

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2026

NEW ISSUE
SERIAL BONDS

RATING: MOODY'S: "Aa2"
(See "RATING" herein)

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with its Tax Certificate described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Bonds that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

\$11,294,000*GENERAL IMPROVEMENT BONDS

BOROUGH OF WALDWICK
IN THE COUNTY OF BERGEN, NEW JERSEY
(Book-Entry Only) (Callable)

Dated: October 1, 2026

Due: October 1, as shown on the inside cover page

The \$11,294,000* General Improvement Bonds (the "Bonds") of the Borough of Waldwick, in the County of Bergen, New Jersey (the "Borough"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof (except for one odd piece in excess of \$5,000). See "THE BONDS – Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on October 1 of each of the years set forth on the inside cover page, and interest on the Bonds is payable on each April 1 and October 1, commencing April 1, 2027 in each year until maturity or prior redemption. The Bonds are subject to optional redemption prior to their stated maturities. See "THE BONDS – Prior Redemption" herein.

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

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Phoenix Advisors, a Division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about October 8, 2026.

**ELECTRONIC BIDS VIA PARITY AND
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O'CLOCK A.M. ON SEPTEMBER 29, 2026
AT THE ADMINISTRATION BUILDING,
63 FRANKLIN TURNPIKE
WALDWICK, NEW JERSEY 07463**

* Preliminary, subject to change.

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS****\$11,294,000* GENERAL IMPROVEMENT BONDS**

<u>Year</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.**</u>
2027	\$ 434,000	%	%	931371_____
2028	450,000			931371_____
2029	450,000			931371_____
2030	455,000			931371_____
2031	860,000			931371_____
2032	860,000			931371_____
2033	865,000			931371_____
2034	865,000			931371_____
2035	865,000			931371_____
2036	865,000			931371_____
2037	865,000			931371_____
2038	865,000			931371_____
2039	865,000			931371_____
2040	865,000			931371_____
2041	865,000			931371_____

(plus accrued interest from October 1, 2026)

* Preliminary, subject to change.

** Registered trademark of the American Bankers Association. CUSIP data herein is 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 Bondholders 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 number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

MAYOR

Thomas A. Giordano

BOROUGH COUNCIL

Joseph Martinello - Council President

Kathleen E. Cericola-Drake

Jason Chrzanowski

Michael F. Ritchie, Jr.

Angela Smith

Courtney Wingate

BOROUGH ADMINISTRATOR

Tatiana Marquis

BOROUGH CLERK

Kelley Halewicz, RMC, CMC

CHIEF FINANCIAL OFFICER

Colleen A. Ennis

BOROUGH ATTORNEY

Craig P. Bossong, Esq.

Florio, Perrucci, Steinhardt, Cappelli & Tipton, LLC
Cherry Hill, New Jersey

MUNICIPAL ADVISOR

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

BOROUGH AUDITOR

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

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

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

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

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

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

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**OFFICIAL STATEMENT
OF THE BOROUGH OF WALDWICK
IN THE COUNTY OF BERGEN, NEW JERSEY
RELATING TO**

\$11,294,000* GENERAL IMPROVEMENT BONDS

INTRODUCTION

This Official Statement (the “Official Statement”) which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Waldwick (the “Borough”), in the County of Bergen (the “County”), State of New Jersey (the “State”) in connection with the sale and issuance of its \$11,294,000* General Improvement Bonds (the “Bonds”) dated October 1, 2026. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the Bonds.

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

THE BONDS

General Description

The Bonds will be dated and bear interest from October 1, 2026 and will mature on October 1 in the years and in the principal amounts as set forth on the inside cover page. Interest on the Bonds is payable on each April 1 and October 1, commencing April 1, 2027 (each, an “Interest Payment Date”), in each year until maturity or prior redemption at the respective interest rates set forth on the inside cover page of this Official Statement. Principal of and interest on the Bonds will be paid to The Depository Trust Company, Brooklyn, New York (“DTC”), acting as securities depository, by the Chief Financial Officer, as “Bond Registrar/Paying Agent”. Interest on the Bonds will be credited to the DTC Participants (as hereinafter defined) as listed on the records of DTC as of the 15th day of the month preceding the month in which such Interest Payment Date occurs (the “Record Dates” for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds, in the aggregate principal amount of such maturity. The Bonds will be issued in book-entry form only. Purchases of the Bonds will be made in book-entry form, in the principal amount of \$5,000 or any integral multiple thereof (except for one odd piece in excess of \$5,000). Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC, which will remit such payments to the participants of DTC which will in turn remit such payments to the owners of beneficial interests in the Bonds. See “THE BONDS – Book-Entry Only System” herein.

* Preliminary, subject to change.

Book-Entry Only System

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

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

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

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

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

Redemption notices 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 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Prior Redemption

The Bonds maturing on or before October 1, 2033 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after October 1, 2034 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after October 1, 2033, upon notice as hereinafter set forth at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Borough determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Borough, and within any maturity, by lot; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Bond Registrar/Paying Agent shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Bond Registrar/Paying Agent at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. Such mailing is not a condition precedent to redemption and the failure to mail or to receive any redemption notice will not affect the validity of the redemption proceedings. If any Bond subject to redemption is part of a greater principal amount of the Bonds not to be redeemed, such entire amount shall be surrendered to the Bond Registrar/Paying Agent and, for that portion of the Bond not to be redeemed, a new Bond shall be issued in the name of the registered owner in an amount equal to the principal amount of the Bond surrendered less the amount to be redeemed.

SECURITY AND SOURCE OF PAYMENT

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

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

AUTHORIZATION FOR THE BONDS

The Bonds are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law"). The Bonds also are authorized by various bond ordinances adopted by the Borough Council and by virtue of resolutions adopted by the Borough Council on September 15, 2026.

The bond ordinances included in the sale of the Bonds were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Bonds by the Borough.

PURPOSE OF THE BONDS

The proceeds of the Bonds will be used to (i) currently refund \$7,137,959 of the Borough's \$7,830,690 General Capital Bond Anticipation Notes maturing on October 9, 2026 and (ii) provide funding for unfunded capital projects in the amount of \$4,156,041. The projects to be funded by the sale are listed below:

Ord No.	Description	Amount
2021-05	Various Public Improvements & Acquisitions	\$ 1,273,578
2022-09	Various Public Improvements & Acquisitions	1,308,928
2023-08/2024-#22	Various Public Improvements & Acquisitions	2,918,168
2024-#02	Acquisition of Property	2,342,280
2024-#06	Various Public Improvements & Acquisitions	1,763,000
2025-#03	Various Public Improvements & Acquisitions	1,688,046
		<u>\$ 11,294,000</u>

NO DEFAULT

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

MARKET PROTECTION – BOND AND NOTE FINANCING

The Borough does not anticipate issuing any additional bonds or any tax anticipation notes during the remainder of 2026. The Borough expects to issue \$2,875,000 Water Utility Bond Anticipation Notes on October 9, 2026 to (i) currently refund \$2,409,369 of the Borough's \$2,529,310 Water Utility Bond Anticipation Notes maturing on October 9, 2026 and (ii) provide funding for unfunded Water Utility capital project in the amount of \$465,631. The Borough may issue additional bond anticipation notes for new money borrowing, as needed, during the remainder of 2026.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

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

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

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

An independent examination of the Borough's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units' financial procedures and must be filed with the Director within eight months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

Debt Limits

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

The Borough has not exceeded its statutory debt limit. On December 31, 2025 the statutory net debt as a percentage of average equalized valuation was 0.68%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$ 15,825,176	\$ -	\$ 15,825,176
Water Utility Purposes	7,924,801	7,924,801	-
School Purposes	<u>27,570,000</u>	<u>27,570,000</u>	<u>-</u>
	<u>\$ 51,319,977</u>	<u>\$ 35,494,801</u>	<u>\$ 15,825,176</u>

Exceptions to Debt Limits - Extensions of Credit

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

Overlapping Debt

The County debt, which overlaps the Borough, is not considered in the calculation of the debt limits of the Borough. It represents the debt outstanding at the County level for which the Borough will fund its portion of debt service through the normal payments of County taxes.

Short-Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented,

creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

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

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

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

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

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

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

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

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

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

Investment of Municipal Funds

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

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

The Borough has no investments in derivatives.

MUNICIPAL BUDGET

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

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

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

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

Limitations on Municipal Appropriations and Tax Levy

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

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

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

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

The Borough's appropriation and tax levy increases for 2011 to 2026, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and available "CAP" banks and without conducting a referendum to exceed the cap limits.

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

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

The reserve requirement is calculated as follows:

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

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Operation of Utilities

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

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

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

Fiscal Year

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

Budget Process

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

Capital Budget

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

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

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

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

Tax Appeals

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Bergen County Tax Board on or before the first day of April of the current tax year for review. The Bergen County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Bergen County Tax Board, appeal may be made to the Tax

Court of New Jersey, for a further hearing. Further, an assessment in excess of \$1,000,000 can be appealed directly to the Tax Court of New Jersey. State tax appeals tend to take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period. In addition, pursuant to Assembly Bill No. 2004, signed into law on August 9, 2019, commercial tax appeal refunds exceeding \$100,000 may be paid to the property owner, with interest, in substantially equal payments within a three year period - rather than within sixty days of the final judgment (the standard period for refunds). Further, pursuant to Assembly Bill No. 862, signed into law on January 18, 2022, residential tax appeal refunds, or commercial tax appeal refunds exceeding \$100,000, may be paid to the property owner, with interest, as a credit against the balance of property taxes that become due within a three year period, with any excess after three years being paid immediately.

TAX MATTERS

Federal Income Taxes

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

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

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

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Bonds that is included in the “adjusted financial statement income” of certain corporations is not excluded from the Federal corporate alternative minimum tax. For other Federal tax information, see “TAX MATTERS – Additional Federal Income Tax Consequences” herein.

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

Additional Federal Income Tax Consequences

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

Proposals for Tax Changes

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

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

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

STATEMENT OF LITIGATION

There is no litigation pending or threatened restraining or enjoining the issuance or the delivery of the Bonds or the levy or the collection of taxes to pay the Bonds or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes. 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 municipal joint insurance funds (which provide pooled private insurance coverage and self-insurance coverage to its members). The Borough is also insured for liability in excess of the limits provided by the municipal joint insurance funds. Pending municipal real estate tax appeals are limited in number and, based upon the Borough's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Borough, such resolution would not materially or adversely impair the Borough's ability to pay its bondholders.

LEGALITY FOR INVESTMENT

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

FINANCIAL STATEMENTS

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

MUNICIPAL ADVISOR

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

RATING

Moody’s Investors Service, Inc. (the “Rating Agency”) has assigned a rating of “Aa2” to the Bonds.

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

UNDERWRITING

The Bonds have been purchased at a public sale from the Borough for resale by _____
(the “Underwriter”).

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

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

The Plan, signed into law on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. For municipalities with populations less than 50,000, such as the Borough, the relief funds were distributed by the State. The relief funds were received from the State in two equal payments, one within 30 days of receipt of the funding by the State and the balance no earlier than 12 months from the initial payment. The deadline to obligate the funds was December 31, 2024, and to spend them is December 31, 2026. The Borough received the full amount of its relief funds in the amount of \$1,057,898.75 and has utilized all of its relief funds for rehabilitation of water tanks and pump station improvements.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

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

Legal Matters

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

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

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

Certificates of Borough Officials

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

SECONDARY MARKET DISCLOSURE

The Borough has agreed, pursuant to a resolution adopted on September 15, 2026, to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, as prescribed by the MSRB. Specifically, the Borough will do the following for the benefit of the holders of the Bonds and the beneficial owners thereof:

(A) Not later than seven months after the end of the Borough's fiscal year (presently December 31), commencing with the report for the fiscal year ending December 31, 2026, provide or cause to be provided, annual financial information with respect to the Borough consisting of (i) audited financial statements (or unaudited financial statements if audited financial statements are not then available by the date of filing, which audited financial statements will be delivered when and if available) of the Borough and (ii) certain financial information and operating data consisting of information concerning the Borough's debt, overlapping indebtedness, tax rate, levy and collection data, property valuation, budget and fund balance of the type contained under the headings "Budget Information", "Financial Information" and "Debt Information", in Appendix "A" hereof. The audited financial statements will be prepared in accordance with mandated State statutory accounting principles, as in effect from time to time. Audited financial statements if not available by the filing date will be submitted separately when available.

