838	993,868	0.58%
2021	6,006	1,104,873	1,110,879	0.67%

Source: 2025 Unaudited Annual Financial Statement and Annual Audit Reports of the Borough

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2025 (Unaudited)	\$ -
2024	-
2023	23,978
2022	23,978
2021	23,978

Source: 2025 Unaudited Annual Financial Statement and Annual Audit Reports of the Borough

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Borough residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
2025 (1)	\$ 0.512	\$ 0.035	\$ 0.710	\$ 0.231	\$ 0.011	\$ 1.499
2024 (1)	0.524	0.034	0.717	0.228	0.011	1.514
2023 (1)	0.514	0.036	0.733	0.240	0.011	1.534
2022 (1)	0.506	0.033	0.772	0.231	0.010	1.552
2021 (1)	0.535	0.032	0.834	0.242	0.011	1.654

(1) Reassessment

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

Classification of Ratables

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2026 (1)	\$ 67,221,200	\$ 7,676,769,800	\$ 761,500	\$ 5,594,972,620	\$ 175,756,300	\$ 107,217,900	\$ 13,622,699,320
2025 (1)	53,839,400	7,090,926,600	2,903,900	5,446,423,120	182,841,600	109,307,000	12,886,241,620
2024 (1)	45,819,800	6,486,946,000	2,702,400	5,550,655,920	173,808,400	71,724,900	12,331,657,420
2023 (1)	164,567,100	6,141,790,400	2,574,600	5,256,851,220	167,395,500	70,035,500	11,803,214,320
2022 (1)	155,924,000	5,710,269,200	2,409,700	4,887,951,420	157,219,800	67,226,600	10,981,000,720

(1) Reassessment

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Valuation of Property

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2026 (1)	\$ 13,622,709,320	\$ -	\$ 13,622,709,320	N/A	N/A
2025 (1)	12,886,241,620	-	12,886,241,620	96.26%	13,469,883,397
2024 (1)	12,331,657,420	-	12,331,657,420	98.53%	12,599,781,332
2023 (1)	11,803,214,320	-	11,803,214,320	95.89%	12,388,393,406
2022 (1)	10,981,000,720	6,007,091	10,987,007,811	100.60%	10,995,760,089

(1) Reassessment

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

BUDGET INFORMATION

Summary of Current Fund Budget

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Anticipated Revenues					
Fund Balance Anticipated	\$ 4,850,000	\$ 3,850,000	\$ 2,185,000	\$ 1,000,000	\$ 2,055,420
Miscellaneous Revenues	18,214,614	17,101,739	16,132,532	14,733,122	15,308,524
Receipts from Delinquent Taxes	1,250,000	1,100,000	985,000	1,000,000	1,250,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>70,649,062</u>	<u>68,856,940</u>	<u>65,025,162</u>	<u>59,271,183</u>	<u>56,768,026</u>
	<u>\$ 94,963,676</u>	<u>\$ 90,908,679</u>	<u>\$ 84,327,694</u>	<u>\$ 76,004,305</u>	<u>\$ 75,381,970</u>
Appropriations					
Salaries and Wages	\$ 39,530,901	\$ 36,867,193	\$ 35,092,100	\$ 32,306,796	\$ 32,782,470
Other Expenses	34,882,089	33,560,421	31,105,417	27,005,076	26,413,231
Deferred Charges and Statutory Expenditures	12,021,893	12,143,507	11,298,448	9,582,044	9,737,431
Capital Improvement Fund	650,000	500,000	-	1,252,474	350,000
Municipal Debt Service	5,678,793	5,737,558	4,831,729	4,157,915	4,563,838
Judgements	150,000	150,000	150,000		
Reserve for Uncollected Taxes	<u>2,050,000</u>	<u>1,950,000</u>	<u>1,850,000</u>	<u>1,700,000</u>	<u>1,535,000</u>
	<u>\$ 94,963,676</u>	<u>\$ 90,908,679</u>	<u>\$ 84,327,694</u>	<u>\$ 76,004,305</u>	<u>\$ 75,381,970</u>

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2025 (Unaudited)	\$ 8,604,492	N/A
2024	7,139,896	4,850,000
2023	5,511,363	3,850,000
2022	3,056,042	2,185,000
2021	943,538	1,000,000

Source: 2025 Unaudited Annual Financial Statement and Annual Audit Reports of the Borough

Golf Course Utility Operating Fund

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2025 (Unaudited)	\$ 1,929,055	N/A
2024	1,734,675	652,000
2023	1,171,780	367,000
2022	735,679	302,000
2021	834,429	136,000

Source: 2025 Unaudited Annual Financial Statement and Annual Audit Reports of the Borough

Swim Pool Utility Operating Fund

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2025 (Unaudited)	\$ 23,004	N/A
2024	68,004	45,000
2023	68,004	-
2022	159,004	91,000
2021	126,004	125,000

DEBT INFORMATION

Borough Indebtedness as of December 31, 2025 (Unaudited)

GENERAL PURPOSES

Bonds	\$ 28,405,000	
Notes	14,589,570	
Authorized But Not Issued	<u>8,089,261</u>	
		\$ 51,083,831

GOLF COURSE UTILITY

Bonds, Notes & Loans Outstanding	4,813,430	
Authorized But Not Issued	<u>1,335,000</u>	
		6,148,430

SWIMMING POOL UTILITY

Bonds, Notes & Loans Outstanding		590,000
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LOCAL SCHOOL

Bonds Issued and Authorized		<u>4,395,000</u>
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		62,217,261
--	--	------------

STATUTORY DEDUCTIONS

Municipal Purpose	245,937	
Self Liquidating	6,148,430	
Local School	<u>4,395,000</u>	
		<u>10,789,367</u>

		<u>\$ 51,427,894</u>
--	--	----------------------

Overlapping Debt

County of Bergen(1)	93,549,656	
Bergen County Utilities Authority (2)	<u>10,249,907</u>	
		<u>\$ 103,799,563</u>

Gross Debt

Per Capita (2024 -26,786)		\$ 2,323
Percent of Net Valuation Taxable (2025- \$12,886,241,620)		0.48%
Percent of Estimated True Value of Real Property (2025 - \$13,469,883,397)		0.46%

Net Municipal Debt

Per Capita (2024 -26,786)		\$ 1,920
Percent of Net Valuation Taxable (2025- \$12,886,241,620)		0.40%
Percent of Estimated True Value of Real Property (2025 - \$13,469,883,397)		0.38%

Overall Debt (Gross and Overlapping Debt)

Per Capita (2024 -26,786)		\$ 6,198
Percent of Net Valuation Taxable (2025- \$12,886,241,620)		1.29%
Percent of Estimated True Value of Real Property (2025 - \$13,469,883,397)		1.23%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2025 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.

Source: Annual Debt Statement of the Borough

Debt Incurring Capacity as of December 31, 2025 (Unaudited)

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 13,416,114,774
3 1/2% Borrowing Margin	469,564,017
Net Debt Issued, Outstanding and Authorized	51,427,894
Remaining Municipal Borrowing Capacity	418,136,123
Local School	
4% Borrowing Margin	536,644,591
Debt Issued, Outstanding and Authorized	4,395,000
Remaining School Borrowing Capacity	532,249,591

Source: 2025 Annual Debt Statement of the Borough

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

<u>Year</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2025 (Unaudited)	\$ 62,217,261	\$ 51,427,894	0.383%
2024	59,436,678	47,378,716	0.364%
2023	59,410,387	47,464,724	0.394%
2022	58,359,939	44,788,587	0.402%
2021	56,724,016	41,974,516	0.405%

Source: 2025 Annual Debt Statement and Annual Audit Reports of the Borough

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APPENDIX B

**ACCOUNTANT'S COMPILATION REPORT,
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
OF THE BOROUGH OF PARAMUS,
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY**

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**UNAUDITED FINANCIAL INFORMATION OF THE BOROUGH OF PARAMUS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Paramus
Paramus, New Jersey

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the Borough of Paramus, as of December 31, 2025 and the related statement of operations and changes in fund balance – regulatory basis, the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements – regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Fair Lawn, New Jersey
March 18, 2026

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**BOROUGH OF PARAMUS
BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

ASSETS	<u>2025</u>
Cash	\$ <u>18,913,477</u>
Receivables and Other Assets with Full Reserves	
Delinquent Taxes Receivable	1,878,286
Tax Title Liens	9,522
Due from Animal Control Trust Fund	3,802
Due from Swim Pool Utility Operating Fund	<u>165,797</u>
	<u>2,057,407</u>
Deferred Charges	
Special Emergency Appropriation	<u>451,040</u>
	<u>451,040</u>
	<u>21,421,924</u>
Federal and State Grant Fund	
Cash - Federal and State Grant Fund	1,833,132
Grants Receivable	<u>426,012</u>
	<u>2,259,144</u>
	<u>\$ 23,681,068</u>

**BOROUGH OF PARAMUS
BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
LIABILITIES, RESERVES, AND FUND BALANCE	
Appropriation Reserves	\$ 5,136,028
Encumbrances Payable	896,595
Accounts Payable	46,857
Special Emergency Note Payable	426,000
Due to Other Trust Fund	1,089,690
Due to Insurance Trust Fund	228,000
Due to General Capital Fund	259,093
Reserve for Tax Appeal	1,200,000
Reserve for Codification of Ordinances	11,535
Reserve for Tax Sale	35,284
Due to State of NJ - Senior Citizens and Veterans Deductions	13,237
Marriage License/Domestic Partnership Fees Payable	803
DCA Fees Payable	24,212
County Taxes Payable	221,251
Tax Overpayments	112,223
Prepaid Taxes	<u>1,059,217</u>
	10,760,025
Reserve for Receivables	2,057,407
Fund Balance	<u>8,604,492</u>
	<u>21,421,924</u>
Federal and State Grant Fund:	
Encumbrances Payable	506,582
Appropriated Reserves for Grants	1,490,547
Unappropriated Reserves for Grants	<u>262,015</u>
	<u>2,259,144</u>
	<u>\$ 23,681,068</u>

BOROUGH OF PARAMUS
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>2025</u>
REVENUE AND OTHER INCOME REALIZED	
Fund Balance Utilized	\$ 4,850,000
Miscellaneous Revenue Anticipated	22,282,256
Receipts from Delinquent Taxes	1,404,661
Receipts from Current Taxes	190,831,007
Non-Budget Revenue	1,111,324
Other Credits to Income	
Unexpended Balance of Appropriated Reserves	1,900,524
Statutory Excess - Animal Control Trust Fund	3,758
Cancel Prior Year Accounts Payable	17,292
Cancel Prior Year School Tax Payable	8,998
Interfunds Returned	<u>222,206</u>
Total Revenues and Other Income	<u>222,632,026</u>
EXPENDITURES	
Budget and Emergency Appropriations	
Operations	
Salaries and Wages	39,567,206
Other Expenses	34,845,784
Capital Improvements	650,000
Municipal Debt Service	5,677,690
Deferred Charges and Statutory Expenditures - Municipal	11,856,096
Local District School Tax	91,397,809
County Taxes Including Added Taxes	31,301,369
Interfunds Advanced	169,599
Tax Appeals Refunds	851,127
Refund of Prior Year Revenue	<u>750</u>
Total Expenditures	<u>216,317,430</u>
Statutory Excess to Fund Balance	6,314,596
Fund Balance, January 1	<u>7,139,896</u>
	13,454,492
Decreased by:	
Fund Balance Utilized as Budget Revenue	<u>4,850,000</u>
Fund Balance, December 31,	<u><u>\$ 8,604,492</u></u>

BOROUGH OF PARAMUS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	\$ 4,850,000	\$ 4,850,000	-
MISCELLANEOUS REVENUES			
Licenses			
Alcoholic Beverages	40,000	97,815	\$ 57,815
Other	900,000	1,151,888	251,888
Fees and Permits			
Other	600,000	846,384	246,384
Fines and Costs			
Municipal Court	350,000	495,142	145,142
Interest and Costs on Taxes	250,000	379,300	129,300
Interest on Investments	1,000,000	1,233,530	233,530
Off Duty Police Administrative Fees	459,000	459,000	-
Energy Receipts Taxes	4,104,678	4,104,678	0
Uniform Construction Code Fees	1,600,000	2,995,382	1,395,382
Maywood Borough- Municipal Court	106,534	54,333	(52,201)
Oradell Borough- Municipal Court	109,000	109,411	411
911 Services - Various Municipalities	20,000	-	(20,000)
Vehicle Maintenance	485,000	446,286	(38,714)
Street Sweeping and Snow Plowing - Various Municipals	75,000	70,494	(4,506)
Borough of Maywood - CFO Services	69,000	36,081	(32,919)
S. Hackensack- Supt. Of Dept. of Public Works	33,000	38,000	5,000
Lyndhurst- Tax Assessor	22,500	45,000	22,500
State and Federal Grants Offset with Appropriations-			
Body Armor Fund	15,887	15,887	-
Clean Communities'	64,140	64,140	-
Safe and Secure	51,373	51,373	-
Emergency Management	10,000	10,000	-
Recycling Tonnage Grant	147,967	147,967	-
COPS Grant	500,000	500,000	-
Strenthening Public Health Grant	34,995	34,995	-
Municipal Alliance	470	470	-
Uniform Fire Safety Act	170,000	231,906	61,906
Cable TV Franchise Fee	300,000	323,007	23,007
Hotel Occupancy Fee (P.L. 2003, c.114)	400,000	551,258	151,258
Reserve for Payment of Debt Service			-
Sewer User Charges	940,000	1,257,185	317,185
Sanitary Sewer Tie-In (Maywood)	90,000	89,674	(326)
Sanitary Sewer Tie-In (River Edge)	120,000	479,072	359,072
Sanitary Sewer Tie-In (Washingtown Township)	25,000	56,748	31,748
Sanitary Sewer Tie-In (Oradell)	6,500	13,549	7,049
Ambulance Fees	1,000,000	1,296,748	296,748
Library PERS Reimbursement	278,000	278,000	-
Medical Cannabis	90,000	75,266	(14,734)

BOROUGH OF PARAMUS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
MISCELLANEOUS REVENUES (Continued)			
Payment in Lieu of Taxes - State of NJ	\$ 50,000	\$ 538,748	\$ 488,748
Recycling Revenue	150,000	218,423	68,423
Reserve for Payment of Debt - General Capital Fund	1,046,570	1,046,570	-
Valley Hospital Community Service Fee	<u>2,500,000</u>	<u>2,438,547</u>	<u>(61,453)</u>
Total Miscellaneous Revenues	<u>18,214,614</u>	<u>22,282,256</u>	<u>4,067,642</u>
RECEIPTS FROM DELINQUENT TAXES	<u>1,250,000</u>	<u>1,404,661</u>	<u>154,661</u>
AMOUNT TO BE RAISED BY TAXATION:			
Local Tax for Municipal Purposes	66,054,217	65,586,984	(467,233)
Minimum Library Tax	<u>4,594,845</u>	<u>4,594,845</u>	<u>-</u>
Total Amount to be Raised by Taxation	<u>70,649,062</u>	<u>70,181,829</u>	<u>(467,233)</u>
Total General Revenues	<u><u>94,963,676</u></u>	<u><u>98,718,746</u></u>	<u><u>3,755,070</u></u>

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>Appropriated</u>		<u>Expended</u>	<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT				
General Administration				
Salaries and Wages	\$ 424,500	\$ 424,500	\$ 355,000	\$ 69,500
Other Expenses	45,800	45,800	20,943	24,857
Other Expenses - Grant Writer - Millennium Strategies	60,000	60,000	60,000	-
Mayor and Council				
Salaries and Wages	75,000	75,000	75,000	-
Other Expenses	2,300	2,300	765	1,535
Municipal Clerk				
Salaries and Wages	355,200	355,200	344,906	10,294
Other Expenses	137,500	137,500	114,580	22,920
Central Equipment and Data Processing				
Salaries and Wages	438,000	438,000	437,764	236
Other Expenses	709,760	749,760	748,745	1,015
Audit Services				
Other Expenses	115,000	115,000	110,120	4,880
Financial Administration				
Salaries and Wages	600,000	608,000	608,000	-
Other Expenses	245,200	245,200	182,570	62,630
Revenue Administration				
Salaries and Wages	236,000	236,000	230,697	5,303
Other Expenses	21,250	28,450	28,321	129
Tax Assessment Administration				
Salaries and Wages	253,000	261,500	257,415	4,085
Other Expenses	10,000	10,000	7,068	2,932
Legal Services & Costs				
Other Expenses	1,145,000	1,145,000	733,761	411,239
Engineering Services & Costs				
Other Expenses	125,000	125,000	71,047	53,953
LAND USE ADMINISTRATION				
Planning/Zoning Board				
Salaries and Wages	128,600	128,600	122,275	6,325
Other Expenses	56,850	58,850	58,492	358

**BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
			<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
INSURANCE					
Liability Insurance (JIF)	\$ 659,125	\$ 679,125	\$ 641,885	\$ 37,240	
Other Insurance Premiums	20,000	20,000	20,000	-	
Vision (Self)	120,000	120,000	120,000	-	
Worker's Compensation Insurance (JIF)	234,100	234,100	234,100	-	
Worker's Compensation Insurance (Self)	775,128	775,128	753,166	21,962	
Liability Insurance (Self)	350,000	350,000	200,000	150,000	
Employee Group Insurance	10,858,756	10,658,756	10,019,108	639,648	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	19,190,633	19,190,633	18,786,066	404,567	
Other Expenses	301,900	301,900	249,454	52,446	
Police Dispatch					
Salaries and Wages	1,386,000	1,386,000	1,246,415	139,585	
Other Expenses	114,300	114,300	93,560	20,740	
Office of Emergency Management					
Salaries and Wages	253,600	253,600	233,505	20,095	
Other Expenses	97,000	97,000	78,199	18,801	
Rescue Squad					
Salaries and Wages	150,000	150,000	111,100	38,900	
Other Expenses	40,975	40,975	36,413	4,562	
Fire Department					
Salaries and Wages	976,000	928,800	747,200	181,600	
Other Expenses	464,675	464,675	453,778	10,897	
Fire Inspection					
Salaries and Wages	600,000	600,000	559,969	40,031	
Other Expenses	19,000	19,000	15,819	3,181	
Emergency Medical Services					
Salaries and Wages	1,500,000	1,500,000	1,195,013	304,987	
Other Expenses	201,950	201,950	142,697	59,253	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	2,100,000	2,100,000	2,067,972	32,028	
Other Expenses	387,000	400,000	399,973	27	
Shade Tree Commission					
Salaries and Wages	1,932,000	1,932,000	1,790,585	141,415	
Other Expenses	152,050	152,050	125,871	26,179	

**BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
			<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Solid Waste Collection					
Salaries and Wages	\$ 2,075,000	\$ 2,075,000	\$ 1,764,139	\$ 310,861	
Other Expenses	25,100	25,100	12,712	12,388	
Building and Grounds					
Salaries and Wages	998,000	998,000	911,867	86,133	
Other Expenses	343,050	383,050	383,027	23	
Vehicle Maintenance					
Salaries and Wages	1,646,000	1,646,000	1,448,041	197,959	
Other Expenses	1,555,000	1,555,000	1,369,579	185,421	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	734,000	734,000	685,346	48,654	
Other Expenses	56,350	56,350	9,010	47,340	
Animal Control					
Other Expenses	35,500	35,500	34,667	833	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	740,000	793,000	791,414	1,586	
Other Expenses	143,500	143,500	142,810	690	
Senior Citizens Center					
Salaries and Wages	270,000	270,000	254,165	15,835	
Other Expenses	40,200	46,700	46,630	70	
RECYCLING AND LANDFILL					
Landfill/Solid Waste Disposal Cost					
Other Expenses - Solid Waste	650,000	650,000	606,838	43,162	
Other Expenses - Vegetative Waste	475,000	475,000	369,171	105,829	
MUNICIPAL COURT					
Salaries and Wages	710,000	747,000	739,149	7,851	
Other Expenses	46,000	46,000	37,150	8,850	

**BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Appropriated</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>
			<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"				
UNIFORM CONSTRUCTION CODE				
APPROPRIATIONS OFFSET BY DEDICATED REVENUES				
(N.J.A.C. 5:23-4-17)				
CODE ENFORCEMENT AND ADMINISTRATION				
Construction Code Official				
Salaries and Wages	\$ 849,000	\$ 861,000	\$ 861,000	\$ -
Other Expenses	10,050	10,050	6,517	3,533
UNCLASSIFIED				
Electricity	625,000	625,000	492,880	132,120
Street Lighting	650,000	650,000	541,945	108,055
Fire Hydrants	510,000	510,000	504,371	5,629
Telephone	350,000	350,000	310,797	39,203
Water	80,000	80,000	63,125	16,875
Gasoline	450,000	450,000	321,514	128,486
Diesel Fuel	450,000	450,000	318,362	131,638
Terminal Leave	200,000	200,000	-	-
Total Operations Within "CAPS"	<u>62,784,902</u>	<u>62,784,902</u>	<u>57,915,543</u>	<u>4,869,359</u>
Detail:				
Salaries and Wages	38,820,533	38,891,833	36,624,003	2,267,830
Other Expenses (Including Contingent)	<u>23,964,369</u>	<u>23,893,069</u>	<u>21,291,540</u>	<u>2,601,529</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-				
MUNICIPAL WITHIN "CAPS"				
DEFERRED CHARGES				
Deficit in Swim Pool Utility Operating Fund	436,963	436,963	271,166	\$ 165,797
STATUTORY EXPENDITURES				
Contribution to:				
Defined Contribution Retirement Plan	60,000	60,000	35,545	24,455
Social Security Syst. (O.A.S.I.)	1,750,000	1,750,000	1,736,249	13,751
Police and Fireman's Retirement System	5,359,989	5,359,989	5,359,989	-
Unemployment Compensation Insurance	150,000	150,000	150,000	-
Public Employees Retirement System	<u>2,646,393</u>	<u>2,646,393</u>	<u>2,578,393</u>	<u>68,000</u>
Total Deferred Charges and Statutory Expenditures -	<u>10,403,345</u>	<u>10,403,345</u>	<u>10,131,342</u>	<u>106,206</u>
Municipal Within "CAPS"				<u>165,797</u>
Total General Appropriations for Municipal Purposes				
Within "CAPS"	<u>73,188,247</u>	<u>73,188,247</u>	<u>68,046,885</u>	<u>4,975,565</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
EDUCATIONAL FUNCTIONS				
Maintenance of Free Public Library	4,594,845	4,594,845	4,459,671	135,174

**BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Appropriated</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>
			<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)				
Liability Insurance	\$ 60,875	\$ 60,875	\$ 60,875	
Employee Group Insurance	1,256,244	1,256,244	1,256,244	
Workmen's Compensation Insurance	24,872	24,872	24,872	
UTILITY EXPENSES AND BULK PURCHASES				
Sewerage Processing and Disposal - BCUA				
Other Expenses - Operation and Maintenance	3,570,664	3,570,664	3,553,605	\$ 17,059
Other Expenses - Debt Service	966,756	966,756	966,756	
INTERLOCAL				
Municipal Court - Maywood				
Salaries and Wages	37,000	37,000	36,493	507
Municipal Court - Oradell				
Salaries and Wages	27,000	27,000	27,000	-
Mechanical Maintenance				
Salaries and Wages				-
Other Expenses	145,000	145,000	137,277	7,723
Superintendent of DPW - South Hackensack				
Salaries and Wages	15,000	15,000	15,000	
Tax Assessor - Lyndhurst				
Salaries and Wages	15,000	15,000	15,000	
CFO Services - Maywood				
Salaries and Wages	30,000	30,000	30,000	
Street Sweeping/Plowing - Various Municipalities				
Other Expenses	60,000	60,000	60,000	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES				
Alcohol Education Rehabilitation				
Emergency Management	10,000	10,000	10,000	
Safe and Secure	51,373	51,373	51,373	
Body Armor Grant	15,887	15,887	15,887	
Distracted Driving Grant				
Impaired Driving Grant				
Click It or Ticket				
Recycling Tonnage Grant	147,967	147,967	147,967	
Highway Pedestrian Grant				
Clean Communities	64,140	64,140	64,140	
Municipal Alliance	470	470	470	
Strengthening Public Health Capacity Grant	34,995	34,995	34,995	
COPS Grant	500,000	500,000	500,000	-
	<u>11,628,088</u>	<u>11,628,088</u>	<u>11,467,625</u>	<u>160,463</u>
Total Operations - Excluded from "CAPS"				
Detail:				
Salaries and Wages	675,373	675,373	674,866	507
Other Expenses	10,952,715	10,952,715	10,792,759	159,956
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	650,000	650,000	650,000	-
Total Capital Improvement Excluded from "CAPS"				
	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"				
Payment of Bond Principal	3,810,000	3,810,000	3,810,000	
Payment of Bond Anticipation Notes and Capital Notes	418,835	418,835	418,835	
Interest on Bonds	1,053,650	1,053,650	1,053,650	
Interest on Notes	396,308	396,308	395,205	-
	<u>5,678,793</u>	<u>5,678,793</u>	<u>5,677,690</u>	<u>1,103</u>
Total Municipal Debt Service Excluded from "CAPS"				

**BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Appropriated</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>
			<u>Reserved</u>	
DEFERRED CHARGES - EXCLUDED FROM "CAPS"				
Special Emergency Authorization - 5 Years	\$ 571,978	\$ 571,978	\$ 571,978	
Deferred Charges Unfunded - General Capital Ordinances	<u>1,046,570</u>	<u>1,046,570</u>	<u>1,046,570</u>	-
Total Deferred Charges-Municipal Excluded from "CAPS"	<u>1,618,548</u>	<u>1,618,548</u>	<u>1,618,548</u>	-
Judgments (N.J.S.A. 40A:4-45.3c)	<u>150,000</u>	<u>150,000</u>	-	\$ 150,000
Total General Appropriations Excluded from "CAPS"	<u>19,725,429</u>	<u>19,725,429</u>	<u>19,413,863</u>	<u>\$ 160,463</u>
Total General Appropriations	92,913,676	92,913,676	87,460,748	5,136,028
Reserve for Uncollected Taxes	<u>2,050,000</u>	<u>2,050,000</u>	<u>2,050,000</u>	-
Total General Appropriations	<u>\$ 94,963,676</u>	<u>\$ 94,963,676</u>	<u>\$ 89,510,748</u>	<u>\$ 5,136,028</u>
			<u>\$ 316,900</u>	

**BOROUGH OF PARAMUS
BALANCE SHEET - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
ASSETS	
ANIMAL CONTROL TRUST FUND	
Cash	\$ <u>14,623</u>
	<u>14,623</u>
OTHER TRUST FUNDS	
Cash	15,800,201
Due from Current Fund	<u>1,089,690</u>
	<u>16,889,891</u>
UNEMPLOYMENT TRUST FUND	
Cash	76,112
Other Accounts Receivable	<u>3,789</u>
	<u>79,901</u>
INSURANCE TRUST FUND	
Cash	190,675
Due from Current Fund	<u>228,000</u>
	<u>418,675</u>
	<u>\$ 17,403,090</u>

BOROUGH OF PARAMUS
BALANCE SHEET - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2025 (UNAUDITED)
(Continued)

	<u>2025</u>
LIABILITIES, RESERVES AND FUND BALANCE	
ANIMAL CONTROL TRUST FUND	
Due to State of New Jersey	\$ 15
Due to Current Fund	3,802
Reserve for Animal Control Trust Fund Expenditures	<u>10,806</u>
	<u>14,623</u>
OTHER TRUST FUND	
Payroll Deposits Payable	10,167
Miscellaneous Reserves and Deposits	<u>16,879,724</u>
	<u>16,889,891</u>
UNEMPLOYMENT TRUST FUND	
Due to State of New Jersey	131,981
Reserve for Unemployment Expenditures (Deficit)	<u>(52,080)</u>
	<u>79,901</u>
INSURANCE TRUST FUND	
Reserve for Workers Compensation Expenditures	164,216
Reserve for General Liability Expenditures	200,900
Reserve for Property Liability Expenditures	<u>53,559</u>
	<u>418,675</u>
	<u>\$ 17,403,090</u>

**BOROUGH OF PARAMUS
BALANCE SHEET - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
ASSETS	
Cash	\$ 9,066,387
Deferred Charges to Future Taxation	
Funded	28,405,000
Unfunded	21,968,618
Due from Paramus Public Library	25,350
Due from Current Fund	259,093
Grants Receivable	<u>4,714,719</u>
	<u>\$ 64,439,167</u>
LIABILITIES, RESERVES AND FUND BALANCE	
General Serial Bonds	28,405,000
Bond Anticipation Notes Payable	14,589,570
Improvement Authorizations	
Funded	1,460,917
Unfunded	11,026,341
Capital Improvements Fund	1,189,801
Encumbrances Payable	7,316,723
Reserve for:	
Payment of Debt	59,757
Grants Receivable	345,060
Fund Balance	<u>45,998</u>
	<u>\$ 64,439,167</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2025 of \$8,089,038.

**BOROUGH OF PARAMUS
CHANGE IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
Balance, January 1	\$ 29,702
Increased by:	
Premium From Sale of Bond Anticipation Notes	<u>16,296</u>
Balance, December 31	<u>\$ 45,998</u>

**BOROUGH OF PARAMUS
BALANCE SHEET - REGULATORY BASIS
GOLF COURSE UTILITY FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
ASSETS	
OPERATING FUND	
Cash	\$ <u>2,445,365</u>
Deferred Charges:	
Overexpenditure of Appropriations	<u>94,262</u>
	<u>94,262</u>
 Total Operating Fund	 <u>2,539,627</u>
CAPITAL FUND	
Cash	3,422,794
Fixed Capital	15,996,474
Fixed Capital Authorized and Uncompleted	7,241,560
Due from Golf Course Utility Operating Fund	<u>250,039</u>
 Total Capital Fund	 <u>26,910,867</u>
	 <u>\$ 29,450,494</u>

**BOROUGH OF PARAMUS
BALANCE SHEET - REGULATORY BASIS
GOLF COURSE UTILITY FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
LIABILITIES, RESERVES AND FUND BALANCE	
OPERATING FUND	
Liabilities	
Appropriation Reserves	\$ 171,948
Encumbrances Payable	101,469
Accounts Payable	8,502
Accrued Interest on Bonds and Notes	78,614
Due to Golf Course Utility Fund	<u>250,039</u>
	610,572
Fund Balance	<u>1,929,055</u>
Total Operating Fund	<u>2,539,627</u>
CAPITAL FUND	
Serial Bonds Payable	2,480,000
Bond Anticipation Notes Payable	2,333,430
Encumbrances Payable	418,324
Improvement Authorizations:	
Funded	2,034,511
Unfunded	2,250,663
Capital Improvement Fund	6,098
Reserve for Amortization	17,199,403
Deferred Reserve for Amortization	150,631
Fund Balance	<u>37,807</u>
Total Capital Fund	<u>26,910,867</u>
	<u>\$ 29,450,494</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2025 of \$1,335,000.

