

PRELIMINARY OFFICIAL STATEMENT DATED JULY 2, 2025

NEW ISSUE – BOOK-ENTRY-ONLY

NOT RATED

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

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

\$5,255,560 BOND ANTICIPATION NOTE, SERIES 2025

DATED DATE: JULY 22, 2025

MATURITY DATE: JULY 21, 2026

INTEREST RATE: ____%

RE-OFFER YIELD: ____%

CUSIP NO. _____

(NON-CALLABLE) (BANK-QUALIFIED)

The \$5,255,560 Bond Anticipation Note, Series 2025 (the "Note") of the Borough of Oradell, in the County of Bergen, New Jersey (the "Borough"), is being issued to: (i) fund \$5,255,560 in new money to finance capital improvements in the Borough and (ii) pay the costs associated with the authorization, sale and issuance of the Note. See "AUTHORIZATION AND PURPOSE OF THE NOTE" herein.

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

The Note is not subject to redemption prior to its stated maturity date. See "DESCRIPTION OF THE NOTE – Redemption" herein.

The Note will be issued in the form of one certificate for the aggregate principal amount of the Note and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. The principal of and interest due on the Note shall be paid on the maturity date thereof to DTC by the Borough or its designated paying agent. Interest on the Note will be credited to the participants of DTC as listed on the records of DTC as of the close of business one business day prior to the maturity date (the "Record Date"). See "DESCRIPTION OF THE NOTE – Book-Entry-Only System" herein.

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

The Note is offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Borough in connection with the Note. Delivery is anticipated to be through the facilities of DTC in Brooklyn, New York, on or about July 22, 2025.

**ELECTRONIC SUBMISSIONS FOR THE NOTE WILL BE RECEIVED VIA PARITY OR
E-MAIL UNTIL 11:30 A.M. ON WEDNESDAY, JULY 9, 2025. FOR MORE DETAILS ON HOW TO BID
ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT WWW.I-DEALPROSPECTUS.COM.**

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

MAYOR

James G. Koth, III

BOROUGH COUNCIL

Stephen Carnevale
and Ted Gullo
Thomas Kelly
Jonathan Kern
Michael Staff
Roger Tashjian

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Roseland, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Bloomfield, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Note other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Borough. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made 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 since 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.

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

This Official Statement is submitted in connection with the sale of the Note referred to herein and may not be used, in whole or in part, for any other purpose. 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 Note in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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

"CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed on the cover page hereof is being provided solely for the convenience of Noteholders only at the time of issuance of the Note, and the Borough does not make any representations with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number for the Note is subject to being changed after the issuance of the Note as a result of various subsequent actions, including, but not limited to, the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Note.

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OFFICIAL STATEMENT
RELATING TO
\$5,255,560 BOND ANTICIPATION NOTE, SERIES 2025
OF THE
BOROUGH OF ORADELL, IN THE
COUNTY OF BERGEN, NEW JERSEY

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Oradell (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of its \$5,255,560 Bond Anticipation Note, Series 2025 (the "Note"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Note described herein.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

DESCRIPTION OF THE NOTE

General Description

The Note is dated, will mature on the date and in the amount and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year.

The principal of and interest due on the Note will be paid to the registered owners by the Borough or its designated paying agent. Principal of and interest due on the Note will be credited to the registered owner as of the business day immediately preceding the maturity date of the Note (the "Record Date" for the payment of principal of and interest on the Note).

The Note is issuable as a fully registered book-entry obligation in the form of one certificate for the aggregate principal amount of the Note. The Note may be purchased in book-entry-only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess thereof (except for any necessary odd denomination) through book-entries made on the books and records of The Depository Trust Company, Brooklyn, New York ("DTC"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Note, payments of the principal of and interest on the Note will be made by the Borough directly to Cede & Co. (or any successor or assign), as nominee for DTC.

Redemption

The Note is not subject to redemption prior to its stated maturity date.

Book-Entry-Only System

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Note, payment of principal and interest and other payments on the Note to Direct

and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Note and other related transactions by and between DTC, Direct Participants and Beneficial Owners is based on certain information furnished by DTC to the Borough.

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

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

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

To facilitate subsequent transfers, the Note deposited by Direct Participants with DTC is 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 Note with DTC and its 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 Note; DTC's records reflect only the identity of the Direct Participants to whose accounts the Note is 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 and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note 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 Note is credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Note 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 Direct and Indirect 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 Direct or Indirect Participant and not of DTC, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

Discontinuation of Book-Entry-Only System

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

SECURITY AND SOURCE OF PAYMENT

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

AUTHORIZATION AND PURPOSE OF NOTE

The Note has been authorized by and is being issued pursuant to: (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.*, and (ii) the bond ordinances of the Borough set forth below.

Bond Ordinance Number	Description of Improvement and Date of Adoption of Ordinance	Aggregate Amount of Notes to be Issued
23-09	Various improvements or purposes, finally adopted October 10, 2023.	\$1,857,000
24-07	Acquisition of a new and additional fire truck, finally adopted June 11, 2024.	\$570,000
24-09	Various capital improvements, finally adopted July 16, 2024.	\$2,828,500
	Total:	\$5,255,560

The proceeds from the sale and issuance of the Note will be used by the Borough to: (i) fund \$5,255,560 in new money to finance capital improvements in the Borough; and (ii) pay the costs associated with the authorization, sale and issuance of the Note.

INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC AND ONGOING CONCERNS

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 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Borough received \$851,060 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation, is \$2,212,355,025.

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

The Borough has not exceeded its statutory debt limit. As of December 31, 2024, the statutory net debt as a percentage of average equalized valuation was 0.860%. As noted above, the statutory limit is 3½%.

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

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

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

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

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

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

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

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

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

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

and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

Under legislation recently enacted to address the COVID-19 emergency, P.L. 2020, c. 74 (A3971), a local unit may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

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

body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

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

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Borough was last completed in 2023.

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

Tax bills are sent in June of the current fiscal year. Taxes are payable in four (4) quarterly installments on the first days of February, May, August and November. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount changed as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter (1/4) or one-half (1/2) of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500, and if a delinquency (including interest) is in excess of \$10,000 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are

annually included in a tax sale in accordance with New Jersey statutes. A table detailing delinquent taxes and tax title liens is included in Appendix A.

Tax Appeals

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

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2023 for the Borough is on file with the Borough Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Note From Gross Income for Federal Tax Purposes

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

Assuming the Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Borough ("Bond Counsel"), is of the opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Note is not an

item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Note is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

Payments of interest on tax-exempt obligations, including the Note, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Note is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Premium

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

Bank-Qualification

The Note **will** be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

Additional Federal Income Tax Consequences of Holding the Note

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

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Note from gross income pursuant to Section 103 of the Code and interest on the Note not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Note should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Note.

Changes in Federal Tax Law Regarding the Note

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

State Taxation

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

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

LITIGATION

To the knowledge of the Borough Attorney, William Bailey, Esq., Westwood, New Jersey (the "*Borough Attorney*"), there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or delivery of the Note, or the levy or collection of any taxes to pay the principal of or interest on the Note, or in any manner questioning the authority or the proceedings for the issuance of the Note or for the levy or collection of taxes, or contesting the corporate existence or boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

SECONDARY MARKET DISCLOSURE

The Borough has covenanted for the benefit of the holders and beneficial owners of the Note to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Note remains outstanding (unless the Note has been wholly defeased), the Borough will provide electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Note:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Note;
- (7) Modifications to the rights of holders of the Note, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Note, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event 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 holders of the Note, if material; and

- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Borough, if any such event reflects financial difficulties.

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

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

The undertaking may be amended by the Borough from time to time, without the consent of the holders or beneficial owners of the Note, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

The Borough has previously entered into continuing disclosure undertakings under the Rule in respect of its own obligations and obligations of the Bergen County Improvement Authority for which the Borough is an obligated person. The Borough appointed NW Financial Group, LLC, Bloomfield, New Jersey to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Note are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Note substantially in the form set forth in Appendix C attached hereto. Certain legal matters will be passed upon for the Borough by its Borough Attorney.