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

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

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borough, any of which reflect financial difficulties.

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

(C) Provide or cause to be provided, in a timely manner, notice of a failure of the Borough to provide required annual financial information on or before the date specified above.

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

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

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

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

The Borough has previously entered into secondary market disclosure undertakings in accordance with Rule 15c2-12. The Borough has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on the MSRB’s Electronic Municipal Market Access (“EMMA”) website as required under its prior secondary market disclosure undertakings.

PREPARATION OF OFFICIAL STATEMENT

The firm of Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey, Certified Public Accountants, takes responsibility for the financial statements to the extent specified in the Independent Auditor’s Report.

The firm of Lerch, Vinci & Bliss, LLP, assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which Lerch, Vinci & Bliss, LLP, considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

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

APPROVAL OF OFFICIAL STATEMENT

Prior to the delivery of the Bonds, the Borough Council will have adopted a resolution approving this Official Statement, deeming it a “final official statement” for purposes of Rule 15c2-12 and directing the Chief Financial Officer to deliver a reasonable number of copies thereof in final form to the Underwriter for its use in the sale, resale or distribution of the Bonds.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Borough of Waldwick, Administration Building, 63 Franklin Turnpike, Waldwick, New Jersey 07463 Colleen A. Ennis, Chief Financial Officer, (201) 652-5300 ext. 244.

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, the State or any of their agencies or authorities, since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

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

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

By: /s/_____
Colleen A. Ennis
Chief Financial Officer

Dated: September __, 2026

APPENDIX A
ECONOMIC AND DEMOGRAPHIC INFORMATION
RELATING TO THE BOROUGH

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GENERAL INFORMATION REGARDING THE BOROUGH

Size and Geographical Location

The Borough of Waldwick is located in the northwestern part of Bergen County and encompasses an area of approximately 2.0 square miles. Neighboring communities include Allendale, Saddle River, Wyckoff, Midland Park, Ridgewood and Ho-Ho-Kus.

Form of Government

The Borough was incorporated in 1919 under the borough form of government. There is a Mayor and a six member Council. The Mayor and Council are assisted by an appointed Administrator responsible for implementation of policies established by the governing body and coordination of the various Borough departments.

The Mayor is elected to serve a four-year term and may succeed that term by re-election. He is empowered, amongst his legal powers as head of the municipal government, to (i) provide 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 he presides over meetings of the Borough Council, the Mayor votes only in the case of a tie. State law requires that he be a member of the Planning Board and the Board of Trustees of the municipal Public Library.

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

The Borough is 20 miles northwest of New York City. Residents have access to all parts of New Jersey and New York via nearby highways, Routes 17, 4, 287, 80 and 46 and the Garden State Parkway. New Jersey Transit train and bus service is available to neighboring communities and New York City.

Protection

The Borough is served by 21 sworn officers, and two SLEO 3 Officers. The Police Department operates 8 marked and four unmarked vehicles, four traffic and safety cars, one OEM vehicle and lastly, one School Security Vehicle. Additionally, the Borough has three speed enforcement signs. The Police Department has officers specially trained in SWAT and Rapid Deployment for large scale unrest and has an officer assigned to Cyber Crimes as part of the Bergen County Task Force. The Department provides community programs such as LEAD, a Junior Police Academy and Halloween Safety Programs.

The Fire Department includes approximately 80 volunteers and operates 3 front line pumpers, 1 ladder truck, 2 chief's vehicles and 1 rescue truck.

Ambulance service is provided on a 24-hour basis by the Waldwick First Aid and Rescue Squad.

Sanitation

Garbage collection is provided for residents on a twice weekly basis. Commingled and paper recycling pick-up is provided every other week. For both of these services the Borough contracts with a private contractor. Payment for such garbage and recycling collection is part of the general property tax levy.

Utilities

Electricity and gas are supplied to the municipality by Public Service Electric and Gas Co.

The Borough owns and operates its own water utility which provides water to Borough residents.

The Northwest Bergen County Utilities Authority (the “Authority”) provides sanitary sewerage treatment and disposal services to the Borough pursuant to a service contract. The Borough makes quarterly payments to the Authority based upon usage by the Borough of the Authority’s system. Such payments are provided for in the general property tax levy.

Education

The Borough's school district, coterminous with the Borough, is a type II school district, and is an independent legal entity administered by a seven member Board of Education elected by the voters of the school district. The school district is not part of a regional or consolidated school district. The school district is authorized by law to issue debt for school purposes upon a vote of the electorate. The school system is comprised of 2 elementary schools (grades K-5) 1 middle school (6-8) and 1 high school (grades 9-12).

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>2025</u>
Borough of Waldwick	9,757	9,622	9,684	10,058	10,252
County of Bergen	825,380	884,118	906,509	955,732	977,026
State of New Jersey	7,730,188	8,414,350	8,802,707	9,288,994	9,548,215

Source: U.S. Census Reports

Income as of 2024

	Median Household <u>Income</u>	Median Family <u>Income</u>	Per Capita <u>Income</u>
Borough of Waldwick	\$177,962	\$199,027	\$66,817
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

ECONOMIC AND DEMOGRAPHIC INFORMATION

Labor Force, Employment and Unemployment

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough of Waldwick</u>				
2025	5,803	5,586	217	3.7%
2024	5,829	5,632	197	3.4%
2023	5,796	5,612	184	3.2%
2022	5,650	5,473	177	3.1%
2021	5,444	5,122	322	5.9%
<u>County of Bergen</u>				
2025	538,487	515,300	23,187	4.3%
2024	540,094	519,526	20,568	3.8%
2023	536,155	516,755	19,400	3.6%
2022	522,154	504,541	17,613	3.4%
2021	502,698	471,385	31,313	6.2%
<u>State of New Jersey</u>				
2025	4,905,633	4,648,499	257,134	5.2%
2024	4,899,384	4,672,089	227,295	4.6%
2023	4,879,285	4,668,296	210,989	4.3%
2022	4,771,781	4,586,675	185,106	3.9%
2021	4,674,518	4,361,147	313,371	6.7%

Source: State of NJ Data Center

BUDGET INFORMATION**Current Fund
(As Adopted)**

	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues					
Surplus Anticipated	\$ 2,250,000	\$ 2,526,594	\$ 2,195,071	\$ 2,127,809	\$ 1,967,959
Miscellaneous Revenues	4,434,255	4,415,147	4,235,346	4,393,080	3,809,737
Receipts from Delinquent Taxes	235,000	346,000	233,613	241,857	200,020
Amount to be Raised by Taxes for Support of Municipal Budget	<u>10,973,474</u>	<u>9,995,260</u>	<u>9,619,906</u>	<u>9,467,935</u>	<u>9,190,454</u>
	<u>\$ 17,892,729</u>	<u>\$ 17,283,001</u>	<u>\$ 16,283,936</u>	<u>\$ 16,230,681</u>	<u>\$ 15,168,170</u>
Expenditures					
Salaries and Wages	\$ 5,568,845	\$ 5,242,272	\$ 4,975,077	\$ 4,965,533	\$ 4,868,709
Other Expenses	8,020,131	7,706,173	7,133,481	6,960,279	6,415,671
Deferred Charges and Statutory Expenditures	1,626,116	1,567,803	1,505,874	1,743,003	1,265,161
Capital Improvement Fund	101,000	101,000	223,700	210,000	371,100
Municipal Debt Service	1,599,422	1,688,538	1,468,589	1,374,651	1,298,777
Reserve for Uncollected Taxes	<u>977,215</u>	<u>977,215</u>	<u>977,215</u>	<u>977,215</u>	<u>948,752</u>
	<u>\$ 17,892,729</u>	<u>\$ 17,283,001</u>	<u>\$ 16,283,936</u>	<u>\$ 16,230,681</u>	<u>\$ 15,168,170</u>

Source: Borough of Walldwick

FINANCIAL INFORMATION

Fund Balances and Amounts Utilized in Succeeding Year's Budget

<u>Year</u>	<u>Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$ 5,464,500	\$ 2,250,000
2024	6,583,835	2,526,594
2023	7,150,645	2,195,071
2022	7,626,853	2,127,809
2021	7,583,211	1,967,959

Source: Borough of Waldwick Audit Reports.

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2025	\$ 50,847,698	\$ 50,276,421	98.88%
2024	48,938,692	48,498,130	99.10%
2023	47,756,439	47,493,443	99.45%
2022	46,559,224	46,270,193	99.38%
2021	45,520,684	45,308,946	99.53%

Source: Borough of Waldwick Audit Reports.

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Levy</u>
2025	\$ 4,826	\$ 366,088	\$ 370,914	0.73%
2024		305,339	305,339	0.62%
2023		233,906	233,906	0.49%
2022		244,313	244,313	0.52%
2021		201,978	201,978	0.44%

Source: Borough of Waldwick Audit Reports.

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

<u>Year</u>	<u>Amount</u>
2025	\$ 35,510
2024	35,510
2023	35,510
2022	35,510
2021	35,510

Source: Borough of Waldwick Audit Reports.

Ten Largest Taxpayers

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

<u>Taxpayer</u>	<u>2026 Assessment</u>
Waldwick Station LLC	\$ 32,457,800
HSRE-EB Waldwick LLC	25,000,000
Waldwick Sports Complex LLC	16,705,400
LKD Realty Inc.	12,138,600
Granatell Group 41N LLC	6,448,300
Lesterick Corp Inc	6,131,400
Public Service Electric & Gas Co.	6,093,200
UB Waldwick I LLC	5,848,200
Wyckoff Ave Assoc LLC	5,666,200
3 N Waldwick LLC	5,553,600
	<u>\$ 122,042,700</u>

Source: Tax Assessor.

**Assessed Valuation
Land Improvements by Class**

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2026	\$ 11,238,700	\$ 1,912,909,000	\$210,193,600	\$ 45,166,000	\$ 36,907,800	\$ 2,216,415,100
2025	10,650,700	1,910,498,400	208,758,300	45,166,000	36,907,800	2,211,981,200
2024	10,053,800	1,905,504,100	211,255,500	45,166,000	37,024,000	2,209,003,400
2023	9,432,300	1,435,737,200	143,692,200	27,918,600	19,600,000	1,636,380,300
2022	8,943,300	1,431,060,700	142,157,700	28,493,100	19,600,000	1,630,254,800

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	\$ 2,216,415,100	\$ -	\$ 2,216,415,100	87.60%	\$ 2,534,206,669
2025	2,211,981,200	100,000	2,212,081,200	94.62%	2,341,736,476
2024	2,209,003,400	100,000	2,209,103,400	102.33%	2,162,410,247
2023	1,636,380,300	100,000	1,636,480,300	83.95%	1,952,810,471
2022	1,630,254,800	100,000	1,630,354,800	88.83%	1,838,736,267

Source: Tax Duplicate and Abstract of Ratables of Bergen County

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

<u>Year</u>	<u>Total</u>	<u>Municipal (1)</u>	<u>Local School</u>	<u>County (2)</u>
2026	\$ 2.411	\$ 0.499	\$ 1.650	\$ 0.262
2025	2.295	0.457	1.590	0.248
2024	2.214	0.439	1.547	0.228
2023	2.908	0.583	2.040	0.285
2022	2.848	0.568	2.007	0.273

Source: Tax Collector

(1) Includes Municipal Open Space Tax and Library Tax

(2) Includes County Open Space Tax

Apportionment of Tax Levy
(Including School and County Purposes)

<u>Year</u>	<u>Total</u>	<u>Municipal (1)</u>	<u>Local School</u>	<u>County (2)</u>
2026	\$ 53,434,238	\$ 11,084,295	\$ 36,567,169	\$ 5,782,774
2025	50,847,698	10,196,553	35,166,199	5,484,946
2024	48,938,692	9,740,348	34,169,266	5,029,078
2023	47,756,439	9,701,320	33,381,472	4,673,647
2022	46,559,224	9,393,544	32,720,992	4,444,688

Source: Tax Collector

(1) Includes Municipal Open Space Tax and Library Tax

(2) Includes County Open Space Tax

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

Municipal		
Equalized Valuation Basis (last 3 years average)	\$	2,320,194,700
3 1/2% Borrowing Margin	\$	81,206,815
Net Debt Issued, Outstanding and Authorized		15,825,176
Remaining Municipal Borrowing Capacity	\$	65,381,639
Local School		
4% Borrowing Margin	\$	92,807,788
Debt Issued, Outstanding and Authorized		27,570,000
Remaining School Borrowing Capacity	\$	65,237,788

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2025	\$ 51,319,977	\$ 15,825,176	0.68%
2024	50,960,578	15,197,277	0.72%
2023	51,333,810	12,330,343	0.63%
2022	47,909,786	9,898,824	0.54%
2021	43,106,128	9,626,825	0.55%

Source: Borough of Waldwick Audit Reports.

