

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 23, 2026

NEW ISSUE

RATING: S&P: "AA+"

In the opinion of FBT Gibbons LLP, Bond Counsel to the Borough (as defined herein), assuming continuing compliance by the Borough with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

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

**\$10,642,000* GENERAL OBLIGATION BONDS, SERIES 2026
(CALLABLE) (BOOK-ENTRY ONLY)**

Dated: Date of Delivery

Due: May 1, as set forth on the inside front cover

The Borough of Closter, in the County of Bergen, New Jersey (the "Borough") is offering \$10,642,000* aggregate principal amount of General Obligation Bonds, Series 2026 (the "Bonds").

The Bonds will be issued as fully registered Bonds in the form of one certificate for the aggregate principal amount of each maturity of the Bonds and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases of the Bonds may be made in the principal amount of \$1,000 each or any integral multiple thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds. See "DESCRIPTION OF THE BONDS – Book-Entry Only System" herein.

Principal of the Bonds is payable on May 1 in each of the years set forth on the inside front cover. Interest on the Bonds, calculated on the basis of a 360-day year of twelve 30-day calendar months, will be payable semiannually on May 1 and November 1 in each year until maturity or prior redemption, commencing November 1, 2026. So long as DTC or its nominee is the registered owner of the Bonds, principal of and the interest on the Bonds shall be paid to DTC by the Borough. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 15 and October 15 (the "Record Dates" for the payment of interest on the Bonds). The Bonds are subject to optional redemption prior to their stated maturities at the times and in the manner described herein.

The Bonds are being issued pursuant to the Local Bond Law of the State of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended, a bond resolution and various bond ordinances in order to provide funds to (i) refund, on a current basis, certain outstanding bond anticipation notes of the Borough as described herein, (ii) permanently finance certain previously unfunded capital projects as described herein and (iii) pay certain costs incurred in connection with the issuance of the Bonds.

The Bonds will constitute general obligations of the Borough, the payment of the principal of and interest on which the full faith, credit and taxing power of the Borough is available, and all the taxable property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as and if received by the Underwriter (as defined herein) and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by FBT Gibbons LLP, Newark, New Jersey, Bond Counsel, and certain other conditions described herein. Acacia Financial Group, Inc., Mt. Laurel, New Jersey has served as municipal advisor in connection with the issuance of the Bonds. It is expected that the Bonds, in definitive form, will be available for delivery on or about May 14, 2026 through the facilities of DTC in New York, New York.

Dated: April __, 2026

* Preliminary, subject to change.

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement 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 or qualification under the applicable securities laws of any such jurisdiction.

BOROUGH OF CLOSTER
County of Bergen, New Jersey

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

\$10,642,000* GENERAL OBLIGATION BONDS, SERIES 2026

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2027	\$ 535,000			
2028	535,000			
2029	1,060,000			
2030	1,060,000			
2031	1,065,000			
2032	1,065,000			
2033	1,065,000			
2034	1,065,000			
2035	1,065,000			
2036	1,065,000			
2037	1,062,000			

* Preliminary, subject to change.

** CUSIP is a registered trademark of American Bankers Association. CUSIP numbers are provided by CUSIP Global Services which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of holders of the Bonds only at the time of issuance of the Bonds and the Borough does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Bonds.

**BOROUGH OF CLOSTER
COUNTY OF BERGEN
NEW JERSEY**

MAYOR

John C. Glidden, Jr.

BOROUGH COUNCIL

Christopher Cho, President
Victoria Amitai
Jannie Chung
Alissa Latner
Anna Maroules
Joseph Yammarino

CHIEF FINANCIAL OFFICER

Frank Elenio

BOROUGH CLERK

Mari Margiotta

BOROUGH ADMINISTRATOR

James Winters

BOROUGH ATTORNEY

William J. Bailey, Esq.

INDEPENDENT AUDITOR

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc.
Mt. Laurel, New Jersey

BOND COUNSEL

FBT Gibbons LLP
Newark, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Borough.

Any statements contained in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. 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 Bonds. This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

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

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

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

TABLE OF CONTENTS

INTRODUCTION 1
THE BONDS 1
SECURITY AND SOURCE OF PAYMENT 4
NO DEFAULT 4
AUTHORIZATION AND PURPOSE OF THE BONDS 4
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES 5
TAX MATTERS..... 8
LITIGATION..... 10
SECONDARY MARKET DISCLOSURE..... 10
MUNICIPAL BANKRUPTCY 11
APPROVAL OF LEGAL PROCEEDINGS..... 11
UNDERWRITING 12
RATING 12
INFECTIOUS DISEASE OUTBREAK - COVID-19..... 12
CYBER SECURITY..... 13
MUNICIPAL ADVISOR..... 13
INDEPENDENT AUDITORS..... 13
PREPARATION OF OFFICIAL STATEMENT 13
ADDITIONAL INFORMATION..... 14
MISCELLANEOUS 15

GENERAL INFORMATION OF THE BOROUGH OF CLOSTER..... Appendix A
ACCOUNTANT’S COMPILATION REPORT AND INDEPENDENT AUDITOR’S REPORT Appendix B
FORM OF CONTINUING DISCLOSURE CERTIFICATE Appendix C
FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL Appendix D

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT
Relating to
BOROUGH OF CLOSTER
IN THE COUNTY OF BERGEN, NEW JERSEY

\$10,642,000* GENERAL OBLIGATION BONDS, SERIES 2026
(CALLABLE) (BOOK-ENTRY ONLY)

INTRODUCTION

This Official Statement, which includes the inside front cover page and the appendices attached hereto, has been prepared by the Borough of Closter (the "Borough"), in the County of Bergen (the "County"), in the State of New Jersey (the "State"), in connection with the sale and the issuance of \$10,642,000* General Obligation Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

THE BONDS

Description of the Bonds

The Bonds are dated their date of delivery and will mature on May 1 in the years and in the amounts and bear interest as set forth on the inside front cover page hereof, calculated on the basis of a 30-day month, 360-day year, payable semiannually to the registered owners of the Bonds as of each April 15 and October 15 (the "Record Dates" for the payment of interest on the Bonds) immediately preceding each May 1 and November 1, commencing November 1, 2026. So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds.

The Bonds will be issued in fully registered book-entry form only in the form of one certificate for each maturity of the Bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 each or any integral multiple thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, 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 Bonds purchased. See "Book-Entry-Only System" herein.

Redemption Provisions for the Bonds

Optional Redemption

The Bonds maturing on or prior to May 1, 2035 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after May 1, 2036 shall be subject to redemption prior to their respective maturity dates, on or after May 1, 2035 at the option of the Borough, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the "Redemption Price"), plus in each case accrued interest thereon to the date fixed for redemption.

* Preliminary, subject to change.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. However, so long as DTC (or any successor thereto) acts as securities depository for the Bonds, notices of redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, and will be done in accordance with DTC procedures. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by lot. If notice of redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

Book-Entry Only System

The description which follows of the procedures and record keeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to DTC Participants or Beneficial Owners (as defined herein), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

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

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

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

of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough, on 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 Bonds 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, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough, 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 Bonds at any time by giving reasonable notice to the Borough. Under such circumstances, in the event that a successor depository is not obtained, 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, 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 Borough believes to be reliable, but Borough takes no responsibility for the accuracy thereof.

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

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

Discontinuance of Book-Entry-Only System

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

In the event that the book-entry only system for the Bonds is discontinued, the Borough has provided that upon receipt of the Bond certificates from DTC and the Participant information, the Borough will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the certificates so provided.

SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding 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 Bonds. The Borough is required by law to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of and the interest due on the Bonds without limitation as to rate or amount.

NO DEFAULT

The Borough has never defaulted in the payment of any bonds or notes, nor are any payments of principal of or interest on the Borough's indebtedness past due.

AUTHORIZATION AND PURPOSE OF THE BONDS

Bonds

The Bonds have been authorized pursuant to (i) the laws of the State of New Jersey, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances finally adopted by the Borough Council of the Borough (the "Borough Council") and published in accordance with the requirements of the Local Bond Law; and (iii) a bond resolution duly adopted by the Borough Council.

The Borough shall apply the proceeds derived from the sale of the Bonds funds to (i) refund, on a current basis, together with \$563,481 of other available funds of the Borough, \$8,425,953 aggregate principal amount of the Borough's outstanding \$8,989,434 Bond Anticipation Notes, Series 2025A, issued by the Borough on May 22, 2025 and maturing on May 21, 2026, originally issued to finance various capital improvements, (ii) permanently finance certain previously unfunded capital projects in the aggregate principal amount of \$2,216,047 and (iii) pay certain costs incurred in connection with the issuance of the Bonds, all as authorized by and described in the bond ordinances hereinafter set forth:

Ordinance Number	Description	Amount of Proceeds
2019-1256	Various Capital Improvements	\$3,560,137
2020-1267	Sewer Cleaning Equipment & Vehicle Acquisition	361,464
2020-1271	Various Capital Improvements	753,723
2020-1272	Reconstruction of Various Roadways	250,263
2021-1280	Fire Equipment Acquisition	43,568
2021-1282	Vehicle Acquisitions	217,266
2021-1287	Improvement of Waterways	1,392,455
2021-1288	Road Reconstruction	423,547
2022-1300	Various Capital Improvements	1,049,275
2023-1310	Various Road Improvements	156,820
2023-1320	Various Capital Improvements	603,250
2024-1330	Various Road Improvements	217,435
2024-1341	Various Capital Improvements	783,750
2025-1356	Various Road Improvements	403,700
2025-1368	Various Capital Improvements	425,347
		\$10,642,000

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

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

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

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3¹/₂% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation is included in Appendix A hereto.

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

As shown in Appendix A hereto, the Borough has not exceeded its statutory debt limit as of December 31, 2025 (unaudited). As noted above, the statutory limit is 3¹/₂%.

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

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

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 (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations. The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

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

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

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

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

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

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

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

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations. A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

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

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Borough was last completed in 1992.

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

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. In connection with any delinquency of taxes, assessments or municipal charges exceeding \$10,000 which has not been paid prior to the end of a calendar year, there shall be imposed a penalty in the sum equal to 6% of the delinquency.

Tax Appeals

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

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, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

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

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the Borough to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the Bonds. The Borough will make certain representations in its tax certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause the interest on the Bonds

to lose the exclusion from gross income under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. FBT Gibbons LLP, Bond Counsel to the Borough, has relied upon the representations of the Borough made in its tax certificate and has assumed continuing compliance by the Borough with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Borough observes its covenants with respect to continuing compliance with the Code, FBT Gibbons LLP, Bond Counsel to the Borough, is of the opinion that, under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code.

Tax Treatment of Original Issue Premium

The initial public offering price of certain of the Bonds (the “Premium Bonds”) is greater than the principal amount of such Bonds payable at maturity. An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the Premium Bond’s yield to maturity. As premium is amortized, the purchaser’s basis of such Premium Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Bonds.

Tax Treatment of Original Issue Discount

The initial public offering price of certain of the Bonds (the “Discount Bond”) is less than the amount payable on such Bonds at maturity. The difference between the initial public offering price of the Discount Bonds of each such year as set forth on the inside front cover of this Official Statement and the amount payable at maturity of the Discount Bonds of such year, is original issue discount. Bond Counsel is of the opinion that the accrued portion of the original issue discount will be treated for Federal income tax purposes as interest excludable from gross income under Section 103 of the Code to the same extent as stated interest on the Bonds.

The amount of original issue discount which is treated as having accrued with respect to the Discount Bonds is added to the cost basis of the holder of the Discount Bonds. Under Section 1288 of the Code, original issue discount on the Discount Bonds accrues on the basis of economic accrual and, in the case of an original holder of the Discount Bonds who purchases at the initial public offering price of such Discount Bonds, the amount treated as interest on the Discount Bonds excludable from gross income under Section 103 of the Code is the sum of the daily portions of the original issue discount attributable to the Discount Bonds for each day during the taxable year that the owner holds such Discount Bonds.

Purchasers of any Discount Bonds, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinions with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code, and interest on the Bonds being included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

State Taxation

Bond Counsel to the Borough is of the opinion that, under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Miscellaneous

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE BONDS.

LITIGATION

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 bondholders. All of the Borough's tort actions are being defended by an insurance company as well as by the insurance underwriters. Pending municipal real estate 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 bondholders.

SECONDARY MARKET DISCLOSURE

The Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (“Rule 15c2-12”) effective July 3, 1995 which generally prohibits a broker, dealer or municipal securities dealer (“Participating Underwriter”) from purchasing or selling municipal securities, such as the Bonds, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has

undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board (“MSRB”) (the “Continuing Disclosure Requirements”).

On the date of delivery of the Bonds, the Borough will enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Bonds pursuant to which the Borough will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Borough will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Borough by no later than October 1 of each fiscal year, commencing October 1, 2026 for the fiscal year ending December 31, 2025 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Borough with the MSRB. The notices of enumerated events will be filed by the Borough with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in “Appendix C - Form of Continuing Disclosure Certificate”. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12. Notwithstanding the foregoing, if the fiscal year is not a calendar year then the Borough shall provide financial information and operating data relating to the Borough by not later than the first day of the tenth month of each fiscal year.

The Borough has entered into prior undertakings to provide continuing disclosure for certain outstanding debt issues. The Borough has engaged Acacia Financial Group, Inc., Mt. Laurel, New Jersey, as dissemination agent, in connection with its continuing disclosure obligations.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes. Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale, and the delivery of the Bonds are subject to the approval of FBT Gibbons LLP, Newark, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix D. Certain legal matters will be passed on for the Borough by its counsel, William J. Bailey, Esq.

UNDERWRITING

The Bonds are being purchased from the Borough by _____, _____, _____ (the "Underwriter") at a purchase price of \$_____. The Underwriter is obligated to purchase all of the Bonds if any Bonds are purchased. The Underwriter has purchased the Bonds in accordance with the Notice of Sale.

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

RATING

S&P Global Ratings (the "Rating Agency") has assigned a rating of "AA+" to the Bonds.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. There can be no assurance that the rating will be maintained for any given period of time or that they may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of such rating, may have an adverse effect on the marketability or market price of the Bonds.

INFECTIOUS DISEASE OUTBREAK - COVID-19

On January 31, 2020, then United States Secretary of Health and Human Services declared a national public health emergency in response to the outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 11, 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State 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. The pandemic and certain mitigation measures, which altered the behaviors of businesses and people, have had and may continue to have negative impacts on regional, state and local economies. The national public health emergency, the national 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 in effect.

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

Generally, according to the Plan, the allowable use of the funds provided to the Borough include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough, prior to the emergency; (d) to make necessary investments in water, sewer or broadband infrastructure.