UNDERWRITING

The Note has been purchased from the Borough at a public sale by _____ (the "Underwriter"), which has agreed, subject to certain customary conditions precedent to closing, to purchase the Note at a purchase price of \$ _____. The purchase price reflects the principal amount of the Note, *plus* original issue premium in the amount of \$ _____, *less* Underwriter's discount in the amount of \$ _____. The Underwriter intends to offer the Note to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Note to the public. The Underwriter may offer and sell the Note to certain dealers (including dealers depositing the Note into investments trusts) at a yield higher than the public offering yield set forth on the cover page of this Official Statement, and such yield may be changed, from time to time, by the Underwriter without prior notice.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Bloomfield, New Jersey, has served as Municipal Advisor to the Borough with respect to the issuance of the Note (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PREPARATION OF OFFICIAL STATEMENT

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

Lerch, Vinci & Bliss, LLP assisted in the preparation of information contained in this Official Statement and takes responsibility for the financial statements to the extent specified in its Independent Auditors' Report set forth in Appendix B attached hereto.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Katie Chen, Chief Financial Officer, Borough of Oradell, 355 Kinderkamack Road, Oradell, New Jersey 07649, telephone (201) 261-8200 Ext. 250, or to the Municipal Advisor, NW Financial Group, LLC, 522 Broad Street, Bloomfield, New Jersey 07003, telephone (201) 656-0115.

MISCELLANEOUS

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

BOROUGH OF ORADELL

By: _____
Katie Chen
Chief Financial Officer

Dated: July __, 2025

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE BOROUGH OF ORADELL, IN THE COUNTY OF BERGEN, NEW JERSEY

GENERAL INFORMATION

Size and Geographical Location

The Borough, shaped in the form of an airplane, is approximately two and one-half square miles in area in the north central portion of Bergen County, approximately twelve miles northwest of the George Washington Bridge which crosses over the Hudson River. The Oradell Reservoir, part of which is in the Borough's northern corner, is the source of the Hackensack River, which flows through the eastern part of the Borough and is partially the dividing line between the Borough and the Borough of New Milford to the east. The Borough of River Edge is on the Borough's southern border. The Borough of Paramus, with its four large shopping centers and myriad of stores along State Routes 4 and 17, forms the Borough's western boundary, and the Borough of Emerson forms the northern boundary line.

Originally a hamlet in Midland Township, the Borough was incorporated in 1894 as the Borough of Delford. In 1920, the Borough's name was changed to Oradell, meaning the beginning or margin of the dell. The Borough's ideal location allows its residents to enjoy a high quality of life with fine schools, recreation, restaurants and cultural activities all in close proximity. The central business district is composed of small independent stores, restaurants and banks in addition three large office buildings and a 150-bed health care facility are located within the Borough. Residences are primarily single-family dwellings, although there are some condominiums, townhouses and garden apartments.

Form of Government

The Borough operates under the Borough Council form of government in which the mayor is elected to a four-year term and six council persons are elected at large to serve staggered three-year terms.

The Mayor and Council meet every fourth Tuesday of the month for regular meetings and the second Tuesday of the month for executive work sessions. Meetings are open to the public in compliance with New Jersey's Open Public Meetings Act. Residents are given the opportunity to speak on proposed ordinances and other matters of concern at both meetings. The meetings are available on the local cable television access channel.

The Borough Administrator is appointed by the Borough Council and is responsible for the implementation of 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 Mayor is the chief executive officer of the Borough and as such presides over all public meetings, provides leadership in the development of community projects and makes appointment 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.

Transportation

Rail passenger service is provided by New Jersey Transit's Pascack Valley Line which runs through Oradell and other Bergen County communities, terminating in Hoboken where other convenient connections can be made via PATH to New York City, Newark and Jersey City. Bus service to New York City and surrounding areas is also available from the Borough.

Access to local highways are minutes away from the Borough including the Garden State Parkway and State Highways No. 17 and No. 4.

Recreation

The Borough has an active year-round community recreation program. It is administered by a Recreation Committee and Recreation Director. The Recreation Committee offers a broad, diversified program of recreation activities.

The Borough has playgrounds, parks and athletic fields that offer both passive and active recreational opportunities including tennis, basketball, softball, soccer, lacrosse and football.

Library

The Oradell Free Public Library was founded in 1913 and is a member of the Bergen County Cooperative Library System with over 72-member libraries. The Library offers lectures, workshops, book discussions and other activities to the public. It also offers opportunities to children through special programs and to those with reading difficulties to develop an interest in using the Library and its resources.

Public Safety

The Borough is served by a Police Department consisting of 22 police officers, including 2 lieutenants, 1 detective and operates marked police cars and unmarked police cars, as well as additional vehicles and equipment. In addition to law enforcement the Police Department is actively involved in several school programs.

The Borough's Volunteer Fire Department consists of 60 volunteer members who are under the direction of the Fire Chief. The central fire headquarters houses 2 engines/pumpers, 1 ladder truck, 1 squad truck and a water rescue vehicle, all with the latest firefighting equipment.

Sanitation

The Borough provides garbage collection for all homes on a twice-weekly basis. Recycling pick-up is provided for all homes on weekly basis. The Borough contracts with a private scavenger for these services.

The Borough is a participant in the Bergen County Utilities Authority which provides sewerage treatment for the entire municipality. For this service the Borough pays an annual service charge based on the metered flow of sewerage. This service charge is part of the general property tax levy.

Utilities

Electricity and gas are supplied by Public Service Electric & Gas Company. Water is supplied to the Borough by Veolia North America.

Education

The Borough's local school district, coterminous with the Borough, is a type II school district, and is an independent legal entity administered by a nine-member Board of Education elected by the voters of the school district. The school district is authorized by law to issue debt for school purposes upon vote of the electorate. The local school district provides for Kindergarten through 6th grade. The Borough is also a member of the River Dell Regional High School District (grades 7 through 12) which consists of high school students residing in the Boroughs of Oradell and River Edge.

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 Oradell, 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 Oradell</u>				
2024	4,337	4,196	141	3.3%
2023	4,285	4,164	121	2.8%
2022	4,159	4,047	112	2.7%
2021	3,973	3,785	188	4.7%
2020	3,920	3,644	276	7.0%
<u>County of Bergen</u>				
2024	541,844	521,596	20,248	3.7%
2023	536,776	517,682	19,094	3.6%
2022	519,799	502,401	17,398	3.3%
2021	499,794	468,726	31,068	6.2%
2020	494,537	449,149	45,388	9.2%
<u>State of New Jersey</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,242	4,342,075	312,167	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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

Population

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

<u>Area</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Borough of Oradell	8,024	8,047	7,978	8,244	8,344
County of Bergen	825,380	884,118	905,116	930,394	978,641
State of New Jersey	7,730,188	8,414,350	8,791,894	8,882,371	9,500,851

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

Income as of 2023

	Median Household <u>Income</u>	Median Family <u>Income</u>	Per Capita <u>Income</u>
Borough of Oradell	\$ 214,736	\$ 233,355	\$ 77,497
County of Bergen	123,715	150,000	62,986
State of New Jersey	101,050	123,892	53,118

Source: U.S. Census Bureau, 2019 – 2023 American Community Survey – 5 Year Estimates

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, 2024

Municipal

Equalized Valuation Basis (last 3 years average)	\$ 2,212,355,025
3 1/2% Borrowing Margin	77,432,426
Net Debt Issued, Outstanding and Authorized	19,012,186
Remaining Municipal Borrowing Capacity	58,420,240

Regional School

3% Borrowing Margin	66,370,651
Debt, Issued, Outstanding and Authorized	9,026,651
Remaining School Borrowing Capacity	57,344,000

Local School

3% Borrowing Margin	66,370,651
Debt, Issued, Outstanding and Authorized	440,000
Remaining School Borrowing Capacity	65,930,651

Source: Borough of Oradell 2024 Annual Audit

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2024	\$ 28,686,737	\$ 19,012,186	0.860%
2023	28,443,323	17,692,565	0.882%
2022	20,533,463	18,041,687	0.945%
2021	21,240,826	18,067,256	0.987%
2020	22,440,748	17,911,898	0.980%

Source: Borough of Oradell Annual Audit Reports

Statement of Indebtedness
As of December 31, 2024

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 12,161,000	
Loans	1,777,138	
Bonds and Notes Authorized But Not Issued	<u>5,281,948</u>	
		\$ 19,220,086

REGIONAL SCHOOL

Bonds Issued and Outstanding	9,026,651
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LOCAL SCHOOL