**Statement of Indebtedness
As of December 31, 2025**

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 3,621,000	
Loans	41,889	
Notes	7,830,690	
Authorized but Not Issued	<u>4,331,597</u>	
		15,825,176

UTILITY PURPOSES

Bonds Issued and Outstanding	576,000	
Loans	4,114,778	
Notes	2,529,310	
Authorized but Not Issued	<u>704,713</u>	
		<u>7,924,801</u>

LOCAL SCHOOL

Bonds Issued and Outstanding		<u>27,570,000</u>
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TOTAL GROSS DEBT 51,319,977

STATUTORY DEDUCTIONS

Local School	27,570,000	
Self Liquidating	<u>7,924,801</u>	
		<u>35,494,801</u>

TOTAL NET DEBT \$ 15,825,176

OVERLAPPING DEBT

County of Bergen (Note (1))	\$ 13,203,246
Northwest Bergen County Utilities Authority (Note (2))	<u>2,512,717</u>

TOTAL OVERLAPPING DEBT \$ 15,715,963

GROSS DEBT

Per Capita (2025 - 10,252)	\$ 5,006
Percent of Net Valuation Taxable (2025-\$2,212,081,200)	2.32%
Percent of Estimated True Value of Real Property (2025- \$2,341,736,476)	2.19%

NET MUNICIPAL DEBT

Per Capita (2025 - 10,252)	\$ 1,544
Percent of Net Valuation Taxable (2025-\$2,212,081,200)	0.72%
Percent of Estimated True Value of Real Property (2025- \$2,341,736,476)	0.68%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2025 - 10,252)	\$ 6,539
Percent of Net Valuation Taxable (2025-\$2,212,081,200)	3.03%
Percent of Estimated True Value of Real Property (2025- \$2,341,736,476)	2.86%

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

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

Source: Borough of Walwick.

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APPENDIX B

FINANCIAL STATEMENTS OF THE BOROUGH

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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
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ROBERT LERCH, CPA, RMA, PSA
CHRISTINA CUIFFO, CPA, RMA, PSA
DEBRA GOLLE, CPA
TYLER NASCIMENTO, CPA, PSA
SHAHEED OGLESBY, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the Borough of Waldwick which comprise the balance sheets - regulatory basis of the various funds and account group as of December 31, 2025 and 2024, and the related statements of operations and changes in fund balance - regulatory basis, the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Waldwick as of December 31, 2025 and 2024, 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 then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Waldwick as of December 31, 2025 and 2024, 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 Waldwick and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Waldwick 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 Waldwick'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 Waldwick'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 Waldwick'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
May 14, 2026

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 AND 2024

ASSETS	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 7,100,154	\$ 8,016,248
Cash - Change Funds	1,600	1,200
Grants Receivable	263,796	154,719
Due from State of NJ Senior Citizens' & Veterans' Deductions	<u>49,694</u>	<u>49,444</u>
	<u>7,415,244</u>	<u>8,221,611</u>
Receivables and Other Assets With Full Reserves		
Delinquent Property Taxes Receivable	366,088	305,339
Tax Title Liens Receivable	4,826	
Property Acquired for Taxes - Assessed Valuation	35,510	35,510
Revenue Accounts Receivable	7,191	4,755
Due from Other Trust Fund	-	1,736
Due from General Capital Fund	<u>35,691</u>	<u>28,330</u>
	<u>449,306</u>	<u>375,670</u>
Deferred Charges		
Emergency Authorization	<u>25,000</u>	<u>-</u>
	<u>25,000</u>	<u>-</u>
Total Assets	<u>\$ 7,889,550</u>	<u>\$ 8,597,281</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 426,563	\$ 532,505
Accounts Payable	286,838	354,453
Prepaid Taxes	275,096	218,194
Tax Overpayments	27,354	250
County Taxes Payable	8,142	3,001
Due to Park and Ride Trust Fund	-	5,075
Due to Other Trust Fund	98,991	-
Due to Water Utility Operating Fund	-	6,157
Due to Water Utility Capital Fund	338,415	-
Miscellaneous Reserves	343,005	343,005
Appropriated Reserves - Public and Private Programs	120,372	80,633
Unappropriated Reserves - Public and Private Programs	50,968	87,004
Construction Code Fees Payable	<u>-</u>	<u>7,499</u>
	<u>1,975,744</u>	<u>1,637,776</u>
Reserve for Receivables and Other Assets	449,306	375,670
Fund Balance	<u>5,464,500</u>	<u>6,583,835</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 7,889,550</u>	<u>\$ 8,597,281</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUES AND OTHER INCOME		
Fund Balance Utilized	\$ 2,526,594	\$ 2,195,071
Miscellaneous Revenues Anticipated	4,881,333	5,514,425
Receipts from Delinquent Taxes	304,011	235,088
Receipts from Current Taxes	50,276,421	48,498,130
Non-Budget Revenue	285,600	575,060
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	302,922	330,324
Cancelled Accounts Payable	50,729	9,500
Cancelled Grant Reserve Balance		4,240
Cancelled Fees Payable	7,499	
Interfunds Liquidated	-	48,316
	<u>58,635,109</u>	<u>57,410,154</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	5,261,161	4,985,927
Other Expenses	7,858,948	8,332,171
Capital Improvements	126,000	223,700
Municipal Debt Service	1,688,534	1,468,588
Deferred Charges and Statutory Expenditures	1,549,803	1,489,324
County Taxes	5,242,630	4,809,836
County Open Space Preservation	234,174	216,241
County Share of Added and Omitted Taxes	8,142	3,001
Local District School Taxes	35,166,199	34,169,266
Municipal Open Space Taxes	110,764	82,128
Other Debits		
Senior Citizens Deductions Disallowed for Prior Year Taxes	500	1,182
Refund of Prior Year Revenue	370	529
Interfunds Created	5,625	-
	<u>57,252,850</u>	<u>55,781,893</u>
Excess in Revenue	1,382,259	1,628,261
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>25,000</u>	<u>-</u>
Statutory Excess to Surplus	1,407,259	1,628,261
Fund Balance, January 1	<u>6,583,835</u>	<u>7,150,645</u>
	7,991,094	8,778,906
Decreased by:		
Utilization as Anticipated Revenue	<u>2,526,594</u>	<u>2,195,071</u>
Fund Balance, December 31	<u>\$ 5,464,500</u>	<u>\$ 6,583,835</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>		<u>2024</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
FUND BALANCE ANTICIPATED	\$ 2,526,594	\$ 2,526,594	\$ 2,195,071	\$ 2,195,071
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	18,500	18,720	18,500	\$ 18,720
Other	24,000	26,772	23,000	24,617
Fees and Permits				
Construction Code Official	225,000	235,333	201,000	254,192
Other	250,000	228,533	235,000	265,957
Fines and Costs				
Municipal Court	80,000	69,828	58,000	80,484
Interest and Costs on Taxes	65,000	78,772	62,000	75,014
Interest of Investment and Deposits	250,000	444,593		
Sewer Rents - 2024	45,000	45,000	99,500	43,645
Sewer Rents - 2025	99,500	205,354		
Energy Receipts Tax	2,498,037	2,498,037	2,498,037	2,498,037
Supplemental Energy Receipts Tax				
Municipal Relief Fund - Reserve	-	-	257,489	257,489
Police Training - Various Municipal Agreements	67,672	68,491	64,000	69,612
Police Vest Fund - Reserve	3,523	3,523	5,387	5,387
ARP - Local Fiscal Recovery Fund - Reserve			1,057,990	1,057,990
NJ DCA Recreation Grant - Lions Park			70,000	70,000
ARP - Firefighters Grant			55,000	55,000
BPU Community Energy Plan Grant			10,000	10,000
Alcohol Education and Rehab. - Reserve	1,861	1,861		
B.C. 24/25 CDBG Grant	78,155	78,155		
B.C. 25/26 CDBG Grant	75,509	75,509		
Recycling Tonnage Grant - Reserve	12,189	12,189	13,239	13,329
Clean Communities - Reserve	24,960	24,960	21,975	21,975
Opioid Settlement - Reserve	44,471	44,471	14,219	14,219
Cable Television Franchise Fees	140,000	136,415	138,000	140,337
Uniform Fire Safety Act - Other Fees & Permits	25,000	22,874	16,000	30,608
Cell Site Rental	333,000	303,065	335,000	333,661
Forfeited Tax Sale Premium	59,600	59,600		
Reserve for Police O/S Duty Admin. Fees - Other Trust	50,000	50,000		
Tax Appeal Settlement	22,577	79,021	100,000	124,177
JIF Accreditation Payment	25,000	25,000	25,000	-
Reserve for Payment of Debt Service	45,257	45,257	45,000	45,000
Solar Energy Credit	5,000	-	5,000	5,065
Total Miscellaneous Revenues	<u>4,568,811</u>	<u>4,881,333</u>	<u>5,428,336</u>	<u>5,514,515</u>
RECEIPTS FROM DELINQUENT TAXES	<u>346,000</u>	<u>304,011</u>	<u>233,613</u>	<u>235,088</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Municipal Operations	9,217,026	9,713,493	8,919,578	9,494,545
Free Public Library	<u>778,234</u>	<u>778,234</u>	<u>700,328</u>	<u>700,328</u>
	<u>9,995,260</u>	<u>10,491,727</u>	<u>9,619,906</u>	<u>10,194,873</u>
Total General Revenues	<u>\$ 17,436,665</u>	<u>\$ 18,203,665</u>	<u>\$ 17,476,926</u>	<u>\$ 18,139,547</u>

The Accompanying Notes are an Integral Part of these Financial Statements

2025 STATEMENT OF EXPENDITURES
CURRENT FUND

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 226,000	\$ 182,089	\$ 181,251	\$ 838	
Other Expenses	61,880	56,430	44,714	11,716	
Mayor and Council					
Salaries and Wages	11,600	11,600	11,000	600	
Other Expenses	8,300	8,300	4,615	3,685	
Municipal Clerk					
Salaries and Wages	140,000	158,100	158,086	14	
Other Expenses	50,850	50,850	41,735	9,115	
Financial Administration					
Salaries and Wages	158,000	147,885	147,798	87	
Other Expenses	15,200	15,200	4,379	10,821	
Audit Services					
Other Expenses	38,940	38,940	38,940	-	
Revenue Administration					
Salaries and Wages	54,000	54,000	53,412	588	
Other Expenses	132,450	132,450	126,966	5,484	
Other Expenses - Liquid of TTLs/Foreclosed Property	100	100		100	-
Tax Assessment Administration		-			
Salaries and Wages	43,000	43,000	42,164	836	
Other Expenses	16,845	11,845	9,538	2,307	
Legal Services and Costs					
Other Expenses	146,000	146,000	143,606	2,394	
Engineering Services & Costs					
Other Expenses	11,000	16,500	16,255	245	
Planning Board					
Salaries and Wages	11,000	11,000	10,653	347	
Other Expenses	26,550	26,550	5,994	20,556	
Board of Adjustment					
Salaries and Wages	11,000	11,000	10,654	346	
Other Expenses	6,100	6,100	5,922	178	
Insurance					
Self Insurance & Surety Bonds	10,000	10,000		10,000	
General Liability	417,952	440,852	435,042	5,810	
Employee Group Health	864,734	917,734	896,752	20,982	
Health Benefit Waiver	45,000	24,000	23,231	769	
PUBLIC SAFETY					
Police					
Salaries and Wages	3,128,600	3,196,600	3,185,071	11,529	
Other Expenses	201,655	133,655	132,869	786	
Pistol Range Contribution	8,354	8,354	8,354	-	
Office of Emergency Management					
Other Expenses	2,000	2,000	-	2,000	