Based on available information as of the date hereof, the Borough has received \$890,834.07 from the Plan. The Borough received its first installment under the Plan in the amount of \$445,417.03 on July 2, 2021, and its second installment under the Plan in the amount of \$445,417.04 on July 8, 2022. It utilized some of the funding to continue with COVID-19 testing, vaccinations, food distributions and assisting small businesses. The deadline to commit the funds was December 31, 2024 which was satisfied and to spend the funds is December 31, 2026.

To date, the overall finances and operations of the Borough have not been materially adversely affected due to the COVID-19 outbreak. 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 governmental entities, including the Borough. The Borough cannot quantify any such potential impacts at this time.

CYBER SECURITY

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mt. Laurel, New Jersey served as municipal advisor to the Borough (the "Municipal Advisor") with respect to the issuance of the Bonds. This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the Borough and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein will be realized. The Municipal Advisor is a financial advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

INDEPENDENT AUDITORS

Appendix B to this Official Statement contains the unaudited financial statements for the year ended December 31, 2025 and the audited financial statements for the years ended December 31, 2024 and 2023 of the Borough. The unaudited financial statements were compiled from the Borough's unaudited annual financial statement for the year ended December 31, 2025. The audited financial statements were provided by Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey (the "Auditor"), and are included herein in reliance upon the authority of such firm.

PREPARATION OF OFFICIAL STATEMENT

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

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

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

FBT Gibbons LLP, has not verified the accuracy, completeness or fairness of the information contained herein, except under the heading "TAX MATTERS" and, accordingly, assumes no responsibility therefor and will express no opinion with respect thereto.

The Municipal Advisor has participated in the preparation and review of this Official Statement; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Frank Elenio, Chief Financial Officer, Municipal Building, 295 Closter Dock Road, Closter, New Jersey 07624, telephone (201) 784-0600, Ext. 428, or the Municipal Advisor, Acacia Financial Group, Inc. at 6000 Midlantic Drive, Suite 410 North, Mt. Laurel, New Jersey 08054, telephone (856) 234-2266.

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

BOROUGH OF CLOSTER

By: _____
Frank Elenio,
Chief Financial Officer

Dated: April __, 2026

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

GENERAL INFORMATION OF THE BOROUGH OF CLOSTER

[THIS PAGE INTENTIONALLY LEFT BLANK]

GENERAL INFORMATION REGARDING THE BOROUGH

Size and Geographical Location

The Borough of Closter (the “Borough”) comprises an area of approximately 3.2 square miles, located in the Northern Valley section of Bergen County (the “County”), New Jersey. Surrounding municipalities include Norwood, Harrington Park, Haworth, Demarest and Alpine.

Form of Government

The Borough was incorporated in 1904 under the borough form of government. There is a Mayor and a six member council.

The Mayor is elected to serve a four-year term and may succeed that term by re-election. The Mayor is empowered, amongst his legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Borough Council measures he deems in the best interest of the Borough; (iii) nominate and, with the advice and consent of the Borough Council, appoint most subordinate officers of the Borough; and (iv) maintain peace and order. Although the Mayor presides over meetings of the Borough Council, the Mayor votes only in case of a tie.

The six Council members are elected at-large, two each year, for terms of three years. The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Borough. Among these are the right to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the tax levy. The Council, acting in committees, oversees the various departments and functions of the borough government.

Transportation

Because of its close proximity to New York City, many residents are employed in the City of New York and commute through access to mass transportation. There are bus lines to the Port Authority and the George Washington Bridge bus terminals. Residents have access to all parts of New York and New Jersey via the Palisades Interstate Parkway, Route 9W and Bergen County Routes 501 and 502.

Protection

The Borough is served by a police department consisting of regular officers and detectives who operates both marked vehicles and unmarked vehicles. An interlocal agreement has been established by the Borough for a regionalized emergency enhanced 911 telephone system. Participating municipalities include the boroughs of Alpine, Demarest, Harrington Park, Northvale and Norwood.

Its fire services consist of volunteer firefighters who operate modern up-to-date firefighting vehicles and equipment. Ambulance service is provided for the public by a volunteer ambulance corp.

Sanitation

The Borough provides garbage collection for all homes on a twice-weekly basis. Borough employees provide these services. Payment for such garbage collection services is part of the general property tax levy. Sewerage disposal is provided by the Bergen County Utilities Authority. For this service the Borough pays an annual service charge based on the metered flow of sewerage. This service charge is also part of the general property tax levy.

Utilities

Electricity is supplied by Rockland Electric and gas is supplied by Public Service Electric & Gas Company. Suez North America supplies the Borough's water.

Recreation

The Borough's Recreation Commission offers numerous recreational activities for its residents. The Borough sponsors football, basketball, soccer, indoor soccer, baseball, softball and wrestling. The Borough also sponsors a summer program for children in grades Kindergarten through 8th grade. All programs are sponsored by the Borough through budget appropriations.

Library

The Borough under the direction of a Library Board of Trustees, operates its own library, housed in a structure of its own. It continually increases its volumes for the needs of its residents. Through the Bergen County Cooperative Library System, the residents of the Borough have access to the collections of other libraries within the County.

Public Works

The Department of Public Works maintains the Borough streets and roads, parks, buildings and grounds. To make sure the above are maintained properly, the Borough updates the equipment on a constant basis along with an active Preventive Maintenance Program.

Education

The local school district is a Type II School District whose boundaries are coterminous with those of the Borough. The School District operates with a Board of Education elected by the voters which consists of nine members and is subject to Title 18A, Education of the New Jersey statutes.

The school system consists of one elementary school (grades K-4) and one middle school (grades 5-8). The Borough is part of the Northern Valley Regional High School District which consists of the boroughs of Closter, Demarest, Harrington Park, Haworth, Northvale, Norwood and Old Tappan. Borough students attend Northern Valley Regional High School at Demarest.

Labor Contracts

The Borough's contract with the Police Department contract is settled through December 31, 2030. The Borough's contract with the Department of Public Works is settled through December 31, 2026.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

Population trends for the Borough, County and the State of New Jersey are shown below:

<u>Area</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Borough of Closter	8,094	8,383	8,373	8,594	8,370
County of Bergen	825,380	884,118	905,116	930,394	978,641
State of New Jersey	7,730,188	8,414,350	8,791,894	8,882,371	9,500,851

Source: U.S. Census Bureau

Income as of 2024

	Median Household Income	Median Family Income	Per Capita Income
Borough of Closter	\$190,469	\$194,375	\$79,250
County of Bergen	124,884	152,200	63,735
State of New Jersey	103,556	127,025	54,253

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

Labor Force, Employment and Unemployment

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

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
<u>Borough of Closter</u>				
2024	4,681	4,534	147	3.1%
2023	4,627	4,500	127	2.7%
2022	4,498	4,372	126	2.8%
2021	4,281	4,081	200	4.7%
2020	4,225	3,930	295	7.0%
<u>County of Bergen</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 of New Jersey</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: Borough of Closter

BUDGET INFORMATION
Current Fund
(As Adopted)

	<u>2026 (1)</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Anticipated Revenues					
Fund Balance	\$ 2,100,000	\$ 2,025,000	\$ 1,950,000	\$ 1,900,000	\$ 1,700,000
Miscellaneous Revenues	3,138,951	3,319,920	3,137,491	2,939,558	2,880,369
Receipts from Delinquent Taxes	350,000	350,000	300,000	350,000	375,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>16,256,228</u>	<u>15,917,366</u>	<u>14,683,866</u>	<u>14,077,302</u>	<u>13,139,198</u>
	<u>\$ 21,845,179</u>	<u>\$ 21,612,286</u>	<u>\$ 20,071,357</u>	<u>\$ 19,266,860</u>	<u>\$ 18,094,567</u>
Appropriations					
Salaries and Wages	\$ 8,028,724	\$ 7,580,089	\$ 7,168,072	\$ 7,083,467	\$ 6,894,650
Other Expenses	8,464,087	8,598,699	7,995,972	7,618,551	7,139,674
Deferred Charges and Statutory Expenditures	1,958,268	2,045,217	1,927,188	1,760,624	1,700,970
Capital Improvement Fund	240,500	270,000	100,000	100,000	100,000
Municipal Debt Service	2,078,600	2,068,281	1,830,125	1,679,218	1,259,273
Reserve for Uncollected Taxes	<u>1,075,000</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,025,000</u>	<u>1,000,000</u>
	<u>\$ 21,845,179</u>	<u>\$ 21,612,286</u>	<u>\$ 20,071,357</u>	<u>\$ 19,266,860</u>	<u>\$ 18,094,567</u>

(1) Budget as Introduced

Source: Borough of Closter Annual Budgets

FINANCIAL INFORMATION

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

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025 (Unaudited)	\$ 4,602,687	\$ 2,100,000 (1)
2024	4,251,301	2,025,000
2023	4,026,615	1,950,000
2022	3,966,287	1,900,000
2021	3,608,999	1,700,000

(1) The 2026 Budget as introduced.

Source: Borough of Closter's Annual Audit Reports and 2025 Unaudited Annual Financial Statement

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2025 (Unaudited)	\$ 61,791,341	\$ 61,094,069	98.87%
2024	58,689,049	58,178,186	99.13%
2023	56,041,608	55,716,340	99.42%
2022	53,403,916	52,957,502	99.16%
2021	52,091,241	51,583,297	99.02%

Source: Borough of Closter's Annual Audit Reports and 2025 Unaudited Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2025 (Unaudited)	\$ 450,597	\$ 164,516	\$ 615,113	1.00%
2024	433,896	163,782	597,678	1.02%
2023	314,655	106,865	421,520	0.75%
2022	392,322	106,105	498,427	0.93%
2021	434,421	59,732	494,153	0.95%

Source: Borough of Closter's Annual Audit Reports and 2025 Unaudited Annual Financial Statement

**Assessed Valuation of Property Owned by
the Borough Acquired for Taxes**

<u>Year</u>	<u>Amount</u>
2025 (Unaudited)	\$ 130,531
2024	130,531
2023	130,531
2022	130,531
2021	130,531

Source: Borough of Closter’s Annual Audit Reports and 2025 Unaudited Annual Financial Statement

Ten Largest Taxpayers

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

<u>Taxpayer</u>	<u>Assessment</u>
Closter Mktplace (EBA) LLC	\$ 79,581,500
Railroad Ave. Real Estate Holdings	25,819,400
50 Railroad LLC	14,177,400
Closter Grocery	9,721,600
Heidenberg Closter Assoc.	9,317,500
Closter Gold Inc	8,439,000
Fred Rueten, Inc	8,126,300
Eastcoast Brothers, LLC	8,028,800
Nippon Express USA	6,410,000
Herbert Ave Assoc, LLC	6,232,500
	<u>\$ 175,854,000</u>

Source: Tax Assessor.

**Assessed Valuation
Land Improvements by Class**

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
2026	\$ 23,419,100	\$ 2,853,336,800	\$ 7,609,500	\$ 351,688,200	\$ 57,535,200	\$ 3,293,588,800
2025	22,656,700	2,547,822,600	6,713,600	327,994,900	60,483,900	2,965,671,700
2024	20,672,100	2,364,329,700	6,337,600	318,013,100	57,368,300	2,766,720,800
2023	18,515,900	2,223,435,900	6,173,500	306,966,400	52,939,900	2,608,031,600
2022	17,045,800	2,049,815,100	5,737,800	293,427,400	44,225,800	2,410,251,900

Source: Tax Duplicate

**Assessed Valuations
Net Valuation Taxable**

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2026	\$ 3,293,588,800	\$ -	\$ 3,293,588,800	(1)	(1)
2025	2,965,671,700	100,000	2,965,771,700	97.59%	3,044,547,460
2024	2,766,720,800	100,000	2,766,820,800	97.64%	2,840,514,149
2023	2,608,031,600	100,000	2,608,131,600	100.43%	2,603,974,354
2022	2,410,251,900	100,000	2,410,351,900	100.69%	2,399,638,232

Source: Tax Duplicate, Abstract of Ratables

(1) Not Available

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

<u>Year</u>	<u>Total</u>	<u>Municipal⁽¹⁾</u>	<u>Local School</u>	<u>Regional School</u>	<u>County⁽²⁾</u>
2025	\$2.072	\$0.545	\$0.796	\$0.490	\$0.241
2024	2.116	0.539	0.834	0.503	0.240
2023	2.144	0.548	0.852	0.505	0.239
2022	2.212	0.554	0.894	0.523	0.241
2021	2.304	0.578	0.934	0.539	0.253

Source: Tax Collector

(1) Includes Open Space and Free Public Library

(2) Includes Open Space

**Apportionment of Tax Levy
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal⁽¹⁾</u>	<u>Local School</u>	<u>Regional School</u>	<u>County⁽²⁾</u>
2025 (Unaudited)	\$ 61,791,341	\$ 16,543,076	\$ 23,587,393	14,520,003	\$ 7,140,869
2024	58,689,049	15,109,653	23,060,247	13,901,343	6,617,806
2023	56,041,608	14,448,356	22,211,386	13,155,593	6,226,273
2022	53,403,916	13,466,342	21,547,106	12,603,023	5,787,445
2021	52,091,241	13,151,889	21,071,715	12,186,180	5,681,457

Source: Tax Collector

(1) Includes Open Space and Free Public Library

(2) Includes Open Space

DEBT INFORMATION

Debt Statements

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

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

Municipal		
Equalized Valuation Basis (last 3 years average)	\$	3,146,276,324
3 1/2% Borrowing Margin		110,119,671
Net Debt Issued, Outstanding and Authorized		17,961,685
Remaining Municipal Borrowing Capacity		92,157,986
Regional School		
3% Borrowing Margin		94,388,290
Debt, Issued, Outstanding and Authorized		1,621,326
Remaining School Borrowing Capacity		92,766,964
Local School		
3% Borrowing Margin		94,388,290
Debt, Issued, Outstanding and Authorized		6,060,700
Remaining School Borrowing Capacity		88,327,590

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u> <u>Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2025 (Unaudited)	\$ 25,786,248	\$ 17,934,058	0.571%
2024	26,269,306	18,080,448	0.636%
2023	27,594,762	18,184,909	0.727%
2022	22,417,628	19,014,836	0.792%
2021	21,888,969	18,022,634	0.831%

Source: Borough of Closter Audit Reports, 2025 Unaudited Annual Financial Statement and Annual Debt Statements

BOROUGH OF CLOSTER
Statement of Indebtedness
As of December 31, 2025 (Unaudited)

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 6,306,000	
Bond Anticipation Notes	8,989,434	
Bonds and Notes Authorized But Not Issued	<u>2,666,251</u>	
		\$ 17,961,685

LOCAL SCHOOL

Bonds Outstanding and Authorized		6,060,700
----------------------------------	--	-----------

REGIONAL SCHOOL

Bonds Outstanding and Authorized		<u>1,621,326</u>
----------------------------------	--	------------------