BOROUGH OF PARAMUS
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - GOLF COURSE UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>2025</u>
REVENUE AND OTHER INCOME REALIZED	
Fund Balance Utilized	\$ 652,000
Registration Fees	202,649
Golf Cart Rental	536,105
Green Fees	2,139,728
Snack Bar/Restaurant Rental	51,814
Miscellaneous	936,094
Other	
Unexpended Balance of Appropriation Reserves	<u>188,959</u>
 Total Income	 <u>4,707,349</u>
 EXPENDITURES	
Operating	
Salaries and Wages	1,470,000
Other Expenses	1,224,051
Capital Improvements	200,000
Debt Service	861,511
Deferred Charges and Statutory Expenditures	<u>199,668</u>
 Total Expenditures	 <u>3,955,230</u>
 Excess in Revenue	 752,119
Adjustments to Income before Fund Balance:	
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>94,262</u>
 Statutory Excess to Fund Balance	 846,381
 Fund Balance, January 1	 <u>1,734,674</u>
	2,581,055
Decreased by:	
Fund Balance Utilized	<u>652,000</u>
 Fund Balance, December 31	 <u>\$ 1,929,055</u>

**BOROUGH OF PARAMUS
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - GOLF COURSE UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
Fund Balance, January 1	\$ 36,060
Increased by:	
Premium on Sale of Bond Anticipation Notes	<u>1,747</u>
Fund Balance, December 31	<u>\$ 37,807</u>

**BOROUGH OF PARAMUS
STATEMENT OF REVENUES - REGULATORY BASIS
GOLF COURSE UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Anticipated</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Utilized	\$ 652,000	\$ 652,000	
Registration Fees	150,000	202,649	\$ 52,649
Golf Cart Rental	450,000	536,105	86,105
Green Fees	1,908,968	2,139,728	230,760
Miscellaneous	<u>700,000</u>	<u>987,908</u>	<u>287,908</u>
 Budget Revenues	 <u>\$ 3,860,968</u>	 <u>\$ 4,518,390</u>	 <u>\$ 657,422</u>

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
GOLF COURSE UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>Appropriated</u>		<u>Expended</u>		<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATING					
Salaries and Wages	\$ 1,470,000	\$ 1,470,000	\$ 1,427,713	\$ 42,287	
Other Expenses	862,600	862,600	929,051		\$ 66,451
Employee Group Insurance	295,000	295,000	295,000	-	-
Total Operating	<u>2,627,600</u>	<u>2,627,600</u>	<u>2,651,764</u>	<u>42,287</u>	<u>66,451</u>
CAPITAL IMPROVEMENTS					
Capital Outlay	200,000	200,000	78,033	121,967	-
Total Capital Improvements	<u>200,000</u>	<u>200,000</u>	<u>78,033</u>	<u>121,967</u>	<u>-</u>
DEBT SERVICE					
Bond Principal	440,000	440,000	440,000		
Bond Anticipation Note Principal	265,215	265,215	265,215		
Interest on Bonds	84,485	84,485	84,485		\$ -
Interest on Notes	44,000	44,000	71,811	-	27,811
Total Debt Service	<u>833,700</u>	<u>833,700</u>	<u>861,511</u>	<u>-</u>	<u>27,811</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges					
Overexpenditure of Appropriations	18,668	18,668	18,668		
Statutory Expenditures					
Contribution to					
Public Employee's Retirement System	68,000	68,000	68,000		
Social Security System (O.A.S.I.)	113,000	113,000	105,306	7,694	-
Total Deferred Charges and Statutory Expenditures	<u>199,668</u>	<u>199,668</u>	<u>191,974</u>	<u>7,694</u>	<u>-</u>
	<u>\$ 3,860,968</u>	<u>\$ 3,860,968</u>	<u>\$ 3,783,282</u>	<u>\$ 171,948</u>	<u>\$ 94,262</u>

**BOROUGH OF PARAMUS
BALANCE SHEET - REGULATORY BASIS
SWIMMING POOL UTILITY FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
ASSETS	
OPERATING FUND	
Cash	\$ 319,885
Due from Swim Pool Utility Capital Fund	<u>139</u>
	<u>320,024</u>
Deferred Charges	
Overexpenditure of Appropriation Reserves	<u>3,594</u>
	<u>3,594</u>
 Total Operating Fund	 <u>323,618</u>
 CAPITAL FUND	
Cash	45,742
Fixed Capital	3,372,780
Fixed Capital Authorized and Uncompleted	<u>250,000</u>
 Total Capital Fund	 <u>3,668,522</u>
	 <u>\$ 3,992,140</u>

**BOROUGH OF PARAMUS
BALANCE SHEET - REGULATORY BASIS
SWIMMING POOL UTILITY FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
LIABILITIES, RESERVES AND FUND BALANCE	
OPERATING FUND	
Liabilities	
Appropriation Reserves	\$ 114,084
Encumbrances Payable	12,065
Due to Current Fund	165,797
Accrued Interest on Bonds and Notes	<u>8,668</u>
	300,614
Fund Balance	<u>23,004</u>
Total Operating Fund	<u>323,618</u>
CAPITAL FUND	
Serial Bonds Payable	340,000
Bond Anticipation Notes Payable	250,000
Improvement Authorizations:	
Funded	4,053
Unfunded	40,791
Due to Swim Pool Utility Operating Fund	139
Reserve for Amortization	3,032,780
Fund Balance	<u>759</u>
Total Capital Fund	<u>3,668,522</u>
	<u>\$ 3,992,140</u>

There were no bonds and notes authorized but not issued on December 31, 2025.

BOROUGH OF PARAMUS
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS - SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>2025</u>
REVENUE AND OTHER INCOME REALIZED	
Fund Balance Utilized	\$ 45,000
Membership Fees	407,819
Guest Fees	116,959
Miscellaneous	26,200
Concession Stand	16,200
Non-Budget Revenue	<u>91,880</u>
Total Revenue and Other Income	<u>704,058</u>
EXPENDITURES	
Operating	
Salaries and Wages	412,300
Other Expenses	266,300
Debt Service	110,218
Deferred Charges and Statutory Expenditures	<u>186,406</u>
Total Expenditures	<u>975,224</u>
Deficit in Revenue	271,166
Adjustments to Income before Fund Balance:	
Realized from General Budget for Anticipated Deficit	<u>271,166</u>
Statutory Excess to Fund Balance	<u>-</u>
Fund Balance, January 1,	<u>68,004</u>
Decreased By:	
Anticipated as Operating Revenue	<u>45,000</u>
Fund Balance, December 31	<u><u>\$ 23,004</u></u>

BOROUGH OF PARAMUS
STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS
SWIMMING POOL UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>2025</u>
Fund Balance, January 1	\$ 252
Increased by:	
Premium on Sale of Bond Anticipation Notes	<u>507</u>
Fund Balance, December 31	<u>\$ 759</u>

**BOROUGH OF PARAMUS
STATEMENT OF REVENUES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Anticipated</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Utilized	\$ 45,000	\$ 45,000	
Membership Fees	375,000	407,819	32,819
Guest Fees	85,000	116,959	31,959
Miscellaneous	24,000	26,200	2,200
Concession Stand	12,800	16,200	3,400
Deficit (General Budget)	<u>436,963</u>	<u>271,166</u>	<u>(165,797)</u>
 Budget Revenues	 <u>\$ 978,763</u>	 <u>\$ 883,344</u>	 <u>\$ (95,419)</u>

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
OPERATING					
Salaries and Wages	\$ 412,300	\$ 412,300	\$ 369,483	\$ 42,817	
Other Expenses	253,300	253,300	183,860	69,440	
Employee Group Health Insurance	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>-</u>
Total Operating	<u>678,600</u>	<u>678,600</u>	<u>566,343</u>	<u>112,257</u>	<u>-</u>
DEBT SERVICE					
Bond Principal	85,000	85,000	85,000		
Interest on Bonds	10,457	10,457	10,457		
Interest on Notes	<u>18,300</u>	<u>18,300</u>	<u>14,761</u>	<u>-</u>	<u>\$ 3,539</u>
Total Debt Service	<u>113,757</u>	<u>113,757</u>	<u>110,218</u>	<u>-</u>	<u>3,539</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges					
Special Emergency - COVID 5 Years	134,074	134,074	134,074		
Overexpenditure of Appropriations	22,332	22,332	22,332		
Statutory Expenditures					
Contribution to Social Security System (O.A.S.I.)	<u>30,000</u>	<u>30,000</u>	<u>28,173</u>	<u>1,827</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	<u>186,406</u>	<u>186,406</u>	<u>184,579</u>	<u>1,827</u>	<u>-</u>
	<u>\$ 978,763</u>	<u>\$ 978,763</u>	<u>\$ 861,140</u>	<u>\$ 114,084</u>	<u>\$ 3,539</u>

**INDEPENDENT AUDITORS REPORT AND
FINANCIAL STATEMENTS OF THE BOROUGH OF PARAMUS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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DEBRA GOLLE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Paramus
Paramus, New Jersey

Report on the Audit of the Financial Statements

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

By/s/

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

Fair Lawn, New Jersey
June 27, 2025

BOROUGH OF PARAMUS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2024 AND 2023

ASSETS	<u>2024</u>	<u>2023</u>
Cash	\$ 15,610,373	\$ 25,798,924
Cash - Change Fund	<u>450</u>	<u>450</u>
	<u>15,610,823</u>	<u>25,799,374</u>
Receivables and Other Assets with Full Reserves		
Delinquent Taxes Receivable	1,423,540	1,211,124
Tax Title Liens	8,645	7,826
Property Acquired for Taxes - Assessed Valuation	-	23,978
Revenue Accounts Receivable	41,536	33,954
Due from Animal Control Trust Fund	9,901	2,405
Due from Insurance Trust Fund		5
Due from Swim Pool Utility Operating Fund	<u>212,305</u>	<u>-</u>
	<u>1,695,927</u>	<u>1,279,292</u>
Deferred Charges		
Overexpenditure of Appropriation Reserves		234,749
Special Emergency Appropriation	<u>1,023,018</u>	<u>1,345,577</u>
	<u>1,023,018</u>	<u>1,580,326</u>
	<u>18,329,768</u>	<u>28,658,992</u>
Federal and State Grant Fund		
Cash - Federal and State Grant Fund	2,059,344	1,495,508
Grants Receivable	426,012	51,012
Due from Current Fund	<u>237,255</u>	<u>246,971</u>
	<u>2,722,611</u>	<u>1,793,491</u>
	<u>\$ 21,052,379</u>	<u>\$ 30,452,483</u>

BOROUGH OF PARAMUS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES, AND FUND BALANCE		
Appropriation Reserves	\$ 4,102,877	\$ 4,751,169
Encumbrances Payable	890,518	1,161,008
Accounts Payable	23,018	7,118
Tax Anticipation Note Payable		12,000,000
Special Emergency Note Payable	991,718	1,345,577
Due to Federal and State Grant Fund	237,255	246,971
Due to Other Trust Fund	699,622	6,715
Due to Unemployment Trust Fund		20,174
Due to Golf Course Utility Operating Fund	78,249	
Due to General Capital Fund	445,260	600,353
Reserve for Tax Appeal	300,000	
Reserve for Codification of Ordinances	31,300	
Reserve for Municipal Relief Fund		423,096
Due to State of New Jersey:		
Senior Citizens and Veterans Deductions	18,737	19,778
Marriage License/Domestic Partnership Fees Payable	850	900
DCA Fees Payable	20,449	49,361
County Taxes Payable	102,304	68,917
School Taxes Payable	8,998	8,998
Tax Overpayments	112,223	115,006
Prepaid Taxes	<u>1,430,567</u>	<u>1,043,196</u>
	9,493,945	21,868,337
Reserve for Receivables	1,695,927	1,279,292
Fund Balance	<u>7,139,896</u>	<u>5,511,363</u>
	<u>18,329,768</u>	<u>28,658,992</u>
Federal and State Grant Fund:		
Encumbrances Payable	794,388	183,382
Appropriated Reserves for Grants	1,603,391	1,311,186
Unappropriated Reserves for Grants	<u>324,832</u>	<u>298,923</u>
	<u>2,722,611</u>	<u>1,793,491</u>
	<u>\$ 21,052,379</u>	<u>\$ 30,452,483</u>

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

	<u>2024</u>	<u>2023</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 3,850,000	\$ 2,185,000
Miscellaneous Revenue Anticipated	18,719,619	19,503,579
Receipts from Delinquent Taxes	1,212,494	984,459
Receipts from Current Taxes	185,244,280	180,036,789
Non-Budget Revenue	983,576	687,006
Other Credits to Income		
Unexpended Balance of Appropriated Reserves	2,782,499	538,552
Statutory Excess - Animal Control Trust Fund	9,901	1,452
Cancel Prior Year Accounts Payable	5,118	10,238
Interfunds Returned	<u>2,410</u>	<u>230,815</u>
 Total Revenues and Other Income	 <u>212,809,897</u>	 <u>204,177,890</u>
 EXPENDITURES		
Budget and Emergency Appropriations		
Operations		
Salaries and Wages	37,044,193	35,661,300
Other Expenses	33,364,721	31,231,117
Capital Improvements	500,000	
Municipal Debt Service	5,737,250	4,831,729
Deferred Charges and Statutory Expenditures - Municipal	12,050,628	11,328,448
Local District School Tax	88,487,619	86,471,219
County Taxes Including Added Taxes	29,359,967	29,537,316
Interfunds Advanced	222,206	2,410
Overexpenditure of Appropriation Reserves		234,749
Tax Appeals Refunds	596,080	1,024,749
Refund of Prior Year Revenue	<u>-</u>	<u>159,281</u>
 Total Expenditures	 <u>207,362,664</u>	 <u>200,482,318</u>
 Excess in Revenue	 5,447,233	 3,695,572
 Adjustment to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>31,300</u>	<u>944,749</u>
 Statutory Excess to Fund Balance	 5,478,533	 4,640,321
 Fund Balance, January 1	 <u>5,511,363</u>	 <u>3,056,042</u>
	10,989,896	7,696,363
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>3,850,000</u>	<u>2,185,000</u>
 Fund Balance, December 31,	 <u>\$ 7,139,896</u>	 <u>\$ 5,511,363</u>

BOROUGH OF PARAMUS
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>		<u>2023</u>	
	<u>Budget After Modification</u>	<u>Realized</u>	<u>Budget After Modification</u>	<u>Realized</u>
FUND BALANCE ANTICIPATED	\$ 3,850,000	\$ 3,850,000	\$ 2,185,000	\$ 2,185,000
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	40,000	100,245	40,000	\$ 82,315
Other	900,000	971,103	1,000,000	974,684
Fees and Permits				
Other	600,000	793,555	700,000	665,508
Fines and Costs				
Municipal Court	350,000	468,097	300,000	425,837
Interest and Costs on Taxes	250,000	312,790	250,000	268,813
Interest on Investments	1,000,000	1,546,020	400,000	1,739,115
Off Duty Police Administrative Fees	459,000	459,000	459,000	459,000
Energy Receipts Taxes	4,104,678	4,104,678	4,084,348	4,084,348
Reserve for Municipal Relief Fund Aid	423,096	423,096	211,593	211,593
Uniform Construction Code Fees	1,900,000	1,659,847	1,800,000	2,237,424
Maywood Borough- Municipal Court	106,534	106,535	104,446	104,446
Oradell Borough- Municipal Court	102,265	102,265	100,260	124,834
911 Services	29,000	36,876	36,000	
Vehicle Maintenance	500,000	488,625	450,000	685,798
Sale of Gasoline			75,000	122,096
Street Sweeping and Snow Plowing	75,000	104,119	75,000	84,879
Maywood Borough - CFO Services	69,000	70,747	78,000	69,360
S. Hackensack- Supt. Of Dept. of Public Works	33,000	33,000	33,000	45,234
Lyndhurst Township- Tax Assessor	45,000	22,500	30,000	67,500
Palisades Park Borough - COAH Officer	30,000	30,000	30,000	51,860
State and Federal Grants Offset with Appropriations-				
Body Armor Fund	26,755	26,755	5,872	5,872
Clean Communities'	56,471	56,471	50,348	50,348
Safe and Secure	44,408	44,408	41,320	41,320
Distracted Driving	12,250	12,250	12,600	12,600
Click It or Ticket	6,720	6,720	7,000	7,000
Drive Sober or Get Pulled Over			6,000	6,000
Impaired Driving Grant	7,000	7,000		
Emergency Management	10,000	10,000	10,000	10,000
Recycling Tonnage Grant	126,836	126,836	211,838	211,838
Alcohol Education Rehabilitation	260	260	1,895	1,895
Strngthening Public Health Capacity			247,505	247,505
Stormwater Assistance Grant			15,000	15,000
Highway Pedestrian Grant	8,223	8,223		
COPS Hiring Grant	200,000	200,000		
COPS Technology Equipment Grant	963,000	963,000		
ARP - Midland Field Improvements	500,000	500,000		
Uniform Fire Safety Act	170,000	205,437	172,000	175,184
Cable TV Franchise Fee	300,000	332,353	340,000	329,614
Hotel Occupancy Fee (P.L. 2003, c.114)	350,000	553,597	450,000	540,273
Sewer User Charges	940,000	1,120,338	940,000	1,212,277
Sanitary Sewer Tie-In (River Edge)	120,000		160,000	241,849
Sanitary Sewer Tie-In (Maywood Borough)	90,000	193,596	45,000	97,215
Sanitary Sewer Tie-In (Washington Township)	25,000		29,000	25,195
Sanitary Sewer Tie-In (Oradell Borough)	6,500		10,000	6,799
Ambulance Fees	1,000,000	1,353,246	900,000	1,503,683
Library PERS Reimbursement	278,000	278,000	280,000	324,882
Golf Course Utility Surplus			100,000	100,000
American Rescue Plan			1,374,507	1,374,507