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Cont'd)					
Aid to Volunteer Ambulance Companies (First Aid Contribution)	\$ 22,500	\$ 22,500	\$ 11,321	\$ 11,179	
Fire					
Salaries and Wages	8,900	9,115	9,112	3	
Other Expenses	70,200	71,050	68,940	2,110	
Other Expenses-Fire Hydrant Service	25,000	25,000	25,000	-	
Fire Prevention Bureau					
Salaries and Wages	35,000	41,100	40,915	185	
Other Expenses	20,165	14,065	13,414	651	
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	907,000	907,000	897,949	9,051	
Other Expenses	56,600	56,600	46,880	9,720	
Other Expenses - Snow Removal	65,000	104,000	103,654	346	
Other Public Works Function					
Other Expenses - Municipal Park and Ride	2,000	2,000	1,353	647	
Other Expenses - Traffic Control Devices	6,500	6,500	5,729	771	
Solid Waste Collection (Sanitation)					
Garbage Collection	578,400	578,400	574,823	3,577	
Recycling					
Other Expenses	295,000	328,811	327,676	1,135	
Public Buildings and Grounds					
Other Expenses	197,000	206,500	205,895	605	
Vehicle Maintenance (Municipal Garage)					
Other Expenses	220,000	224,000	223,841	159	
HEALTH & HUMAN SERVICES					
Public Health Services					
Other Expenses - Northwest Bergen					
Comm. Contractual	109,725	108,575	105,732	2,843	
Animal Control					
Other Expenses	2,500	2,500	563	1,937	
Welfare/Administration of Public Assistance					
Other Expenses	100	100	-	100	
PARKS AND RECREATION					
Recreation Services and Programs (Parks and Playgrounds)					
Salaries and Wages	133,000	133,000	130,258	2,742	
Other Expenses	79,750	66,400	63,209	3,191	
MUNICIPAL COURT					
Salaries and Wages	73,500	73,500	51,604	21,896	
Other Expenses	12,300	12,300	9,744	2,556	
Public Defender					
Other Expenses	16,000	16,000	15,377	623	

**BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
OTHER COMMON OPERATING					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	\$ 8,500	\$ 8,500	\$ 7,824	\$ 676	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES (NJAC5:23-4.17)					
Uniform Construction Code Enforcement					
Salaries and Wages	244,000	245,500	245,407	93	
Other Expenses	11,540	11,540	9,971	1,569	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	120,000	145,000	138,327	6,673	
Street Lighting	136,000	147,000	134,401	12,599	
Telephone	53,000	55,500	55,139	361	
Water	32,000	38,100	38,073	27	
Natural Gas	35,000	25,000	15,569	9,431	
Fuel Oil	110,000	89,000	87,802	1,198	
Sewerage Processing and Disposal	20,000	20,000	13,115	6,885	
Landfill/Solid Waste Disposal Costs					
Sanitary Landfill Dump Fees	350,000	266,000	265,599	401	-
Total Operations Within "CAPS"	9,903,290	9,921,290	9,683,217	238,073	-
Detail:					
Salaries and Wages	5,229,600	5,248,489	5,198,565	49,924	-
Other Expenses (Including Contingent)	4,673,690	4,672,801	4,484,652	188,149	-
STATUTORY EXPENDITURES					
Public Employee Retirement System	263,679	263,679	263,677	2	
Social Security System	395,000	380,000	376,728	3,272	
Police & Firemen's Retirement System of NJ	899,124	899,124	899,124	-	
Defined Contribution Retirement Plan	10,000	7,000	5,256	1,744	-
Total Statutory Expenditures	1,567,803	1,549,803	1,544,785	5,018	-
Total Statutory Expenditures - Municipal Within "CAPS"	1,567,803	1,549,803	1,544,785	5,018	-
Total General Appropriations for Municipal Purposes Within "CAPS"	11,471,093	11,471,093	11,228,002	243,091	-

**BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Northwest Bergen Sewer Authority					
Share of Costs	\$ 2,075,938	\$ 2,075,938	\$ 2,075,938		
Village of Ridgewood - Contractual - Sewer	3,300	3,300	3,300		
Boro of Ho-Ho-Kus - Contractual - Sewer	5,600	5,600	4,080	\$ 1,520	
Recycling Tax Appropriation	10,000	10,000	9,019	981	
EDUCATION					
Maintenance of Free Public Library	778,834	778,834	776,595	2,239	
INSURANCE					
General Liability Insurance	5,707	5,707	5,707	-	
PUBLIC SAFETY					
"911" Telecommunications System	11,100	11,100	11,100	-	
INTERLOCAL MUNICIPAL SERVICE					
AGREEMENTS					
Public Safety - Police Training					
Salaries and Wages	12,672	12,672	12,672	-	
Other Expense	55,000	55,000	24,512	30,488	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Alcohol Education and Rehab	1,861	1,861		1,861	
Recycling Tonnage Grant	12,189	12,189	-	12,189	
Police Vest Fund	3,523	3,523	3,523	-	
CDBG Handicap Ramps - 24/25	-	78,155	57,407	20,748	-
CDBG Handicap Ramps - 25/26	-	75,509	-	75,509	-
Clean Communities Grant	24,960	24,960	24,960	-	-
Opioid Settlement	44,471	44,471	6,534	37,937	-
Total Operations Excluded from "CAPS"	3,045,155	3,198,819	3,015,347	183,472	-
Detail:					
Salaries and Wages	12,672	12,672	12,672	-	-
Other Expenses	3,032,483	3,186,147	3,002,675	183,472	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	101,000	101,000	101,000	-	-
Fire Truck Ladder Repair - Emergency	-	25,000	25,000	-	-
Total Capital Improvements-Excluded from "CAPS"	101,000	126,000	126,000	-	-

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
MUNICIPAL DEBT SERVICE					
Payment of Bond Principal	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000		
Payment of Bond Anticipation Notes and Capital Notes	125,200	125,200	125,200		
Interest on Bonds	88,635	88,635	88,635		
Interest on Notes	318,240	318,240	318,236		\$ 4
NJ Infrastructure Trust Loan					
Loan Repayments for Principal and Interest	<u>11,463</u>	<u>11,463</u>	<u>11,463</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,688,538</u>	<u>1,688,538</u>	<u>1,688,534</u>	<u>-</u>	<u>4</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,834,693</u>	<u>5,013,357</u>	<u>4,829,881</u>	<u>\$ 183,472</u>	<u>4</u>
Subtotal General Appropriations	16,305,786	16,484,450	16,057,883	426,563	4
Reserve for Uncollected Taxes	<u>977,215</u>	<u>977,215</u>	<u>977,215</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 17,283,001</u>	<u>\$ 17,461,665</u>	<u>\$ 17,035,098</u>	<u>\$ 426,563</u>	<u>\$ 4</u>
Adopted Budget		\$ 17,283,001			
Appropriation by 40A:4-87		25,000			
Special Emergency Authorization by 40A:4-53		<u>153,664</u>			
		<u>\$ 17,461,665</u>			

2024 STATEMENT OF EXPENDITURES
CURRENT FUND

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

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 210,264	\$ 210,264	\$ 207,777	\$ 2,487	
Other Expenses	27,240	27,240	27,237	3	
Mayor and Council					
Salaries and Wages	11,600	11,600	11,000	600	
Other Expenses	8,200	8,200	7,913	287	
Municipal Clerk					
Salaries and Wages	142,710	142,710	140,829	1,881	
Other Expenses	71,940	71,940	64,662	7,278	
Financial Administration					
Salaries and Wages	154,860	154,860	152,887	1,973	
Other Expenses	8,700	8,700		8,700	
Audit Services					
Other Expenses	38,110	38,110	36,600	1,510	
Revenue Administration					
Salaries and Wages	53,651	53,651	51,851	1,800	
Other Expenses	123,420	130,920	117,197	13,723	
Other Expenses - Liquid of TTLs/Foreclosed Property	100	100		100	-
Tax Assessment Administration					
Salaries and Wages	40,724	40,824	40,634	190	
Other Expenses	15,255	5,155	3,351	1,804	
Legal Services and Costs					
Other Expenses	111,000	111,000	106,978	4,022	
Engineering Services & Costs					
Other Expenses	11,000	11,000	11,000	-	
Planning Board					
Salaries and Wages	10,244	10,244	10,244	-	
Other Expenses	21,300	21,300	16,746	4,554	
Board of Adjustment					
Salaries and Wages	10,244	10,244	10,244	-	
Other Expenses	6,100	6,100	1,360	4,740	
Insurance					
Self Insurance & Surety Bonds	15,000			-	
General Liability	362,818	403,818	394,592	9,226	
Employee Group Health	830,576	830,576	744,045	86,531	
Health Benefit Waiver	25,000	25,000	21,296	3,704	
PUBLIC SAFETY					
Police					
Salaries and Wages	3,046,761	3,073,961	3,060,210	13,751	
Other Expenses	178,430	151,230	121,203	30,027	
Pistol Range Contribution	8,144	8,144	8,144	-	
Office of Emergency Management					
Other Expenses	6,500	6,500	4,222	2,278	

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

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Cont'd)					
Aid to Volunteer Ambulance Companies (First Aid Contribution)	\$ 21,000	\$ 21,000	\$ 20,000	\$ 1,000	
Fire					
Salaries and Wages	8,550	8,550	6,194	2,356	
Other Expenses	71,500	71,500	64,333	7,167	
Other Expenses-Fire Hydrant Service	25,000	25,000	25,000	-	
Fire Prevention Bureau					
Salaries and Wages	25,147	42,147	40,225	1,922	
Other Expenses	15,540	6,540	6,540	-	
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	787,286	767,286	756,325	10,961	
Other Expenses	53,120	53,120	37,374	15,746	
Other Expenses - Snow Removal	44,000	44,000	42,016	1,984	
Other Public Works Function					
Other Expenses - Municipal Park and Ride	2,000	2,000	1,192	808	
Other Expenses - Traffic Control Devices	6,000	6,000	6,000	-	
Solid Waste Collection (Sanitation)					
Garbage Collection	533,461	564,211	558,200	6,011	
Recycling					
Other Expenses	266,739	266,739	266,684	55	
Public Buildings and Grounds					
Other Expenses	207,500	207,500	202,498	5,002	
Vehicle Maintenance (Municipal Garage)					
Other Expenses	185,000	210,000	203,936	6,064	
HEALTH & HUMAN SERVICES					
Public Health Services					
Other Expenses - Northwest Bergen					
Comm. Contractual	112,000	112,000	110,824	1,176	
Animal Control					
Other Expenses	2,500	2,500	2,500	-	
Welfare/Administration of Public Assistance					
Other Expenses	100	100	-	100	
PARKS AND RECREATION					
Recreation Services and Programs (Parks and Playgrounds)					
Salaries and Wages	130,123	115,123	113,902	1,221	
Other Expenses	68,750	68,750	68,653	97	
MUNICIPAL COURT					
Salaries and Wages	70,664	70,664	52,167	18,497	
Other Expenses	12,300	12,300	10,615	1,685	
Public Defender					
Other Expenses	16,000	16,000	15,373	627	