TOTAL GROSS DEBT 25,643,711

STATUTORY DEDUCTIONS

Municipal Purpose	27,627	
Local School	6,060,700	
Regional School	<u>1,621,326</u>	
		<u>7,709,653</u>

TOTAL NET DEBT \$ 17,934,058

OVERLAPPING DEBT

County of Bergen (Note 1)	\$ 21,089,979	
Bergen County Utilities Authority (Note 2)	<u>6,972,960</u>	

TOTAL OVERLAPPING DEBT \$ 28,062,939

GROSS DEBT

Per Capita (2024 Census - 8,370)		\$ 3,064
Percent of Net Valuation Taxable (2025 - \$2,965,771,700)		0.86%
Percent of Estimated True Value of Real Property (2025 - \$3,044,547,460)		0.84%

NET MUNICIPAL DEBT

Per Capita (2024 Census - 8,370)		\$ 2,143
Percent of Net Valuation Taxable (2025 - \$2,965,771,700)		0.60%
Percent of Estimated True Value of Real Property (2025 - \$3,044,547,460)		0.59%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2024 Census - 8,370)		\$ 6,417
Percent of Net Valuation Taxable (2025 - \$2,965,771,700)		1.81%
Percent of Estimated True Value of Real Property (2025 - \$3,044,547,460)		1.76%

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 2024 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.
Source: Borough of Closter.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

ACCOUNTANT'S COMPILATION REPORT AND
INDEPENDENT AUDITOR'S REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

THIS PAGE INTENTIONALLY LEFT BLANK



DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the Borough of Closter, 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 25, 2026

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

ASSETS	<u>2025</u>
Cash	\$ 8,395,547
Grants Receivable	<u>262,223</u>
	<u>8,657,770</u>
Receivables and Other Assets with Full Reserves	
Delinquent Property Taxes Receivable	450,597
Tax Title Liens Receivable	164,516
Property Acquired for Taxes - Assessed Value	130,531
Due from Other Trust Fund	279,669
Due from General Capital Fund	203,253
Revenue Accounts Receivable	<u>11,245</u>
	<u>1,239,811</u>
Deferred Charges	
Overexpenditure of Appropriations	<u>138</u>
Total Assets	<u>\$ 9,897,719</u>
 LIABILITIES, RESERVES AND FUND BALANCE	
Appropriation Reserves	\$ 1,864,726
Encumbrances Payable	740,543
Due to State of New Jersey	
Senior Citizens and Veterans Deductions	15,550
Department of Human Services - Marriage License Fees	159
State Training Fees	8,191
State Lead Inspector Fees	2,920
Due to Open Space Trust Fund	275,008
Due to Closter Public Library	265
Prepaid Taxes	420,102
County Taxes Payable	36,104
Appropriated Grants Reserves	189,431
Unappropriated Grants Reserves	20,554
Reserve for Tax Appeals	<u>481,668</u>
Total Liabilities	4,055,221
Reserve for Receivables and Other Assets	1,239,811
Fund Balance	<u>4,602,687</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 9,897,719</u>

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

	<u>2025</u>
REVENUES AND OTHER INCOME REALIZED	
Surplus Anticipated	\$ 2,025,000
Miscellaneous Revenues Anticipated	4,083,836
Receipts from Delinquent Taxes	432,148
Receipts from Current Taxes	61,094,069
Non-Budget Revenues	385,210
Other Credits to Income	
Interfunds Returned	26,936
Unexpended Balance of Appropriation Reserves	<u>794,908</u>
 Total Revenues	 <u>68,842,107</u>
EXPENDITURES	
Municipal Budget	20,572,331
Local School District Taxes	23,587,393
County Taxes	7,140,869
Regional School District Taxes	14,520,003
Municipal Open Space Taxes	298,211
Other Debits	
Interfund Advance	345,265
Refund of Prior Year Revenue	<u>1,787</u>
 Total Expenditures	 <u>66,465,859</u>
 Excess in Revenues	 2,376,248
 Adjustments to Income Before Fund Balance	
Expenditures Included Above Which are by Statute Deferred Charges	
to Budget of Succeeding Year	<u>138</u>
 Statutory Excess to Fund Balance	 2,376,386
 Fund Balance, January 1	 <u>4,251,301</u>
	6,627,687
Decreased by:	
Utilization as Anticipated Revenue	<u>2,025,000</u>
 Fund Balance, December 31	 <u>\$ 4,602,687</u>

**BOROUGH OF CLOSTER
STATEMENT OF REVENUES
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Anticipated</u>		<u>Total Revenues Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Utilized	\$ 2,025,000	-	\$ 2,025,000	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	25,000		22,688	\$ (2,312)
Other	15,000		34,228	19,228
Fees and Permits	90,000		101,137	11,137
Fines and Costs - Municipal Court	90,000		128,317	38,317
Interest on Costs on Taxes	70,000		99,204	29,204
Interest on Investments and Deposits	125,000		485,134	360,134
Cable Television Franchise Fees	90,000		89,330	(670)
Energy Receipts Tax	1,509,782		1,509,782	-
Watershed Moratorium Offset Aid	13,489		13,489	-
Uniform Construction Code Fees	400,000		687,508	287,508
Other Government Entities - Fuel Mgmt. - Gasoline	49,000		46,788	(2,212)
Other Government Entities - Fire Arms	20,800		20,800	-
Recycling Tonnage Grant	16,000		16,000	-
Closter Green Team Grant	500		500	-
Police Body Armor	1,977		1,977	-
Distracted Driving	7,000		7,000	-
Spotted Lanternfly	10,000		10,000	-
Body Worn Camera Grant		\$ 10,397	10,397	-
Clean Communities Grant	22,431		22,431	-
New Jersey Community Forestry Grant	5,000		5,000	-
ANJEC Open Space Grant for				
Environmental Commissions	250	350	600	-
Community Energy Plan	10,000		10,000	-
Pedestrian Safety Enforcement	1,120		1,120	-
Bergen County Open Space - Ruckman Park Walkway	119,571		119,571	-
Green Acres Grant	76,000		76,000	-
Uniform Fire Safety Act	16,000		25,504	9,504
Cell Tower Rental	135,000		136,046	1,046
Rental Payments	16,000		18,000	2,000
Alpine Sewer Connection Fees	20,000		20,285	285
Police Outside Services - Administrative Fees	290,000		290,000	-
Reserve for Payment of Bonds	15,000		15,000	-
General Capital Fund Balance	60,000	-	60,000	-
Total Miscellaneous Revenues	<u>3,319,920</u>	<u>10,747</u>	<u>4,083,836</u>	<u>753,169</u>
Receipts from Delinquent Taxes	<u>350,000</u>	<u>-</u>	<u>432,148</u>	<u>82,148</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Municipal Library	1,034,630		1,034,630	
Operations	<u>14,882,736</u>	<u>-</u>	<u>15,562,963</u>	<u>680,227</u>
Total Amount to be Raised	<u>15,917,366</u>	<u>-</u>	<u>16,597,593</u>	<u>680,227</u>
Total General Revenues	<u>\$ 21,612,286</u>	<u>\$ 10,747</u>	<u>\$ 23,138,577</u>	<u>\$ 1,515,544</u>

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Overexpended</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS						
General Administration						
Salaries and Wages	\$ 199,000	\$ 199,000	\$ 198,472	\$ 528		
Other Expenses	63,175	63,175	56,980	6,195		
Mayor and Council						
Salaries and Wages	55,500	55,500	55,500	-		
Other Expenses	15,000	15,000	14,033	967		
Municipal Clerk's Office						
Salaries and Wages	168,000	166,750	157,532	9,218		
Other Expenses	16,925	16,925	11,449	5,476		
Elections	9,000	9,000	9,000	-		
Financial Administration						
Salaries and Wages	225,000	224,830	187,276	37,554		
Other Expenses	80,940	80,940	48,422	32,518		
Audit Services						
Other Expenses	54,500	54,500	52,500	2,000		
Information Technology						
Salaries and Wages	20,500	20,500	20,033	467		
Other Expenses	32,500	32,500	22,321	10,179		
Tax Assessment Administration						
Salaries and Wages	61,000	61,000	60,075	925		
Other Expenses	84,505	84,505	79,196	5,309		
Revenue Administration						
Salaries and Wages	189,000	189,170	189,166	4		
Other Expenses	15,865	15,865	13,412	2,453		
Legal Services and Costs						
Other Expenses	225,500	225,500	156,457	69,043		
Engineering Services						
Other Expenses	26,819	26,819	19,619	7,200		
Economic Development						
Closter Improvement Committee	11,000	11,000	2,830	8,170		
Historical Commission						
Other Expenses	4,000	4,000	1,811	2,189		
Municipal Land Use Law						
Planning Board						
Salaries and Wages	39,000	39,000	38,688	312		
Other Expenses	25,330	25,330	15,028	10,302		
Zoning Board of Adjustment						
Salaries and Wages	-	-	-	-		
Other Expenses	60,080	60,080	14,554	45,526		
Insurance						
General Liability	273,636	273,636	270,896	2,740		
Workers Compensation Insurance	267,600	267,600	267,299	301		
Employee Group Health	2,044,640	2,044,640	1,761,214	283,426		
Health Benefit Waiver	11,500	11,500	3,869	7,631		
Other Insurance Premiums	750	750	289	461		
PUBLIC SAFETY FUNCTIONS						
Police Department						
Salaries and Wages	3,321,959	3,321,959	3,250,404	71,555		
Other Expenses	132,250	132,250	125,236	7,014		
Office of Emergency Management						
Salaries and Wages	12,000	12,000	11,923	77		
Other Expenses	10,000	10,000	4,502	5,498		
First Aid Organization - Contribution	50,000	50,000	50,000	-		

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Overexpended</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS WITHIN "CAPS"						
PUBLIC SAFETY FUNCTIONS (Continued)						
Fire Prevention Bureau/Uniform Fire Safety						
Salaries and Wages	\$ 44,000	\$ 44,000	\$ 38,783	\$ 5,217		
Other Expenses	7,975	7,975	7,472	503		
Fire Protection						
Salaries and Wages	80,000	80,000	70,500	9,500		
Other Expenses	84,500	84,500	60,664	23,836		
Clothing Allowance	20,000	20,000	11,172	8,828		
Fire Hydrant Services	169,320	169,320	169,320	-		
Municipal Prosecutor						
Salaries and Wages	12,000	12,000	11,500	500		
PUBLIC WORKS FUNCTIONS						
Streets and Road Maintenance						
Salaries and Wages	1,653,380	1,651,380	1,491,235	160,145		
Other Expenses	148,100	148,100	144,871	3,229		
Snow Removal						
Other Expenses	36,000	36,000	36,000	-		
Shade Tree Commission						
Salaries and Wages	4,307	4,307	4,307	-		
Other Expenses	41,500	41,500	41,414	86		
Solid Waste Collection						
Salaries and Wages	365,300	365,300	356,273	9,027		
Other Expenses	6,000	6,000	5,979	21		
Recycling						
Salaries and Wages	67,000	67,000	65,200	1,800		
Public Building and Grounds						
Salaries and Wages	94,250	96,250	96,178	72		
Other Expenses	117,500	117,500	115,000	2,500		
Vehicle Maintenance						
Salaries and Wages	261,000	261,000	260,658	342		
Other Expenses	251,750	251,750	250,083	1,667		
HEALTH AND HUMAN SERVICES FUNCTIONS						
Public Health Services						
Salaries and Wages	86,000	86,000	85,729	271		
Other Expenses	37,200	37,200	37,338		138	
Environmental Commission						
Other Expenses	5,000	5,000	1,747	3,253		
Animal Control						
Other Expenses	13,836	13,836	13,836	-		
Employee Assistance Program	1,268	1,268	1,268	-		
Aid to Mental Health Center	1,000	1,000	-	1,000		
PARKS AND RECREATION FUNCTIONS						
Maintenance of Parks and Playgrounds	51,700	51,700	51,502	198		
Senior Citizens						
Other Expenses	13,800	13,800	9,417	4,383		
Board of Recreation Commissioners						
Salaries and Wages	90,046	91,296	91,272	24		
Other Expenses	35,900	35,900	35,703	197		
EDUCATION FUNCTIONS						
Contribution to Belskie Museum	5,000	5,000	5,000	-		
Contribution to Nature Center	14,250	14,250	14,250	-		

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Overexpended</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS WITHIN "CAPS"						
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events						
Other Expenses	\$ 23,750	\$ 23,750	\$ 17,250	\$ 6,500		
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Solid Waste Recycling Landfill and Contingency Taxes	322,750	322,750	307,567	15,183		
MUNICIPAL COURT						
Salaries and Wages	104,307	104,307	101,084	3,223		
Other Expenses	17,650	17,650	8,923	8,727		
Public Defender						
Other Expenses	3,250	3,250	2,625	625		
UNIFORM CONSTRUCTION CODE						
Uniform Construction Code Enforcement Functions						
Salaries and Wages	353,540	353,540	353,020	520		
Other Expenses	44,800	44,800	41,228	3,572		
Other Code Enforcement Functions						
Zoning Officer						
Salaries and Wages	22,000	17,700	15,684	2,016		
Other Expenses	-	-	-	-		
Property Maintenance						
Salaries and Wages	40,500	44,800	43,122	1,678		
Other Expenses	365	365	-	365		
UNCLASSIFIED						
Utilities						
Electricity	100,000	100,000	99,737	263		
Street Lighting	145,000	145,000	129,888	15,112		
Telephone and Telegraph	50,000	50,000	38,032	11,968		
Water	50,000	50,000	35,674	14,326		
Natural Gas	40,000	40,000	29,726	10,274		
Sewer System	22,000	22,000	21,925	75		
Gasoline	229,000	229,000	118,055	110,945		
Total Operations Within "CAPS"	<u>13,194,268</u>	<u>13,194,268</u>	<u>12,117,197</u>	<u>1,077,209</u>	138	-
Detail:						
Salaries and Wages	7,580,089	7,580,089	7,257,483	322,606	-	-
Other Expenses	5,614,179	5,614,179	4,859,714	754,603	138	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges						
Overexpenditure of Appropriation Reserves	5,217	5,217	4,377	-	-	840
Total Deferred Charges - Municipal Within "CAPS"	<u>5,217</u>	<u>5,217</u>	<u>4,377</u>	<u>-</u>	<u>-</u>	<u>840</u>
Statutory Expenditures						
Contribution to:						
Social Security System	370,000	370,000	364,090	5,910		
Police and Firemen's Retirement Fund of NJ	1,037,000	1,037,000	1,029,907	7,093		
Public Employees' Retirement System	597,000	597,000	592,733	4,267		
Unemployment Insurance	25,000	25,000	19,639	5,361		
Defined Contribution Retirement Plan	11,000	11,000	6,516	4,484		
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	<u>2,045,217</u>	<u>2,045,217</u>	<u>2,017,262</u>	<u>27,115</u>	<u>-</u>	<u>840</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>15,239,485</u>	<u>15,239,485</u>	<u>14,134,459</u>	<u>1,104,324</u>	<u>138</u>	<u>840</u>