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF PARAMUS
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>		<u>2023</u>	
	<u>Budget After Modification</u>	<u>Realized</u>	<u>Budget After Modification</u>	<u>Realized</u>
MISCELLANEOUS REVENUES (Continued)				
PSE&G Easement Agreement			25,000	30,202
Medical Cannabis	150,000	98,325	256,000	152,314
Payment in Lieu of Taxes - State of NJ	50,000	64,168	50,000	57,600
General Capital Fund Surplus	493,743	493,743		
Recycling Revenue	<u>150,000</u>	<u>231,795</u>	<u>150,000</u>	<u>217,963</u>
Total Miscellaneous Revenues	<u>17,103,763</u>	<u>18,719,619</u>	<u>16,149,555</u>	<u>19,503,579</u>
RECEIPTS FROM DELINQUENT TAXES	<u>\$ 1,100,000</u>	<u>\$ 1,212,494</u>	<u>\$ 985,000</u>	<u>\$ 984,459</u>
AMOUNT TO BE RAISED BY TAXATION:				
Local Tax for Municipal Purposes	64,639,552	65,129,306	60,762,999	61,616,091
Minimum Library Tax	<u>4,217,388</u>	<u>4,217,388</u>	<u>4,262,163</u>	<u>4,262,163</u>
Total Amount to be Raised by Taxation	<u>68,856,940</u>	<u>69,346,694</u>	<u>65,025,162</u>	<u>65,878,254</u>
Total General Revenues	<u>\$ 90,910,703</u>	<u>\$ 93,128,807</u>	<u>\$ 84,344,717</u>	<u>\$ 88,551,292</u>

2024 STATEMENT OF EXPENDITURES
CURRENT FUND

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

	<u>Appropriated</u>		<u>Expended</u>	<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT				
General Administration				
Salaries and Wages	\$ 335,000	\$ 399,000	\$ 398,927	\$ 73
Other Expenses	44,600	44,600	18,740	25,860
Other Expenses - Grant Writer - Millennium Strategies	55,000	55,000	49,500	5,500
Mayor and Council				
Salaries and Wages	75,000	75,000	74,704	296
Other Expenses	2,300	2,300	335	1,965
Municipal Clerk				
Salaries and Wages	342,300	342,300	340,226	2,074
Other Expenses	126,000	170,300	170,173	127
Central Equipment and Data Processing				
Salaries and Wages	423,500	423,500	423,378	122
Other Expenses	578,750	678,750	672,661	6,089
Audit Services				
Other Expenses	110,000	110,000	110,000	-
Financial Administration				
Salaries and Wages	572,650	572,650	568,744	3,906
Other Expenses	198,900	228,900	225,262	3,638
Revenue Administration				
Salaries and Wages	211,500	211,500	194,663	16,837
Other Expenses	29,300	29,300	15,413	13,887
Tax Assessment Administration				
Salaries and Wages	240,700	240,700	223,885	16,815
Other Expenses	9,350	9,350	1,517	7,833
Legal Services & Costs				
Other Expenses	1,325,000	1,087,900	681,280	406,620
Engineering Services & Costs				
Other Expenses	100,000	100,000	82,754	17,246
LAND USE ADMINISTRATION				
Planning/Zoning Board				
Salaries and Wages	113,650	113,650	98,014	15,636
Other Expenses	48,050	52,050	51,494	556

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Expended</u>	Unexpended	
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
INSURANCE					
Liability Insurance (JIF)	\$ 555,625	\$ 480,625	\$ 469,414	\$ 11,211	
Other Insurance Premiums	20,000	20,000	7,481	12,519	
Vision (Self)	100,000	75,000	75,000	-	
Worker's Compensation Insurance (JIF)	225,100	225,100	225,091	9	
Worker's Compensation Insurance (Self)	750,000	750,000	641,823	108,177	
Liability Insurance (Self)	350,000	350,000	230,000	120,000	
Employee Group Insurance	10,131,000	10,131,000	10,064,198	66,802	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	18,411,985	18,411,985	17,957,440	454,545	
Other Expenses	224,700	224,700	221,007	3,693	
Police Dispatch					
Salaries and Wages	1,181,000	1,211,000	1,211,000	-	
Other Expenses	116,800	116,800	90,186	26,614	
Office of Emergency Management					
Salaries and Wages	251,900	251,900	232,495	19,405	
Other Expenses	81,900	81,900	65,003	16,897	
Rescue Squad					
Salaries and Wages	150,000	150,000	130,300	19,700	
Other Expenses	40,375	40,375	36,521	3,854	
Fire Department					
Salaries and Wages	968,000	955,000	828,500	126,500	
Other Expenses	434,175	439,175	439,004	171	
Fire Inspection					
Salaries and Wages	528,000	528,000	496,481	31,519	
Other Expenses	18,300	18,300	17,499	801	
Emergency Medical Services					
Salaries and Wages	1,410,000	1,410,000	1,223,534	186,466	
Other Expenses	163,450	177,450	177,300	150	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	1,855,000	1,855,000	1,798,490	56,510	
Other Expenses	205,600	205,600	205,517	83	
Shade Tree Commission					
Salaries and Wages	1,815,100	1,715,100	1,682,666	32,434	
Other Expenses	216,750	116,750	88,860	27,890	

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Expended</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Solid Waste Collection					
Salaries and Wages	\$ 1,852,000	\$ 1,852,000	\$ 1,844,784	\$ 7,216	
Other Expenses	23,100	23,100	8,554	14,546	
Building and Grounds					
Salaries and Wages	775,500	815,500	811,739	3,761	
Other Expenses	409,550	409,550	333,870	75,680	
Vehicle Maintenance					
Salaries and Wages	1,726,000	1,726,000	1,484,130	241,870	
Other Expenses	1,444,500	1,444,500	1,283,558	160,942	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	695,000	695,000	631,090	63,910	
Other Expenses	45,950	45,950	40,934	5,016	
Animal Control					
Other Expenses	35,500	35,500	32,670	2,830	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	495,000	595,000	593,076	1,924	
Other Expenses	101,500	113,500	107,786	5,714	
Senior Citizens Center					
Salaries and Wages	280,000	280,000	262,895	17,105	
Other Expenses	36,850	36,850	34,146	2,704	
RECYCLING AND LANDFILL					
Landfill/Solid Waste Disposal Cost					
Other Expenses	634,845	734,845	710,265	24,580	
Other Expenses - Vegetative Waste	525,000	425,000	327,898	97,102	
MUNICIPAL COURT					
Salaries and Wages	635,000	691,000	684,574	6,426	
Other Expenses	37,200	37,200	36,872	328	

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Code Official					
Salaries and Wages	\$ 805,000	\$ 805,000	\$ 804,847	\$ 153	
Other Expenses	10,250	10,250	5,446	4,804	
UNCLASSIFIED					
Electricity	625,000	625,000	421,621	203,379	
Street Lighting	800,000	800,000	495,136	304,864	
Fire Hydrants	449,355	481,455	481,444	11	
Telephone	350,000	350,000	284,202	65,798	
Water	80,000	80,000	66,308	13,692	
Gasoline	450,000	450,000	365,737	84,263	
Diesel Fuel	450,000	450,000	299,751	150,249	-
Terminal Leave	200,000	200,000	-	200,000	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operations Within "CAPS"	59,118,410	59,099,710	55,469,813	3,629,897	-
Detail:					
Salaries and Wages	36,348,785	36,525,785	35,000,582	1,525,203	
Other Expenses (Including Contingent)	22,769,625	22,573,925	20,469,231	2,104,694	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEFERRED CHARGES AND STATUTORY EXPENDITURES- MUNICIPAL WITHIN "CAPS"					
DEFERRED CHARGES					
Deficit in Swim Pool Utility Operating Fund	432,826	432,826	289,947		\$ 142,879
Overexpenditure of Appropriation Reserves	234,749	234,749	234,749		
STATUTORY EXPENDITURES					
Contribution to:					
Defined Contribution Retirement Plan	60,000	60,000	45,252	14,748	
Social Security Syst. (O.A.S.I.)	1,650,000	1,700,000	1,689,658	10,342	
Police and Fireman's Retirement System	5,594,306	5,594,306	5,594,306	-	
Unemployment Compensation Insurance	150,000	150,000	150,000	-	
Public Employees Retirement System	2,674,024	2,674,024	2,673,939	85	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	10,795,905	10,845,905	10,677,851	25,175	142,879
Total General Appropriations for Municipal Purposes Within "CAPS"	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	69,914,315	69,945,615	66,147,664	3,655,072	142,879
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Maintenance of Free Public Library	4,217,388	4,217,388	4,037,042	180,346	

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

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>	
	Budget	Budget After Modification	Paid or Charged	Reserved
				Balance Cancelled
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)				
Liability Insurance	\$ 144,375	\$ 144,375	\$ 144,375	
Garbage and Trash Removal and Disposal	115,155	115,155	115,155	
UTILITY EXPENSES AND BULK PURCHASES				
Sewerage Processing and Disposal - BCUA				
Other Expenses - Operation and Maintenance	3,367,952	3,367,952	3,367,952	
Other Expenses - Debt Service	918,411	918,411	918,411	
INTERLOCAL				
Municipal Court - Maywood				
Salaries and Wages	52,000	52,000	37,700	\$ 14,300
Municipal Court - Oradell				
Salaries and Wages	37,000	37,000	27,200	9,800
Mechanical Maintenance				
Salaries and Wages	100,000	100,000	-	100,000
Other Expenses	250,000	250,000	106,641	143,359
Superintendent of DPW - South Hackensack				
Salaries and Wages	15,000	15,000	15,000	
Tax Assessor - Lyndhurst				
Salaries and Wages	30,000	30,000	30,000	
CFO Services - Maywood				
Salaries and Wages	30,000	30,000	30,000	
Street Sweeping/Plowing - Various Municipalities				
Other Expenses	60,000	60,000	60,000	
COAH Officer - Palisades Park				
Salaries and Wages	10,000	10,000	10,000	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES				
Alcohol Education Rehabilitation	260	260	260	
Emergency Management	10,000	10,000	10,000	
Safe and Secure	44,408	44,408	44,408	
Body Armor Grant	26,755	26,755	26,755	
Distracted Driving Grant	12,250	12,250	12,250	
Impaired Driving Grant	7,000	7,000	7,000	
Click It or Ticket	6,720	6,720	6,720	
Recycling Tonnage Grant	126,836	126,836	126,836	
Highway Pedestrian Grant	8,223	8,223	8,223	
Clean Communities	56,471	56,471	56,471	
COPS Technology Equipment Grant	963,000	963,000	963,000	
ARP - Midland Field Improvements	500,000	500,000	500,000	
COPS Grant	200,000	200,000	200,000	-
Total Operations - Excluded from "CAPS"	<u>11,309,204</u>	<u>11,309,204</u>	<u>10,861,399</u>	<u>447,805</u>
Detail:				
Salaries and Wages	518,408	518,408	394,308	124,100
Other Expenses	10,790,796	10,790,796	10,467,091	323,705
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	500,000	500,000	500,000	-
Total Capital Improvement Excluded from "CAPS"	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"				
Payment of Bond Principal	2,900,000	2,900,000	2,900,000	
Payment of Bond Anticipation Notes and Capital Notes	887,518	887,518	887,518	
Interest on Bonds	465,750	465,750	465,750	
Interest on Notes	1,484,290	1,484,290	1,483,982	-
Total Municipal Debt Service Excluded from "CAPS"	<u>5,737,558</u>	<u>5,737,558</u>	<u>5,737,250</u>	<u>308</u>

The Accompanying Notes are an Integral Part of These Financial Statements

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

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
DEFERRED CHARGES - EXCLUDED FROM "CAPS"					
Special Emergency Authorization - 5 Years	\$ 353,859	\$ 353,859	\$ 353,859		
Deferred Charges Unfunded - General Capital Ordinances	993,743	993,743	993,743	-	-
Total Deferred Charges-Municipal Excluded from "CAPS"	<u>1,347,602</u>	<u>1,347,602</u>	<u>1,347,602</u>	-	-
Judgments (N.J.S.A. 40A:4-45.3cc)	<u>150,000</u>	<u>150,000</u>	-	-	<u>\$ 150,000</u>
Total General Appropriations Excluded from "CAPS"	<u>19,044,364</u>	<u>19,044,364</u>	<u>18,446,251</u>	<u>\$ 447,805</u>	<u>150,308</u>
Total General Appropriations	88,958,679	88,989,979	84,593,915	4,102,877	293,187
Reserve for Uncollected Taxes	<u>1,950,000</u>	<u>1,950,000</u>	<u>1,950,000</u>	-	-
Total General Appropriations	<u>\$ 90,908,679</u>	<u>\$ 90,939,979</u>	<u>\$ 86,543,915</u>	<u>\$ 4,102,877</u>	<u>\$ 293,187</u>
Adopted Budget		\$ 90,908,679			
Special Emergency Authorization		<u>31,300</u>			
		<u>\$ 90,939,979</u>			

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2023 STATEMENT OF EXPENDITURES
CURRENT FUND

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriated</u>		<u>Expended</u>	<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT				
General Administration				
Salaries and Wages	\$ 260,000	\$ 275,000	\$ 274,880	\$ 120
Other Expenses	37,100	37,100	20,480	16,620
Other Expenses - Grant Writer - Millennium Strategies	50,000	50,000	44,000	6,000
Mayor and Council				
Salaries and Wages	75,000	75,000	74,300	700
Other Expenses	1,300	1,300	903	397
Municipal Clerk				
Salaries and Wages	340,000	320,000	318,283	1,717
Other Expenses	127,000	117,000	102,732	14,268
Information Technology Services				
Salaries and Wages	386,000	386,000	385,999	1
Other Expenses	502,250	502,250	498,095	4,155
Audit Services				
Other Expenses	100,000	100,000	100,000	-
Financial Administration				
Salaries and Wages	500,000	518,000	518,000	-
Other Expenses	126,700	198,700	197,070	1,630
Revenue Administration				
Salaries and Wages	195,000	199,000	197,095	1,905
Other Expenses	23,450	26,950	26,865	85
Tax Assessment Administration				
Salaries and Wages	235,000	238,000	236,619	1,381
Other Expenses	7,350	4,350	496	3,854
Legal Services & Costs				
Other Expenses	1,066,000	1,066,000	817,163	248,837
Engineering Services & Costs				
Other Expenses	75,000	75,000	62,999	12,001
LAND USE ADMINISTRATION				
Planning Board				
Salaries and Wages	110,000	120,500	120,313	187
Other Expenses	34,400	34,400	32,176	2,224
Board of Adjustment				
Salaries and Wages	51,000	31,500	31,452	48

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATIONS - WITHIN "CAPS" GENERAL GOVERNMENT (Continued)	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	Budget	Budget After Modification	Paid or Charged	Reserved	
INSURANCE					
Liability Insurance (JIF)	\$ 625,000	\$ 625,000	\$ 515,876	\$ 109,124	
Other Insurance Premiums	15,000	15,000	2,093	12,907	
Vision (Self)	80,000	80,000	65,629	14,371	
Worker's Compensation Insurance (JIF)	205,000	205,000	203,222	1,778	
Worker's Compensation Insurance (Self)	673,715	783,715	775,967	7,748	
Liability Insurance (Self)	300,000	250,000	250,000	-	
Employee Group Insurance	8,667,296	8,490,396	7,684,541	805,855	
 PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	17,841,180	18,551,180	17,361,813	1,189,367	
Other Expenses	195,033	240,033	230,775	9,258	
 Police Dispatch					
Salaries and Wages	1,070,000	1,090,000	1,090,000	-	
Other Expenses	86,766	113,766	111,592	2,174	
 Office of Emergency Management					
Salaries and Wages	268,000	243,000	241,419	1,581	
Other Expenses	82,650	70,650	66,627	4,023	
 Rescue Squad					
Salaries and Wages	135,000	147,200	147,100	100	
Other Expenses	37,200	37,200	35,878	1,322	
 Fire Department					
Salaries and Wages	950,000	820,000	812,600	7,400	
Other Expenses	423,750	423,750	423,482	268	
 Fire Inspection					
Salaries and Wages	550,000	510,000	509,953	47	
Other Expenses	14,800	14,800	14,586	214	
 Emergency Medical Services					
Salaries and Wages	1,230,000	1,295,000	1,236,687	58,313	
Other Expenses	118,600	118,600	117,542	1,058	
 PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	1,815,500	1,615,500	1,615,489	11	
Other Expenses	198,000	198,000	166,122	31,878	
 Shade Tree Commission					
Salaries and Wages	1,707,000	1,707,000	1,500,644	206,356	
Other Expenses	196,320	196,320	88,017	108,303	