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

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
OTHER COMMON OPERATING					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	\$ 13,500	\$ 13,500	\$ 11,940	\$ 1,560	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES (NJAC5:23-4.17)					
Uniform Construction Code Enforcement					
Salaries and Wages	234,577	236,127	236,106	21	
Other Expenses	16,840	16,840	16,296	544	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	111,500	114,500	109,700	4,800	
Street Lighting	125,500	125,500	116,591	8,909	
Telephone	53,000	55,500	54,183	1,317	
Water	30,000	30,050	25,546	4,504	
Natural Gas	35,000	27,450	14,497	12,953	
Fuel Oil	110,000	105,500	97,247	8,253	
Sewerage Processing and Disposal	15,000	15,000	13,996	1,004	
Landfill/Solid Waste Disposal Costs					
Sanitary Landfill Dump Fees	350,000	319,250	247,080	72,170	-
Total Operations Within "CAPS"	9,309,088	9,325,638	8,925,955	399,683	-
Detail:					
Salaries and Wages	4,962,405	4,973,255	4,911,891	61,364	-
Other Expenses (Including Contingent)	4,346,683	4,352,383	4,014,064	338,319	-
STATUTORY EXPENDITURES					
Public Employee Retirement System	273,896	273,896	273,896	-	
Social Security System	378,272	361,722	352,549	9,173	
Police & Firemen's Retirement System of NJ	843,706	843,706	843,706	-	
Defined Contribution Retirement Plan	10,000	10,000	5,820	4,180	-
Total Statutory Expenditures	1,505,874	1,489,324	1,475,971	13,353	-
Total Statutory Expenditures - Municipal Within "CAPS"	1,505,874	1,489,324	1,475,971	13,353	-
Total General Appropriations for Municipal Purposes Within "CAPS"	10,814,962	10,814,962	10,401,926	413,036	-

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

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Northwest Bergen Sewer Authority					
Share of Costs	\$ 1,859,102	\$ 1,859,102	\$ 1,859,102		
Village of Ridgewood - Contractual - Sewer	3,300	3,300		\$ 3,300	
Boro of Ho-Ho-Kus - Contractual - Sewer	5,600	5,600	5,600	-	
Recycling Tax Appropriation	10,000	10,000	8,468	1,532	
EDUCATION					
Maintenance of Free Public Library	700,328	700,328	700,328	-	
INSURANCE					
General Liability Insurance	40,262	40,262	40,262	-	
Employee Group Health	25,958	25,958	25,958	-	
PUBLIC SAFETY					
"911" Telecommunications System	11,100	11,100	11,100	-	
PUBLIC WORKS					
NJPDES Stormwater Permit					
Streets and Roads					
Other Expenses	25,000	25,000	5,000	20,000	
INTERLOCAL MUNICIPAL SERVICE					
AGREEMENTS					
Public Safety - Police Training					
Salaries and Wages	12,672	12,672	12,672	-	
Other Expense	51,328	51,328	38,780	12,548	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage Grant	13,239	13,239	-	13,239	
Police Vest Fund	5,387	5,387	-	5,387	
Local Fiscal Recovery - APRA	-	1,057,990	1,057,990	-	-
NJ DCA-Recreation Grant - Lions Park	-	70,000	33,300	36,700	-
ARPA - Firefighter Grant	-	55,000	54,838	162	-
BPU - Community Energy Plan	-	10,000	-	10,000	-
Clean Communities Grant	21,975	21,975	19,593	2,382	-
Opioid Settlement	14,219	14,219	-	14,219	-
Total Operations Excluded from "CAPS"	<u>2,799,470</u>	<u>3,992,460</u>	<u>3,872,991</u>	<u>119,469</u>	<u>-</u>
Detail:					
Salaries and Wages	12,672	12,672	12,672	-	-
Other Expenses	<u>2,786,798</u>	<u>3,979,788</u>	<u>3,860,319</u>	<u>119,469</u>	<u>-</u>
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	<u>223,700</u>	<u>223,700</u>	<u>223,700</u>	<u>-</u>	<u>-</u>
Total Capital Improvements-Excluded from "CAPS"	<u>223,700</u>	<u>223,700</u>	<u>223,700</u>	<u>-</u>	<u>-</u>

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
MUNICIPAL DEBT SERVICE					
Payment of Bond Principal	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000		
Interest on Bonds	99,498	99,498	99,498		
Interest on Notes	212,350	212,350	212,350		
NJ Infrastructure Trust Loan					
Loan Repayments for Principal and Interest	<u>11,741</u>	<u>11,741</u>	<u>11,740</u>	<u>-</u>	<u>\$ 1</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,468,589</u>	<u>1,468,589</u>	<u>1,468,588</u>	<u>-</u>	<u>1</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,491,759</u>	<u>5,684,749</u>	<u>5,565,279</u>	<u>\$ 119,469</u>	<u>1</u>
Subtotal General Appropriations	15,306,721	16,499,711	15,967,205	532,505	1
Reserve for Uncollected Taxes	<u>977,215</u>	<u>977,215</u>	<u>977,215</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 16,283,936</u>	<u>\$ 17,476,926</u>	<u>\$ 16,944,420</u>	<u>\$ 532,505</u>	<u>\$ 1</u>
Adopted Budget		\$ 16,283,936			
Appropriation by 40A:4-87		<u>1,192,990</u>			
		<u>\$ 17,476,926</u>			

**BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
ANIMAL CONTROL FUND		
Cash	\$ 17,679	\$ 17,268
Due from State of New Jersey	<u>-</u>	<u>1,032</u>
	<u>17,679</u>	<u>18,300</u>
PARK AND RIDE CONTINGENCY FUND		
Cash	47,206	42,131
Due from Current Fund	<u>-</u>	<u>5,075</u>
	<u>47,206</u>	<u>47,206</u>
OTHER TRUST FUND		
Cash	1,845,031	2,298,497
Due from Current Fund	<u>98,991</u>	<u>-</u>
	<u>1,944,022</u>	<u>2,298,497</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Cash and Cash Equivalents	56,392	55,872
Due from State of New Jersey	5,918	5,918
Due From Other Trust - Payroll Agency	<u>9,394</u>	<u>-</u>
	<u>71,704</u>	<u>61,790</u>
SELF INSURANCE TRUST FUND		
Cash	<u>51,308</u>	<u>48,333</u>
MUNICIPAL OPEN SPACE TRUST FUND		
Cash	<u>126,043</u>	<u>139,956</u>
	<u>126,043</u>	<u>139,956</u>
Total Assets	<u>\$ 2,257,962</u>	<u>\$ 2,614,082</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2025 AND 2024
(Continued)

	<u>2025</u>	<u>2024</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL FUND		
Due to State of New Jersey	\$ 124	
Reserve for Animal Control Expenditures	<u>17,555</u>	<u>\$ 18,300</u>
	<u>17,679</u>	<u>18,300</u>
PARK AND RIDE CONTINGENCY FUND		
Reserve for Park and Ride Expenditures	<u>47,206</u>	<u>47,206</u>
	<u>47,206</u>	<u>47,206</u>
OTHER TRUST FUND		
Due to Current Fund	-	1,736
Due to Unemployment Ins. Trust Fund	9,394	-
Developer's Escrow and Other Reserves	1,476,437	1,787,665
Reserve for Payroll Deductions Payable	20,726	100,145
Reserve for COAH Expenditures	<u>437,465</u>	<u>408,951</u>
	<u>1,944,022</u>	<u>2,298,497</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Reserve for Unemployment Insurance Claims	<u>71,704</u>	<u>61,790</u>
	<u>71,704</u>	<u>61,790</u>
SELF-INSURANCE TRUST FUND		
Reserve for Property Insurance Expenditures	<u>51,308</u>	<u>48,333</u>
	<u>51,308</u>	<u>48,333</u>
MUNICIPAL OPEN SPACE TRUST FUND		
Reserve for Expenditures	<u>126,043</u>	<u>139,956</u>
	<u>126,043</u>	<u>139,956</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 2,257,962</u>	<u>\$ 2,614,082</u>

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>		<u>2024</u>	
	Budget After <u>Modification</u>	<u>Actual</u>	Budget After <u>Modification</u>	<u>Actual</u>
Amount to be Raised by Taxation	\$ <u>110,604</u>	\$ <u>110,764</u>	\$ <u>82,075</u>	\$ <u>82,127</u>
	\$ <u>110,604</u>	\$ <u>110,764</u>	\$ <u>82,075</u>	\$ <u>82,127</u>

BOROUGH OF WALDWICK
STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Development of Lands for Recreation and Conservation: Other Expenses	\$ 110,604	\$ 110,604	\$ 110,604	\$ -
	\$ 110,604	\$ 110,604	\$ 110,604	\$ -

BOROUGH OF WALDWICK
STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST 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>
Development of Lands for Recreation and Conservation:				
Other Expenses	\$ 82,075	\$ 82,075	\$ 84,500	\$ (2,425)
	<u>\$ 82,075</u>	<u>\$ 82,075</u>	<u>\$ 84,500</u>	<u>\$ (2,425)</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,858,607	\$ 3,604,278
Deferred Charges to Future Taxation		
Funded	3,662,889	4,818,047
Unfunded	12,162,287	10,424,487
Grant Receivables	<u>422,329</u>	<u>348,281</u>
	<u>\$ 18,106,112</u>	<u>\$ 19,195,093</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds	\$ 3,621,000	\$ 4,766,000
Loans Payable	41,889	52,047
Bond Anticipation Notes	7,830,690	7,955,890
Improvement Authorizations		
Funded	608,173	613,032
Unfunded	2,173,141	2,451,024
Accounts Payable	3,198,391	2,715,523
Due to Current Fund	35,691	28,330
Reserve for Payment of Debt Service	-	45,257
Reserve for Pistol Range	47,041	35,960
Capital Improvement Fund	154,895	147,792
Fund Balance	<u>395,201</u>	<u>384,238</u>
	<u>\$ 18,106,112</u>	<u>\$ 19,195,093</u>

There were bonds and notes authorized but not issued of \$4,331,597 and \$2,468,597 at December 31, 2025 and 2024 respectively.

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ 384,238	\$ 335,061
Increased by:		
Accrued Interest on Sale of Bond Anticipation Notes	10,963	
Premium on Sale of Bond Anticipation Notes	<u>-</u>	<u>49,177</u>
Balance, December 31	<u>\$ 395,201</u>	<u>\$ 384,238</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2025 AND 2024

ASSETS	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 2,427,903	\$ 2,456,395
Change Fund	100	100
Due from Current Fund	<u>-</u>	<u>6,157</u>
	<u>2,428,003</u>	<u>2,462,652</u>
Receivables With Full Reserves		
Consumer Accounts Receivable	64,894	75,277
Deferred Charges		
Emergency Authorization	<u>-</u>	<u>110,000</u>
Total Assets	<u>\$ 2,492,897</u>	<u>\$ 2,647,929</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 62,815	\$ 87,128
Accounts Payable	61,532	249,285
Prepaid Water Rents	1,767	5,109
Water Rent Overpayments	6,072	8,194
Due to Water Utility Capital Fund	374,854	
Reserve for Tax Map	3,667	3,667
Accrued Interest Payable on Bonds and Notes	11,861	12,563
Accrued Interest Payable on Loans	<u>43,262</u>	<u>4,792</u>
	565,830	370,738
Reserve for Receivables	64,894	75,277
Fund Balance	<u>1,862,173</u>	<u>2,201,914</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 2,492,897</u>	<u>\$ 2,647,929</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2025 AND 2024
(Continued)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash	\$ 451,451	\$ 1,275,261
Loan Receivable		104,101
Due from Current Fund	338,415	
Due from Water Operating Fund	374,854	
Fixed Capital	17,810,116	10,135,664
Fixed Capital Authorized and Uncompleted	<u>1,423,385</u>	<u>7,948,302</u>
Total Assets	<u>\$ 20,398,221</u>	<u>\$ 19,463,328</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Serial Bonds Payable	\$ 576,000	\$ 736,000
State Water Loans Payable	4,114,778	4,214,521
Bond Anticipation Notes	2,529,310	1,944,110
Accounts Payable	191,292	1,011,823
Improvement Authorization		
Funded	136,618	132,128
Unfunded	617,617	421,179
Reserves for		
Amortization	11,107,393	8,657,072
Deferred Amortization	201,307	2,293,850
Water System Improvements - PFAS	823,269	
Payment of Debt	24,459	4,008
Capital Improvement Fund	50,143	26,143
Fund Balance	<u>26,035</u>	<u>22,494</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 20,398,221</u>	<u>\$ 19,463,328</u>

There were bonds and notes authorized but not issued of \$704,713 and \$238,413, at December 31, 2025 and 2024, respectively.