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Overexpended</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS - EXCLUDED FROM "CAPS"						
UTILITY EXPENSES AND BULK PURCHASES						
Bergen County Utilities Authority						
Operations	\$ 921,438	\$ 921,438	\$ 921,438	-		
Debt Service	249,412	249,412	249,412	-		
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	1,034,630	1,034,630	1,034,630	-		
GENERAL GOVERNMENT FUNCTIONS						
Reserve for Tax Appeals	50,000	50,000	50,000	-		
Employee Group Health	234,360	234,360		\$ 234,360		
PUBLIC SAFETY FUNCTIONS						
Length of Service Awards Program	43,000	43,000	-	43,000	-	-
Interboro Police Radio - Other Expenses	112,031	112,031	112,031	-	-	-
	<u>2,644,871</u>	<u>2,644,871</u>	<u>2,367,511</u>	<u>277,360</u>	<u>-</u>	<u>-</u>
Total Other Operations - Excluded from "CAPS"						
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Other Governmental Entities -						
Fuel Management - Gasoline	49,000	49,000	38,209	10,791		
Pistol Range	20,800	20,800	11,030	9,770	-	-
	<u>69,800</u>	<u>69,800</u>	<u>49,239</u>	<u>20,561</u>	<u>-</u>	<u>-</u>
Total Interlocal Municipal Service Agreements						
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
FEDERAL AND STATE GRANTS						
Clean Communities Grant	22,431	22,431	-	22,431		
Police Body Armor	1,977	1,977	-	1,977		
Recycling Tonnage Grant	16,000	16,000	9,988	6,012		
Distracted Driving	7,000	7,000	7,000	-		
Green Team Mini	500	500	-	500		
ANJEC Open Space for Environmental Comm	250	600	7	593		
NJ Community Forestry Grant	5,000	5,000	-	5,000		
BC OP SP Ruckman Park Walkway	119,571	119,571	-	119,571		
Body Worn Cameras Grant		10,397	-	10,397		
Green Acres Grant	76,000	76,000	-	76,000		
Community Energy Plan Grant	10,000	10,000	-	10,000		
Pedestrian Safety Enforcement	1,120	1,120	1,120	-		
Spotted Lanternfly Grant	10,000	10,000	10,000	-	-	-
	<u>269,849</u>	<u>280,596</u>	<u>28,115</u>	<u>252,481</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues						
	<u>2,984,520</u>	<u>2,995,267</u>	<u>2,444,865</u>	<u>550,402</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"						
Detail:						
Other Expenses	2,984,520	2,995,267	2,444,865	550,402	-	-

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

	<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>
CAPITAL IMPROVEMENTS -						
EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 60,000	\$ 60,000	\$ 60,000	-	-	-
Acquisition of Police Vehicles	<u>210,000</u>	<u>210,000</u>	<u>-</u>	<u>\$ 210,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>270,000</u>	<u>270,000</u>	<u>60,000</u>	<u>210,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -						
Payment of Bond Principal	1,010,000	1,010,000	1,010,000	-		
Payment of Bond Anticipation Notes	430,103	430,103	430,103	-		
Interest on Bonds	192,498	192,498	192,498	-		
Interest on Notes	<u>435,680</u>	<u>435,680</u>	<u>435,680</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Total Municipal Debt Service	<u>2,068,281</u>	<u>2,068,281</u>	<u>2,068,281</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>5,322,801</u>	<u>5,333,548</u>	<u>4,573,146</u>	<u>\$ 760,402</u>	<u>-</u>	<u>-</u>
Subtotal General Appropriations	20,562,286	20,573,033	18,707,605	1,864,726	\$ 138	840
RESERVE FOR UNCOLLECTED TAXES	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 21,612,286</u>	<u>\$ 21,623,033</u>	<u>\$ 19,757,605</u>	<u>\$ 1,864,726</u>	<u>\$ 138</u>	<u>\$ 840</u>
Adopted Budget		\$ 21,612,286				
Added by N.J.S.A. 40A:4-87		<u>10,747</u>				
		<u>\$ 21,623,033</u>				

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

	<u>2025</u>
ASSETS	
ANIMAL CONTROL TRUST FUND	
Cash	\$ 22,446
	<u>22,446</u>
OTHER TRUST FUND	
Cash	3,445,709
Due From General Capital Fund	<u>400,000</u>
	<u>3,845,709</u>
OPEN SPACE PRESERVATION TRUST FUND	
Cash	897,972
Due From Current Fund	<u>275,008</u>
	<u>1,172,980</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)	
Cash	<u>1,626,931</u>
	<u>1,626,931</u>
Total Assets	<u>\$ 6,668,066</u>

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

2025

LIABILITIES, RESERVES AND FUND BALANCE

ANIMAL CONTROL TRUST FUND

Due to State of New Jersey	\$ 4
Reserve for Animal Control Expenditures	<u>22,442</u>
	<u>22,446</u>

OTHER TRUST FUND

Escrow and Miscellaneous Reserves	3,433,225
Payroll and Payroll Deductions Payable	132,815
Due to Current Fund	<u>279,669</u>
	<u>3,845,709</u>

OPEN SPACE PRESERVATION TRUST FUND

Due to Current Fund	
Due to General Capital Fund	747,156
Reserve for Open Space Expenditures	<u>425,824</u>
	<u>1,172,980</u>

LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)

Reserve for Length of Service Award Program	<u>1,626,931</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 6,668,066</u>

**BOROUGH OF CLOSTER
STATEMENT OF REVENUES - REGULATORY BASIS -
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Modified Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	\$ 296,567	\$ 298,211	\$ 1,644
Non-Budget Revenues		<u>45,338</u>	
		<u>\$ 343,549</u>	

**STATEMENT OF EXPENDITURES - REGULATORY BASIS -
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)**

	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Lands for Recreation and Conservation			
Other Expenses	\$ 45,338	\$ -	\$ 45,338
Reserved for Future Use	<u>251,229</u>	<u>-</u>	<u>251,229</u>
	<u>\$ 296,567</u>	<u>\$ -</u>	<u>\$ 296,567</u>

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

ASSETS	<u>2025</u>
Cash	\$ 1,331,442
Deferred Charges to Future Taxation	
Funded	6,306,000
Unfunded	11,484,324
Grants Receivable	338,536
Due From Open Space Preservation Trust Fund	<u>747,156</u>
 Total Assets	 <u>\$ 20,207,458</u>
LIABILITIES, RESERVES AND FUND BALANCE	
Serial Bonds	\$ 6,306,000
Bond Anticipation Notes Payable	8,989,434
Improvement Authorizations	
Funded	808,967
Unfunded	2,123,679
Contracts Payable	849,025
Due To Current Fund	203,253
Due To Other Trust Fund	400,000
Capital Improvement Fund	6,250
Reserve for Grant Receivable	335,805
Reserve for Payment of Bonds	27,627
Reserve for Parking Improvements	81,022
Fund Balance	<u>76,396</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 20,207,458</u>

There were bonds and notes authorized but not issued of \$2,666,251 at December 31, 2025.

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

		<u>2025</u>
Balance, January 1	\$	228,450
Increased by:		
Premium on Notes Issued		<u>38,946</u>
		267,396
Decreased by:		
Anticipated as Revenue in Current Fund Budget	\$	60,000
Appropriated to Finance Improvement Authorizations		<u>131,000</u>
		<u>191,000</u>
Balance, December 31	\$	<u><u>76,396</u></u>

**BOROUGH OF CLOSTER
BALANCE SHEET - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2025 (UNAUDITED)**

	<u>2025</u>
ASSETS	
Cash	\$ <u>61,943</u>
Total Assets	\$ <u><u>61,943</u></u>
 LIABILITIES AND RESERVES	
Reserve for Public Assistance Expenditures	\$ <u>61,943</u>
Total Liabilities and Reserves	\$ <u><u>61,943</u></u>

This Page Intentionally Left Blank

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

THIS PAGE INTENTIONALLY LEFT BLANK

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

ROBERT LERCH, CPA, PSA, RMA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA, RMA
JOHN CUIFFO, CPA, PSA, RMA
DEBRA GOLLE, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Borough of Closter 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 and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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 Closter as of December 31, 2024 and 2023, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the years ended December 31, 2024 and 2023 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 Closter as of December 31, 2024 and 2023, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2024 and 2023. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 20 percent and 19 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2024 and 2023, respectively.

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 Closter 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 Closter'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 Closter'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 Closter'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
April 24, 2025

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

ASSETS	<u>2024</u>	<u>2023</u>
Cash	\$ 6,998,507	\$ 7,238,727
Change Fund	150	150
Grants Receivable	<u>53,097</u>	<u>30,308</u>
	<u>7,051,754</u>	<u>7,269,185</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	433,896	314,655
Tax Title Liens Receivable	163,782	106,865
Property Acquired for Taxes - Assessed Value	130,531	130,531
Due from Other Trust Fund		12,713
Due from General Capital Fund	137,657	52,178
Due from Open Space Trust Fund	26,936	
Revenue Accounts Receivable	<u>10,548</u>	<u>6,709</u>
	<u>903,350</u>	<u>623,651</u>
Deferred Charges		
Overexpenditure of Appropriations		17,922
Overexpenditure of Appropriation Reserves	<u>4,377</u>	<u>1,721</u>
	<u>4,377</u>	<u>19,643</u>
Total Assets	<u>\$ 7,959,481</u>	<u>\$ 7,912,479</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Appropriation Reserves	\$ 1,153,764	\$ 1,466,578
Encumbrances Payable	674,197	494,077
Due to State of New Jersey		
Senior Citizens and Veterans Deductions	14,628	15,025
Department of Human Services - Marriage License Fees	256	150
State Training Fees	2,780	3,891
State Lead Inspector Fees	2,460	100
Due to Open Space Trust Fund		330
Due to Other Trust Fund	14,366	-
Due to Closter Public Library	265	265
Prepaid Taxes	315,906	350,909
County Taxes Payable	12,685	10,234
Appropriated Grants Reserves	165,994	130,428
Unappropriated Grants Reserves	2,727	384,365
Reserve for Tax Appeals	<u>444,802</u>	<u>405,861</u>
Total Liabilities	2,804,830	3,262,213
Reserve for Receivables and Other Assets	903,350	623,651
Fund Balance	<u>4,251,301</u>	<u>4,026,615</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 7,959,481</u>	<u>\$ 7,912,479</u>

BOROUGH OF CLOSTER
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>
REVENUES AND OTHER INCOME REALIZED		
Surplus Anticipated	\$ 1,950,000	\$ 1,900,000
Miscellaneous Revenues Anticipated	3,586,783	3,336,116
Receipts from Delinquent Taxes	280,794	392,322
Receipts from Current Taxes	58,178,186	55,716,340
Non-Budget Revenues	273,842	240,627
Other Credits to Income		
Interfunds Returned	12,713	43,720
Unexpended Balance of Appropriation Reserves	<u>949,152</u>	<u>597,986</u>
 Total Revenues	 <u>65,231,470</u>	 <u>62,227,111</u>
 EXPENDITURES		
Municipal Budget	19,083,922	18,333,234
Local School District Taxes	23,060,247	22,211,386
County Taxes	6,617,806	6,226,273
Regional School District Taxes	13,901,343	13,155,593
Municipal Open Space Taxes	277,357	261,388
Other Debits		
Interfund Advance	112,415	64,891
Overexpenditure of Appropriation Reserves	4,377	1,721
Refund of Prior Year Revenue	<u>3,694</u>	<u>31,940</u>
 Total Expenditures	 <u>63,061,161</u>	 <u>60,286,426</u>
 Excess in Revenues	 2,170,309	 1,940,685
 Adjustments to Income Before Fund Balance		
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	 <u>4,377</u>	 <u>19,643</u>
 Statutory Excess to Fund Balance	 2,174,686	 1,960,328
 Fund Balance, January 1	 <u>4,026,615</u>	 <u>3,966,287</u>
	6,201,301	5,926,615
Decreased by:		
Utilization as Anticipated Revenue	<u>1,950,000</u>	<u>1,900,000</u>
 Fund Balance, December 31	 <u>\$ 4,251,301</u>	 <u>\$ 4,026,615</u>

BOROUGH OF CLOSTER
COMPARATIVE STATEMENTS OF REVENUES
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>		<u>2023</u>	
	<u>Budget After Modification</u>	<u>Actual</u>	<u>Budget After Modification</u>	<u>Actual</u>
Fund Balance Utilized	\$ 1,950,000	\$ 1,950,000	\$ 1,900,000	\$ 1,900,000
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	23,000	29,600	23,000	27,580
Other	15,000	34,050	15,000	30,593
Fees and Permits	80,000	127,506	80,000	94,733
Fines and Costs - Municipal Court	80,000	135,122	75,000	122,950
Interest on Costs on Taxes	60,000	71,628	60,000	85,141
Interest on Investments and Deposits	100,000	200,453	30,000	236,470
Cable Television Franchise Fees	90,000	92,271	90,000	92,570
Energy Receipts Tax	1,509,782	1,509,782	1,502,304	1,502,304
Watershed Moratorium Offset Aid	13,489	13,489	13,489	13,489
Uniform Construction Code Fees	375,000	504,884	400,000	399,827
Municipal Relief Fund	155,623	155,623	77,828	77,828
Other Government Entities - Fuel Mgmt. - Gasoline	70,000	49,600	70,000	55,226
Other Government Entities - Fire Arms	20,900	20,900	13,700	10,700
Recycling Tonnage Grant	16,565	16,565	26,493	26,493
Closter Green Team Grant	500	500	100	100
Police Body Armor	1,908	1,908	1,682	1,682
Alcohol Ed Rehab	858	858	260	260
Distracted Driving	7,000	7,000	7,000	7,000
Drunk Driving Education Fund	5,211	5,211		
Stormwater Assistance	10,000	10,000	25,000	25,000
Spotted Lanternfly	10,000	10,000	15,000	15,000
Lead Grant			6,500	6,500
Clean Communities Grant (2021)				
Clean Communities Grant	22,431	22,431	19,749	19,749
New Jersey Community Forestry Grant				
Food Security Task Force Sustainability Grant	1,632	1,632	1,048	1,048
Community Development Block Grant			15,500	15,500
ANJEC Open Space Grant for Environmental Commissions	2,500	2,500	300	300
Uniform Fire Safety Act	16,000	22,750	16,000	20,119
Cell Tower Rental	115,000	135,124	115,000	132,026
Rental Payments	14,000	16,346	13,000	14,414
Alpine Sewer Connection Fees	17,000	22,393	17,000	18,400
Police Outside Services - Administrative Fees	62,000	62,000	12,000	12,000
Reserve for Payment of Bonds	15,000	15,000		
American Rescue Plan	225,834	225,834	220,000	220,000
General Capital Fund Balance	63,823	63,823	51,114	51,114
Total Miscellaneous Revenues	<u>3,200,056</u>	<u>3,586,783</u>	<u>3,013,067</u>	<u>3,336,116</u>
Receipts from Delinquent Taxes	<u>300,000</u>	<u>280,794</u>	<u>350,000</u>	<u>392,322</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Municipal Library	963,294	963,294	859,670	859,670
Operations	<u>13,720,572</u>	<u>14,408,139</u>	<u>13,217,632</u>	<u>14,027,029</u>
Total Amount to be Raised	<u>14,683,866</u>	<u>15,371,433</u>	<u>14,077,302</u>	<u>14,886,699</u>
Total General Revenues	<u>\$ 20,133,922</u>	<u>\$ 21,189,010</u>	<u>\$ 19,340,369</u>	<u>\$ 20,515,137</u>