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

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT (Continued)					
PUBLIC SAFETY (Continued)					
Solid Waste Collection					
Salaries and Wages	\$ 1,756,000	\$ 1,756,000	\$ 1,713,960	\$ 42,040	
Other Expenses	33,500	33,500	17,355	16,145	
Building and Grounds					
Salaries and Wages	781,100	781,100	775,130	5,970	
Other Expenses	404,550	404,550	312,734	91,816	
Vehicle Maintenance					
Salaries and Wages	1,744,000	1,744,000	1,537,432	206,568	
Other Expenses	1,243,500	1,243,500	1,228,699	14,801	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	577,495	619,495	619,444	51	
Other Expenses	37,200	37,200	(14,229)	51,429	
Animal Control					
Other Expenses	35,500	35,500	30,640	4,860	
Administration of Public Assistance					
Salaries and Wages	20,000	20,000	10,000	10,000	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	535,000	535,000	468,322	66,678	
Other Expenses	124,100	124,100	37,291	86,809	
Senior Citizens Center					
Salaries and Wages	216,000	225,000	221,103	3,897	
Other Expenses	37,150	37,150	31,886	5,264	
RECYCLING AND LANDFILL					
Landfill/Solid Waste Disposal Cost					
Other Expenses	562,814	642,814	632,117	10,697	
Other Expenses - Vegetative Waste	500,000	500,000	208,176	291,824	
MUNICIPAL COURT					
Salaries and Wages	585,000	645,000	644,976	24	
Other Expenses	39,900	39,900	31,852	8,048	

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	Budget After <u>Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Code Official					
Salaries and Wages	\$ 675,000	\$ 665,000	\$ 664,917	\$ 83	
Other Expenses	10,625	10,625	6,347	4,278	
UNCLASSIFIED					
Electricity	550,000	550,000	418,067	131,933	
Street Lighting	550,000	575,000	561,367	13,633	
Fire Hydrants	450,000	450,000	448,935	1,065	
Telephone	330,000	330,000	303,674	26,326	
Water	75,000	75,000	61,073	13,927	
Gasoline	411,412	411,412	298,526	112,886	
Diesel Fuel	411,413	411,413	220,216	191,197	-
Total Operations Within "CAPS"	54,484,619	55,119,419	50,817,584	4,301,835	-
Contingent	-	-	-	-	-
Total Operations Including Contingent Within "CAPS"	54,484,619	55,119,419	50,817,584	4,301,835	-
Detail:					
Salaries and Wages	34,608,275	35,132,475	33,327,930	1,804,545	
Other Expenses (Including Contingent)	19,876,344	19,986,944	17,489,654	2,497,290	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES-					
MUNICIPAL WITHIN "CAPS"					
DEFERRED CHARGES					
Deficit in Swim Pool Utility Operating Fund	177,812	177,812	177,812		\$ 100
Overexpenditure Without Appropriation	52,053	52,153	52,053		
Overexpenditure of Appropriations	210,418	210,418	210,418		
Overexpenditure of Appropriation Reserves	194,468	194,468	194,468		
STATUTORY EXPENDITURES					
Contribution to:					
Defined Contribution Retirement Plan	35,000	65,000	57,597	7,403	
Social Security Syst. (O.A.S.I.)	1,650,000	1,650,000	1,587,968	62,032	
Police and Fireman's Retirement System	4,770,444	4,770,444	4,770,444	-	
Unemployment Compensation Insurance	20,000	20,000	20,000	-	
Public Employees Retirement System	2,462,523	2,462,523	2,462,523	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	9,572,718	9,602,818	9,533,283	69,435	100
Total General Appropriations for Municipal Purposes Within "CAPS"	64,057,337	64,722,237	60,350,867	4,371,270	100
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Maintenance of Free Public Library	4,262,163	4,262,163	3,972,822	289,341	

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

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (Continued)					
Employee Group Insurance	\$ 1,463,704	\$ 1,463,704	\$ 1,463,704		
Police and Firemen's Retirement System	524,745	524,745	524,745		
Public Employees' Retirement System	11,770	11,770	11,770		
Gasoline/Diesel Fuel	117,175	117,175	117,175		
Workmen's Compensation Insurance	26,285	26,285	26,285		
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal - BCUA					
Other Expenses - Operation and Maintenance	3,327,482	3,327,582	3,327,482	\$ 100	
Other Expenses - Debt Service	820,196	820,196	820,196		
INTERLOCAL					
Municipal Court - Maywood					
Salaries and Wages	15,000	60,000	55,798	4,202	
Municipal Court - Oradell					
Salaries and Wages	15,000	15,000	15,000		
Mechanical Maintenance					
Salaries and Wages	100,000	100,000	100,000		
Other Expenses	250,000	250,000	163,744	86,256	
Superintendent of DPW - South Hackensack					
Salaries and Wages	10,000	10,000	10,000		
Tax Assessor - Lyndhurst					
Salaries and Wages	15,000	15,000	15,000		
CFO Services - Maywood					
Salaries and Wages	30,000	30,000	30,000		
Street Sweeping/Plowing - Various Municipalities					
Other Expenses	60,000	60,000	60,000		
Gasoline/Diesel - Paramus Board of Education					
Other Expenses	60,000	60,000	60,000		
COAH Officer - Palisades Park					
Salaries and Wages	10,000	10,000	10,000		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Alcohol Education Rehabilitation	1,895	1,895	1,895		
Office of Emergency Management	10,000	10,000	10,000		
Safe and Secure	41,320	41,320	41,320		
Body Armour Grant	5,872	5,872	5,872		
Distracted Driving Grant	12,600	12,600	12,600		
Drive Sober or Get Pulled Over	6,000	6,000	6,000		
Click It or Ticket	7,000	7,000	7,000		
Recycling Tonnage Grant	211,838	211,838	211,838		
Strengthening Public Health Capacity Grant	247,505	247,505	247,505		
Clean Communities	50,348	50,348	50,348		
Stormwater Grant	-	15,000	15,000	-	-
Total Operations - Excluded from "CAPS"	<u>11,712,898</u>	<u>11,772,998</u>	<u>11,393,099</u>	<u>379,899</u>	<u>-</u>
Detail:					
Salaries and Wages	483,825	528,825	524,623	4,202	-
Other Expenses	<u>11,229,073</u>	<u>11,244,173</u>	<u>10,868,476</u>	<u>375,697</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,900,000	2,900,000	2,900,000		
Payment of Bond Anticipation Notes and Capital Notes	241,776	241,776	241,776		
Interest on Bonds	534,625	534,625	534,625		
Interest on Notes	<u>1,155,328</u>	<u>1,155,328</u>	<u>1,155,328</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS" these Financial Statements	<u>4,831,729</u>	<u>4,831,729</u>	<u>4,831,729</u>	<u>-</u>	<u>-</u>

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

	<u>Appropriated</u>	<u>Expended</u>		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved
				Balance Cancelled
DEFERRED CHARGES - EXCLUDED FROM "CAPS"				
Emergency Authorizations	\$ 1,013,871	\$ 1,013,871	\$ 1,013,871	
Special Emergency Authorization - 5 Years	211,859	211,859	211,859	
Deferred Charges Unfunded - General Capital Ordinances	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-
Total Deferred Charges-Municipal Excluded from "CAPS"	<u>1,725,730</u>	<u>1,725,730</u>	<u>1,725,730</u>	-
Judgments (N.J.S.A. 40A:4-45.3cc)	<u>150,000</u>	<u>150,000</u>	-	-
Total General Appropriations Excluded from "CAPS"	<u>18,420,357</u>	<u>18,480,457</u>	<u>17,950,558</u>	<u>\$ 379,899</u>
Total General Appropriations	82,477,694	83,202,694	78,301,425	4,751,169
Reserve for Uncollected Taxes	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	-
Total General Appropriations	<u>\$ 84,327,694</u>	<u>\$ 85,052,694</u>	<u>\$ 80,151,425</u>	<u>\$ 4,751,169</u>
Adopted Budget		\$ 84,327,694		
Special Emergency Authorization		710,000		
Appropriation by 40A:4-87		<u>15,000</u>		
		<u>\$ 85,052,694</u>		

**BOROUGH OF PARAMUS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
ANIMAL CONTROL TRUST FUND		
Cash	\$ 18,437	\$ 14,463
	<u>18,437</u>	<u>14,463</u>
OTHER TRUST FUNDS		
Cash	16,223,120	11,778,109
Due from Current Fund	<u>699,622</u>	<u>6,715</u>
	<u>16,922,742</u>	<u>11,784,824</u>
UNEMPLOYMENT TRUST FUND		
Cash	22,505	8,632
Due from Current Fund		20,174
Other Accounts Receivable	<u>3,487</u>	<u>3,837</u>
	<u>25,992</u>	<u>32,643</u>
INSURANCE TRUST FUND		
Cash	<u>228,667</u>	<u>95,148</u>
	<u>228,667</u>	<u>95,148</u>
	<u>\$ 17,195,838</u>	<u>\$ 11,927,078</u>

BOROUGH OF PARAMUS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2024 AND 2023
(Continued)

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL TRUST FUND		
Due to State of New Jersey	\$ 28	\$ 83
Due to Current Fund	9,901	2,405
Reserve for Animal Control Trust Fund Expenditures	<u>8,508</u>	<u>11,975</u>
	<u>18,437</u>	<u>14,463</u>
OTHER TRUST FUND		
Payroll Deposits Payable	14,883	58,632
Miscellaneous Reserves and Deposits	<u>16,907,859</u>	<u>11,726,192</u>
	<u>16,922,742</u>	<u>11,784,824</u>
UNEMPLOYMENT TRUST FUND		
Due to State of New Jersey	123,456	69,770
Reserve for Unemployment Expenditures (Deficit)	<u>(97,464)</u>	<u>(37,127)</u>
	<u>25,992</u>	<u>32,643</u>
INSURANCE TRUST FUND		
Due to Current Fund		5
Reserve for Workers Compensation Expenditures	83,086	29,349
Reserve for General Liability Expenditures	92,023	12,236
Reserve for Property Liability Expenditures	<u>53,558</u>	<u>53,558</u>
	<u>228,667</u>	<u>95,148</u>
	<u>\$ 17,195,838</u>	<u>\$ 11,927,078</u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 7,586,759	\$ 7,496,090
Deferred Charges to Future Taxation		
Funded	32,215,000	17,700,000
Unfunded	15,610,963	29,361,404
Due from Paramus Public Library	25,350	
Due from Current Fund	445,260	600,353
Grants Receivable	<u>3,522,362</u>	<u>1,924,656</u>
	<u>\$ 59,405,694</u>	<u>\$ 57,082,503</u>
LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds	32,215,000	17,700,000
Bond Anticipation Notes Payable	8,274,785	21,786,000
Improvement Authorizations		
Funded	2,207,673	134,577
Unfunded	8,684,148	11,072,751
Capital Improvements Fund	946,351	774,939
Encumbrances Payable	5,331,708	4,442,393
Reserve for:		
Payment of Debt	1,106,327	68,100
Grants Receivable	610,000	610,000
Fund Balance	<u>29,702</u>	<u>493,743</u>
	<u>\$ 59,405,694</u>	<u>\$ 57,082,503</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2024 and 2023 of \$7,423,678 and \$8,082,387, respectively.

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

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 493,743	\$ 314,959
Increased by:		
Accrued Interest Earned on Sale of Serial Bonds	16,510	
Premium From Sale of Bond Anticipation Notes	<u>13,192</u>	<u>178,784</u>
	<u>29,702</u>	<u>178,784</u>
Decreased by:		
Anticipated as Current Fund Revenue	<u>493,743</u>	<u>-</u>
Balance, December 31	<u>\$ 29,702</u>	<u>\$ 493,743</u>

BOROUGH OF PARAMUS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GOLF COURSE UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
OPERATING FUND		
Cash	\$ 1,995,394	\$ 1,426,823
Due from Current Fund	78,249	
Due from Golf Course Utility Capital Fund	<u>9,901</u>	<u>120,019</u>
	<u>2,083,544</u>	<u>1,546,842</u>
Deferred Charges:		
Overexpenditure of Appropriations	<u>18,668</u>	<u>-</u>
	<u>18,668</u>	<u>-</u>
Total Operating Fund	<u>2,102,212</u>	<u>1,546,842</u>
CAPITAL FUND		
Cash	2,636,476	2,476,642
Fixed Capital	15,396,474	15,262,858
Fixed Capital Authorized and Uncompleted	<u>6,506,560</u>	<u>5,033,560</u>
Total Capital Fund	<u>24,539,510</u>	<u>22,773,060</u>
	<u>\$ 26,641,722</u>	<u>\$ 24,319,902</u>

BOROUGH OF PARAMUS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GOLF COURSE UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
OPERATING FUND		
Liabilities		
Appropriation Reserves	\$ 141,671	\$ 210,790
Encumbrances Payable	178,404	62,958
Accounts Payable		58,788
Accrued Interest on Bonds and Notes	<u>47,462</u>	<u>42,526</u>
	367,537	375,062
Fund Balance	<u>1,734,675</u>	<u>1,171,780</u>
Total Operating Fund	<u>2,102,212</u>	<u>1,546,842</u>
CAPITAL FUND		
Due to Golf Course Utility Operating Fund	9,901	120,019
Serial Bonds Payable	2,920,000	2,340,000
Bond Anticipation Notes Payable	865,215	1,317,000
Encumbrances Payable	580,865	
Improvement Authorizations:		
Funded	2,038,087	1,267,670
Unfunded	1,438,465	1,653,114
Capital Improvement Fund	6,098	6,098
Reserve for Amortization	16,496,188	15,890,787
Deferred Reserve for Amortization	148,631	148,631
Fund Balance	<u>36,060</u>	<u>29,741</u>
Total Capital Fund	<u>24,539,510</u>	<u>22,773,060</u>
	<u>\$ 26,641,722</u>	<u>\$ 24,319,902</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2024 and 2023 of \$1,473,000 and \$600,000 respectively.