Bonds Issued, Outstanding and Authorized	<u>440,000</u>
--	----------------

TOTAL GROSS DEBT 28,686,737

STATUTORY DEDUCTIONS

Municipal Purpose	207,900	
Regional School	9,026,651	
Local School	<u>440,000</u>	
		<u>9,674,551</u>

TOTAL NET DEBT \$ 19,012,186

OVERLAPPING DEBT

County of Bergen (Note 1)	15,166,408
Bergen County Utilities Authority (2)	<u>2,496,121</u>

TOTAL OVERLAPPING DEBT \$ 17,662,529

GROSS DEBT

Per Capita (2024 - 8,344)	\$ 3,438
Percent of Net Valuation Taxable (2024 - \$1,905,932,400)	1.51%
Percent of Estimated True Value of Real Property (2024 - \$2,042,695,082)	1.40%

NET MUNICIPAL DEBT

Per Capita (2024 - 8,344)	\$ 2,279
Percent of Net Valuation Taxable (2024 - \$1,905,932,400)	1.00%
Percent of Estimated True Value of Real Property (2024 - \$2,042,695,082)	0.93%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2024 - 8,344)	\$ 5,555
Percent of Net Valuation Taxable (2024 - \$1,905,932,400)	2.43%
Percent of Estimated True Value of Real Property (2024 - \$2,042,695,082)	2.27%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2024 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

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

Source: Borough of Oradell 2024 Annual Audit

BUDGET INFORMATION

Current Fund (As Adopted)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Anticipated Revenues					
Fund Balance	\$ 1,600,000	\$ 1,400,000	\$ 1,400,000	\$ 1,638,000	\$ 1,838,000
Miscellaneous Revenues	2,820,020	2,323,818	2,371,840	2,653,280	1,910,816
Receipts from Delinquent Taxes	170,000	171,000	210,929	148,849	163,042
Amount to be Raised by Taxes for Support of Municipal Budget	<u>16,629,880</u>	<u>16,248,455</u>	<u>15,618,832</u>	<u>14,558,363</u>	<u>14,219,649</u>
	<u>\$ 21,219,900</u>	<u>\$ 20,143,273</u>	<u>\$ 19,601,601</u>	<u>\$ 18,998,492</u>	<u>\$ 18,131,507</u>
Appropriations					
Salaries and Wages	\$ 6,829,747	\$ 7,187,771	\$ 6,069,774	\$ 5,781,415	\$ 5,991,840
Other Expenses	9,968,401	8,192,259	8,455,800	8,006,468	7,608,467
Deferred Charges and Statutory Expenditures	1,769,747	1,736,757	1,692,477	1,671,040	1,529,824
Capital Improvement Fund	150,000	150,000	275,030	512,000	62,000
Municipal Debt Service	1,767,005	2,161,486	2,413,520	2,352,655	2,277,070
Reserve for Uncollected Taxes	<u>735,000</u>	<u>715,000</u>	<u>695,000</u>	<u>674,914</u>	<u>662,306</u>
	<u>\$ 21,219,900</u>	<u>\$ 20,143,273</u>	<u>\$ 19,601,601</u>	<u>\$ 18,998,492</u>	<u>\$ 18,131,507</u>

Source: Borough of Oradell Adopted Municipal Budgets

FINANCIAL INFORMATION

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

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2024	\$ 4,673,293	\$ 1,600,000
2023	3,798,505	1,400,000
2022	3,688,400	1,400,000
2021	4,000,390	1,638,000
2020	4,117,774	1,838,000

Source: Borough of Oradell Annual 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>
2024	\$ 51,964,372	\$ 51,695,396	99.48%
2023	50,518,814	50,317,081	99.60%
2022	48,356,122	48,114,501	99.50%
2021	47,944,861	47,613,590	99.30%
2020	47,052,938	46,860,098	99.59%

Source: Borough of Oradell Annual Audit Reports

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2024	\$ 21,895	\$ 169,429	\$ 191,324	0.37%
2023	20,717	165,787	186,504	0.37%
2022	19,561	217,784	237,345	0.49%
2021	18,403	147,095	165,498	0.35%
2020	17,193	153,818	171,011	0.36%

Source: Borough of Oradell Annual Audit Reports

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2024	\$ 29,898
2023	29,898
2022	29,898
2021	29,898
2020	29,898

Source: Borough of Oradell Annual Audit Reports

Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2024 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Hajjar Medical Office Bldg of Kinderkamack	\$ 21,137,000
600 Kinderkamack Road LLC	17,985,900
RW Oradell, LLC	19,840,800
White Beeches Realty Corp.	9,238,600
Holy Name Real Est Corp	8,159,500
Public Service Electric & Gas	7,035,200
Hackensack Golf Club	7,262,600
Oradell Offic Plaza, LLC	5,848,700
Emerson Real Estate, LLC	7,856,200
WFCM 2016-C34	<u>7,561,600</u>
	<u>\$ 111,926,100</u>
Percentage of 2024 Net Valuation Taxable	5.87%

Source: Borough of Oradell Tax Assessor.

Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Total</u>
2025	\$ 6,384,700	\$ 2,091,097,300	\$ 243,817,400	\$ 17,519,900	\$ 2,358,819,300
2024	4,674,900	1,669,819,600	216,853,500	14,584,400	1,905,932,400
2023	4,262,500	1,656,173,700	216,523,500	14,058,700	1,891,018,400
2022	3,913,700	1,578,976,600	208,680,500	13,435,000	1,805,005,800
2021	3,491,500	1,496,005,200	201,285,300	11,052,600	1,711,834,600

Source: Borough of Oradell 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>
2025	\$ 2,358,819,300	\$ -	\$ 2,358,819,300	98.91%	\$ 2,405,094,578
2024	1,905,932,400	-	1,905,932,400	93.42%	2,042,695,082
2023	1,891,018,400	-	1,891,018,400	96.44%	1,963,302,731
2022	1,805,005,800	1,700,271	1,806,706,071	97.78%	1,850,073,434
2021	1,711,834,600	1,693,957	1,713,528,557	97.14%	1,766,338,710

Source: Bergen County Abstract of Ratables

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>
2024	\$ 2.722	\$ 0.851	\$ 0.724	\$ 0.900	\$ 0.247
2023	2.668	0.825	0.711	0.883	0.249
2022	2.674	0.805	0.725	0.905	0.239
2021	2.796	0.830	0.748	0.958	0.260
2020	2.763	0.816	0.741	0.953	0.253

Source: Borough of Oradell Annual Audit Reports and Tax Collector

Apportionment of Tax Levy
(Including School and County Purposes)

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>
2024	\$ 51,964,372	\$ 16,329,352	\$ 13,793,403	\$ 17,142,852	\$ 4,698,765
2023	50,518,814	15,694,460	13,431,281	16,709,815	4,683,258
2022	48,356,122	14,604,639	13,096,611	16,345,528	4,309,344
2021	47,944,861	14,269,872	12,819,035	16,423,598	4,432,356
2020	47,052,938	13,941,622	12,599,597	16,219,962	4,291,757

Source: Borough of Oradell Annual Audit Reports and Tax Collector

APPENDIX B

**FINANCIAL STATEMENTS OF THE BOROUGH OF ORADELL,
IN THE COUNTY OF BERGEN, NEW JERSEY**



DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the accompanying financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Oradell as of December 31, 2024, and the results of operations and changes in fund balance – regulatory basis and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year 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 Oradell as of December 31, 2023, or changes in financial position for the year then ended.

Basis for Opinions

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the year ended December 31, 2024. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 5.8 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2024.

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 Oradell 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.

Prior Year Financial Statements

The financial statements of the Borough of Oradell as of and for the year ended December 31, 2023 were audited by other auditors whose report dated August 14, 2024 expressed a modified opinion on the financial statements – regulatory basis prepared in accordance with the regulatory basis of accounting because of unaudited LOSAP Trust Fund described in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of their report. Their report also expressed an adverse opinion on the financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America but rather the regulatory basis of accounting described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of their report.

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 Oradell'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 Oradell'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 Oradell's ability to continue as a going concern for a reasonable period of time.