2024 STATEMENT OF EXPENDITURES

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 195,000	\$ 195,000	\$ 194,352	\$ 648	
Other Expenses	66,506	66,506	56,189	10,317	
Mayor and Council					
Salaries and Wages	-			-	
Other Expenses	18,600	18,600	11,410	7,190	
Municipal Clerk's Office					
Salaries and Wages	152,000	142,000	140,929	1,071	
Other Expenses	17,500	17,500	14,607	2,893	
Elections	8,500	8,500	8,397	103	
Financial Administration					
Salaries and Wages	159,000	167,503	167,503	-	
Other Expenses	74,550	80,550	40,783	39,767	
Audit Services					
Other Expenses	52,500	52,500	52,500	-	
Information Technology					
Salaries and Wages	20,000	20,000	19,640	360	
Other Expenses	25,700	25,700	21,985	3,715	
Tax Assessment Administration					
Salaries and Wages	59,000	59,000	58,897	103	
Other Expenses	84,600	84,600	81,660	2,940	
Revenue Administration					
Salaries and Wages	171,000	171,000	170,316	684	
Other Expenses	16,150	16,150	10,477	5,673	
Legal Services and Costs					
Other Expenses	220,500	220,500	156,645	63,855	
Engineering Services					
Other Expenses	36,319	36,319	19,277	17,042	
Economic Development					
Closter Improvement Committee	10,000	10,000	9,897	103	
Historical Commission					
Other Expenses	4,325	4,325	1,784	2,541	
Municipal Land Use Law					
Planning Board					
Salaries and Wages	38,000	38,000	37,811	189	
Other Expenses	26,680	26,680	15,126	11,554	
Zoning Board of Adjustment					
Salaries and Wages	-			-	
Other Expenses	91,030	91,030	29,927	61,103	
Insurance					
General Liability	256,680	300,180	259,107	41,073	
Workers Compensation Insurance	198,720	258,720	254,915	3,805	
Employee Group Health	1,973,955	1,834,476	1,650,952	183,524	
Health Benefit Waiver	7,500	7,500		7,500	
Other Insurance Premiums	750	750	585	165	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,990,888	3,010,588	2,958,198	52,390	
Salaries and Wages (ARP)	225,834	225,834	225,834	-	
Other Expenses	129,750	129,750	117,919	11,831	
Office of Emergency Management					
Salaries and Wages	12,000	12,000	11,699	301	
Other Expenses	11,000	11,000	5,682	5,318	
First Aid Organization - Contribution	50,000	50,000	50,000	-	

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS (Continued)					
Fire Prevention Bureau/Uniform Fire Safety					
Salaries and Wages	\$ 41,000	\$ 41,700	\$ 41,690	\$ 10	
Other Expenses	7,975	7,975	2,391	5,584	
Fire Protection					
Salaries and Wages	80,000	80,000	75,000	5,000	
Other Expenses	88,856	88,856	86,482	2,374	
Clothing Allowance	20,000	20,000	18,268	1,732	
Fire Hydrant Services	152,000	162,000	161,585	415	
Municipal Prosecutor					
Salaries and Wages	9,600	9,600	9,600	-	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	1,612,000	1,582,683	1,471,130	111,553	
Other Expenses	121,100	121,100	118,573	2,527	
Snow Removal					
Other Expenses	38,000	38,000	37,952	48	
Shade Tree Commission					
Salaries and Wages	4,210	4,210	4,209	1	
Other Expenses	70,000	70,000	64,021	5,979	
Solid Waste Collection					
Salaries and Wages	351,000	362,500	357,318	5,182	
Other Expenses	6,000	6,000	5,972	28	
Recycling					
Salaries and Wages	76,500	71,500	70,530	970	
Public Building and Grounds					
Salaries and Wages	95,000	95,000	93,757	1,243	
Other Expenses	124,500	124,500	115,336	9,164	
Vehicle Maintenance					
Salaries and Wages	190,000	202,914	202,914	-	
Other Expenses	265,000	265,000	264,944	56	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	84,250	84,250	83,116	1,134	
Other Expenses	38,685	38,685	36,030	2,655	
Environmental Commission					
Other Expenses	6,200	6,200	1,293	4,907	
Animal Control					
Other Expenses	13,836	13,836	13,579	257	
Employee Assistance Program	-	1,268	(1,268)	2,536	
Aid to Mental Health Center	1,000	1,000	-	1,000	
PARKS AND RECREATION FUNCTIONS					
Maintenance of Parks and Playgrounds	55,000	55,000	54,921	79	
Senior Citizens					
Other Expenses	15,600	15,600	10,987	4,613	
Board of Recreation Commissioners					
Salaries and Wages	88,500	88,500	85,021	3,479	
Other Expenses	36,900	37,111	37,111	-	
EDUCATION FUNCTIONS					
Contribution to Belskie Museum	5,000	5,000	5,000	-	
Contribution to Nature Center	15,000	15,000	15,000	-	

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	\$ 25,000	\$ 25,000	\$ 16,307	\$ 8,693	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Solid Waste Recycling Landfill and Contingency Taxes	367,166	367,166	272,585	94,581	
MUNICIPAL COURT					
Salaries and Wages	102,500	102,500	99,667	2,833	
Other Expenses	11,675	11,675	9,086	2,589	
Public Defender					
Other Expenses	3,250	3,250	3,250	-	
UNIFORM CONSTRUCTION CODE					
Uniform Construction Code Enforcement Functions					
Salaries and Wages	342,540	340,940	340,906	34	
Other Expenses	46,300	46,300	38,157	8,143	
Other Code Enforcement Functions					
Zoning Officer					
Salaries and Wages	21,500	14,100	14,072	28	
Other Expenses	300	300	-	300	
Property Maintenance					
Salaries and Wages	39,250	39,250	37,596	1,654	
Other Expenses	500	500	-	500	
UNCLASSIFIED					
Utilities					
Electricity	90,000	98,000	97,840	160	
Street Lighting	145,000	151,000	151,000	-	
Telephone and Telegraph	50,000	50,000	42,569	7,431	
Water	50,000	50,000	45,055	4,945	
Natural Gas	40,000	40,000	29,977	10,023	
Sewer System	23,000	23,000	22,977	23	
Gasoline	230,000	230,000	155,588	74,412	-
Total Operations Within "CAPS"	<u>12,705,230</u>	<u>12,700,730</u>	<u>11,774,097</u>	<u>926,633</u>	<u>-</u>
Detail:					
Salaries and Wages	3,798,684	3,767,484	3,636,549	130,935	-
Other Expenses	8,906,546	8,933,246	8,137,548	795,698	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges					
Overexpenditure of Appropriations	17,922	17,922	17,922		
Overexpenditure of Appropriation Reserves	1,721	1,721	1,721	-	-
Total Deferred Charges - Municipal Within "CAPS"	<u>19,643</u>	<u>19,643</u>	<u>19,643</u>	<u>-</u>	<u>-</u>
Statutory Expenditures					
Contribution to:					
Social Security System	340,000	344,500	344,491	9	
Police and Firemen's Retirement Fund of NJ	960,500	960,500	960,388	112	
Public Employees' Retirement System	569,545	569,545	565,543	4,002	
Unemployment Insurance	25,000	25,000	19,172	5,828	
Defined Contribution Retirement Plan	12,500	12,500	4,395	8,105	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	<u>1,927,188</u>	<u>1,931,688</u>	<u>1,913,632</u>	<u>18,056</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>14,632,418</u>	<u>14,632,418</u>	<u>13,687,729</u>	<u>944,689</u>	<u>-</u>

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority					
Operations	\$ 879,752	\$ 879,752	\$ 879,752		
Debt Service	239,591	239,591	239,591		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	963,294	963,294	963,294		
GENERAL GOVERNMENT FUNCTIONS					
Reserve for Tax Appeals	50,000	50,000	50,000		
Employee Group Health	55,522	55,522		\$ 55,522	
Liability Insurance	1,820	1,820		1,820	
Workers Compensation	3,280	3,280	-	3,280	
SOLID WASTE RECYCLING, LANDFILL AND CONTINGENCY TAX					
Other Expenses	1,584	1,584	-	1,584	
PUBLIC SAFETY FUNCTIONS					
Length of Service Awards Program	45,000	45,000	-	45,000	-
Interboro Police Radio - Other Expenses	112,031	112,031	112,031	-	-
	<u>2,351,874</u>	<u>2,351,874</u>	<u>2,244,668</u>	<u>107,206</u>	<u>-</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Other Governmental Entities -					
Fuel Management - Gasoline	70,000	70,000	38,027	31,973	
Pistol Range	20,900	20,900	3,349	17,551	-
	<u>90,900</u>	<u>90,900</u>	<u>41,376</u>	<u>49,524</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Clean Communities Grant	-	22,431	-	22,431	
Police Body Armor	1,908	1,908	1,908	-	
Recycling Tonnage Grant	-	16,565	-	16,565	
Bergen County Food Security Task Force	1,632	1,632	1,631	1	
Distracted Driving	-	7,000	7,000	-	
Drunk Driving Enforcement Fund	-	5,211	5,211	-	
Green Team Mini	500	500	-	500	
DEP Stormwater Assistance Grant	-	10,000	-	10,000	
ANJEC Open Space for Environmental Comm	2,000	2,500	510	1,990	
Alcohol Ed Rehab	-	858	-	858	
Spotted Lanternfly Grant	10,000	10,000	10,000	-	-
	<u>16,040</u>	<u>78,605</u>	<u>26,260</u>	<u>52,345</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>16,040</u>	<u>78,605</u>	<u>26,260</u>	<u>52,345</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,458,814</u>	<u>2,521,379</u>	<u>2,312,304</u>	<u>209,075</u>	<u>-</u>
Detail:					
Other Expenses	<u>2,458,814</u>	<u>2,521,379</u>	<u>2,312,304</u>	<u>209,075</u>	<u>-</u>

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

	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Expended</u>	
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENTS -					
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000	-	-
Total Capital Improvements	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	-	-
MUNICIPAL DEBT SERVICE -					
Payment of Bond Principal	975,000	975,000	975,000	-	
Payment of Bond Anticipation Notes	176,784	176,784	176,784	-	
Interest on Bonds	224,123	224,123	224,123	-	\$ 1
Interest on Notes	<u>454,218</u>	<u>454,218</u>	<u>454,218</u>	-	-
Total Municipal Debt Service	<u>1,830,125</u>	<u>1,830,125</u>	<u>1,830,125</u>	-	1
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,388,939</u>	<u>4,451,504</u>	<u>4,242,429</u>	\$ 209,075	1
Subtotal General Appropriations	19,021,357	19,083,922	17,930,158	1,153,764	1
RESERVE FOR UNCOLLECTED TAXES	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,050,000</u>	-	-
Total General Appropriations	<u>\$ 20,071,357</u>	<u>\$ 20,133,922</u>	<u>\$ 18,980,158</u>	<u>\$ 1,153,764</u>	<u>\$ 1</u>
Adopted Budget		\$ 20,071,357			
Added by N.J.S.A. 40A:4-87		<u>62,565</u>			
		<u>\$ 20,133,922</u>			

2023 STATEMENT OF EXPENDITURES

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Overexpended</u>	<u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS						
General Administration						
Salaries and Wages	\$ 189,000	\$ 194,792	\$ 196,173		\$ 1,381	
Other Expenses	64,500	64,500	64,031	\$ 469		
Mayor and Council						
Salaries and Wages	37,000	37,000	37,000	-		
Other Expenses	7,100	7,100	7,100	-		
Municipal Clerk's Office						
Salaries and Wages	150,000	144,208	139,931	4,277		
Other Expenses	20,275	20,275	16,994	3,281		
Elections	10,000	8,000	7,269	731		
Financial Administration						
Salaries and Wages	159,000	159,000	146,683	12,317		
Other Expenses	68,350	55,891	46,199	9,692		
Audit Services						
Other Expenses	53,500	53,500	-	53,500		
Information Technology						
Salaries and Wages	15,000	15,000	14,255	745		
Salaries and Wages (ARP)	5,000	5,000	5,000	-		
Other Expenses	25,700	25,700	21,492	4,208		
Tax Assessment Administration						
Salaries and Wages	58,000	58,000	57,595	405		
Other Expenses	63,400	75,859	76,551		692	
Revenue Administration						
Salaries and Wages	166,000	166,000	166,680		680	
Other Expenses	18,000	15,841	9,277	6,564		
Legal Services and Costs						
Other Expenses	212,500	212,500	141,776	70,724		
Engineering Services						
Other Expenses	40,360	40,360	20,360	20,000		
Economic Development						
Closter Improvement Committee	10,000	10,000	8,890	1,110		
Historical Commission						
Other Expenses	4,300	4,300	929	3,371		
Municipal Land Use Law						
Planning Board						
Salaries and Wages	36,000	36,000	32,171	3,829		
Other Expenses	19,950	19,950	11,779	8,171		
Zoning Board of Adjustment						
Other Expenses	15,550	15,550	10,036	5,514		
Insurance						
General Liability	248,000	248,000	236,366	11,634		
Workers Compensation Insurance	192,000	192,000	192,000	-		
Employee Group Health	1,534,000	1,534,000	1,375,612	158,388		
Health Benefit Waiver	14,000	14,000	-	14,000		
Other Insurance Premiums	750	750	669	81		
PUBLIC SAFETY FUNCTIONS						
Police Department						
Salaries and Wages	3,123,452	3,123,452	3,017,876	105,576		
Salaries and Wages (ARP)	91,000	91,000	91,000	-		
Other Expenses	128,000	128,000	116,314	11,686		
Office of Emergency Management						
Salaries and Wages	11,500	11,500	11,380	120		
Other Expenses	11,000	11,000	6,521	4,479		
First Aid Organization - Contribution	37,000	37,000	37,000	-		
First Aid Organization - Contribution (ARP)	13,000	13,000	13,000	-		