BOROUGH OF PARAMUS
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - GOLF COURSE UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 367,000	\$ 302,000
Registration Fees	172,737	158,727
Golf Cart Rental	505,364	485,661
Green Fees	2,165,811	2,058,858
Snack Bar/Restaurant Rental	49,500	
Miscellaneous	883,870	872,816
Other		
Unexpended Balance of Appropriation Reserves	<u>178,792</u>	<u>254,709</u>
 Total Income	 <u>4,323,074</u>	 <u>4,132,771</u>
 EXPENDITURES		
Operating		
Salaries and Wages	1,440,000	1,436,811
Other Expenses	1,091,625	1,081,047
Capital Improvements	150,000	100,000
Debt Service	560,784	510,407
Deferred Charges and Statutory Expenditures	<u>169,438</u>	<u>166,405</u>
 Total Expenditures	 <u>3,411,847</u>	 <u>3,294,670</u>
 Excess in Revenue	 911,227	 838,101
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>18,668</u>	<u>-</u>
 Statutory Excess to Fund Balance	 929,895	 838,101
 Fund Balance, January 1	 <u>1,171,780</u>	 <u>735,679</u>
	2,101,675	1,573,780
Decreased by:		
Anticipated as Current Fund Revenue		100,000
Fund Balance Utilized	<u>367,000</u>	<u>302,000</u>
 Fund Balance, December 31	 <u>\$ 1,734,675</u>	 <u>\$ 1,171,780</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF PARAMUS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GOLF COURSE UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Fund Balance, January 1	\$ 29,741	\$ 20,109
Increased by:		
Premium on Sale of Bond Anticipation Notes	822	9,632
Premium on Sale of Serial Bonds	45,577	
Accrued Interest on Sale of Bonds	<u>920</u>	<u>-</u>
	<u>47,319</u>	<u>9,632</u>
Decreased by:		
Premium Applied to Serial Bonds	<u>41,000</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 36,060</u>	<u>\$ 29,741</u>

BOROUGH OF PARAMUS
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
GOLF COURSE UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>		<u>2023</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Fund Balance Utilized	\$ 367,000	\$ 367,000	\$ 302,000	\$ 302,000
Registration Fees	125,000	172,737	125,000	158,727
Golf Cart Rental	400,000	505,364	400,000	485,661
Green Fees	1,801,283	2,165,811	1,817,670	2,058,858
Snack Bar Rental	54,000	49,500		
Miscellaneous	<u>646,000</u>	<u>883,870</u>	<u>650,000</u>	<u>872,816</u>
 Budget Revenues	 <u>\$ 3,393,283</u>	 <u>\$ 4,144,282</u>	 <u>\$ 3,294,670</u>	 <u>\$ 3,878,062</u>

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
GOLF COURSE UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATING						
Salaries and Wages	\$ 1,440,000	\$ 1,440,000	\$ 1,320,591	\$ 119,409		
Other Expenses	871,625	871,625	855,747	15,878		
Employee Group Insurance	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating	<u>2,531,625</u>	<u>2,531,625</u>	<u>2,396,338</u>	<u>135,287</u>	<u>-</u>	<u>-</u>
CAPITAL IMPROVEMENTS						
Capital Outlay	<u>150,000</u>	<u>150,000</u>	<u>143,616</u>	<u>6,384</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>150,000</u>	<u>150,000</u>	<u>143,616</u>	<u>6,384</u>	<u>-</u>	<u>-</u>
DEBT SERVICE						
Bond Principal	390,000	390,000	390,000			
Bond Anticipation Note Principal	40,889	40,889	40,785		\$ 104	
Interest on Bonds	57,769	57,769	63,902			\$ 6,133
Interest on Notes	<u>65,000</u>	<u>65,000</u>	<u>66,097</u>	<u>-</u>	<u>-</u>	<u>1,097</u>
Total Debt Service	<u>553,658</u>	<u>553,658</u>	<u>560,784</u>	<u>-</u>	<u>104</u>	<u>7,230</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures						
Contribution to						
Public Employee's Retirement System	68,000	68,000	68,000			
Social Security System (O.A.S.I.)	<u>90,000</u>	<u>90,000</u>	<u>101,438</u>	<u>-</u>	<u>-</u>	<u>11,438</u>
Total Deferred Charges and Statutory Expenditures	<u>158,000</u>	<u>158,000</u>	<u>169,438</u>	<u>-</u>	<u>-</u>	<u>11,438</u>
	<u>\$ 3,393,283</u>	<u>\$ 3,393,283</u>	<u>\$ 3,270,176</u>	<u>\$ 141,671</u>	<u>\$ 104</u>	<u>\$ 18,668</u>

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
GOLF COURSE UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 1,490,000	\$ 1,436,811	\$ 1,264,787	\$ 172,024
Other Expenses	825,000	867,047	867,047	
Employee Group Insurance	<u>214,000</u>	<u>214,000</u>	<u>214,000</u>	<u>-</u>
Total Operating	<u>2,529,000</u>	<u>2,517,858</u>	<u>2,345,834</u>	<u>172,024</u>
CAPITAL IMPROVEMENTS				
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>61,234</u>	<u>38,766</u>
Total Capital Improvements	<u>100,000</u>	<u>100,000</u>	<u>61,234</u>	<u>38,766</u>
DEBT SERVICE				
Bond Principal	390,000	390,000	390,000	
Interest on Bonds	67,398	67,398	67,398	
Interest on Notes	<u>50,371</u>	<u>53,009</u>	<u>53,009</u>	<u>-</u>
Total Debt Service	<u>507,769</u>	<u>510,407</u>	<u>510,407</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Deferred Charges				
Overexpenditure of Appropriations	5,901	5,901	5,901	
Statutory Expenditures				
Contribution to				
Public Employee's Retirement System	67,000	67,000	67,000	
Social Security System (O.A.S.I.)	<u>85,000</u>	<u>93,504</u>	<u>93,504</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	<u>157,901</u>	<u>166,405</u>	<u>166,405</u>	<u>-</u>
	<u>\$ 3,294,670</u>	<u>\$ 3,294,670</u>	<u>\$ 3,083,880</u>	<u>\$ 210,790</u>

BOROUGH OF PARAMUS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIMMING POOL UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
OPERATING FUND		
Cash	\$ 303,053	\$ 64,416
Due from Swim Pool Utility Capital Fund	<u>276</u>	<u>4,761</u>
	<u>303,329</u>	<u>69,177</u>
Deferred Charges		
Special Emergency	134,074	201,111
Operating Deficit		93,863
Overexpenditure of Appropriations	22,332	381
Overexpenditure of Appropriation Reserves	<u>-</u>	<u>1,945</u>
	<u>156,406</u>	<u>297,300</u>
Total Operating Fund	<u>459,735</u>	<u>366,477</u>
CAPITAL FUND		
Cash	71,214	231,981
Fixed Capital	3,372,780	3,372,780
Fixed Capital Authorized and Uncompleted	<u>250,000</u>	<u>250,000</u>
Total Capital Fund	<u>3,693,994</u>	<u>3,854,761</u>
	<u>\$ 4,153,729</u>	<u>\$ 4,221,238</u>

**BOROUGH OF PARAMUS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIMMING POOL UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
OPERATING FUND		
Liabilities		
Appropriation Reserves		\$ 73,103
Encumbrances Payable	\$ 34,923	13,003
Due to Current Fund	212,305	
Accrued Interest on Bonds	4,631	5,419
Accrued Interest on Notes	5,798	5,837
Special Emergency Note Payable	<u>134,074</u>	<u>201,111</u>
	391,731	298,473
Fund Balance	<u>68,004</u>	<u>68,004</u>
Total Operating Fund	<u>459,735</u>	<u>366,477</u>
CAPITAL FUND		
Serial Bonds Payable	425,000	510,000
Bond Anticipation Notes Payable	250,000	250,000
Encumbrances Payable		43,000
Improvement Authorizations:		
Funded	4,053	4,053
Unfunded	66,634	180,153
Due to Swim Pool Utility Operating Fund	276	4,761
Reserve for Amortization	2,947,780	2,862,780
Fund Balance	<u>251</u>	<u>14</u>
Total Capital Fund	<u>3,693,994</u>	<u>3,854,761</u>
	<u>\$ 4,153,729</u>	<u>\$ 4,221,238</u>

There were no bonds and notes authorized but not issued on December 31, 2024 and 2023.

BOROUGH OF PARAMUS
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized		\$ 91,000
Membership Fees	\$ 377,790	346,950
Guest Fees	88,180	24,313
Miscellaneous	39,400	56,340
Concession Stand	12,800	12,800
Non-Budget Revenue	58,290	39,411
Other Credits to Income		
Unexpended Balance of Appropriation Reserves		806
Accounts Payable Cancelled	-	<u>316</u>
 Total Revenue and Other Income	 <u>576,460</u>	 <u>571,936</u>
EXPENDITURES		
Operating		
Salaries and Wages	345,348	325,000
Other Expenses	236,431	243,000
Debt Service	116,881	116,170
Deferred Charges and Statutory Expenditures	190,079	159,822
Overexpenditures of Appropriation Reserves	-	<u>1,945</u>
 Total Expenditures	 <u>888,739</u>	 <u>845,937</u>
 Deficit in Revenue	 312,279	 274,001
Adjustments to Income before Fund Balance:		
Realized from General Budget for Anticipated Deficit	289,947	177,812
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>22,332</u>	<u>2,326</u>
 Operating Deficit to be Raised in Budget of Succeeding Year		 <u>\$ 93,863</u>
 Statutory Excess to Fund Balance	 -	
 Fund Balance, January 1	 <u>68,004</u>	 <u>\$ 159,004</u>
	68,004	159,004
Decreased by:		
Anticipated as Operating Fund Revenue	<u>-</u>	<u>91,000</u>
 Fund Balance, December 31	 <u>\$ 68,004</u>	 <u>\$ 68,004</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF PARAMUS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SWIMMING POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Fund Balance, January 1	\$ 14	\$ 14
Increased by:		
Premium on Sale of Bond Anticipation Notes	<u>237</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 251</u>	<u>\$ 14</u>

BOROUGH OF PARAMUS
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>		<u>2023</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Fund Balance Utilized			\$ 91,000	\$ 91,000
Membership Fees	\$ 345,000	\$ 377,790	460,000	346,950
Guest Fees	55,000	88,180	78,000	56,340
Miscellaneous	24,000	39,400	24,000	24,313
Concession Stand	12,800	12,800	12,800	12,800
Deficit (General Budget)	<u>432,826</u>	<u>289,947</u>	<u>177,812</u>	<u>177,812</u>
 Budget Revenues	 <u>\$ 869,626</u>	 <u>\$ 808,117</u>	 <u>\$ 843,612</u>	 <u>\$ 709,215</u>

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Expended</u>			<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpended</u>	
OPERATING						
Salaries and Wages	\$ 330,000	\$ 330,000	\$ 345,348		\$ 15,348	
Other Expenses	217,300	217,300	223,431		6,131	
Employee Group Health Insurance	13,000	13,000	13,000	-	-	-
Total Operating	560,300	560,300	581,779	-	21,479	-
DEBT SERVICE						
Bond Principal	85,000	85,000	85,000			
Interest on Bonds	12,600	12,600	12,600			
Interest on Notes	22,500	22,500	19,281	-	-	\$ 3,219
Total Debt Service	120,100	120,100	116,881	-	-	3,219
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges						
Special Emergency - COVID 5 Years	67,037	67,037	67,037			
Overexpenditure of Appropriations	2,326	2,326	2,326			
Operating Deficit	93,863	93,863	93,863			
Statutory Expenditures						
Contribution to Social Security System (O.A.S.I.)	26,000	26,000	26,853	-	853	-
Total Deferred Charges and Statutory Expenditures	189,226	189,226	190,079	-	853	-
	\$ 869,626	\$ 869,626	\$ 888,739	\$ -	\$ 22,332	\$ 3,219

BOROUGH OF PARAMUS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIMMING POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriated</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Cancelled</u>
OPERATING						
Salaries and Wages	\$ 325,000	\$ 325,000	\$ 303,574	\$ 21,426		
Other Expenses	230,000	230,000	180,258	49,742		
Employee Group Health Insurance	13,000	13,000	13,000	-	-	-
Total Operating	568,000	568,000	496,832	71,168	-	-
DEBT SERVICE						
Bond Principal	85,000	85,000	85,000			
Interest on Bonds	14,689	14,689	14,689			
Interest on Notes	16,100	16,100	16,481	-	\$ 381	-
Total Debt Service	115,789	115,789	116,170	-	381	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges						
Special Emergency - COVID 5 Years	67,038	67,038	67,037			\$ 1
Overexpenditure of Appropriations	67,785	67,785	67,785			
Statutory Expenditures						
Contribution to Social Security System (O.A.S.I.)	25,000	25,000	23,065	1,935	-	-
Total Deferred Charges and Statutory Expenditures	159,823	159,823	157,887	1,935	-	1
	\$ 843,612	\$ 843,612	\$ 770,889	\$ 73,103	\$ 381	\$ 1

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

	<u>2024</u>	<u>2023</u>
Land and Land Improvements	\$ 118,685,338	\$ 118,685,338
Buildings and Building Improvements	13,517,478	13,517,478
Machinery and Equipment	<u>38,641,348</u>	<u>33,804,566</u>
	<u>\$ 170,844,164</u>	<u>\$ 166,007,382</u>
Investment in Fixed Assets	<u>\$ 170,844,164</u>	<u>\$ 166,007,382</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Paramus (the "Borough") was incorporated in 1922 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by State law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. 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 requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

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

B. Description of Regulatory Basis of Accounting

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

Insurance Trust Fund - This fund is used to account for the resources and expenditures for worker's compensation, property and general liability insurance claims.

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

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

Swimming Pool Utility Fund - This fund is used to account for the revenues and expenditures for operation of the Borough's swimming and recreational facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the swimming pool utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the golf course and swimming pool utility funds. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2023 balances to conform to the December 31, 2024 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

Utility Revenues/Receivables - Utility charges are levied based upon a schedule of fees approved by Borough ordinance. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's golf course and swimming pool utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

Operating Deficits – Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

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

Financing Agreements – Capital financing and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the Borough by the end of the agreement and do not contain termination options. The Borough appropriates in its annual budget the amounts required to repay these agreements which are recorded when paid in accordance with the terms of the financing agreement. GAAP requires financing agreements to be reported as other financing sources in the governmental funds and long-term liabilities in the proprietary funds and government-wide financial statements.

**BOROUGH OF PARAMUS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund
Golf Course Utility Capital Fund
Swimming Pool Utility Capital Fund

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

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2024 and 2023 the Borough Council increased the Current Fund original budget by \$31,300 and \$725,000. The 2024 increase was attributable to a special emergency authorization for the codification of ordinances. The 2023 increase was attributable to a special emergency for terminal pay and additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2024 and 2023.

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

<u>2024</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>Golf Course Utility Operating Fund</u>			
2024 Appropriations			
Debt Service			
Interest on Bonds	\$ 57,769	\$ 63,902	\$ 6,133
Interest on Notes	65,000	66,097	1,097
Deferred Charges and Statutory Expenditures			
Social Security System (O.A.S.I)	90,000	101,438	11,438

Swimming Pool Utility Operating Fund

2024 Appropriations			
Operating			
Salaries and Wages	330,000	345,348	15,348
Other Expenses	217,300	223,431	6,131
Deferred Charges and Statutory Expenditures			
Social Security System (O.A.S.I)	26,000	26,853	853

<u>2023</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
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Current Fund

2022 Appropriation Reserves:			
Vehicle Maintenance			
Other Expenses	\$ (51,500)	\$ 55,055	\$ 106,555
Employee Group Insurance	891	92,190	91,299
Utilities - Gasoline		36,895	36,895

Swimming Pool Utility Operating Fund

2023 Appropriations			
Operating			
Debt Service			
Interest on Notes	16,100	16,481	381
2022 Appropriation Reserves:			
Operating			
Other Expenses		1,945	1,945

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2024 and 2023, the book value of the Borough's deposits were \$46,755,792 and \$50,887,186 and bank and brokerage firm balances of the Borough's deposits amounted to \$46,710,331 and \$52,037,925, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Insured	\$ 40,307,012	\$ 45,273,070
Uninsured and Collateralized	<u>6,403,319</u>	<u>6,764,855</u>
	<u>\$ 46,710,331</u>	<u>\$ 52,037,925</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2024 and 2023, the Borough’s bank balances of \$6,403,319 and \$6,764,855 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 6,403,319	\$ 6,764,855
	<u>\$ 6,403,319</u>	<u>\$ 6,764,855</u>

B. Investments

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

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Property Taxes	\$ 1,423,540	\$ 1,211,124
Tax Title Liens	<u>8,645</u>	<u>7,826</u>
	<u>\$ 1,432,185</u>	<u>\$ 1,218,950</u>

In 2024 and 2023, the Borough collected \$1,212,494 and \$984,459 from delinquent taxes, which represented 99.47% and 99.41%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2024</u>		<u>2023</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:				
Regular	\$ 222,206	\$ 1,460,386	\$ 2,410	\$ 874,213
Grant	237,255		246,971	
Trust Fund:				
Animal Control		9,901		2,405
Other Trust	699,622		6,715	
Unemployment Trust			20,174	
Insurance Trust				5
General Capital Fund	445,260		600,353	
Golf Course Utility Fund:				
Operating	88,150		120,019	
Capital		9,901		120,019
Swimming Pool Utility Fund:				
Operating	276	212,305	4,761	
Capital	<u>-</u>	<u>276</u>	<u>-</u>	<u>4,761</u>
Total	<u>\$ 1,692,769</u>	<u>\$ 1,692,769</u>	<u>\$ 1,001,403</u>	<u>\$ 1,001,403</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2024</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 1,023,018	\$ 571,978	\$ 451,040
Golf Course Utility Operating Fund			
Overexpenditure of Appropriations	18,668	18,668	
Swimming Pool Utility Operating Fund			
Overexpenditure of Appropriations	22,332	22,332	
Special Emergency Authorizations (40A:4-55)	134,074	134,074	-

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2023</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 1,345,577	\$ 353,859	\$ 991,718
Overexpenditure of Appropriation Reserves	234,749	234,749	
Swimming Pool Utility Operating Fund			
Operating Deficit	93,863	93,863	
Overexpenditure of Appropriations	381	381	
Overexpenditure of Appropriation Reserves	1,945	1,945	
Special Emergency Authorizations (40A:4-55)	201,111	67,037	134,074

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>2024</u>			<u>2023</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget		Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund					
Cash Surplus	\$ 7,108,596	\$ 4,850,000	(A)	\$ 5,276,614	\$ 3,850,000
Non-Cash Surplus	<u>31,300</u>	<u>-</u>		<u>234,749</u>	<u>-</u>
	<u>\$ 7,139,896</u>	<u>\$ 4,850,000</u>		<u>\$ 5,511,363</u>	<u>\$ 3,850,000</u>
Golf Course Utility Operating Fund					
Cash Surplus	\$ 1,716,007	\$ 652,000	(A)	\$ 1,171,780	\$ 367,000
Non-Cash Surplus	<u>18,668</u>	<u>-</u>		<u>-</u>	<u>-</u>
	<u>\$ 1,734,675</u>	<u>\$ 652,000</u>		<u>\$ 1,171,780</u>	<u>\$ 367,000</u>
Swimming Pool Utility Operating Fund					
Cash Surplus	\$ 188,551	\$ 105,000	(A)	\$ (28,185)	\$ -
Non-Cash Surplus	<u>22,332</u>	<u>-</u>		<u>96,189</u>	<u>-</u>
	<u>\$ 210,883</u>	<u>\$ 105,000</u>		<u>\$ 68,004</u>	<u>\$ -</u>

(A) The above fund balance amounts appropriated represents the surplus anticipated in the 2025 introduced municipal budget. The 2025 municipal budget has not been legally adopted as of the date of audit.