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

By/s

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

Fair Lawn, New Jersey
June 11, 2025

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

ASSETS	<u>2024</u>	<u>2023</u>
Regular Fund		
Cash	\$ 6,398,553	\$ 5,956,721
Change Fund	200	200
Due from State of New Jersey:		
Senior Citizens and Veteran Deductions	799	799
	<u>6,399,552</u>	<u>5,957,720</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	169,429	165,787
Tax Title Liens Receivable	21,895	20,717
Property Acquired for Taxes - Assessed Value	29,898	29,898
Due from Animal Control Trust Fund	1,638	260
Due from Other Trust Fund		100
Sewer Dischargers Receivable	203	504
Revenue Accounts Receivable	12,437	57,058
	<u>235,500</u>	<u>274,324</u>
Deferred Charges		
Special Emergency Authorization - Ida	-	16,000
Total Regular Fund	<u>6,635,052</u>	<u>6,248,044</u>
Federal and State Grant Fund		
Cash	562,953	365,395
Grants Receivable	47,216	41,248
Total Grant Fund	<u>610,169</u>	<u>406,643</u>
Total Assets	<u>\$ 7,245,221</u>	<u>\$ 6,654,687</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Regular Fund		
Appropriation Reserves	\$ 915,095	\$ 716,468
Encumbrances Payable	518,426	669,238
Tax Overpayments	8,401	
County Tax Payable	7,745	6,201
Due to State of New Jersey		
Building Surcharge	4,647	5,416
Department of Human Services - Marriage License Fees	125	100
Due to Township of River Vale - UCC Fees	18,280	18,280
Prepaid Licenses		8,625
Prepaid Taxes	215,658	219,680
Reserve for:		
Tax Appeals	31,433	443,595
Master Plan	14	14
Revaluation of Real Property	6,435	6,435
Municipal Relief Fund	-	81,163
Total Liabilities	<u>1,726,259</u>	<u>2,175,215</u>
Reserve for Receivables and Other Assets	235,500	274,324
Fund Balance	<u>4,673,293</u>	<u>3,798,505</u>
Total Regular Fund	<u>6,635,052</u>	<u>6,248,044</u>
Federal and State Grant Fund		
Appropriated Reserve for Grants	212,126	198,589
Unappropriated Reserve for Grants	398,043	208,054
Total Grant Fund	<u>610,169</u>	<u>406,643</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 7,245,221</u>	<u>\$ 6,654,687</u>

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

	<u>2024</u>	<u>2023</u>
REVENUES AND OTHER INCOME REALIZED		
Surplus Anticipated	\$ 1,400,000	\$ 1,400,000
Miscellaneous Revenues Anticipated	2,567,854	2,448,485
Receipts from Delinquent Taxes	166,037	217,784
Receipts from Current Taxes	51,695,396	50,317,081
Non-Budget Revenues	149,791	93,528
Other Credits to Income		
Canceled Payables	510	-
Interfunds Returned	100	100
Statutory Excess in Animal Control Trust	1,638	260
Unexpended Balance of Appropriation Reserves	<u>392,389</u>	<u>297,176</u>
 Total Revenues	 <u>56,373,715</u>	 <u>54,774,414</u>
 EXPENDITURES		
Municipal Budget - Operations	14,819,066	14,396,196
Capital Improvement Fund	150,000	275,030
Municipal Debt Service	2,135,775	2,410,170
Deferred Charges and Statutory Expenditures - Municipal	1,754,757	1,701,477
Local School District Taxes	13,612,342	13,263,946
County Taxes	4,698,765	4,689,459
Regional School District Taxes	16,926,334	16,527,671
Other Debits		
Interfund Advance	1,638	360
Prior Year Sr. Citizen Disallowed	<u>250</u>	<u>-</u>
 Total Expenditures	 <u>54,098,927</u>	 <u>53,264,309</u>
 Excess in Revenues	 2,274,788	 1,510,105
 Fund Balance, January 1	 <u>3,798,505</u>	 <u>3,688,400</u>
	6,073,293	5,198,505
Decreased by:		
Utilization as Anticipated Revenue	<u>1,400,000</u>	<u>1,400,000</u>
 Fund Balance, December 31	 <u><u>\$ 4,673,293</u></u>	 <u><u>\$ 3,798,505</u></u>

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

	<u>2024</u>		<u>2023</u>	
	<u>Budget After Modification</u>	<u>Realized</u>	<u>Budget After Modification</u>	<u>Realized</u>
Fund Balance Utilized	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	10,000	10,188	10,000	10,438
Other	9,000	12,653	9,000	15,545
Fees and Permits	85,000	103,714	83,000	91,717
Fines and Costs - Municipal Court	70,000	59,069	50,000	74,013
Interest on Costs on Taxes	60,000	66,528	50,000	66,351
Interest on Investments and Deposits	230,000	285,052	215,000	234,695
Rent of Municipal Property	15,000	26,557	15,000	22,454
Sewer Charges - Borough of Emerson	50,000	111,906	75,000	59,302
Sewer Charges - Borough of Haworth and Golf Club	16,000	26,455	20,000	16,653
Recreation Program Fees	56,000	60,694	64,000	56,608
Sewer Discharges	40,000	40,959	50,000	58,338
Recyclable Proceeds	5,000	6,235	7,000	5,055
Energy Receipts Tax	787,404	787,404	783,504	783,504
Watershed Moratorium Offset Aid	14,100	14,100	14,100	14,100
Municipal Relief Fund	81,163	81,163	40,590	40,590
Uniform Construction Code Fees	300,000	364,602	300,000	306,882
Public & Private Programs				
Recycling Tonnage Grant	10,950	10,950	11,425	11,425
Federal Bulletproof Vest Grant	3,575	3,575		
Sustainable Jersey Grant	2,500	2,500		
Municipal Alliance	3,836	3,836	3,836	3,836
Bergen County Arts Grant	5,400	5,400	4,930	4,930
Pedestrian Safety Grant	1,120	1,120		
Stewardship Grant	500	500		
Clean Communities	18,488	18,488	16,483	16,483
Body Armor Replacement Program	2,036	2,036	1,735	1,735
NJ Stormwater Grant	15,000	15,000		
Uniform Fire Safety Act	5,000	13,442	30,000	36,594
Fire Inspection Fees	25,000	31,982		
Cable TV Franchise Fee	110,960	110,960	109,682	109,682
American Rescue Plan	172,030	172,030	254,030	254,030
NJ Transit Corp	56,496	56,496	56,496	56,496
General Capital Fund Balance	62,000	62,000	96,000	96,000
Interfund - Animal Control	260	260	1,028	1,028
Total Miscellaneous Revenues	<u>2,323,818</u>	<u>2,567,854</u>	<u>2,371,839</u>	<u>2,448,484</u>
Receipts from Delinquent Taxes	<u>171,000</u>	<u>166,037</u>	<u>210,929</u>	<u>217,784</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Municipal Library	721,707	721,707	14,942,538	15,505,231
Operations	<u>15,526,748</u>	<u>16,053,670</u>	<u>676,295</u>	<u>676,295</u>
Total Amount to be Raised	<u>16,248,455</u>	<u>16,775,377</u>	<u>15,618,833</u>	<u>16,181,526</u>
Total General Revenues	<u>\$ 20,143,273</u>	<u>\$ 20,909,268</u>	<u>\$ 19,601,601</u>	<u>\$ 20,247,794</u>

2024 STATEMENT OF EXPENDITURES

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 218,283	\$ 213,283	\$ 212,243	\$ 1,040	
Other Expenses	109,238	134,238	128,064	6,174	
Mayor and Council					
Salaries and Wages	24,000	24,000	23,775	225	
Other Expenses	15,700	21,700	17,834	3,866	
Municipal Clerk's Office					
Salaries and Wages	196,124	196,124	194,882	1,242	
Other Expenses	46,748	46,748	33,862	12,886	
Financial Administration					
Salaries and Wages	249,800	249,800	248,113	1,687	
Other Expenses	40,700	40,700	26,210	14,490	
Audit Services					
Other Expenses	43,500	43,500	43,500	-	
Revenue Administration (Tax Collection)					
Salaries and Wages	33,475	35,475	34,483	992	
Other Expenses	13,400	14,400	13,411	989	
Tax Assessment Administration					
Salaries and Wages	26,925	26,925	26,731	194	
Other Expenses	72,650	67,650	52,855	14,795	
Legal Services					
Other Expenses	333,000	283,000	224,506	58,494	
Engineering Services					
Other Expenses	25,000	25,000	15,290	9,710	
Economic Development Committee					
Other Expenses	1,000	1,000	41	959	
Historical Commission					
Other Expenses	1,000	1,000	-	1,000	
Municipal Land Use Law					
Planning Board					
Salaries and Wages	27,618	27,618	25,734	1,884	
Other Expenses	70,650	50,650	6,785	43,865	
Zoning Board of Adjustment					
Salaries and Wages	28,618	28,618	25,734	2,884	
Other Expenses	18,050	18,050	6,191	11,859	
Insurance					
Workers Compensation Insurance	228,029	228,029	228,029	-	
Employee Group Health	2,171,947	2,132,947	2,064,307	68,640	
Other Insurance Premiums	314,603	314,603	312,446	2,157	
Health Benefit Waiver	13,500	13,500	8,595	4,905	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	3,548,310	3,498,310	2,859,798	95,548	\$ 542,964
Salaries and Wages - Auxiliary	22,058	17,058	11,384	5,674	
Purchase Vehicles	76,695	76,695	76,023	672	
Other Expenses	194,714	184,714	148,030	36,684	
Other Expenses - Auxiliary	1,000	1,000	844	156	
Office of Emergency Management					
Salary and Wages	10,712	10,712	10,635	77	
Other Expenses	10,950	10,950	9,784	1,166	
First Aid Organization	30,000	30,000	30,000	-	