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Overexpended</u>	<u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>		
OPERATIONS WITHIN "CAPS"						
PUBLIC SAFETY FUNCTIONS (Continued)						
Fire Prevention Bureau/Uniform Fire Safety						
Salaries and Wages	\$ 41,000	\$ 41,000	\$ 39,629	\$ 1,371		
Other Expenses	7,775	7,775	4,450	3,325		
Fire Protection						
Salaries and Wages	80,000	-	-	-		
Other Expenses	88,856	168,856	156,254	12,602		
Clothing Allowance	20,000	20,000	14,107	5,893		
Fire Hydrant Services	160,000	160,000	150,901	9,099		
Municipal Prosecutor						
Salaries and Wages	9,600	9,600	8,100	1,500		
PUBLIC WORKS FUNCTIONS						
Streets and Road Maintenance						
Salaries and Wages	1,499,500	1,499,500	1,403,902	95,598		
Other Expenses	121,100	121,100	120,903	197		
Snow Removal						
Other Expenses	40,000	40,000	39,758	242		
Shade Tree Commission						
Salaries and Wages	4,125	4,125	4,114	11		
Other Expenses	77,000	77,000	74,027	2,973		
Solid Waste Collection						
Salaries and Wages	315,500	315,500	314,439	1,061		
Salaries and Wages (ARP)	22,500	22,500	22,500	-		
Other Expenses	6,000	6,000	5,446	554		
Recycling						
Salaries and Wages	68,310	68,310	66,695	1,615		
Public Building and Grounds						
Salaries and Wages	92,000	92,000	91,694	306		
Other Expenses	84,500	84,500	78,735	5,765		
Other Expenses (ARP)	40,000	40,000	40,000	-		
Vehicle Maintenance						
Salaries and Wages	170,500	170,500	170,332	168		
Other Expenses	225,000	225,000	223,663	1,337		
Other Expenses (ARP)	40,000	40,000	40,000	-		
HEALTH AND HUMAN SERVICES FUNCTIONS						
Public Health Services						
Salaries and Wages	83,000	83,000	81,775	1,225		
Other Expenses	34,699	35,858	36,039		\$ 181	
Environmental Commission						
Other Expenses	7,725	7,725	927	6,798		
Animal Control						
Other Expenses	13,321	13,321	13,321	-		
Aid to Mental Health Center	1,000	1,000	-	1,000		
PARKS AND RECREATION FUNCTIONS						
Maintenance of Parks and Playgrounds	51,000	51,000	51,000	-		
Senior Citizens						
Other Expenses	14,500	15,500	13,574	1,926		
Board of Recreation Commissioners						
Salaries and Wages	88,250	88,250	86,649	1,601		
Other Expenses	36,900	36,900	36,900	-		
EDUCATION FUNCTIONS						
Contribution to Belskie Museum	5,000	5,000	5,000	-		
Contribution to Nature Center	17,000	17,000	-	17,000		

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Overexpended</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS WITHIN "CAPS"						
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events						
Other Expenses	\$ 25,000	\$ 25,000	\$ 15,750	\$ 9,250		
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Solid Waste Recycling Landfill and Contingency Taxes	306,497	306,497	269,121	37,376		
MUNICIPAL COURT						
Salaries and Wages	95,000	95,000	99,795		\$ 4,795	
Other Expenses	4,950	6,950	7,169		219	
Public Defender						
Other Expenses	3,250	3,250	3,250	-		
UNIFORM CONSTRUCTION CODE						
APPROPRIATIONS OFFSET BY DEDICATED REVENUES						
Uniform Construction Code Enforcement Functions						
Salaries and Wages	347,540	347,540	325,691	21,849		
Other Expenses	43,700	43,700	42,911	789		
Other Code Enforcement Functions						
Zoning Officer						
Salaries and Wages	47,000	47,000	14,817	32,183		
Property Maintenance						
Salaries and Wages	58,000	58,000	26,852	31,148		
UNCLASSIFIED						
Utilities						
Electricity	85,000	87,195	79,865	7,330		
Street Lighting	145,000	145,000	132,307	12,693		
Telephone and Telegraph	65,000	62,805	37,329	25,476		
Water	90,000	90,000	25,317	64,683		
Natural Gas	40,000	40,000	22,059	17,941		
Sewer System	14,500	14,500	2,451	12,049		
Sewer System (ARP)	8,500	8,500	8,500	-		
Gasoline	269,100	269,100	113,311	155,789	-	-
Total Operations Within "CAPS"	<u>12,065,885</u>	<u>12,065,885</u>	<u>10,957,238</u>	<u>1,116,595</u>	<u>7,948</u>	<u>-</u>
Detail:						
Salaries and Wages	3,571,825	3,469,325	3,266,658	209,523	6,856	-
Other Expenses	<u>8,494,060</u>	<u>8,596,560</u>	<u>7,690,580</u>	<u>907,072</u>	<u>1,092</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges						
Overexpenditure of Appropriations	944	944	944			
Overexpenditure of Appropriation Reserves	<u>25,233</u>	<u>25,233</u>	<u>25,233</u>	-	-	-
Total Deferred Charges - Municipal Within "CAPS"	<u>26,177</u>	<u>26,177</u>	<u>26,177</u>	-	-	-
Statutory Expenditures						
Contribution to:						
Social Security System	325,000	325,000	334,974		9,974	
Police and Firemen's Retirement Fund of NJ	914,001	914,001	914,001	-		
Public Employees' Retirement System	460,446	460,446	460,446	-		
Unemployment Insurance	25,000	25,000	19,232	5,768		
Defined Contribution Retirement Plan	<u>10,000</u>	<u>10,000</u>	<u>7,198</u>	<u>2,802</u>	-	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	<u>1,760,624</u>	<u>1,760,624</u>	<u>1,762,028</u>	<u>8,570</u>	<u>9,974</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>13,826,509</u>	<u>13,826,509</u>	<u>12,719,266</u>	<u>1,125,165</u>	<u>17,922</u>	<u>-</u>

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

	<u>Appropriated</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
UTILITY EXPENSES AND BULK PURCHASES						
Bergen County Utilities Authority						
Operations	\$ 902,230	\$ 902,230	\$ 902,230			
Debt Service	222,265	222,265	222,262	\$ 3		
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	859,670	859,670	859,670	-		
GENERAL GOVERNMENT FUNCTIONS						
Reserve for Tax Appeals	50,000	50,000	50,000	-		
INSURANCE						
Employee Group Health	99,000	99,000	-	99,000		
RECYCLING						
Salaries and Wages	6,690	6,690	6,690	-		
SOLID WASTE RECYCLING, LANDFILL AND CONTINGENCY TAX						
Other Expenses	48,253	48,253	-	48,253		
UTILITIES AND BULK PURCHASES						
Gasoline	40,900	40,900	-	40,900		
STATUTORY EXPENDITURES						
Police and Firemen's Pension System	116,205	116,205	116,205	-		
PUBLIC SAFETY FUNCTIONS						
Length of Service Awards Program	50,000	50,000	-	50,000	-	-
Total Other Operations - Excluded from "CAPS"	2,395,213	2,395,213	2,157,057	238,156	-	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Other Governmental Entities -						
Fuel Management - Gasoline	70,000	70,000	45,832	24,168		
911 Dispatch	112,097	112,097	112,097	-		
Pistol Range	13,700	13,700	10,739	2,961	-	-
Total Interlocal Municipal Service Agreements	195,797	195,797	168,668	27,129	-	-
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
FEDERAL AND STATE GRANTS						
Clean Communities Grant	-	19,749	3,422	16,327		
Police Body Armor	1,682	1,682	-	1,682		
Recycling Tonnage Grant	26,493	26,493	9,373	17,120		
Bergen County Food Security Task Force	1,048	1,048	-	1,048		
Udrive-Utext-Upay-Distracted Driving	-	7,000	7,000	-		
Green Team Mini	100	100	-	100		
CDBG Grant - Borough ADA Doors	15,500	15,500	-	15,500		
DEP Stormwater Assistance Grant	-	25,000	13,333	11,667		
ANJEC Open Space for Environmental Comm	300	300	26	274		
Alcohol Ed Rehab		260		260		
Lead Grant Assistance	-	6,500	850	5,650		
Spotted Lanternfly Grant	-	15,000	8,500	6,500	-	-
Total Public and Private Programs Offset by Revenues	45,123	118,632	42,504	76,128	-	-
Total Operations Excluded from "CAPS"	2,636,133	2,709,642	2,368,229	341,413	-	-
Detail:						
Other Expenses	2,636,133	2,709,642	2,368,229	341,413	-	-

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

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>			
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpended</u>	<u>Cancelled</u>
			<u>Charged</u>			
CAPITAL IMPROVEMENTS -						
EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 100,000	\$ 100,000	\$ 100,000	-	-	-
MUNICIPAL DEBT SERVICE -						
EXCLUDED FROM "CAPS"						
Payment of Bond Principal	945,000	945,000	945,000	-		
Payment of Bond Anticipation Notes	207,427	207,427	207,370			\$ 57
Interest on Notes	272,093	272,093	272,093	-	-	-
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,679,218</u>	<u>1,679,218</u>	<u>1,679,161</u>	-	-	57
Total General Appropriations for Municipal						
Subtotal General Appropriations	18,241,860	18,315,369	16,866,656	1,466,578	\$ 17,922	57
RESERVE FOR UNCOLLECTED TAXES	<u>1,025,000</u>	<u>1,025,000</u>	<u>1,025,000</u>	-	-	-
Total General Appropriations	<u>\$ 19,266,860</u>	<u>\$ 19,340,369</u>	<u>\$ 17,891,656</u>	<u>\$ 1,466,578</u>	<u>\$ 17,922</u>	<u>\$ 57</u>
Adopted Budget		\$ 19,266,860				
N.J.S.A. 40A:4-87		<u>73,509</u>				
		<u>\$ 19,340,369</u>				

BOROUGH OF CLOSTER
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	\$ 17,708	\$ 14,063
	<u>17,708</u>	<u>14,063</u>
OTHER TRUST FUND		
Cash	4,501,655	4,009,819
Due From Current Fund	<u>14,366</u>	<u>-</u>
	<u>4,516,021</u>	<u>4,009,819</u>
OPEN SPACE PRESERVATION TRUST FUND		
Cash	1,805,616	1,719,158
Due From Current Fund	<u>-</u>	<u>330</u>
	<u>1,805,616</u>	<u>1,719,488</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)		
Investment	1,584,205	1,322,478
Contribution Receivable	<u>42,726</u>	<u>39,772</u>
	<u>1,626,931</u>	<u>1,362,250</u>
Total Assets	<u>\$ 7,966,276</u>	<u>\$ 7,105,620</u>

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

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL TRUST FUND		
Reserve for Animal Control Expenditures	\$ 17,708	\$ 14,063
	<u>17,708</u>	<u>14,063</u>
OTHER TRUST FUND		
Escrow and Miscellaneous Reserves	4,442,228	3,924,375
Payroll and Payroll Deductions Payable	73,793	72,731
Due to Current Fund	<u>-</u>	<u>12,713</u>
	<u>4,516,021</u>	<u>4,009,819</u>
OPEN SPACE PRESERVATION TRUST FUND		
Due to Current Fund	26,936	
Due to General Capital Fund	1,283,656	834,194
Reserve for Open Space Expenditures	<u>495,024</u>	<u>885,294</u>
	<u>1,805,616</u>	<u>1,719,488</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)		
Reserve for Length of Service Award Program	<u>1,626,931</u>	<u>1,362,250</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 7,966,276</u>	 <u>\$ 7,105,620</u>

**BOROUGH OF CLOSTER
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>		<u>2023</u>	
	<u>Budget After Modification</u>	<u>Actual</u>	<u>Budget After Modification</u>	<u>Actual</u>
Amount to be Raised by Taxation	\$ 276,682	\$ 277,357	\$ 260,813	\$ 261,388

EXHIBIT B-2

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

	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Lands for Recreation and Conservation			
Other Expenses	\$ 27,941	\$ 23,830	\$ 4,111
Reserved for Future Use	249,416	-	249,416
	<u>\$ 277,357</u>	<u>\$ 23,830</u>	<u>\$ 253,527</u>

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Lands for Recreation and Conservation			
Other Expenses	\$ 22,193	\$ 22,193	-
Reserved for Future Use	238,620	-	238,620
	<u>\$ 260,813</u>	<u>\$ 22,193</u>	<u>\$ 238,620</u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 3,799,052	\$ 5,554,254
Deferred Charges to Future Taxation		
Funded	7,316,000	8,291,000
Unfunded	10,807,075	9,951,536
Grants Receivable	233,903	78,170
Due From Open Space Preservation Trust Fund	<u>1,283,656</u>	<u>834,194</u>
 Total Assets	 <u>\$ 23,439,686</u>	 <u>\$ 24,709,154</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Serial Bonds	\$ 7,316,000	\$ 8,291,000
Bond Anticipation Notes Payable	9,708,719	10,093,725
Improvement Authorizations		
Funded	1,061,953	871,486
Unfunded	3,620,602	3,336,985
Contracts Payable	1,011,484	1,557,451
Due To Current Fund	137,657	52,178
Capital Improvement Fund		103,664
Reserve for Grant Receivable	231,172	2,691
Reserve for Payment of Bonds	42,627	57,627
Reserve for Parking Improvements	81,022	81,022
Fund Balance	<u>228,450</u>	<u>261,325</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 23,439,686</u>	 <u>\$ 24,709,154</u>

There were bonds and notes authorized but not issued of \$1,387,538 and \$605,533 at December 31, 2024 and 2023, respectively.

BOROUGH OF CLOSTER
COMPARATIVE STATEMENTS OF 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	\$ 261,325	\$ 248,616
Increased by:		
Premium on Notes Issued	2,112	
Cancelled Improvement Authorizations	<u>28,836</u>	<u>63,823</u>
	292,273	312,439
Decreased by:		
Anticipated as Revenue in Current Fund Budget	<u>63,823</u>	<u>51,114</u>
Balance, December 31	<u>\$ 228,450</u>	<u>\$ 261,325</u>

**BOROUGH OF CLOSTER
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 48,534	\$ 40,673
Total Assets	<u>\$ 48,534</u>	<u>\$ 40,673</u>
 LIABILITIES AND RESERVES		
Reserve for Public Assistance Expenditures	\$ 48,534	\$ 40,673
Total Liabilities and Reserves	<u>\$ 48,534</u>	<u>\$ 40,673</u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Land and Land Improvements	\$ 83,725,025	\$ 82,325,600
Buildings and Building Improvements	6,542,426	6,542,426
Vehicles and Equipment	<u>12,442,988</u>	<u>12,197,567</u>
	<u>\$ 102,710,439</u>	<u>\$ 101,065,593</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 102,710,439</u>	<u>\$ 101,065,593</u>

This Page Intentionally Left Blank

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Closter (the “Borough”) was incorporated in 1904 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 and rescue corps 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 Closter 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 CLOSTER
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 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.