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUES AND OTHER INCOME		
Surplus Anticipated	\$ 592,286	\$ 244,000
Rents	1,941,085	1,878,595
Fire Hydrant Service	25,000	25,000
Miscellaneous	103,490	102,466
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	52,012	50,968
Cancelled Accounts Payable	<u>10,367</u>	<u>8,417</u>
	<u>2,724,240</u>	<u>2,309,446</u>
EXPENDITURES		
Budget Appropriations		
Operating	1,719,774	1,504,032
Capital Improvements	108,000	150,000
Debt Service	486,450	340,479
Deferred Charges and Statutory Expenditures	<u>157,471</u>	<u>167,047</u>
	<u>2,471,695</u>	<u>2,161,558</u>
Excess in Revenue	252,545	147,888
Adjustments to Income Before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>-</u>	<u>110,000</u>
Statutory Excess to Surplus	252,545	257,888
Fund Balance, January 1	<u>2,201,914</u>	<u>2,188,026</u>
	2,454,459	2,445,914
Decreased by:		
Utilization by Water Operating Budget	<u>592,286</u>	<u>244,000</u>
Fund Balance, December 31	<u><u>\$ 1,862,173</u></u>	<u><u>\$ 2,201,914</u></u>

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ 22,494	\$ 10,477
Increased by:		
Accrued Interest on Sale of Bond Anticipation Notes	3,541	
Premium on Sale of Bond Anticipation Notes	<u>-</u>	<u>12,017</u>
Balance, December 31	<u>\$ 26,035</u>	<u>\$ 22,494</u>

EXHIBIT D-3

COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>		<u>2024</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Surplus Utilized	\$ 592,286	\$ 592,286	\$ 244,000	\$ 244,000
Rents	1,878,000	1,941,085	1,783,456	1,878,595
Fire Hydrant Service	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
	<u>\$ 2,495,286</u>	<u>\$ 2,558,371</u>	<u>\$ 2,052,456</u>	<u>\$ 2,147,595</u>

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 824,900	\$ 824,900	\$ 798,010	\$ 26,890	
Other Expenses	895,782	894,874	867,366	27,508	
Capital Improvements					
Capital Improvement Fund	78,000	78,000	78,000		
Capital Outlay	30,000	30,000	29,535	465	
Water Treatment System Improvements		-	-		
Debt Service					
Payment of Bond Principal	160,000	160,000	160,000		
Payment of Bond Anticipation Notes	14,500	14,500	14,500		
Interest on Bonds	13,107	13,815	13,107		\$ 708
Interest on Notes	77,770	77,770	77,770		-
Environmental Trust Principal & Interest	243,956	243,956	221,073		22,883
Statutory Expenditures					
Public Employees Retirement System	94,166	94,366	94,270	96	
Social Security System	63,105	63,105	55,249	7,856	-
	<u>\$ 2,495,286</u>	<u>\$ 2,495,286</u>	<u>\$ 2,408,880</u>	<u>\$ 62,815</u>	<u>\$ 23,591</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 734,729	\$ 734,729	\$ 732,425	\$ 2,304	
Other Expenses	769,953	769,303	692,767	76,536	
Capital Improvements					
Capital Improvement Fund	10,000	10,000	10,000		
Capital Outlay	30,000	30,000	30,000		
Water Treatment System Improvements		110,000	110,000		
Debt Service					
Payment of Bond Principal	160,000	160,000	160,000		
Interest on Bonds	15,365	15,365	15,092		\$ 273
Interest on Notes	93,350	93,350	93,350		
Environmental Trust Principal & Interest	72,662	72,662	72,037		625
Statutory Expenditures					
Public Employees Retirement System	108,397	109,047	109,015	32	
Social Security System	58,000	58,000	49,744	8,256	-
	<u>\$ 2,052,456</u>	<u>\$ 2,162,456</u>	<u>\$ 2,074,430</u>	<u>\$ 87,128</u>	<u>\$ 898</u>
Adopted Budget		\$ 2,052,456			
Emergency Authorization		110,000			
		<u>\$ 2,162,456</u>			

**BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Land	\$ 10,778,400	\$ 10,788,400
Land Improvements	631,669	596,007
Buildings and Building Improvements	6,991,594	6,258,846
Machinery and Equipment	<u>11,754,265</u>	<u>11,203,472</u>
Total Assets	<u>\$ 30,155,928</u>	<u>\$ 28,846,725</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 30,155,928</u>	<u>\$ 28,846,725</u>

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NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Waldwick (the "Borough") was incorporated in 1919 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by State law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Waldwick 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 WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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.

Park and Ride Contingency Fund - This fund is used to account for the receipts and disbursements relating to parking permit fees collected.

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

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

Self- Insurance Fund - This fund is used to account for the resources and expenditures for property claims.

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

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.

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the Water Utility Fund. The Borough's infrastructure is not reported in the account group.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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, 2024 balances to conform to the December 31, 2025 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the 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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The Borough has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Borough has not received notices or report of losses (i.e. IBNR). Additionally, the Borough has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the proprietary funds and government-wide financial statements.

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 WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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.

Leases Receivable – Leases for the use of the Borough's land or property 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.

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

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Waldwick 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 acquired under capital financing agreements are capitalized at their acquisition cost. Intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs) are not capitalized.

General Fixed Assets purchased after December 31, 2017 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, 2017 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

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

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

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 Municipal Open Space Trust Fund)
General Capital Fund
Water Utility Capital Fund

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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 amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2%, and extraordinary costs 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 2025 the Borough Council increased the original Current Fund budget by \$25,000. The increase was attributable to an emergency resolution fire truck ladder repairs. In 2024 the Borough Council increased the original Current Fund budget by \$1,192,990. The increase was funded by additional aid allotted to the Borough. In addition, during 2024, the Borough council increased the Water Utility Operating budget by \$110,000. This increase was an emergency appropriation for improvements to the water treatment system. In addition, the governing body approved several budget transfers during 2025 and 2024.

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.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 3 CASH DEPOSITS AND INVESTMENTS

A. Cash Deposits (Continued)

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, 2025 and 2024, the book value of the Borough's deposits were \$13,662,086 and \$17,647,254 and bank and brokerage firm balances of the Borough's deposits amounted to \$14,563,499 and \$18,329,870, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2025</u>	<u>2024</u>
Insured	\$ 13,472,202	\$ 17,022,686
Uninsured and Collateralized	<u>1,091,297</u>	<u>1,307,184</u>
	<u>\$ 14,563,499</u>	<u>\$ 18,329,870</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, 2025 and 2024, the Borough’s bank balances of \$1,091,297 and \$1,307,184 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2025</u>	<u>2023</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,091,297</u>	<u>\$ 1,307,184</u>
	<u>\$ 1,091,297</u>	<u>\$ 1,307,184</u>

B. Investments

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

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2025 and 2024 the Borough had the following investments:

	<u>Valuation Basis</u>	<u>2025</u>	<u>2024</u>
<u>Investment Type:</u>			
N.J. Cash Management Fund	Book Value	\$ <u>321,388</u>	\$ <u>308,285</u>

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, 2025 and 2024, \$321,388 and \$308,285 of the Borough’s investments were exposed to custodial credit risk as follows:

	<u>2025</u>	<u>2024</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>321,388</u>	\$ <u>308,285</u>

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). The Borough does not have an investment policy that would further limit its investment choices.

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 N.J. Cash Management Fund. These investments are 100% of the Borough’s total investments.

Fair Value of Investments. The Borough of Waldwick 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 N.J. Cash Management Fund. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2025 and 2024 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. Interest earned in the Water Utility Capital Fund and Water Utility Assessment Trust Fund is assigned to the Water Utility Operating Fund in accordance with the regulatory basis of accounting.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2025 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2025</u>			
Property Taxes	\$ 366,088		\$ 366,088
Tax Title Liens	4,826		4,826
Utility Rents	<u>-</u>	<u>\$ 64,894</u>	<u>64,894</u>
	<u>\$ 370,914</u>	<u>\$ 64,894</u>	<u>\$ 435,808</u>

In 2025, the Borough collected \$304,011 and \$75,277 from delinquent taxes and utility charges and fees, which represented 100% and 100% of the delinquent tax and water charges receivable at December 31, 2024

Receivables at December 31, 2024 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2024</u>			
Property Taxes	\$ 305,339		\$ 305,339
Utility Rents	<u>-</u>	<u>\$ 75,277</u>	<u>75,277</u>
	<u>\$ 305,339</u>	<u>\$ 75,277</u>	<u>\$ 380,616</u>

In 2024, the Borough collected \$235,088 and \$70,579 from delinquent taxes and utility charges and fees, which represented 100% and 100% of the delinquent tax and water charges receivable at December 31, 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>2025</u>		<u>2024</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:	\$ 35,691	\$ 437,406	\$ 30,066	\$ 11,232
Trust Fund:				
Park and Ride Contingency			5,075	
Other Trust	98,991	9,394		1,736
Unemployment Insurance Trust	9,394			
General Capital Fund		35,691		28,330
Water Utility Operating Fund			6,157	-
Operating		374,854		
Capital	<u>713,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 857,345</u>	<u>\$ 857,345</u>	<u>\$ 41,298</u>	<u>\$ 41,298</u>

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

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

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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>2025</u>			
Current Fund			
Emergency Authorization	\$25,000	\$25,000	
<u>2024</u>			
Water Utility Operating Fund			
Emergency Authorization	\$110,000	\$110,000	

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>2025</u>		<u>2024</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,126,010	\$ 2,250,000	\$ 6,379,672	\$ 2,526,594
Non-Cash Surplus	<u>338,490</u>	<u>-</u>	<u>204,163</u>	<u>-</u>
	<u>\$ 5,464,500</u>	<u>\$ 2,250,000</u>	<u>\$ 6,583,835</u>	<u>\$ 2,526,594</u>
Water Utility Operating Fund				
Cash Surplus	\$ 1,862,173	\$ 756,325	\$ 2,091,914	\$ 592,286
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>-</u>
	<u>\$ 1,862,173</u>	<u>\$ 756,325</u>	<u>\$ 2,201,914</u>	<u>\$ 592,286</u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025 and 2024.

	Balance January 1, <u>2025</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2025</u>
<u>2025</u>				
Land	\$ 10,778,400			\$ 10,778,400
Land Improvements	596,007	\$ 35,662		631,669
Buildings and Building Improvements	6,258,846	732,748		6,991,594
Machinery and Equipment	<u>11,203,472</u>	<u>557,319</u>	\$ <u>6,526</u>	<u>11,754,265</u>
	<u>\$ 28,836,725</u>	<u>\$ 1,325,729</u>	<u>\$ 6,526</u>	<u>\$ 30,155,928</u>
	Balance January 1, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Land	\$ 8,628,600	\$ 2,149,800		\$ 10,778,400
Land Improvements	578,930	17,077		596,007
Buildings and Building Improvements	5,495,197	763,649		6,258,846
Machinery and Equipment	<u>10,340,881</u>	<u>914,262</u>	\$ <u>51,671</u>	<u>11,203,472</u>
	<u>\$ 25,043,608</u>	<u>\$ 3,844,788</u>	<u>\$ 51,671</u>	<u>\$ 28,836,725</u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 8 FIXED ASSETS (Continued)

B. Water Utility Fund Fixed Assets

The following is a summary of changes in the utility fund(s) fixed assets for the years ended December 31, 2025 and 2024.