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

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

	Balance December 31, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Land	\$ 118,685,338			\$ 118,685,338
Buildings and Building Improvements	13,517,478			13,517,478
Machinery and Equipment	<u>33,804,566</u>	<u>\$ 7,452,265</u>	<u>\$ 2,615,483</u>	<u>38,641,348</u>
	<u>\$ 166,007,382</u>	<u>\$ 7,452,265</u>	<u>\$ 2,615,483</u>	<u>\$ 170,844,164</u>
	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Land	\$ 118,685,338			\$ 118,685,338
Buildings and Building Improvements	12,617,478	\$ 900,000		13,517,478
Machinery and Equipment	<u>31,604,079</u>	<u>2,200,487</u>	<u>-</u>	<u>33,804,566</u>
	<u>\$ 162,906,895</u>	<u>\$ 3,100,487</u>	<u>\$ -</u>	<u>\$ 166,007,382</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 FIXED ASSETS (Continued)

B. Golf Course Utility Fund Fixed Assets

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

<u>Golf Course Utility Fund</u>	Balance December 31, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Fixed Capital				
Unallocated	\$ 12,961,822			\$ 12,961,822
Golf Course Improvements	1,901,375	\$ 42,464		1,943,839
Acquisition of Vehicles and Equipment	179,661	91,152		270,813
Acquisition of Property	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>220,000</u>
	<u>\$ 15,262,858</u>	<u>\$ 133,616</u>	<u>\$ -</u>	<u>\$ 15,396,474</u>

<u>Golf Course Utility Fund</u>	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Fixed Capital				
Unallocated	\$ 12,961,822			\$ 12,961,822
Golf Course Improvements	1,829,622	\$ 71,753		1,901,375
Acquisition of Vehicles and Equipment	171,661	8,000		179,661
Acquisition of Property	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>220,000</u>
	<u>\$ 15,183,105</u>	<u>\$ 79,753</u>	<u>\$ -</u>	<u>\$ 15,262,858</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 FIXED ASSETS (Continued)

C. Swimming Pool Utility Fund Fixed Assets

<u>Swimming Pool Utility Fund</u>	Balance December 31, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Fixed Capital				
Swim Pool Improvements	\$ 3,372,780	\$ -	\$ -	\$ 3,372,780
	<u>\$ 3,372,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,372,780</u>
<u>Swimming Pool Utility Fund</u>	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Fixed Capital				
Swim Pool Improvements	\$ 3,372,780	\$ -	\$ -	\$ 3,372,780
	<u>\$ 3,372,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,372,780</u>

BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2024</u>	<u>2023</u>
Issued		
General		
Bonds and Notes	\$ 40,489,785	\$ 39,486,000
Golf Course Utility		
Bonds and Notes	3,785,215	3,657,000
Swimming Pool Utility		
Bonds	<u>675,000</u>	<u>760,000</u>
	44,950,000	43,903,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,193,827</u>	<u>575,083</u>
Net Debt Issued	43,756,173	43,327,917
Authorized But Not Issued		
General		
Bonds and Notes	7,423,678	8,082,387
Golf Course Utility		
Bonds and Notes	<u>1,473,000</u>	<u>600,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 52,652,851</u>	<u>\$ 52,010,304</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .364% and .394% at December 31, 2024 and 2023, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
General Debt	\$ 47,913,463	\$ 1,193,827	\$ 46,719,636
School Debt	5,590,000	5,590,000	-
Utility Debt	<u>5,933,215</u>	<u>5,274,135</u>	<u>659,080</u>
Total	<u>\$ 59,436,678</u>	<u>\$ 12,057,962</u>	<u>\$ 47,378,716</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General Debt	\$ 47,568,387	\$ 575,083	\$ 46,993,304
School Debt	6,825,000	6,825,000	-
Utility Debt	<u>5,017,000</u>	<u>4,545,580</u>	<u>471,420</u>
Total	<u>\$ 59,410,387</u>	<u>\$ 11,945,663</u>	<u>\$ 47,464,724</u>

Statutory Borrowing Power

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

	<u>2024</u>	<u>2023</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 457,534,216	\$ 423,213,213
Less: Net Debt	<u>47,378,716</u>	<u>47,464,724</u>
Remaining Borrowing Power	<u>\$ 410,155,500</u>	<u>\$ 375,748,489</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Borough’s long-term debt consisted of the following at December 31:

General Obligation Bonds

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

	<u>2024</u>	<u>2023</u>
\$30,800,000, 2018 General Improvement Bonds, due in annual installments of \$2,900,000 to \$3,000,000 through February 15, 2029, interest at 2.50% - 3.00%	\$ 14,800,000	\$ 17,700,000
\$17,415,000, 2024 General Improvement Bonds, due in annual installments of \$910,000 to \$1,815,000 through October 1, 2036, interest at 2.00% - 4.00%	<u>17,415,000</u>	<u>-</u>
	<u>\$ 32,215,000</u>	<u>\$ 17,700,000</u>

Utility Bonds

The Borough pledges revenue from operations to pay debt service on utility bonds issued. The golf course and swimming pool utility bonds outstanding at December 31 are as follows:

Golf Course Utility

	<u>2024</u>	<u>2023</u>
\$4,280,000, 2018 General Improvement Bonds, due in annual installments of \$390,000 through February 15, 2029, interest at 3.00%	\$ 1,950,000	\$ 2,340,000
\$970,000 2024 General Improvement Bonds, due in annual installments of \$50,000 to \$100,000 through October 1, 2036, interest at 2.00% - 4.00%	<u>970,000</u>	<u>-</u>
	<u>\$ 2,920,000</u>	<u>\$ 2,340,000</u>

Swimming Pool Utility

	<u>2024</u>	<u>2023</u>
\$920,000, 2018 General Improvement Bonds, due in annual installments of \$85,000 through February 15, 2029, interest at 2.50% - 3.00%	<u>\$ 425,000</u>	<u>\$ 510,000</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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

Calendar Year	General		Golf Course Utility		Swimming Pool Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 3,810,000	\$ 1,053,650	\$ 440,000	\$ 88,475	\$ 85,000	\$ 11,263	\$ 5,488,388
2026	3,810,000	937,500	450,000	75,750	85,000	8,925	5,367,175
2027	3,955,000	812,600	450,000	61,650	85,000	6,375	5,370,625
2028	3,955,000	684,400	455,000	47,550	85,000	3,825	5,230,775
2029	3,995,000	556,200	455,000	33,250	85,000	1,275	5,125,725
2030-2034	9,070,000	1,631,800	470,000	86,800			11,258,600
2035-2036	<u>3,620,000</u>	<u>144,800</u>	<u>200,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>3,972,800</u>
Total	<u>\$ 32,215,000</u>	<u>\$ 5,820,950</u>	<u>\$ 2,920,000</u>	<u>\$ 401,475</u>	<u>\$ 425,000</u>	<u>\$ 31,663</u>	<u>\$ 41,814,088</u>

Changes in Long-Term Municipal Debt

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

	Balance, December 31, 2023	Additions	Reductions	Balance, December 31, 2024	Due Within One Year
<u>2024</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 17,700,000	\$ 17,415,000	\$ 2,900,000	\$ 32,215,000	\$ 3,810,000
General Capital Fund Long-Term Liabilities	<u>\$ 17,700,000</u>	<u>\$ 17,415,000</u>	<u>\$ 2,900,000</u>	<u>\$ 32,215,000</u>	<u>\$ 3,810,000</u>
<u>Golf Course Utility Capital Fund</u>					
Bonds Payable	\$ 2,340,000	\$ 970,000	\$ 390,000	\$ 2,920,000	\$ 440,000
Golf Course Utility Capital Fund Long-Term Liabilities	<u>\$ 2,340,000</u>	<u>\$ 970,000</u>	<u>\$ 390,000</u>	<u>\$ 2,920,000</u>	<u>\$ 440,000</u>
<u>Swimming Pool Utility Capital Fund</u>					
Bonds Payable	\$ 510,000	\$ -	\$ 85,000	\$ 425,000	\$ 85,000
Swimming Pool Utility Capital Fund Long-Term Liabilities	<u>\$ 510,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 425,000</u>	<u>\$ 85,000</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<u>2023</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 20,600,000	\$ -	\$ 2,900,000	\$ 17,700,000	\$ 2,900,000
General Capital Fund Long-Term Liabilities	<u>\$ 20,600,000</u>	<u>\$ -</u>	<u>\$ 2,900,000</u>	<u>\$ 17,700,000</u>	<u>\$ 2,900,000</u>
<u>Golf Course Utility Capital Fund</u>					
Bonds Payable	\$ 2,730,000	\$ -	\$ 390,000	\$ 2,340,000	\$ 390,000
Golf Course Utility Capital Fund Long-Term Liabilities	<u>\$ 2,730,000</u>	<u>\$ -</u>	<u>\$ 390,000</u>	<u>\$ 2,340,000</u>	<u>\$ 390,000</u>
<u>Swimming Pool Utility Capital Fund</u>					
Bonds Payable	\$ 595,000	\$ -	\$ 85,000	\$ 510,000	\$ 85,000
Swimming Pool Utility Capital Fund Long-Term Liabilities	<u>\$ 595,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 510,000</u>	<u>\$ 85,000</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2023</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2024</u>
<u>2024</u>						
<u>General Capital Fund</u>						
Various Public Improvements	4.25 %	6/13/2025	\$ 1,653,500	\$ 7,575,285	\$ 1,653,500	\$ 7,575,285
Various Public Improvements			19,433,000		19,433,000	-
Acquisition of Various Equipment and Vehicles	4.25	6/13/2025	<u>699,500</u>	<u>699,500</u>	<u>699,500</u>	<u>699,500</u>
Total General Capital Fund			<u>\$ 21,786,000</u>	<u>\$ 8,274,785</u>	<u>\$ 21,786,000</u>	<u>\$ 8,274,785</u>
<u>Golf Course Utility Capital Fund</u>						
Golf Course Improvements	4.25 %	6/13/2025	\$ 50,000	\$ 648,000	\$ 50,000	\$ 648,000
Golf Course Improvements			1,047,000		1,047,000	-
Acquisition of Property	4.25	6/13/2025	<u>220,000</u>	<u>217,215</u>	<u>220,000</u>	<u>217,215</u>
Total Golf Course Utility Capital Fund			<u>\$ 1,317,000</u>	<u>\$ 865,215</u>	<u>\$ 1,317,000</u>	<u>\$ 865,215</u>
<u>Swimming Pool Utility Capital Fund</u>						
Pool Improvements	4.25 %	6/13/2025	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Total Swimming Pool Utility Capital Fund			<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2022</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2023</u>
<u>2023</u>						
<u>General Capital Fund</u>						
Various Public Improvements	4.30 %	6/14/2024	\$ 1,653,500	\$ 1,653,500	\$ 1,653,500	\$ 1,653,500
Various Public Improvements	5.00	10/11/2024	19,158,000	19,433,000	19,158,000	19,433,000
Acquisition of Various Equipment and Vehicles	4.30	6/14/2024	<u>699,500</u>	<u>699,500</u>	<u>699,500</u>	<u>699,500</u>
Total General Capital Fund			<u>\$ 21,511,000</u>	<u>\$ 21,786,000</u>	<u>\$ 21,511,000</u>	<u>\$ 21,786,000</u>
<u>Golf Course Utility Capital Fund</u>						
Golf Course Improvements	4.30 %	6/14/2024	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Golf Course Improvements	5.00	10/11/2024	1,047,000	1,047,000	1,047,000	1,047,000
Acquisition of Property	4.30	6/14/2024	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>
Total Golf Course Utility Capital Fund			<u>\$ 1,317,000</u>	<u>\$ 1,317,000</u>	<u>\$ 1,317,000</u>	<u>\$ 1,317,000</u>
<u>Swimming Pool Utility Capital Fund</u>						
Pool Improvements	4.30 %	6/14/2024	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>
Total Swimming Pool Utility Capital Fund			<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund and Swim Pool Utility Operating Fund for the years 2024 and 2023 as follows:

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2023</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2024</u>
<u>Current Fund</u>						
<u>2024</u>						
COVID-19 Revenue Shortfall	3.83 %	12/12/2025	\$ 635,577	\$ 423,718	\$ 635,577	\$ 423,718
Terminal Pay	5.00	5/16/2025	<u>710,000</u>	<u>568,000</u>	<u>710,000</u>	<u>568,000</u>
Total Special Emergency Notes			<u>\$ 1,345,577</u>	<u>\$ 991,718</u>	<u>\$ 1,345,577</u>	<u>\$ 991,718</u>

Swim Pool Utility Operating Fund
2024

COVID-19 Revenue Shortfall	3.83 %	12/12/2025	<u>\$ 201,111</u>	<u>\$ 134,074</u>	<u>\$ 201,111</u>	<u>\$ 134,074</u>
Total Special Emergency Notes			<u>\$ 201,111</u>	<u>\$ 134,074</u>	<u>\$ 201,111</u>	<u>\$ 134,074</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2022</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2023</u>
<u>Current Fund</u>						
<u>2023</u>						

COVID-19 Revenue Shortfall	4.30 %	12/13/2024	\$ 847,436	\$ 635,577	\$ 847,436	\$ 635,577
Terminal Pay	4.20	5/17/2024	<u>-</u>	<u>710,000</u>	<u>-</u>	<u>710,000</u>
Total Special Emergency Notes			<u>\$ 847,436</u>	<u>\$ 1,345,577</u>	<u>\$ 847,436</u>	<u>\$ 1,345,577</u>

Swim Pool Utility Operating Fund
2023

COVID-19 Revenue Shortfall	4.30 %	12/13/2024	<u>\$ 268,148</u>	<u>\$ 201,111</u>	<u>\$ 268,148</u>	<u>\$ 201,111</u>
Total Special Emergency Notes			<u>\$ 268,148</u>	<u>\$ 201,111</u>	<u>\$ 268,148</u>	<u>\$ 201,111</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Tax Anticipation Notes

In any fiscal year in anticipation of the collection of taxes for such year, whether levied or to be levied in such year, or in anticipation of other revenues for such year, the Borough may borrow money in the form of tax anticipation notes. The amount of tax anticipation notes of any fiscal year outstanding at any one time shall not exceed an amount certified as the gross borrowing power. Tax anticipation notes may be renewed from time to time, but all such notes and any renewals shall mature within 120 days after the beginning of the succeeding fiscal year.