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS (Continued)					
Fire Department					
Salaries and Wages	\$ 3,000	\$ 3,000	\$ 2,463	\$ 537	
Other Expenses	135,600	135,600	135,600	-	
Uniform Fire Safety					
Salaries and Wages	36,950	36,950	31,950	5,000	
Other Expenses	11,250	11,250	5,652	5,598	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	749,264	789,264	774,209	15,055	
Other Expenses	117,808	117,808	107,865	9,943	
Garbage and Trash Removal					
Other Expenses - Contractual	357,286	357,286	297,738	59,548	
Disposal Costs/Tipping Fees					
Other Expenses	294,210	294,210	235,923	58,287	
Recycling					
Other Expenses	367,714	367,714	287,373	80,341	
Building and Grounds					
Salaries and Wages	74,539	80,539	72,202	8,337	
Other Expenses	289,000	289,000	255,137	33,863	
Shade Tree					
Salaries and Wages	177,459	127,459	109,678	17,781	
Other Expenses	77,000	77,000	54,714	22,286	
Sewer System					
Salaries and Wages	177,776	177,776	172,902	4,874	
Other Expenses	106,600	111,600	88,943	22,657	
Shop and Garage					
Salaries and Wages	180,672	170,672	162,844	7,828	
Other Expenses	188,000	188,000	181,428	6,572	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Board of Health					
Salaries and Wages	25,000	18,000	14,822	3,178	
Other Expenses	48,181	48,181	46,417	1,764	
Environmental Commission					
Other Expenses	1,500	1,500	1,398	102	
STIGMA-FREE Committee					
Other Expenses	1,000	1,000	-	1,000	
Community Outreach Committee					
Other Expenses	1,000	1,000	-	1,000	
Senior Citizens Program					
Salaries and Wages	15,000	15,000	11,190	3,810	
Contribution to Senior Citizens Center	30,416	30,416	23,123	7,293	
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	173,461	103,461	95,935	7,526	
Other Expenses	56,885	56,885	46,812	10,073	
Parks and Playgrounds					
Salaries and Wages	132,116	137,116	131,997	5,119	
Other Expenses	29,500	34,500	27,227	7,273	
Beautification Projects	7,500	7,500	7,279	221	

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
State Uniform Construction Code Construction Official					
Salaries and Wages	\$ 237,580	\$ 242,580	\$ 240,049	\$ 2,531	
Other Expenses	46,450	41,450	21,987	19,463	
Code Enforceful Official					
Salaries and Wages	52,108	52,108	50,388	1,720	
Other Expenses	2,650	2,650	403	2,247	
UNCLASSIFIED					
Utilities					
Street Lighting	155,000	161,000	150,840	10,160	
Telephone	45,000	45,000	27,515	17,485	
Hydrant Service	130,000	140,000	136,000	4,000	
Gasoline	115,000	115,000	89,369	25,631	-
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	64,785	94,785	90,803	3,982	
Video Committee					
Salaries and Wages	4,000	4,000	4,000	-	
Other Expenses	11,840	11,840	11,540	300	
Leso Program					
Other Expenses	15,000	15,000	7,242	7,758	-
Reserve for Accumulated Absences	10,000	10,000	10,000	-	-
Total Operations Within "CAPS"	12,973,097	12,793,097	11,343,076	907,057	542,964
Contingent	1,000	1,000	-	1,000	-
	12,974,097	12,794,097	11,343,076	908,057	542,964
Detail:					
Salaries and Wages	6,424,848	6,653,562	5,835,514	275,084	542,964
Other Expenses	6,549,249	6,140,535	5,507,562	632,973	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges					
Special Emergency Authorization - 5 Years	16,000	16,000	16,000	-	-
Total Deferred Charges - Municipal Within "CAPS"	16,000	16,000	16,000	-	-
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	427,660	428,338	428,338	-	
Social Security System	252,350	268,672	265,448	3,224	
Police and Firemen's Retirement Fund of NJ	1,022,747	1,022,747	1,022,747	-	
Unemployment Insurance	10,000	10,000	10,000	-	
Defined Contribution Retirement Plan	8,000	9,000	7,987	1,013	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	1,736,757	1,754,757	1,750,520	4,237	-
Total General Appropriations for Municipal Purposes within "CAPS"	14,710,854	14,548,854	13,093,596	912,294	542,964

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority					
Operations	\$ 762,923	\$ 762,923	\$ 762,922	\$ 1	
Debt Service	207,773	207,773	207,773	-	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	803,000	803,000	803,000	-	
GENERAL GOVERNMENT FUNCTIONS					
Reserve for Tax Appeals	300,000	462,000	462,000	-	
Recycling Tax	11,000	11,000	8,201	2,799	
LOSAP	60,000	60,000	60,000	-	
INSURANCE					
Employee Group Health	41,253	41,253	41,253	-	
Worker's Compensation	10,087	10,087	10,087	-	
STATUTORY EXPENDITURES					
Public Employees' Retirement System	21,643	21,643	21,643	-	-
Total Other Operations - Excluded from "CAPS"	2,217,679	2,379,679	2,376,879	2,800	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Other Governmental Entities -					
911 Communications - Contractual	5,916	5,916	5,916	-	
Borough of Emerson - Sewer Charges	16,667	16,667	16,667	-	
Borough of Paramus - Shared Municipal Court	102,266	102,266	102,265	1	-
Total Interlocal Municipal Service Agreements	124,849	124,849	124,848	1	-
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
State of New Jersey Recycling Tonnage Grant	10,950	10,950	10,950	-	
Clean Communities Grant	18,488	18,488	18,488	-	
Police Body Armor	2,036	2,036	2,036	-	
Municipal Alliance	3,836	3,836	3,836	-	
Bergen County Arts Grant	5,400	5,400	5,400	-	
NJ Stormwater Grant	15,000	15,000	15,000	-	
Federal Bulletproof Vest Grant	3,575	3,575	3,575	-	
Sustainable Jersey Grant	2,500	2,500	2,500	-	
Stewardship Grant	500	500	500	-	
Pedestrian Safety Grant	1,120	1,120	1,120	-	-
Total Public and Private Programs Offset by Revenues	63,405	63,405	63,405	-	-
Total Operations Excluded from "CAPS"	2,405,933	2,567,933	2,565,132	2,801	-
Detail:					
Other Expenses	2,405,933	2,567,933	2,565,132	2,801	-

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

	<u>Appropriated</u> <u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Expended</u> <u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENTS -					
EXCLUDED FROM "CAPS"					
Down Payments on Improvements	\$ 30,000	\$ 30,000	\$ 30,000		
Capital Improvement Fund	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	-	-
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,290,000	1,290,000	1,290,000	-	
Interest on Bonds	270,486	270,486	248,573	-	\$ 21,913
Interest on Notes	358,000	358,000	357,702	-	298
NJEIT Loan	<u>243,000</u>	<u>243,000</u>	<u>239,500</u>	-	<u>3,500</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>2,161,486</u>	<u>2,161,486</u>	<u>2,135,775</u>	-	<u>25,711</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,717,419</u>	<u>4,879,419</u>	<u>4,850,907</u>	\$ 2,801	<u>25,711</u>
Subtotal General Appropriations	19,428,273	19,428,273	17,944,503	915,095	568,675
RESERVE FOR UNCOLLECTED TAXES	<u>715,000</u>	<u>715,000</u>	<u>715,000</u>	-	-
Total General Appropriations	<u>\$ 20,143,273</u>	<u>\$ 20,143,273</u>	<u>\$ 18,659,503</u>	<u>\$ 915,095</u>	<u>\$ 568,675</u>