Water Utility Fund	Balance January 1, <u>2025</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance, December 31, <u>2025</u>
<u>2025</u>					
Fixed Capital					
System and System Improvements	\$ 3,537,707	\$ 3,219,971		\$ 53,441	\$ 6,811,119
Building and Building Improvements	3,495,221	4,128,692		1,087	7,625,000
Vehicles and Equipment	<u>3,102,736</u>	<u>325,789</u>	<u>-</u>	<u>(54,528)</u>	<u>3,373,997</u>
	<u>\$ 10,135,664</u>	<u>\$ 7,674,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,810,116</u>
	Balance January 1, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>	
Water Utility Fund					
<u>2024</u>					
Fixed Capital					
System and System Improvements	\$ 3,490,620	\$ 47,087		\$ 3,537,707	
Building and Building Improvements	3,495,221	-		3,495,221	
Vehicles and Equipment	<u>3,102,736</u>	<u>-</u>	<u>-</u>	<u>3,102,736</u>	
	<u>\$ 10,088,577</u>	<u>\$ 47,087</u>	<u>\$ -</u>	<u>\$ 10,135,664</u>	

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2025</u>	<u>2024</u>
Issued		
General		
Bonds, Notes and Loans	\$ 11,493,579	\$ 12,773,937
Water Utility		
Bonds, Notes and Loans	<u>7,220,088</u>	<u>6,894,631</u>
Total Issued	18,713,667	19,668,568
Less Funds Temporarily Held to Pay Bonds and Notes	<u>24,459</u>	<u>49,265</u>
Net Debt Issued	18,689,208	19,619,303
Authorized But Not Issued		
General		
Bonds and Notes	4,331,597	2,468,597
Water Utility		
Bonds, Notes and Loans	<u>704,713</u>	<u>238,413</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 23,725,518</u>	<u>\$ 22,326,313</u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .68% and .72% at December 31, 2025 and 2024, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2025</u>			
General Debt	\$ 15,825,176		\$ 15,825,176
School Debt	27,570,000	\$ 27,570,000	-
Water Utility Debt	<u>7,924,801</u>	<u>7,924,801</u>	<u>-</u>
Total	<u>\$ 51,319,977</u>	<u>\$ 35,494,801</u>	<u>\$ 15,825,176</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
General Debt	\$ 15,242,534	\$ 45,257	\$ 15,197,277
School Debt	28,585,000	28,585,000	-
Water Utility Debt	<u>7,133,044</u>	<u>7,133,044</u>	<u>-</u>
Total	<u>\$ 50,960,578</u>	<u>\$ 35,763,301</u>	<u>\$ 15,197,277</u>

Statutory Borrowing Power

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

	<u>2025</u>	<u>2024</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 81,206,815	\$ 74,403,313
Less: Net Debt	<u>15,825,176</u>	<u>15,197,277</u>
Remaining Borrowing Power	<u>\$ 65,381,639</u>	<u>\$ 59,206,036</u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2025</u>	<u>2024</u>
\$4,508,000, 2014 Bonds, due in an annual installment of \$418,000 through November, 2026, interest at 2.50%	\$ 418,000	\$ 838,000
\$6,978,000, 2020 Bonds, due in annual installments of \$578,000 to \$725,000 through July, 2030, interest at 1.50% to 2.00%	<u>3,203,000</u>	<u>3,928,000</u>
Total	<u><u>\$ 3,621,000</u></u>	<u><u>\$ 4,766,000</u></u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the Borough's sanitary sewer infiltration and inflow reduction improvements. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
\$86,874, 2011 Fund Loan due in Semi-annual installments of \$1,589 to \$3,178 through August 2029, interest free	\$ 16,957	\$ 21,724
\$86,874, 2011 Trust Loan due in Annual installments of \$996 to \$5,391 through August 2030, interest at 4.13% to 4.51%	<u>24,932</u>	<u>30,323</u>
	<u><u>\$ 41,889</u></u>	<u><u>\$ 52,047</u></u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Water Utility Bonds

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

	<u>2025</u>	<u>2024</u>
\$564,000, 2014 Bonds, due in an annual installment of \$59,000 through November, 2026, interest at 2.50%	\$ 59,000	\$ 119,000
\$1,017,000, 2020 Bonds, due in annual installments of \$100,000 to \$105,000 through July, 2030, interest at 1.50% to 2.00%	<u>517,000</u>	<u>617,000</u>
	<u><u>\$ 576,000</u></u>	<u><u>\$ 736,000</u></u>

Water Utility Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing relating to the water storage tank booster pump, water main construction, and water treatment system improvement projects. The Borough pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the water utility at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
\$1,702,711, 2024/25 Fund Loan due in Semi-annual installments of \$17,464 to \$78,587 through August 2044, interest free	\$ 1,667,784	\$ 1,702,711
\$1,245,000, 2024/25 Trust Loan due in Annual installments of \$75,000 to \$115,000 through August 2038, interest at 5.00%	1,245,000	1,245,000
\$857,909, 2024/25 WIFIA Loan due in Annual installments of \$143,631 to \$146,350 through August 2044, interest at 3.710%	857,909	857,909
\$566,508, 2010 Fund Loan due in Semi-annual installments of \$9,939 to \$19,877 through August 2030, interest free	149,085	178,901
\$545,000, 2010 Trust Loan due in Annual installments of \$35,000 to \$45,000 through August 2030, interest at 5.00%	<u>195,000</u>	<u>230,000</u>
	<u><u>\$ 4,114,778</u></u>	<u><u>\$ 4,214,521</u></u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2025 is as follows:

Calendar Year	General Bonds		General Loans		Water Utility Bonds		Water Utility Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 1,143,000	\$ 70,885	\$ 10,381	\$ 1,082	\$ 159,000	\$ 11,315	\$ 227,135	\$ 103,828	\$ 1,726,626
2027	650,000	49,560	10,619	843	105,000	8,340	232,136	98,328	1,154,826
2028	625,000	36,560	10,870	593	105,000	6,240	237,136	92,578	1,113,977
2029	625,000	24,060	9,017	327	105,000	4,140	242,136	86,578	1,096,258
2030	578,000	11,560	1,002	45	102,000	2,040	247,136	80,328	1,022,111
2031-2035							936,592	321,642	1,258,234
2036-2040							1,061,860	187,963	1,249,823
2041-2044	-	-	-	-	-	-	930,647	53,230	983,877
Total	<u>\$ 3,621,000</u>	<u>\$ 192,625</u>	<u>\$ 41,889</u>	<u>\$ 2,890</u>	<u>\$ 576,000</u>	<u>\$ 32,075</u>	<u>\$ 4,114,778</u>	<u>\$ 1,024,475</u>	<u>\$ 9,605,732</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2025 and 2024 were as follows:

	Balance, January 1, <u>2025</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2025</u>	Due Within One Year
<u>2025</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 4,766,000		\$ 1,145,000	\$ 3,621,000	\$ 1,143,000
Intergovernmental Loans Payable	<u>52,047</u>	<u>\$ -</u>	<u>10,158</u>	<u>41,889</u>	<u>10,381</u>
General Capital Fund Long-Term Liabilities	<u>\$ 4,818,047</u>	<u>\$ -</u>	<u>\$ 1,155,158</u>	<u>\$ 3,662,889</u>	<u>\$ 1,153,381</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	\$ 736,000		\$ 160,000	\$ 576,000	\$ 159,000
Intergovernmental Loans	<u>4,214,521</u>	<u>\$ -</u>	<u>99,743</u>	<u>4,114,778</u>	<u>227,135</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 4,950,521</u>	<u>\$ -</u>	<u>\$ 259,743</u>	<u>\$ 4,690,778</u>	<u>\$ 386,135</u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, January 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<u>2024</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 5,911,000		\$ 1,145,000	\$ 4,766,000	\$ 1,145,000
Intergovernmental Loans Payable	<u>61,998</u>	<u>-</u>	<u>9,951</u>	<u>52,047</u>	<u>10,159</u>
General Capital Fund Long-Term Liabilities	<u>\$ 5,972,998</u>	<u>\$ -</u>	<u>\$ 1,154,951</u>	<u>\$ 4,818,047</u>	<u>\$ 1,155,159</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	\$ 896,000		\$ 160,000	\$ 736,000	\$ 160,000
Intergovernmental Loans	<u>468,717</u>	<u>\$ 3,805,620</u>	<u>59,816</u>	<u>4,214,521</u>	<u>99,744</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 1,364,717</u>	<u>\$ 3,805,620</u>	<u>\$ 219,816</u>	<u>\$ 4,950,521</u>	<u>\$ 259,744</u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2025 and 2024 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, January 1, <u>2025</u>	<u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2025</u>
<u>2025</u>						
<u>General Capital Fund</u>						
Various Public Improvements & Acquisitions	3.50%	10/9/2026	\$ 5,503,890	\$ 5,378,690	\$ 5,503,890	\$ 5,378,690
Acquisitions of Property	3.50%	10/9/2026	<u>2,452,000</u>	<u>2,452,000</u>	<u>2,452,000</u>	<u>2,452,000</u>
Total General Capital Fund			<u>\$ 7,955,890</u>	<u>\$ 7,830,690</u>	<u>\$ 7,955,890</u>	<u>\$ 7,830,690</u>
<u>Water Utility Capital Fund</u>						
Various Public Improvements & Acquisitions	3.50%	10/9/2026	\$ 1,944,110	\$ 2,529,310	\$ 1,944,110	\$ 2,529,310
Total Water Utility Capital Fund			<u>\$ 1,944,110</u>	<u>\$ 2,529,310</u>	<u>\$ 1,944,110</u>	<u>\$ 2,529,310</u>
<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, January 1, <u>2024</u>	<u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2024</u>
<u>2024</u>						
<u>General Capital Fund</u>						
Various Public Improvements & Acquisitions	4.00%	10/10/2025	\$ 4,247,000	\$ 5,503,890	\$ 4,247,000	\$ 5,503,890
Acquisitions of Property	4.00%	10/10/2025	<u>-</u>	<u>2,452,000</u>	<u>-</u>	<u>2,452,000</u>
Total General Capital Fund			<u>\$ 4,247,000</u>	<u>\$ 7,955,890</u>	<u>\$ 4,247,000</u>	<u>\$ 7,955,890</u>
<u>Water Utility Capital Fund</u>						
Various Public Improvements & Acquisitions	4.00%	10/10/2025	\$ 1,867,000	\$ 1,944,110	\$ 1,867,000	\$ 1,944,110
Total Water Utility Capital Fund			<u>\$ 1,867,000</u>	<u>\$ 1,944,110</u>	<u>\$ 1,867,000</u>	<u>\$ 1,944,110</u>

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

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

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

NOTE 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/Purpose</u>	<u>Construction / Other Commitment</u>	<u>Estimated Date of Completion</u>
<u>2025</u>			
	Malcolm Street Pump Station Rehab.	\$ 525,445	2026
	Platforms Aerial Ladder Truck	1,900,000	2026
	Pistol Range HVAC & Roofing	578,452	2026
	Rehabilitation of Water Storage Tanks 1 & 2	59,324	2026
<u>2024</u>			
	Platforms Aerial Ladder Truck	\$ 1,913,039	2026

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 \$757,585 and \$842,536 at December 31, 2025 and 2024, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2025 and 2024, the Borough has reserved in the Other Trust Fund \$203,357 and \$203,357, 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 WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025 and 2024 were as follows:

	Balance, January 1, <u>2025</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2025</u>	Due Within <u>One Year</u>
<u>2025</u>					
Compensated Absences	\$ 842,536	\$ 18,650	\$ 103,601	\$ 757,585	
Net Pension Liability -					
PERS (1)	4,048,242			4,048,242	
PFRS (1)	<u>6,712,427</u>	<u>-</u>	<u>-</u>	<u>6,712,427</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 11,603,205</u>	<u>\$ 18,650</u>	<u>\$ 103,601</u>	<u>\$ 11,518,254</u>	<u>\$ -</u>
	Balance, January 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<u>2024</u>					
Compensated Absences	\$ 665,613	\$ 223,207	\$ 46,284	\$ 842,536	
Net Pension Liability -					
PERS	4,741,479		693,237	4,048,242	
PFRS	<u>7,002,642</u>	<u>608,909</u>	<u>899,124</u>	<u>6,712,427</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 12,409,734</u>	<u>\$ 832,116</u>	<u>\$ 1,638,645</u>	<u>\$ 11,603,205</u>	<u>\$ -</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.nj.gov/treasury/pensions/annual-reports.