<u>Purpose</u>	<u>Rate</u> (%)	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2023</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2024</u>
<u>2024</u>						
Tax Anticipation			\$ 12,000,000	\$ -	\$ 12,000,000	\$ -
Total Tax Anticipation Notes			<u>\$ 12,000,000</u>	<u>\$ -</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>

<u>Purpose</u>	<u>Rate</u> (%)	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2022</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2023</u>
<u>2023</u>						
Tax Anticipation	4.50 %	2/15/2024	\$ 15,000,000	\$ 12,000,000	\$ 15,000,000	\$ 12,000,000
Total Tax Anticipation Notes			<u>\$ 15,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 12,000,000</u>

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction</u> <u>Commitment</u>	<u>Estimated</u> <u>Date of</u> <u>Completion</u>
<u>2024</u>		
Upgrade to 911 Center	\$1,306,667	2025
Improvements to Farview and Midland Avenue Intersection	790,368	2025
<u>2023</u>		
Fuel Pump Station Upgrades	\$481,406	2025
Intersection Improvements to Forest Avenue and Spring Valley Road	635,699	2025
Prospect Pump Station By-Pass	578,452	2025

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences/Terminal Leave

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$3,751,791 and \$2,942,267 at December 31, 2024 and 2023, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024 the Borough has reserved in the Other Trust Fund \$400,000 to fund compensated absences in accordance with NJSA 40A:4-39.

B. Financing Agreements

Capital Financing Agreements

The Borough entered into the following agreements to finance the construction of major capital facilities and other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the Borough’s approved budget.

Capital financing agreements at December 31 are comprised of the following:

	<u>2024</u>	<u>2023</u>
\$711,600, 2021 Agreement for the acquisition of fire department equipment for a term of 4 years due in annual principal installments of \$184,870 through January 15, 2025 interest at 2.624%	\$ 184,870	\$ 365,014
\$516,491, 2024 Agreement for the acquisition of golf carts for a term of 5 years due in annual principal installments of \$89,908 to \$156,996 through March 1, 2027 interest at 6.00%	<u>342,349</u>	<u>427,044</u>
Total	<u>\$ 527,219</u>	<u>\$ 792,058</u>

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest as of December 31, 2024 is as follows:

Governmental Activities:

Calendar <u>Year</u>	<u>Capital Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 274,778	\$ 21,598	\$ 296,376
2026	95,445	11,209	106,654
2027	<u>156,996</u>	<u>2,364</u>	<u>159,360</u>
Total	<u>\$ 527,219</u>	<u>\$ 35,171</u>	<u>\$ 562,390</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

C. Deferred Pension Obligation

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$1,610,580 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (7.00% effective July 1, 2017) at December 31, 2024 and 2023 is \$758,080 and \$1,008,368, respectively.

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

<u>Years Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2024	\$ 65,619	\$ 184,669
2023	64,808	182,105
2022	67,359	189,253

Changes in Other Long-Term Liabilities

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

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

	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<u>2024</u>					
Compensated Absences	\$ 2,942,267	\$ 809,524		\$ 3,751,791	
Capital Financing Agreements	792,058		\$ 264,839	527,219	\$ 274,778
Deferred Pension Obligation	1,008,368		250,288	758,080	252,080
Net Pension Liability - PERS (1)	29,005,026			29,005,026	
Net Pension Liability - PFRS (1)	44,899,231			44,899,231	
Net OPEB Liability (1)	84,719,869	-	-	84,719,869	-
Total Other Long-Term Liabilities	<u>\$ 163,366,819</u>	<u>\$ 809,524</u>	<u>\$ 515,127</u>	<u>\$ 163,661,216</u>	<u>\$ 526,858</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

C. Deferred Pension Obligation (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<u>2023</u>					
Compensated Absences	\$ 2,322,784	\$ 619,483		\$ 2,942,267	
Capital Financing Agreements	540,551	516,491	\$ 264,984	792,058	\$ 264,839
Deferred Pension Obligation	1,255,281		246,913	1,008,368	250,288
Net Pension Liability - PERS	29,636,911	1,844,600	2,476,485	29,005,026	
Net Pension Liability - PFRS	45,000,976	5,011,338	5,113,083	44,899,231	
Net OPEB Liability	<u>81,618,440</u>	<u>3,101,429</u>	<u>-</u>	<u>84,719,869</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 160,374,943</u>	<u>\$ 11,093,341</u>	<u>\$ 8,101,465</u>	<u>\$ 163,366,819</u>	<u>\$ 515,127</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

The following represents the membership tiers for PERS:

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

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

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

Collective Net Pension Liability

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2024 and 2023 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee’s annual compensation.

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

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

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2024	\$ 5,409,637	\$ 2,676,405	\$ 45,252
2023	5,113,083	2,476,485	57,597
2022	4,411,683	2,311,890	35,875

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

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

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS)

At December 31, 2023, the Borough reported a liability of \$29,005,026, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough's proportionate share was .20025 percent, which was an increase of .00387 percent from its proportionate share measured as of June 30, 2022 of .19638 percent.

For the year ended December 31, 2023, the pension system has determined the Borough's pension expense to be \$834,832, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$2,476,485. At December 31, 2023, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 277,325	\$ 118,563
Changes of Assumptions	63,718	1,757,829
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	133,572	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,113,009</u>	<u>117,713</u>
Total	<u>\$ 1,587,624</u>	<u>\$ 1,994,105</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2024	\$ (1,021,683)
2025	(1,021,684)
2026	1,569,178
2027	41,684
2028	26,024
Thereafter	<u>-</u>
	<u>\$ (406,481)</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

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

<u>2023</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 37,758,373</u>	<u>\$ 29,005,026</u>	<u>\$ 21,554,771</u>

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

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2023, the Borough reported a liability of \$44,899,231, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough’s proportionate share was .40637 percent, which was an increase of .01322 percent from its proportionate share measured as of June 30, 2022 of .39315 percent.

BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2023, the pension system has determined the Borough pension expense to be \$4,180,668 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$5,113,083. At December 31, 2023, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,922,495	\$ 2,141,295
Changes of Assumptions	96,908	3,031,774
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,286,633	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>4,401,995</u>	<u>-</u>
Total	<u>\$ 8,708,031</u>	<u>\$ 5,173,069</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2024	(239,729)
2025	(239,728)
2026	2,707,793
2027	607,419
2028	626,106
Thereafter	<u>73,101</u>
	<u>\$ 3,534,962</u>

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

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

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

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

Mortality Rates

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

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

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

Discount Rate

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Sensitivity of Net Pension Liability

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

<u>2023</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 62,559,216</u>	<u>\$ 44,899,231</u>	<u>\$ 30,192,683</u>

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

Special Funding Situation – PFRS

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

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$8,273,206. For the year ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$941,060, which is less than the actual contribution the State made on behalf of the Borough of \$946,136. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the Borough was .40637 percent, which was an increase of .01322 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of .39315 percent. The State’s proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough’s financial statements.

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Plan Fiduciary Net Position

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

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

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

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

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

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

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

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

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

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

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contribution

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2024, 2023 and 2022 were \$3,766,677, \$3,518,390 and \$3,031,033, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2024, 2023 and 2022 were \$325,473, \$325,818 and \$226,895, respectively.

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

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

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

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

At December 31, 2023, the Borough reported a liability of \$84,719,869 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2023 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2023. As of the measurement date of June 30, 2023 the Borough's proportionate share was .56456 percent, which was an increase of .05917 percent from its proportionate share measured as of June 30, 2022 of .50539 percent.

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the year ended December 31, 2023, the Plan has determined the Borough’s OPEB benefit to be \$85,576, based on the actuarial valuation which is less than the actual contributions reported in the Borough’s financial statements of \$3,766,677. At December 31, 2023, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 3,906,843	\$ 1,876,302
Changes of Assumptions	10,974,401	1,952,998
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		1,140
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	27,337,187	1,983,142
Contributions made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total	<u>\$ 42,218,431</u>	<u>\$ 5,813,582</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2024	\$ 4,685,461
2025	4,685,461
2026	4,674,720
2027	4,677,406
2028	4,913,360
Thereafter	<u>12,768,441</u>
	<u>\$ 36,404,849</u>

**BOROUGH OF PARAMUS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

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

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

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

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

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

Mortality Rates

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

Health Care Trends

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

Discount Rate

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough’s proportionate share of the net OPEB liability as of December 31, 2023 calculated using the discount rate of 3.65% as well as what the Borough’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.65% or 1-percentage-point higher 4.65% than the current rate:

<u>2023</u>	<u>1% Decrease 2.65%</u>	<u>Current Discount Rate 3.65%</u>	<u>1% Increase 4.65%</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 98,132,612	\$ 84,719,869	\$ 73,931,386

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

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

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

<u>2023</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 72,001,920	\$ 84,719,869	\$ 101,002,730

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

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

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

At December 31, 2023, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$531,668. For the year ended December 31, 2023 the plan has determined the State's proportionate share of the OPEB expense (benefit) attributable to the Borough for the OPEB special funding situation is \$(96,402). At December 31, 2023, (measurement date June 30, 2023), the State's share of the OPEB liability attributable to the Borough was .01524 percent, which was a decrease of .00301 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of .01825 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits. These on-behalf contributions have not been reported in the Borough's financial statements.

OPEB Plan Fiduciary Net Position

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

NOTE 14 RISK MANAGEMENT

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

The Borough of Paramus is a member of the New Jersey Municipal Self Insurers' Joint Insurance Fund (NJMSIJIF), and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The NJMSIJIF and MEL coverage amounts are on file with the Borough.

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

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 14 RISK MANAGEMENT (Continued)

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

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

The Borough has established an insurance trust fund for worker’s compensation, general liability and property deductible payments. The Borough funds the cost of the plans up to a certain threshold at which point coverage is maintained through a policy with the New Jersey Municipal Self-Insurers’ Joint Insurance Fund containing the following limits:

Worker’s Compensation	The first \$200,000 is the Borough’s responsibility and in excess of \$200,000 is covered by the New Jersey Municipal Self-Insurers’ Joint Insurance Fund.
General Liability, Property	The first \$150,000 is the Borough’s responsibility and in excess of \$150,000 is covered by the New Jersey Municipal Self-Insurers’ Joint Insurance Fund an excess limit of \$9,700,000.

The reserve balances in the Insurance Trust Fund for workers’ compensation at December 31, 2024 and 2023 are \$83,086 and \$29,349, respectively. The reserve balances in the Insurance Fund for general liability at December 31, 2024 and 2023 are \$92,023 and \$12,236, respectively. The reserve balances in the Insurance Fund for property liability at December 31, 2024 and 2023 are \$53,558 and \$53,558, respectively.

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u> <u>(Deficit)</u>
2024	\$ 150,000	\$ 55,381	\$ 1,257	\$ 266,975	\$ (97,464)
2023	20,000	53,195	2,263	162,538	(37,127)
2022		57,019	1,024	63,489	52,216

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts to be material. As of December 31, 2024 and 2023, the Borough reserved \$300,000 and \$0, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

**BOROUGH OF PARAMUS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough 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 the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2024 and 2023, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 SUBSEQUENT EVENTS

Special Emergency Notes

On April 30, 2025 the Borough issued special emergency notes in the amount of \$426,000 to finance terminal pay for retired employees. The Borough awarded the sale of said notes to Spencer Savings at an interest rate of 3.70%. These notes dated April 30, 2025 will mature on April 30, 2026.

Debt Authorized

On May 20, 2025 the Borough adopted a bond ordinance authorizing the issuance \$1,335,000 in Bonds or bond anticipation notes to fund certain Golf Course capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On May 20, 2025 the Borough adopted a bond ordinance authorizing the issuance \$6,660,000 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

Bond Anticipation Notes

On April 30, 2025 the Borough issued bond anticipation notes in the amount of \$8,035,000 to temporarily finance expenditures related to various capital projects. The Borough have awarded the sale of said notes to Spencer Savings Bank at an interest rate of 3.70%. These notes dated April 30, 2025 will mature on April 30, 2026.

On June 13, 2025 the Borough issued bond anticipation notes in the amount of \$9,138,000 to temporarily finance expenditures related to various capital projects. The Borough have awarded the sale of said notes to Cede & Co. at an interest rate of 4.00%. These notes dated June 13, 2025 will mature on April 30, 2026.

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APPENDIX C

PROPOSED FORMS OF BOND COUNSEL OPINIONS

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[Proposed Form of Bond Counsel Opinion -
Bond Anticipation Notes]

April __, 2026

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

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$25,450,000 Bond Anticipation Notes, consisting of a \$21,800,621 General Bond Anticipation Note, a \$3,408,000 Golf Course Utility Bond Anticipation Note and a \$241,379 Swimming Pool Utility Bond Anticipation Note (collectively, the "Notes") by the Borough of Paramus, a municipal corporation of the State of New Jersey, located in the County of Bergen (the "Borough"). The Notes are dated April 29, 2026, are payable April 29, 2027, bear interest from their date at the rate of _____% per annum, payable at maturity, and are numbered and in denomination as follows:

<u>Number</u>	<u>Denomination</u>
26-1R	\$21,800,621
26-1RGU	3,408,000
26-1RSPU	241,379

The Notes have been issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended). The \$21,800,621 General Bond Anticipation Note is also issued pursuant to and in anticipation of the issuance of bonds authorized by six bond ordinances adopted by the Borough Council of the Borough on October 7, 2020 (Ord. No. 2020-25), October 12, 2021 (Ord. No. 2021-42), October 10, 2023 (Ord. No. 2023-37), August 21, 2024 (Ord. No. 2024-22), May 20, 2025 (Ord. No. 2025-15) and December 2, 2025 (Ord. No. 2025-38) (the "General Bond Ordinances") to finance the making of various public improvements in, by and for the Borough. The \$3,408,000 Golf Course Utility Bond Anticipation Note is also issued pursuant to and in anticipation of the issuance of bonds authorized by three bond ordinances adopted by the Borough Council of the Borough on October 10, 2023 (Ord. No. 2023-38), August 21, 2024 (Ord. No. 2024-23) and May 20, 2025 (Ord. No. 2025-16) (the "Golf Course Utility Bond Ordinances") to finance the making of various public improvements in, by and for the Golf Course Utility of the Borough. The \$241,379 Swimming Pool Utility Bond Anticipation Note is also issued pursuant to and in anticipation of the issuance of bonds authorized by a bond ordinance adopted by the Borough Council of the Borough on December 6, 2022 (Ord. No. 2022-26) (the "Swimming Pool Utility Bond Ordinance", and together with the General Bond Ordinances and the Golf Course Utility Bond Ordinances, the "Bond Ordinances") to finance the making of various public improvements in, by and for the Swimming Pool Utility of 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 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 to the 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 of New Jersey, 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.

As bond counsel, we have examined certified copies of the Bond Ordinances and copies of the forms of Notes. 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 Notes, 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 Notes, or (ii) other documents of the Borough delivered to the purchaser of the Notes, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion 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 to 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.

3. Assuming compliance by the Borough with its 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. In addition, 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.

Very truly yours,

Rogut McCarthy LLC

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

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

† ALSO ADMITTED IN FL AND DC

ROGUT McCARTHY LLC

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[Proposed Form of Bond Counsel Opinion -
Special Emergency Notes]

April __, 2026

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

Dear Council Members:

We have acted as bond counsel in connection with the issuance of a \$284,000 Special Emergency Note (the "Note") by the Borough of Paramus, a municipal corporation of the State of New Jersey, located in the County of Bergen (the "Borough"). The Note is dated April 29, 2026, is payable April 29, 2027, bears interest from its date at the rate of ____% per annum, payable at maturity, and is numbered 26-1RSEN.

The Note has been issued pursuant to the Local Budget Law (Chapter 4 of Title 40A of the New Jersey Statutes, as amended) and pursuant to an ordinance adopted by the Borough Council of the Borough on March 14, 2023 (Ord. No. 2023-09) and a resolution adopted by the Borough Council of the Borough on February 28, 2023 (Res. No. 23-02-176) (collectively, the "Proceedings") to finance terminal pay for retired employees 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 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 has covenanted, 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 Proceedings 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 Notes, or (ii) other documents of the Borough delivered to the purchaser of the Notes, 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 its 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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