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

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the 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.

**BOROUGH OF CLOSTER
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

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 Closter 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. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. 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.

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.

**BOROUGH OF CLOSTER
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)

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).

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.

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 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.

**BOROUGH OF CLOSTER
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)

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

Pensions – The 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 it’s share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the proprietary funds and proprietary funds and government-wide financial statements.

Leases Receivable – Leases for the use of the Borough’s land equipment are recorded as revenue when repayment is received during the year. GAAP requires non-cancellable leases receivable to be recorded at year-end with an offsetting deferred outflow of resources in both the fund 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 it’s actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Closter has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 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 purchased after December 31, 2011 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2011 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.

GAAP requires that capital assets be recorded in 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 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 CLOSTER
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 (Except Open Space Preservation Trust Fund)
General Capital Fund
Public Assistance Trust 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 original budget by \$62,565 and \$73,509. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2024 and 2023.

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

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 \$17,171,222 and \$18,576,844 and bank and brokerage firm balances of the Borough's deposits amounted to \$17,545,347 and \$18,989,368, 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	\$ 16,926,272	\$ 18,161,980
Uninsured and Collateralized	<u>619,075</u>	<u>827,388</u>
	<u>\$ 17,545,347</u>	<u>\$ 18,989,368</u>

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 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	<u>\$ 619,075</u>	<u>\$ 827,388</u>

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2024 and 2023 the Borough had the following investments:

	<u>2024</u>	<u>Fair Value</u>	<u>2023</u>
Uninsured and Collateralized:			
Collateral held by pledging financial institution's trust department but not in the Borough's name (Unaudited)	\$ 1,584,205		\$ 1,322,478

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2024 and 2023, \$1,584,205 and \$1,322,478 of the Borough’s investments were exposed to custodial credit risk as follows:

	<u>2024</u>	<u>Fair Value</u>	<u>2023</u>
Investment			
Length of Service Awards Program Lincoln Financial (Unaudited)	\$ 1,584,205		\$ 1,322,478

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2024 and 2023, the Borough’s investment in Lincoln Financial Group was rated A2 and A1, respectively by Moody’s Investor and A+ and AA-, respectively by Standard and Poor’s .

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total investments.

Fair Value of Investments. The Borough of Closter measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2024 and 2023 are categorized as Level 2.

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.

NOTE 4 TAXES RECEIVABLE

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

	<u>2024</u>	<u>2023</u>
Property Taxes	\$ 433,896	\$ 314,655
Tax Title Liens	163,782	106,865
	\$ 597,678	\$ 421,520

In 2024 and 2023, the Borough collected \$280,794 and \$392,322 from delinquent taxes, which represented 89% and 100%, respectively of the prior year delinquent taxes receivable balance.

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

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	\$ 164,593	\$ 14,366	\$ 64,891	\$ 330
Trust Funds				
Open Space Preservation Trust Fund		1,310,592	330	834,194
Other Trust Fund	14,366			12,713
Animal Control Trust Fund				-
General Capital Fund	<u>1,283,656</u>	<u>137,657</u>	<u>834,194</u>	<u>52,178</u>
Total	<u>\$ 1,462,615</u>	<u>\$ 1,462,615</u>	<u>\$ 899,415</u>	<u>\$ 899,415</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

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

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			
Overexpenditure of Appropriations Reserves	<u>\$ 4,377</u>	<u>\$ 4,377</u>	<u>-</u>
	<u>\$ 4,377</u>	<u>\$ 4,377</u>	<u>\$ -</u>
<u>2023</u>			
Current Fund			
Overexpenditure of Appropriations	\$ 17,922	\$ 17,922	
Overexpenditure of Appropriations Reserves	<u>1,721</u>	<u>1,721</u>	<u>-</u>
	<u>\$ 19,643</u>	<u>\$ 19,643</u>	<u>\$ -</u>

**BOROUGH OF CLOSTER
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 is 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:

	Fund Balance December 31, <u>2024</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2023</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 4,193,827	\$ 2,025,000	\$ 3,976,664	\$ 1,950,000
Non-Cash Surplus	<u>57,474</u>	<u>-</u>	<u>49,951</u>	<u>-</u>
	<u>\$ 4,251,301</u>	<u>\$ 2,025,000</u>	<u>\$ 4,026,615</u>	<u>\$ 1,950,000</u>

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>Additions</u>	Retirements/ <u>Adjustments</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Land	\$ 82,325,600		\$ 7,000	82,318,600
Land Improvements		\$ 1,406,425		1,406,425
Buildings and Building Impvts.	6,542,426			6,542,426
Vehicles and Equipment	<u>12,197,567</u>	<u>360,045</u>	<u>114,624</u>	<u>12,442,988</u>
	<u>\$ 101,065,593</u>	<u>\$ 1,766,470</u>	<u>\$ 121,624</u>	<u>\$ 102,710,439</u>
	Balance, December 31, <u>2022</u>	<u>Additions</u>	Retirements/ <u>Adjustments</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Land	\$ 82,325,600			\$ 82,325,600
Buildings and Building Impvts.	6,542,426			6,542,426
Vehicles and Equipment	<u>11,512,914</u>	<u>\$ 889,773</u>	<u>\$ 205,120</u>	<u>12,197,567</u>
	<u>\$ 100,380,940</u>	<u>\$ 889,773</u>	<u>\$ 205,120</u>	<u>\$ 101,065,593</u>

**BOROUGH OF CLOSTER
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 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	\$ 17,024,719	\$ 18,384,725
Less Funds Temporarily Held to Pay Bonds and Notes	<u>331,809</u>	<u>805,349</u>
Net Debt Issued	16,692,910	17,579,376
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,387,538</u>	<u>605,533</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 18,080,448</u>	<u>\$ 18,184,909</u>

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 0.636% and 0.727% at December 31, 2024 and 2023, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
General Debt	\$ 18,412,257	\$ 331,809	\$ 18,080,448
School Debt	<u>7,857,049</u>	<u>7,857,049</u>	<u>-</u>
Total	<u>\$ 26,269,306</u>	<u>\$ 8,188,858</u>	<u>\$ 18,080,448</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General Debt	\$ 18,990,258	\$ 805,349	\$ 18,184,909
School Debt	<u>8,604,504</u>	<u>8,604,504</u>	<u>-</u>
Total	<u>\$ 27,594,762</u>	<u>\$ 9,409,853</u>	<u>\$ 18,184,909</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

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)	\$ 100,013,564	\$ 91,510,795
Net Debt	<u>18,080,448</u>	<u>18,184,909</u>
Remaining Borrowing Power	<u>\$ 81,933,116</u>	<u>\$ 73,325,886</u>

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>
\$7,370,000, 2018 Bonds, due in annual installments of \$820,000 to \$900,000 through February 15, 2028, interest at 3.00%	\$ 3,435,000	\$ 4,230,000
\$4,566,000, 2020 Bonds, due in annual installments of \$190,000 to \$301,000 through June 1, 2040, interest at 2.00% to 4.00%	<u>3,881,000</u>	<u>4,061,000</u>
	<u>\$ 7,316,000</u>	<u>\$ 8,291,000</u>

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

Calendar Year	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,010,000	\$ 192,498	\$ 1,202,498
2026	1,040,000	159,823	1,199,823
2027	1,075,000	126,098	1,201,098
2028	1,115,000	91,148	1,206,148
2029	220,000	68,948	288,948
2030-2034	1,205,000	242,688	1,447,688
2035-2039	1,350,000	110,062	1,460,062
2040	<u>301,000</u>	<u>3,386</u>	<u>304,386</u>
	<u>\$ 7,316,000</u>	<u>\$ 994,651</u>	<u>\$ 8,310,651</u>

**BOROUGH OF CLOSTER
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

The Borough's long-term capital debt activity 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>
General Capital Fund Bonds Payable	\$ 8,291,000	\$ -	\$ 975,000	\$ 7,316,000	\$ 1,010,000
General Capital Fund Long-Term Liabilities	<u>\$ 8,291,000</u>	<u>\$ -</u>	<u>\$ 975,000</u>	<u>\$ 7,316,000</u>	<u>\$ 1,010,000</u>
	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
General Capital Fund Bonds Payable	\$ 9,236,000	\$ -	\$ 945,000	\$ 8,291,000	\$ 975,000
General Capital Fund Long-Term Liabilities	<u>\$ 9,236,000</u>	<u>\$ -</u>	<u>\$ 945,000</u>	<u>\$ 8,291,000</u>	<u>\$ 975,000</u>

**BOROUGH OF CLOSTER
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>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2023</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2024</u>
Various Capital Improvements	5/31/2024	4.50%	\$ 3,947,892		\$ 3,947,892	
	5/28/2025	4.50%		\$ 3,750,648		\$ 3,750,648
Acquisition of Sewer Equipment & Vehicles	5/31/2024	4.50%	395,988		395,988	
	5/28/2025	4.50%		378,726		378,726
Various Capital Improvements	5/31/2024	4.50%	1,120,770		1,120,770	
	5/28/2025	4.50%		960,270		960,270
2020 Road Program	5/31/2024	4.50%	280,000		280,000	
	5/28/2025	4.50%		265,000		265,000
Acquisition of Fire Equipment	5/31/2024	4.50%	45,125		45,125	
	5/28/2025	4.50%		45,125		45,125
Acquisition of Vehicles	5/31/2024	4.50%	621,300		621,300	
	5/28/2025	4.50%		621,300		621,300
Improvement of Waterways	5/31/2024	4.50%	1,521,755		1,521,755	
	5/28/2025	4.50%		1,521,755		1,521,755
Road Reconstruction	5/31/2024	4.50%	954,800		954,800	
	5/28/2025	4.50%		473,800		473,800
Various Capital Improvements	5/31/2024	4.50%	1,049,275		1,049,275	
	5/28/2025	4.50%		1,049,275		1,049,275
Various Road Improvements	5/31/2024	4.50%	156,820		156,820	
	5/28/2025	4.50%		156,820		156,820
Various Road Improvements	5/28/2025	4.50%	-	486,000	-	486,000
Total			\$ 10,093,725	\$ 9,708,719	\$ 10,093,725	\$ 9,708,719

**BOROUGH OF CLOSTER
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>Date of Maturity</u>	<u>Interest Rate</u>	<u>December 31, 2022</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>December 31, 2023</u>
Various Capital Improvements	6/1/2023 5/31/2024	3.00% 4.50%	\$ 4,138,000	\$ 3,947,892	\$ 4,138,000	\$ 3,947,892
Acquisition of Property	6/1/2023 5/31/2024	3.00% 4.50%	413,250 -	395,988	413,250	- 395,988
Various Capital Improvements	6/1/2023 5/31/2024	3.00% 4.50%	1,120,770	1,120,770	1,120,770	- 1,120,770
2020 Road Program	6/1/2023 5/31/2024	3.00% 4.50%	280,000	280,000	280,000	- 280,000
Acquisition of Fire Equipment	6/1/2023 5/31/2024	3.00% 4.50%	45,125	45,125	45,125	- 45,125
Acquisition of Vehicles	6/1/2023 5/31/2024	3.00% 4.50%	621,300	621,300	621,300	- 621,300
Road Reconstruction	6/1/2023 5/31/2024	3.00% 4.50%	954,800	954,800	954,800	- 954,800
Improvement of Waterways	6/1/2023	3.00%	1,521,755	- 1,521,755	1,521,755	- 1,521,755
Various Capital Improvements	5/31/2024	4.50%		1,049,275		1,049,275
Various Road Improvements	5/31/2024	4.50%	-	156,820	-	156,820
Total			<u>\$ 9,095,000</u>	<u>\$ 10,093,725</u>	<u>\$ 9,095,000</u>	<u>\$ 10,093,725</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.

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.

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

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>Commitment</u>	<u>Estimated Date of Completion</u>
<u>2024</u>		
Anderson Brook Stream Cleaning	\$ 153,810	2025
Ruckman Park Pickleball Improvements	140,266	2025
<u>2023</u>		
Acquisition of Vehicles	\$ 440,791	2024
Road Wall Reconstruction Project	376,612	2024

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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 \$1,549,565 and \$1,774,286 at December 31, 2024 and 2023, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024 and 2023, the Borough has reserved in the Other Trust Fund \$364,705 and \$569,179, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

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.

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

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

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 Net Pension Liability	\$ 1,774,286		\$ 224,721	\$ 1,549,565	
PERS (1)	6,128,960			6,128,960	
PFRS (1)	7,971,086			7,971,086	
Net OPEB Liability	<u>14,640,675</u>	<u>\$ 82,773</u>	<u>-</u>	<u>14,723,448</u>	<u>-</u>
 Total Other Long-Term Liabilities	 <u>\$ 30,515,007</u>	 <u>\$ 82,773</u>	 <u>\$ 224,721</u>	 <u>\$ 30,373,059</u>	 <u>\$ -</u>
	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 Net Pension Liability	\$ 1,445,835	\$ 328,451		\$ 1,774,286	
PERS	5,510,309	618,651		6,128,960	
PFRS	9,066,991	-	\$ 1,095,905	7,971,086	
Net OPEB Liability	<u>11,166,941</u>	<u>3,473,734</u>	<u>-</u>	<u>14,640,675</u>	<u>-</u>
 Total Other Long-Term Liabilities	 <u>\$ 27,190,076</u>	 <u>\$ 4,420,836</u>	 <u>\$ 1,095,905</u>	 <u>\$ 30,515,007</u>	 <u>\$ -</u>

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

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

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:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (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.

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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.

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.

Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

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.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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/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.

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.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 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	\$ 960,388	\$ 565,543	\$ 9,679
2023	1,030,206	460,446	7,198
2022	883,093	454,089	7,600

For the years ended December 31, 2024, 2023 and 2022 the Borough was not required to contribute for long-term disability insurance premiums (LTDI) for PERS or PFRS.

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 which 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 CLOSTER
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 \$6,128,960, 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 0.04231 percent, which was an increase of 0.00058 percentage points from its proportionate share measured as of June 30, 2022 of 0.03651 percent.

For the year ended December 31, 2023, the pension system has determined the Borough's pension expense to be \$54,186, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$460,446. 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:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 58,601	\$ 25,053
Changes of Assumptions	13,464	371,441
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	28,225	-
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>784,980</u>	<u>375,916</u>
Total	<u>\$ 885,270</u>	<u>\$ 772,410</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 benefit as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2024	\$ (255,505)
2025	(103,769)
2026	324,629
2027	132,884
2028	14,621
Thereafter	<u>-</u>
	<u>\$ 112,860</u>

**BOROUGH OF CLOSTER
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 CLOSTER
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 CLOSTER
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>\$ 7,978,602</u>	<u>\$ 6,128,960</u>	<u>\$ 4,554,670</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 \$7,971,086, 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 0.07214 percent, which was a decrease of 0.00707 percent from its proportionate share measured as of June 30, 2022 of 0.07921 percent.