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

The following represents the membership tiers for PERS:

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

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

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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.nj.gov/treasury/pensions.

Measurement Focus and Basis of Accounting

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.nj.gov/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2025 was not available and for June 30, 2024 is \$13.7 billion, and the plan fiduciary net position as a percentage of the total pension liability is 68.22% at June 30, 2024. The collective net pension liability of the participating employers for local PFRS at June 30, 2025 was not available and for June 30, 2024 is \$12.4 billion and the plan fiduciary net position as a percentage of total pension liability is 72.66% at June 30, 2024.

The total pension liabilities for the June 30, 2024 measurement date were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

Actuarial Methods and Assumptions

In the July 1, 2023 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2025 and 2024 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 2025, 2024 and 2023 were equal to the required contributions.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

During the years ended December 31, 2025, 2024 and 2023, 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>
2025	\$ 899,124	\$ 405,399	\$ 5,256
2024	843,706	437,515	7,001
2023	759,902	412,198	7,241

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 (benefit) 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, 2025 for the measurement date of June 30, 2025 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2025 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, 2024 and 2023. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due, based on statutory requirements.

Public Employees Retirement System (PERS)

At December 31, 2024, the Borough reported a liability of \$4,048,242, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2024, the Borough’s proportionate share was .02979 percent, which was a decrease of .00295 percent from its proportionate share measured as of June 30, 2023 of .03274 percent.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2024, the pension system has determined the Borough's pension expense (benefit) to be \$(177,363), for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$437,515. At December 31, 2024, 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:

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 81,094	\$ 10,778
Changes of Assumptions	5,029	46,060
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	187,706
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>143,298</u>	<u>401,761</u>
Total	<u><u>\$ 229,421</u></u>	<u><u>\$ 646,305</u></u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2025	115,155
2026	(191,256)
2027	(157,777)
2028	(183,006)
2029	-
Thereafter	<u>-</u>
	<u><u>\$ (416,884)</u></u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2024 was based on the June 30, 2024 measurement date as determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2024</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%

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.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2024) 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, 2024, as reported for the year ended December 31, 2024, are summarized in the following table:

<u>Asset Class</u>	2024	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	7.10%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Investment Grade Credit	7.00%	5.37%
US Equity	28.00%	8.63%
Non-US Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
High Yield	4.50%	6.74%
Real Assets	3.00%	8.20%
Private Credit	8.00%	8.90%
Real Estate	8.00%	10.95%
Private Equity	13.00%	12.40%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2024. 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 WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2024 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>2024</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>5,269,950</u>	\$ <u>4,048,242</u>	\$ <u>3,008,407</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2024. 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.nj.gov/treasury/pensions.

Police and Firemen’s Retirement System (PFRS)

At December 31, 2024, the Borough reported a liability of \$6,712,427, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2024, the Borough’s proportionate share was .06500 percent, which was an increase of .00162 percent from its proportionate share measured as of June 30, 2023 of .06338 percent.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2024, the pension system has determined the Borough pension expense (benefit) to be \$457,724, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$843,706. At December 31, 2024, 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:

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 422,878	\$ 229,796
Changes of Assumptions	10,611	197,133
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	52,537
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,134,962</u>	<u>-</u>
Total	<u>\$ 1,568,451</u>	<u>\$ 479,466</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2025	\$ 276,669
2026	123,562
2027	224,701
2028	167,118
2029	
Thereafter	<u>296,935</u>
	<u>\$ 1,088,985</u>

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2024 was based on the June 30, 2024 measurement date as determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2024</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%

Mortality Rates

Employee mortality rates were based on the Pub-2010 (safety employee) amount-weighted mortality table (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retire amount – weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) 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, 2024, as reported for the year ended December 31, 2024, are summarized in the following table:

<u>Asset Class</u>	2024	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Cash Equivalents	2.00%	3.40%
U.S. Treasury Bond	7.00%	4.10%
Non-US Developed Large-Cap Equity	9.50%	6.70%
Non-US Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Small Cap Equity	1.50%	9.60%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Private Debit/Credit	8.00%	9.10%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Equity	10.00%	10.00%

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2024. 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 WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2024 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:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
<u>2023</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 9,352,592	\$ 6,712,427	\$ 4,513,801

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2024. 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, 2024, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,323,341. For the year ended December 31, 2024, 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 \$152,240 which is equal to the actual contribution the State made on behalf of the Borough of \$152,240. At December 31, 2024 (measurement date June 30, 2024) the State’s share of the PFRS net pension liability attributable to the Borough was .06500 percent, which was an/a increase of .00162 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of .06338 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.

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.nj.gov/treasury/pensions.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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 Employees (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 www.nj.gov/treasury/pensions/annual-reports.

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.nj.gov/treasury/pensions.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2024:

Active Plan Members	60,691
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>28,899</u>
Total	<u>89,590</u>
Contributing Employers	555
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, 2025 was not available and for June 30, 2024 is \$17.9 billion, and the plan fiduciary net (deficit) as a percentage of the total OPEB liability is (0.89)% at June 30, 2024.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2023 which was rolled forward to June 30, 2024.

Actuarial Methods and Assumptions

In the July 1, 2023 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 WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$399.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$62.8 million for fiscal year 2024.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough is not required to make contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2025, 2024 and 2023.

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2025 for the measurement date of June 30, 2025 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2025 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the plan members as an individual employer to the total plan members to the plan during the fiscal years ended June 30, 2024 and 2023. Employer allocation percentages have been rounded for presentation purposes.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

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

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

At December 31, 2024, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$9,490,390. For the year ended December 31, 2024 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough by the OPEB special funding situation is \$919,458. At December 31, 2024, (measurement date June 30, 2024), the State's share of the OPEB liability attributable to the Borough was .19461 percent, which was a decrease of .00348 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of .19809 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits. These on-behalf contributions have not been reported in the Borough's financial statements.

OPEB Plan Fiduciary Net Position

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

NOTE 14 RISK MANAGEMENT

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

The Borough has established a Self-Insurance Trust Fund for the purpose of funding non-reimbursable property, plant and equipment claims as well as the deductible portion of the claims. As of December 31, 2025 and 2024 the Borough has available in the Self Insurance Trust Fund \$51,308 and \$48,333, respectively for the payment of self-insurance claims.

The Borough of Waldwick 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.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 14 RISK MANAGEMENT (Continued)

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.

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2025	\$ 9,394	\$ 13,842	\$ 71,704
2024	6,493	32,449	61,790
2023	9,735	4,759	85,626

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, 2025 and 2024. 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. As of December 31, 2025 and 2024, the Borough reserved \$325,162 and \$325,162, 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, 2025 and 2024, 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.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025 and 2024, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LEASES RECEIVABLE

On November 10, 2009 the Borough began leasing cell tower space at 19 Industrial Way to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough contracted for \$39,910 and \$36,282 in lease revenue for 2025 and 2024, respectively, which includes interest earnings of \$8,174 and \$134, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings is \$142,544 and \$36,148, respectively.

On October 28, 2018 the Borough began leasing cell tower space at the Wyckoff Ave. transfer station to a third party. The lease is for 5 years. The Borough contracted for \$52,800 and \$52,800 in lease revenue for 2025 and 2024, respectively, which includes interest earnings of \$8,662 and \$10,680, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings is \$136,708 and \$180,845, respectively.

On March 20, 2006 the Borough began leasing cell tower space at 19 Industrial Way to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough contracted for \$40,200 and \$41,835 in lease revenue for 2025 and 2024, respectively, which includes interest earnings of \$7,122 and \$6,660, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings is \$118,771 and \$151,849, respectively.

On May 1, 2014 the Borough began leasing cell tower space at 15 East Prospect Street to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough contracted for \$11,160 and \$10,820 in lease revenue for 2025 and 2024, respectively, which includes interest earnings of \$2,008 and \$1,592, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings is \$33,666 and \$42,818, respectively.

On November 9, 2004 the Borough began leasing cell tower space at the Wyckoff Ave. transfer station to a third party. The lease is for 1 year. The Borough contracted for \$52,530 and \$53,482 in lease revenue for 2025 and 2024, respectively, which includes interest earnings of \$3,936 and \$1,074, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings is \$52,069 and \$100,663, respectively.

On December 28, 2014 the Borough began leasing cell tower space at the Wyckoff Ave. transfer station to a third party. The lease is for 1 year. The Borough contracted for \$75,847 and \$75,847 in lease revenue for 2025 and 2024, respectively, which includes interest earnings of \$2,854 and \$279, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings is \$-0- and \$72,993, respectively.

On March 20, 2006 the Borough began leasing cell tower space at the 19 Industrial Way to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough contracted for \$32,144 and \$31,208 in lease revenue for 2025 and 2024, respectively, which includes interest earnings of \$5,943 and \$6,893, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings is \$125,786 and \$151,988, respectively.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 17 LEASES RECEIVABLE (Continued)

The future lease revenue principal and interest payments as of December 31, 2025 were as follows:

<u>Calendar Year</u>	<u>Total</u>
2026	\$ 230,319
2027	177,179
2028	169,372
2029	88,805
2030	<u>36,179</u>
Total	<u>\$ 701,854</u>

NOTE 18 SUBSEQUENT EVENTS

Debt Authorized

On April 28, 2026 the Borough adopted a bond ordinance authorizing the issuance \$1,611,700 in Bonds or bond anticipation notes to fund certain general capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On April 28, 2026 the Borough adopted a bond ordinance authorizing the issuance \$1,475,000 in Bonds or bond anticipation notes to fund certain water capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX C

[Proposed Form of Bond Counsel Opinion]

October __, 2026

Borough Council
Borough of Waldwick
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$11,294,000 aggregate principal amount of General Improvement Bonds (the "Bonds") by the Borough of Waldwick, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Borough"). The Bonds are dated October 1, 2026 and comprise an issue of registered bonds. The Bonds bear interest from their date, payable on each April 1 and October 1, commencing April 1, 2027 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

The Bonds are payable in annual installments on October 1 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027	\$434,000	%	2035	\$865,000	%
2028	450,000		2036	865,000	
2029	450,000		2037	865,000	
2030	455,000		2038	865,000	
2031	860,000		2039	865,000	
2032	860,000		2040	865,000	
2033	865,000		2041	865,000	
2034	865,000				

The Bonds maturing on or before October 1, 2033 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after October 1, 2034 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after October 1, 2033, upon notice as set forth in the resolutions referred to below at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Borough determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Borough, and within any maturity, by lot.

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to six bond ordinances adopted by the Borough Council of the Borough on April 27, 2021 (Ord. No. 2021-05), April 12, 2022 (Ord. No. 2022-09), April 11, 2023 (Ord. No. 2023-08, as amended by Ord. No. 2024-#22 adopted on August 13, 2024), March 12, 2024 (Ord. No. 2024-#02), April 9, 2024 (Ord. No. 2024-#06) and April 15, 2025 (Ord. No. 2025-#03) and resolutions adopted by the Borough Council of the Borough on September 15, 2026.

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

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax

purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the bond ordinances and resolutions referred to above and related proceedings in connection with the issuance of the Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Chief Financial Officer of the Borough of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and the exhibits thereto. We have also examined the executed and authenticated first numbered Bond and have assumed that all of the other Bonds have been similarly executed and authenticated. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

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

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

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough enforceable in accordance with their terms, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other

laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

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

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

Very truly yours,

Rogut McCarthy LLC