2023 STATEMENT OF EXPENDITURES

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 176,364	\$ 168,364	\$ 158,500	\$ 9,864	
Other Expenses	89,775	102,775	93,687	9,088	
Mayor and Council					
Salaries and Wages	24,000	24,000	24,000	-	
Other Expenses	15,200	15,200	8,001	7,199	
Municipal Clerk's Office					
Salaries and Wages	190,441	190,441	184,218	6,223	
Other Expenses	38,190	36,190	25,762	10,428	
Financial Administration					
Salaries and Wages	237,909	237,909	229,453	8,456	
Other Expenses	38,500	36,500	26,033	10,467	
Audit Services					
Other Expenses	43,350	43,350	43,350	-	
Revenue Administration (Tax Collection)					
Salaries and Wages	32,500	32,500	31,250	1,250	
Other Expenses	12,975	12,975	12,558	417	
Tax Assessment Administration					
Salaries and Wages	26,141	26,141	25,136	1,005	
Other Expenses	60,100	70,100	59,844	10,256	
Legal Services					
Other Expenses	225,000	235,000	197,449	37,551	
Engineering Services					
Other Expenses	14,500	18,500	16,257	2,243	
Economic Development Committee					
Other Expenses	1,000	1,000		1,000	
Historical Commission					
Other Expenses	1,000	1,000	490	510	
Municipal Land Use Law					
Planning Board					
Salaries and Wages	24,674	24,674	23,954	720	
Other Expenses	35,900	35,900	16,643	19,257	
Zoning Board of Adjustment					
Salaries and Wages	24,674	24,674	24,422	252	
Other Expenses	16,850	16,850	14,197	2,653	
Insurance					
Workers Compensation Insurance	208,825	208,825	208,825	-	
Employee Group Health	2,098,500	2,160,500	2,112,863	47,637	
Other Insurance Premiums	257,836	257,836	254,763	3,073	
Health Benefit Waiver	16,434	16,434	15,582	852	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	3,439,106	3,369,106	3,186,405	62,323	\$ 120,378
Salaries and Wages - ARP LFRF	50,000	50,000	50,000	-	
Salaries and Wages - Auxiliary	22,058	22,058	18,634	3,424	
Purchase Vehicles - ARP LFRF	59,607	59,607	57,469	2,138	
Other Expenses	158,468	168,468	147,681	20,787	
Other Expenses - Auxiliary	1,000	1,000		1,000	
Office of Emergency Management					
Salary and Wages	10,400	10,400	10,000	400	
Other Expenses	12,850	12,850	11,942	908	
First Aid Organization	30,000	30,000	30,000	-	

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS (Continued)					
Fire Department					
Other Expenses	\$ 134,050	\$ 134,050	\$ 133,071	\$ 979	
Uniform Fire Safety					
Salaries and Wages	32,521	32,521	27,110	5,411	
Other Expenses	11,250	9,250	6,045	3,205	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	587,167	542,167	497,205	44,962	
Salaries and Wages - ARP LFRF	138,789	138,789	138,789		
Other Expenses	120,224	120,224	85,186	35,038	
Other Expenses - ARP LFRF	5,634	5,634	5,634		
Garbage and Trash Removal					
Other Expenses - Contractual	332,855	332,855	303,789	29,066	
Disposal Costs/Tipping Fees	275,000	275,000	228,551	46,449	
Other Expenses				-	
Recycling					
Other Expenses	330,579	350,579	309,478	41,101	
Building and Grounds					
Salaries and Wages	63,887	43,887	40,015	3,872	
Other Expenses	269,580	303,580	297,163	6,417	
Shade Tree					
Salaries and Wages	138,098	128,098	114,146	13,952	
Other Expenses	77,000	77,000	49,210	27,790	
Sewer System					
Salaries and Wages	116,766	108,766	95,685	13,081	
Other Expenses	76,600	95,600	72,749	22,851	
Shop and Garage					
Salaries and Wages	162,097	157,097	141,550	15,547	
Other Expenses	188,300	188,300	181,972	6,328	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Board of Health					
Salaries and Wages	30,551	30,551	28,759	1,792	
Other Expenses	48,143	40,143	32,656	7,487	
Environmental Commission					
Other Expenses	1,700	1,700	589	1,111	
STIGMA-FREE Committee					
Other Expenses	1,000	1,000	400	600	
Community Outreach Committee					
Other Expenses	1,000	1,000	-	1,000	
Senior Citizens Program					
Salaries and Wages	15,000	11,000	9,995	1,005	
Contribution to Senior Citizens Center	29,416	25,416	21,084	4,332	
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	151,776	156,776	150,055	6,721	
Other Expenses	42,747	42,747	36,954	5,793	
Parks and Playgrounds					
Salaries and Wages	95,645	95,645	92,974	2,671	
Other Expenses	30,000	28,000	14,149	13,851	
Beautification Projects	4,500	4,500	3,285	1,215	

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
State Uniform Construction Code Construction Official					
Salaries and Wages	\$ 227,129	\$ 227,129	\$ 220,496	\$ 6,633	
Other Expenses	34,600	34,600	28,286	6,314	
Code Enforceful Official					
Salaries and Wages	48,081	48,081	44,817	3,264	
Other Expenses	1,850	1,850	93	1,757	
UNCLASSIFIED					
Utilities					
Street Lighting	150,000	156,000	156,000	-	
Telephone	51,928	51,928	39,202	12,726	
Hydrant Service	130,000	130,000	127,009	2,991	
Gasoline	113,100	113,100	98,836	14,264	-
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	51,900	39,900	35,183	4,717	
Video Committee					
Salaries and Wages	4,000	4,000	4,000	-	
Other Expenses	16,490	16,490	14,440	2,050	
Leso Program					
Other Expenses	15,000	15,000	11,500	3,500	-
Reserve for Accumulated Absences	50,000	50,000	50,000	-	-
Total Operations Within "CAPS"	12,100,080	12,091,080	11,267,478	703,224	120,378
Contingent	1,000	1,000	-	1,000	-
	12,101,080	12,092,080	11,267,478	704,224	120,378
Detail:					
Salaries and Wages	6,069,774	5,904,774	5,571,567	212,829	120,378
Other Expenses	6,031,306	6,187,306	5,695,911	491,395	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges					
Prior Year Bills	880	880	880	-	-
Total Deferred Charges - Municipal Within "CAPS"	880	880	880	-	-
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	391,028	393,400	393,400	-	
Social Security System	245,000	249,101	241,305	7,796	
Police and Firemen's Retirement Fund of NJ	1,031,569	1,032,096	1,032,096	-	
Defined Contribution Retirement Plan	8,000	10,000	7,961	2,039	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	1,676,477	1,685,477	1,675,642	9,835	-
Total General Appropriations for Municipal Purposes within "CAPS"	13,777,557	13,777,557	12,943,120	714,059	120,378

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

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority					
Operations	\$ 732,330	\$ 732,330	\$ 732,330	\$ -	
Debt Service	180,410	180,410	180,410	-	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	676,295	676,295	676,295	-	
Additional Library Expemses	126,705	126,705	126,705		
GENERAL GOVERNMENT FUNCTIONS					
Reserve for Tax Appeals	300,000	300,000	300,000	-	
Recycling Tax	11,000	11,000	8,592	2,408	
LOSAP	64,000	64,000	64,000	-	
Garbage and Trash Removal	15,943	15,943	15,943		
Recycling	28,625	28,625	28,625		
Public Employees Retirement System	28,247	28,247	28,247		
Police and Firemen's Retirement System	102,902	102,902	102,902		
Gasoline and Diesel Fuel	2,075	2,075	2,075		
INSURANCE					
Worker's Compensation	11,493	11,493	11,493	-	0
Total Other Operations - Excluded from "CAPS"	2,280,025	2,280,025	2,277,617	2,408	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Other Governmental Entities -					
911 Communications - Contractual	5,800	5,800	5,800	-	
Borough of Paramus - Shared Municipal Court	100,260	100,260	100,260	-	-
Total Interlocal Municipal Service Agreements	106,060	106,060	106,060	-	-
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Clean Communities Grant	16,483	16,483	16,483	-	
Police Body Armor	1,736	1,736	1,736	-	
Municipal Alliance	3,836	3,836	3,836	-	
Bergen County Arts Grant	4,930	4,930	4,930	-	
Recycling Tonnage Grant	11,424	11,424	11,424	-	-
Total Public and Private Programs Offset by Revenues	38,409	38,409	38,409	-	-
Total Operations Excluded from "CAPS"	2,424,494	2,424,494	2,422,086	2,408	-
Detail:					
Other Expenses	2,424,494	2,424,494	2,422,086	2,408	-