BOROUGH OF CLOSTER
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 \$423,143, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$1,030,206. 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:

	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 341,306	\$ 380,150
Changes of Assumptions	17,204	538,239
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	405,952	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>591,747</u>	<u>802,333</u>
Total	<u>\$ 1,356,209</u>	<u>\$ 1,720,722</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2024	(348,123)
2025	(267,904)
2026	469,571
2027	(107,509)
2028	(92,514)
Thereafter	<u>(18,034)</u>
	<u>\$ (364,513)</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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 CLOSTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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>	2023	
	<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 CLOSTER
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)

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	\$ 11,106,313	\$ 7,971,086	\$ 5,360,191

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 \$1,468,765. 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 \$167,089 which is less than the actual contribution the State made on behalf of the Borough of \$200,893. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the Borough was 0.07214 percent, which was a decrease of 0.00707 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of 0.07921 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 in the Borough’s financial statements.

**BOROUGH OF CLOSTER
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 CLOSTER
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.

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Borough Administered Post-Retirement Health Benefit Program

Plan Description

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

Benefits Provided

The Borough provides post-retirement healthcare insurance benefits for retirees and their dependents who meet certain eligibility requirements. If a retired employee excluding police meets certain requirements, including attaining at least 62 years of age and at least 15 years of service to the Borough, the retired employee pays 50% of the premium cost of coverage under the plan and the Borough of Closter copays 50% of the premium cost. Retired police officers pay 25% of the premium cost of coverage under the plan and the Borough of Closter pays 75% of the premium cost. If the retired employee is paying the partial cost of coverage, the monthly premium will be deducted from such retired employee’s pension on a monthly basis or as otherwise established by the New Jersey State Health Benefits Program.

Employees Covered by Postemployment Benefits

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

	<u>2024</u>	<u>2023</u>
Active Employees	58	58
Inactive Employees or Beneficiaries Currently Receiving Benefits	<u>31</u>	<u>31</u>
	<u>89</u>	<u>89</u>

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

At December 31, 2024 and 2023, the Borough’s total OPEB liabilities were \$14,723,448 and \$14,640,675, respectively.

For the years ended December 31, 2024 and 2023, the Borough has determined it’s OPEB expense to be \$933,523 and \$888,221, respectively, based on the actuarial valuations which are more than the actual contributions reported in the Borough’s financial statements of \$437,915 and \$392,541, respectively. At December 31, 2024 and 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:

	<u>2024</u>		<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 2,376,419		\$ 2,534,931	
Changes of Assumptions	<u>1,485,595</u>	<u>\$ 1,483,172</u>	<u>1,970,798</u>	<u>\$ 1,714,352</u>
Total	<u>\$ 3,862,014</u>	<u>\$ 1,483,172</u>	<u>\$ 4,505,729</u>	<u>\$ 1,714,352</u>

**BOROUGH OF CLOSTER
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)

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

Year Ending <u>December 31,</u>	<u>Total</u>
2025	\$ 170,788
2026	170,788
2027	170,788
2028	170,788
2029	170,788
Thereafter	<u>1,524,902</u>
	<u>\$ 2,378,842</u>

Actuarial Assumptions

The Borough’s total OPEB liability reported for the year ended December 31, 2024 was based on the December 31, 2023 measurement date as determined by an actuarial valuation as of December 31, 2024 and 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2024</u>	<u>2023</u>
Inflation Rate	2.5%	2.5%
Salary Increases	2.5%	2.5%
Discount Rate	4.1%	3.3%
Healthcare Cost Trend Rates		
Medical	6.5%	5.1%
Drug	14.0%	6.0%
Medicare Advantage	4.5%	4.5%
Dental and Vision	3.5%	3.5%

The discount rate was based on the Bond Buyer 20 Index as of December 31, 2024 and 2023.

Mortality rates for 2024 were based on PUB 2020 “General” classification headcount weighted mortality with generational improvement using Scale MP-2021.

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Changes in the Total OPEB Liability

The change in the Borough's OPEB liability for the years ended December 31, 2024 and 2023 are as follows:

	Total OPEB Liability 2024	Total OPEB Liability 2023
Balance - Beginning of Year	\$ 14,640,675	\$ 11,166,941
Changes for the Year:		
Service Cost	283,350	283,350
Interest on the Total OPEB Liability	479,385	418,650
Changes of Benefit Terms		
Differences Between Expected and Actual Experience		2,693,443
Changes in Assumptions	(242,047)	470,832
Benefit Payments	(437,915)	(392,541)
Net Changes	<u>82,773</u>	<u>3,473,734</u>
Balance - End of Year	<u>\$ 14,723,448</u>	<u>\$ 14,640,675</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

2024	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>16,177,489</u>	\$ <u>14,723,448</u>	\$ <u>13,501,495</u>
2023	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>16,259,943</u>	\$ <u>14,640,675</u>	\$ <u>13,293,967</u>

**BOROUGH OF CLOSTER
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 Healthcare Trend Rate

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

	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
<u>2024</u>			
Net OPEB Liability	\$ <u>13,709,066</u>	\$ <u>14,723,448</u>	\$ <u>15,949,307</u>
	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1%</u> <u>Increase</u>
<u>2023</u>			
Net OPEB Liability	\$ <u>13,472,524</u>	\$ <u>14,640,675</u>	\$ <u>16,051,565</u>

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 insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Closter is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) 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 BJIF 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 CLOSTER
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.

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, if any, would be immaterial. As of December 31, 2024 and 2023, the Borough reserved \$444,802 and \$405,861, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The 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.

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

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Closter Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 20, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Closter approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Ambulance and Rescue Corps., come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body. In addition, the Borough has an agreement with the Borough of Alpine, whereby first aid services are provided to the Borough of Alpine. The Borough of Alpine is required to contribute a portion to LOSAP.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Closter has contributed \$37,476 and \$35,022 for 2024 and 2023, respectively, for the volunteer fire department and volunteer ambulance corp. member into the Plan. Borough of Alpine contributions were \$5,250 and \$4,750 for 2024 and 2023, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

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

Vesting and Benefits

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

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

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

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

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2024 and 2023, the Borough provided property tax abatements through the New Jersey Housing and Mortgage Financing Act (NJHMFA), which is authorized under State statutes.

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2024 and 2023 the Borough abated property taxes totaling \$69,279 and \$166,139, respectively, under the NJHMFA program of which \$56,640 and \$57,617 represents the Borough's share, respectively. The Borough received \$50,534 and \$20,807 in PILOT payments under this program for the years ended December 31, 2024 and 2023, respectively.

NOTE 20 LEASES RECEIVABLE

The Borough entered into non-cancellable leases for the use of Borough owned land and equipment. The initial lease receivable is determined at the present value of payments expected to be received during the lease term.

Leases receivable at December 31 are comprised of the following:

On October 2, 2018 the Borough began their first lease extension term of cell tower space to a third party. The initial lease was for five years with the option to extend for two additional five year terms. The Borough will receive monthly payments of \$2,000 with annual rent increases of 3%. The Borough recognized \$25,303 and \$23,083, in lease revenue for 2024 and 2023, respectively, which includes interest earnings of \$75 and \$303, respectively. As of December 31, 2024 and 2023 the Borough's receivable for lease payments, exclusive of future interest earnings is \$116,283 and \$141,587, respectively, for the lease term ending October 1, 2028. The lease was extended for the 2nd extension option in 2023.

On December 1, 2018 the Borough began their first lease extension term of cell tower space to a third party. The lease was for five years with the option to extend for five additional five year terms. The Borough will receive monthly payments of \$2,000 with annual rent increases of 2%. The Borough recognized \$20,584 and \$25,020 in lease revenue for 2024 and 2023, respectively, which includes interest earnings of \$2,574 and \$175, respectively. As of December 31, 2024 and 2023 the Borough's receivable for lease payments, exclusive of future interest earnings is \$96,701 and \$117,285, respectively, for the lease term ending November 30, 2028. The lease was extended for the 2nd extension option in 2023.

On September 30, 2020 the Borough began their first lease extension term of cell tower space to a third party. The lease was for five years with the option to extend for four additional five year terms. The Borough will receive monthly payments of \$3,000 with annual rent increases of 3%. The Borough recognized \$45,775 and \$44,269 in lease revenue for 2024 and 2023, respectively, which includes interest earnings of \$285 and \$680, respectively. As of December 31, 2024 and 2023 the Borough's receivable for lease payments, exclusive of future interest earnings is \$31,237 and \$77,012, respectively, for the lease term ending September 29, 2025.

On October 1, 2022 the Borough began leasing cell tower space to a third party. The lease was for five years with the option to extend for four additional five year terms. The Borough will receive monthly payments of \$3,000 with annual rent increases of 3%. The Borough recognized \$26,826 and \$25,249 in lease revenue for 2024 and 2023, respectively, which includes interest earnings of \$493 and \$298, respectively. As of December 31, 2024 and 2023 the Borough's receivable for lease payments, exclusive of future interest earnings is \$82,479 and \$109,305, respectively, for the lease term ending September 30, 2027.

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

NOTE 20 LEASES RECEIVABLE (Continued)

On December 1, 2019 the Borough began leasing property to a third party. The lease was for one year with the option to extend for an additional four years. The Borough will receive an annual payment of \$12,447 with annual rent increases equal to the CPI adjustment. The Borough recognized \$12,605 and \$13,108 in lease revenue for 2024 and 2023, respectively, which includes interest earnings of \$237 and \$69 respectively. The lease term ended November 30, 2024.

The estimated future lease revenue principal and interest payments as of December 31, 2024 are as follows:

Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 109,435	\$ 13,206	\$ 122,641
2026	83,990	9,806	93,796
2027	81,925	6,062	87,987
2028	51,350	2,169	53,519
2029	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 326,700</u>	<u>\$ 31,243</u>	<u>\$ 357,943</u>

NOTE 21 SUBSEQUENT EVENTS

Debt Authorized

On February 12, 2025 the Borough adopted a bond ordinance authorizing the issuance of \$400,000 in bonds or bond anticipation notes for the Closter Village School Project for the construction of thirty-five (35) affordable housing units. On March 12, 2025 the Borough adopted a bond ordinance authorizing the issuance of \$593,750 in bonds or bond anticipation notes to fund various road improvements. As of the date of this report, the Borough has not issued nor awarded the sale of said bonds or notes to finance the above capital ordinances.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of May 1, 2026 by the Borough of Closter, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

WITNESSETH:

WHEREAS, the Issuer is issuing its General Obligation Bonds, Series 2026, dated May 14, 2026, in the aggregate principal amount of \$ _____ (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances and a resolution adopted by the Issuer and a certificate signed by the Issuer on April 30, 2026; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 et seq.) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board, as the same may be amended or officially interpreted from time to time (“Rule 15c2-12”); and

WHEREAS, the Issuer represented in its Notice of Sale dated April 20, 2026 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on April 30, 2026, the Issuer accepted the bid of _____, on behalf of itself and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Participating Underwriter
Issuer	Rule 15c2-12
Notice of Sale	SEC
	Securities and Exchange Act

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

“Bondholder” or “holder” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in Newark, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed a written acceptance of such designation.

“Final Official Statement” means the final Official Statement of the Issuer dated April 30, 2026 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Operating Data” means the financial and statistical information of the Issuer of the type included in Appendix A to the Final Official Statement under the consisting of debt, overlapping indebtedness, tax rate, levy and collection data, property valuation and fund balance information.

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than October 1 of each year, commencing October 1, 2026 for the fiscal year ending December 31, 2025, an Annual Report to the MSRB; notwithstanding the foregoing,

if the Fiscal Year is not a calendar year then by not later than the first day of the tenth month of each fiscal year;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a “Disclosure Event”);

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;

- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey pursuant to chapter 5 of Title 40A of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to the MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The audited Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of such occurrence with the MSRB (the "Disclosure Event Notice") in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided to the MSRB

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carry out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this subsection shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

ARTICLE III

DISCLOSURE DEFAULT AND REMEDIES

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

Section 3.2 Remedies on Default.

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all

rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, Municipal Building, 295 Closter Dock Road, Closter, New Jersey 07624, Attention: Chief Financial Officer.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;
- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or

practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

- (iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Issuer determines that such amendment or modifications does not adversely affect the interests of the Holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such

effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE BOROUGH OF CLOSTER, NEW JERSEY has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed, all as of the date first above written.

[SEAL]

BOROUGH OF CLOSTER

By: _____
Frank Elenio, Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]



May __, 2026

Mayor and Borough Council
Borough of Closter
Municipal Building
295 Closter Dock Road
Closter, New Jersey 07624

Dear Mayor and Borough Council:

We have examined certified copies of the proceedings of the Council of the Borough of Closter, in the County of Bergen, State of New Jersey (the "Borough"), including ordinances, affidavits and certificates delivered by officials of the Borough, and other proofs submitted to us relative to the issuance and sale by the Borough of its \$ _____ General Obligation Bonds, Series 2026 (the "Bonds"), dated the date of delivery.

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), a bond resolution of the Borough adopted on April 8, 2026, various bond ordinances of the Borough, in all respects duly adopted by the Council of the Borough.

Each of the Bonds is dated the date of delivery, bears interest at the interest rate set forth on the face of the Bonds and matures on May 1 in the years and principal amounts as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2027		2033	
2028		2034	
2029		2035	
2030		2036	
2031		2037	
2032			

The Bonds are subject to redemption prior to their stated maturities.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. 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.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law and other applicable provisions of law, and that the Bonds have been duly authorized, executed and delivered and are a valid and legally binding obligation of the Borough.

2. The Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax, however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under the Code. We express no opinion regarding any other Federal income tax consequences arising with respect to the Bonds.

4. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on the date of issuance and on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Borough has made certain representations and covenants in its tax certificate, which is executed on the date of issuance of the Bonds, as to various tax requirements. In addition, the Borough has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. With your permission, we have relied upon the representations made in the tax certificate and have assumed continuing compliance by the Borough with the above covenants in rendering our federal tax opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

Attention is called to the fact that for purposes of this letter we have not been requested to examine and have not examined any documents or information relating to the Borough other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Bonds.

Our opinion concerning the enforceability of the Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under

Mayor and Borough Council
Borough of Closter
May __, 2026
Page 3

applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions expressed herein are based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or laws or judicial decisions hereafter enacted or rendered. Our engagement by the Borough with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of laws or judicial decisions hereafter enacted or rendered which impact on this opinion letter.

This opinion letter is rendered to you in connection with the above described transaction. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Very truly yours,

FBT Gibbons LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]