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

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENTS -					
EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 62,000	\$ 62,000	\$ 62,000		
Reserve for Various Improvements & Acquisitions	213,030	213,030	213,030	-	-
Total Capital Improvements - Excluded from "CAPS"	275,030	275,030	275,030	-	-
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,510,000	1,510,000	1,510,000	-	
Payment of Bond Anticipation Notes	301,300	301,300	301,300	-	
Interest on Bonds	144,255	144,256	144,255	-	\$ 1
Interest on Notes	217,965	217,965	217,965	-	-
NJEIT Loan	240,000	239,999	236,650	-	3,349
Total Municipal Debt Service - Excluded from "CAPS"	2,413,520	2,413,520	2,410,170	-	3,350
DEFERRED CHARGES					
EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 3 Years	16,000	16,000	16,000	-	-
Total Deferred Charges Excluded from "CAPS"	16,000	16,000	16,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,129,044	5,129,044	5,123,286	2,408	3,350
Subtotal General Appropriations	18,906,601	18,906,601	18,066,406	716,467	123,728
RESERVE FOR UNCOLLECTED TAXES	695,000	695,000	695,000	-	-
Total General Appropriations	\$ 19,601,601	\$ 19,601,601	\$ 18,761,406	\$ 716,467	\$ 123,728

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

	<u>2024</u>	<u>2023</u>
ASSETS		
ANIMAL CONTROL TRUST FUND		
Cash	\$ 7,018	\$ 7,774
	<u>7,018</u>	<u>7,774</u>
OTHER TRUST FUND		
Cash	<u>1,423,371</u>	<u>1,399,078</u>
	<u>1,423,371</u>	<u>1,399,078</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)		
Investment	1,904,103	1,719,440
Contribution Receivable	<u>69,224</u>	<u>54,722</u>
	<u>1,973,327</u>	<u>1,774,162</u>
Total Assets	<u>\$ 3,403,716</u>	<u>\$ 3,181,014</u>

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

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL TRUST FUND		
Prepaid Licenses	\$ 678	\$ 1,410
Due to State Department of Health		2
Due to Current Fund	1,638	260
Reserve for Animal Control Expenditures	<u>4,702</u>	<u>6,102</u>
	<u>7,018</u>	<u>7,774</u>
OTHER TRUST FUND		
Escrow and Miscellaneous Reserves	1,423,371	1,398,702
Payroll and Payroll Deductions Payable	-	276
Due to Current Fund	<u>-</u>	<u>100</u>
	<u>1,423,371</u>	<u>1,399,078</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)		
Reserve for Length of Service Award Program	<u>1,973,327</u>	<u>1,774,162</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 3,403,716</u>	 <u>\$ 3,181,014</u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 1,264,653	\$ 2,686,908
Deferred Charges to Future Taxation		
Funded	13,938,138	7,050,077
Unfunded	5,281,948	10,679,738
Grants Receivable	<u>343,610</u>	<u>628,825</u>
 Total Assets	 <u>\$ 20,828,349</u>	 <u>\$ 21,045,548</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Serial Bonds	\$ 12,161,000	\$ 5,061,000
NJ Environmental Infrastructure Trust Loan	1,777,138	1,989,077
Bond Anticipation Notes Payable	-	8,967,450
Improvement Authorizations		
Funded	1,512,476	151,110
Unfunded	3,959,521	4,130,565
Contracts Payable	710,514	1
Capital Improvement Fund	5,247	26,687
Reserve for Grant Receivable	310,610	165,213
Reserve for Preliminary Costs	316	316
Reserve for Various Reserves	306,160	408,672
Fund Balance	<u>85,367</u>	<u>145,457</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 20,828,349</u>	 <u>\$ 21,045,548</u>

There were bonds and notes authorized but not issued of \$5,281,948 and \$1,883,388 at December 31, 2024 and 2023, respectively.

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

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 145,457	\$ 179,313
Increased by:		
Premium on Bonds Issued	1,910	
Premium on Notes Issued	<u>-</u>	<u>62,144</u>
	145,457	241,457
Decreased by:		
Anticipated as Revenue in Current Fund Budget	<u>62,000</u>	<u>96,000</u>
Balance, December 31	<u><u>\$ 85,367</u></u>	<u><u>\$ 145,457</u></u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Land and Land Improvements	\$ 53,692,600	\$ 53,692,600
Buildings and Building Improvements	6,906,200	6,906,200
Vehicles and Equipment	<u>10,691,837</u>	<u>10,266,899</u>
	<u>\$ 71,290,637</u>	<u>\$ 70,865,699</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 71,290,637</u>	<u>\$ 70,865,699</u>

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NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Oradell (the "Borough") was incorporated in 1894 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 the 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 Oradell 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 ORADELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

Financial Statements – Regulatory Basis

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Sewer Discharges Revenues/Receivables - Sewer 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 Current 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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

Leases Payable – Leases payments for the use of another entity's land, building and equipment or property are appropriated in the Borough's annual budget and are recorded when paid in accordance with the terms of the lease agreement. GAAP requires non-cancellable leases to be reported as other financing sources in the governmental funds and intangible right-to-use assets and long-term liabilities in the proprietary funds and government-wide financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Oradell 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 are stated at historical cost. Donated fixed assets are recorded at acquisition value at the date of donation.

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.

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:

General Capital Fund
Trust Fund

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

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

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

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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, 2024 and 2023, the book value of the Borough's deposits were \$9,656,748 and \$10,416,076 and bank and brokerage firm balances of the Borough's deposits amounted to \$10,328,194 and \$11,925,958, 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>2024</u>	<u>2023</u>
Insured	\$ 8,898,530	\$ 11,925,958
Uninsured and Collateralized	<u>1,429,664</u>	<u>-</u>
	<u>\$ 10,328,194</u>	<u>\$ 11,925,958</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.

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,429,664</u>	<u>\$ -</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). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

	Valuation		
	<u>Basis</u>	<u>2024</u>	<u>2023</u>
<u>Investment Type</u>			
Investment:			
Lincoln Financial LOSAP Retirement			
Fund (Unaudited)	Fair Value	\$ <u>1,904,103</u>	\$ <u>1,719,440</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, 2024 and 2023, \$1,904,103 and \$1,719,440 of the Borough’s investments were exposed to custodial credit risk as follows:

	<u>2024</u>	<u>2023</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>1,904,103</u>	\$ <u>1,719,440</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 have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices.

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

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

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

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

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

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

NOTE 4 TAXES AND FEES RECEIVABLE

Receivables at December 31, 2024 consisted of the following:

	<u>Current</u>	<u>Total</u>
<u>2024</u>		
Property Taxes	\$ 169,429	\$ 169,429
Tax Title Liens	21,895	21,895
Utility Charges and Fees	<u>203</u>	<u>203</u>
	<u>\$ 191,527</u>	<u>\$ 191,527</u>

In 2024, the Borough collected \$166,037 and \$40,959 from delinquent taxes and utility charges and fees, which represented 99% and 99% of the delinquent tax and sewer charges receivable at December 31, 2023.

Receivables at December 31, 2023 consisted of the following:

	<u>Current</u>	<u>Total</u>
<u>2023</u>		
Property Taxes	\$ 165,787	\$ 165,787
Tax Title Liens	20,717	20,717
Utility Charges and Fees	<u>504</u>	<u>504</u>
	<u>\$ 187,008</u>	<u>\$ 187,008</u>

In 2023, the Borough collected \$217,784 and \$58,338 from delinquent taxes and utility charges and fees, which represented 100% and 99% of the delinquent tax and sewer charges receivable at December 31, 2022.

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

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2024</u>			<u>2023</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>		Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund:					
Regular	\$ 1,638			\$ 360	
Trust Fund:					
Animal Control		\$ 1,638			\$ 260
Other Trust	<u>-</u>	<u>-</u>		<u>-</u>	<u>100</u>
Total	<u>\$ 1,638</u>	<u>\$ 1,638</u>	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ 360</u>

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance</u>
<u>2024</u>			
There are None.			
<u>2023</u>			
Current Fund			
Special Emergency Authorization - Tropical Storm Ida	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ -</u>

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

NOTE 7 DEFERRED SCHOOL TAXES

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

	<u>2024</u>		<u>2023</u>	
	<u>Regional High School</u>	<u>Local District School</u>	<u>Regional High School</u>	<u>Local District School</u>
Balance of Tax Deferred Liability	\$ 8,571,426	\$ 6,896,702	\$ 8,354,908	\$ 6,715,641
Taxes Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 FUND BALANCES APPROPRIATED

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

	<u>2024</u>		<u>2023</u>	
	<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	\$ 4,672,494	\$ 1,600,000	\$ 3,781,706	\$ 1,400,000
Non-Cash Surplus	<u>799</u>	<u>-</u>	<u>16,799</u>	<u>-</u>
	<u>\$ 4,673,293</u>	<u>\$ 1,600,000</u>	<u>\$ 3,798,505</u>	<u>\$ 1,400,000</u>

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

NOTE 9 FIXED ASSETS

A. General Fixed Assets

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

	Balance December 31, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Land	\$ 53,692,600			\$ 53,692,600
Buildings and Building Improvements	6,906,200			6,906,200
Machinery and Equipment	<u>10,266,899</u>	<u>\$ 578,706</u>	<u>\$ 153,768</u>	<u>10,691,837</u>
	<u>\$ 70,865,699</u>	<u>\$ 578,706</u>	<u>\$ 153,768</u>	<u>\$ 71,290,637</u>
	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Land	\$ 53,692,600			\$ 53,692,600
Buildings and Building Improvements	6,906,200			6,906,200
Machinery and Equipment	<u>9,731,665</u>	<u>\$ 656,972</u>	<u>\$ 121,738</u>	<u>10,266,899</u>
	<u>\$ 70,330,465</u>	<u>\$ 656,972</u>	<u>\$ 121,738</u>	<u>\$ 70,865,699</u>

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

NOTE 10 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2024</u>	<u>2023</u>
Issued		
General		
Bonds, Notes and Loans	\$ 13,938,138	\$ 16,017,527
Less Funds Temporarily Held to Pay Bonds and Notes	<u>207,900</u>	<u>208,350</u>
Net Debt Issued	13,730,238	15,809,177
Authorized But Not Issued		
General		
Bonds and Notes	<u>5,281,948</u>	<u>1,883,388</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 19,012,186</u>	<u>\$ 17,692,565</u>

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of 0.860% and 0.882% at December 31, 2024 and 2023, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
General Debt	\$ 19,220,086	\$ 207,900	\$ 19,012,186
School Debt	<u>9,466,651</u>	<u>9,466,651</u>	<u>-</u>
Total	<u>\$ 28,686,737</u>	<u>\$ 9,674,551</u>	<u>\$ 19,012,186</u>

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

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Net Debt (Continued)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General Debt	\$ 17,900,915	\$ 208,350	\$ 17,692,565
School Debt	<u>10,542,408</u>	<u>\$ 10,542,408</u>	<u>-</u>
Total	<u>\$ 28,443,323</u>	<u>\$ 10,750,758</u>	<u>\$ 17,692,565</u>

Statutory Borrowing Power

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

	<u>2024</u>	<u>2023</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 77,432,426	\$ 70,956,927
Less: Net Debt	<u>19,012,186</u>	<u>17,692,565</u>
Remaining Borrowing Power	<u>\$ 58,420,240</u>	<u>\$ 53,264,362</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2024</u>	<u>2023</u>
\$5,445,000, 2016 Refunding Bonds, due in annual installments of \$865,000 through November 21, 2016, interest at 2-3%		\$ 865,000
\$5,496,000, 2019 General Serial Bonds, due in annual installments of \$600,000 to \$646,000 through April 1, 2030, interest at 2-3%	\$ 3,771,000	4,196,000
\$8,390,000, 2024 General Serial Bonds, due in annual installments of \$535,000 to \$1,050,000 through March 15, 2035, interest at 3-4%	<u>8,390,000</u>	<u>-</u>
Total	<u>\$ 12,161,000</u>	<u>\$ 5,061,000</u>

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

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Borough has entered into multiple loan agreements with the New Jersey Environmental Infrastructure Trust. 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>2024</u>	<u>2023</u>
\$335,000, New Jersey Environmental Infrastructure Trust, Series 2010B, due in annual installments of \$20,000 to \$25,000 through August 1, 2030, interest at 5%	\$ 80,292	\$ 98,540
\$358,875, New Jersey Environmental Infrastructure Trust, Series 2010B, due in annual installments of \$7,301 to \$18,248 through August 1, 2030, interest at 0%	127,000	145,000
\$220,297, New Jersey Environmental Infrastructure Trust, Series 2013, due in annual installments of \$11,629 to \$15,073 through August 1, 2032, interest at .25-3.40%	268,837	302,442
\$660,891, New Jersey Environmental Infrastructure Trust, Series 2013, due in annual installments of \$33,605 through August 1, 2032, interest at 0%	108,318	120,219
\$360,000, New Jersey Environmental Infrastructure Trust, Series 2015A-1, due in annual installments of \$15,000 to \$25,000 through August 1, 2034, interest at 4.00-5.00%	450,023	509,360
\$1,166,956, New Jersey Environmental Infrastructure Trust, Series 2015A-1, due in annual installments of \$34,666 to \$59,337 through August 1, 2034, interest at 0%	225,000	245,000
\$260,000, New Jersey Environmental Infrastructure Trust, Series 2017A-1, due in annual installments of \$10,000 to \$20,000 through August 1, 2036, interest at 4.00-5.00%	327,668	368,516
\$776,118, New Jersey Environmental Infrastructure Trust, Series 2017A-1, due in annual installments of \$881 to \$40,848 through August 1, 2036, interest at 0%	<u>190,000</u>	<u>200,000</u>
Total	<u>\$ 1,777,138</u>	<u>\$ 1,989,077</u>

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

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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

Calendar Year	Bonds		Loans		Total
	Principal	Interest	Principal	Interest	
2025	\$ 1,135,000	\$ 386,305	\$ 206,230	\$ 25,973	\$ 1,753,508
2026	1,135,000	358,255	219,546	22,909	1,735,710
2027	1,160,000	327,280	224,915	20,090	1,732,285
2028	1,185,000	292,724	225,308	17,197	1,720,229
2029	1,190,000	256,599	214,776	14,282	1,675,657
2030-2034	5,386,000	669,990	646,363	32,862	6,735,215
2035-2036	970,000	14,550	40,000	2,000	1,026,550
Total	<u>\$ 12,161,000</u>	<u>\$ 2,305,703</u>	<u>\$ 1,777,138</u>	<u>\$ 135,313</u>	<u>\$ 16,379,154</u>

Changes in Long-Term Municipal Debt

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

	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within One Year
<u>2024</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 5,061,000	\$ 8,390,000	\$ 1,290,000	\$ 12,161,000	\$ 1,135,000
NJEIT Loans Payable	<u>1,989,077</u>	<u>-</u>	<u>211,939</u>	<u>1,777,138</u>	<u>206,230</u>
 General Capital Fund Long-Term Liabilities	 <u>\$ 7,050,077</u>	 <u>\$ 8,390,000</u>	 <u>\$ 1,501,939</u>	 <u>\$ 13,938,138</u>	 <u>\$ 1,341,230</u>

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

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2023</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2024</u>
<u>2024</u>					
<u>General Capital Fund</u>					
15-09 - Various Improvements			\$ 745,500	\$ 745,500	\$ -
16-07 - Various Capital Improvements			761,500	761,500	-
16-11 - Various Road Improvements			540,600	540,600	-
17-06 - Various Improvements			680,000	680,000	-
18-04 - Various Improvements			1,247,400	1,247,400	-
19-16 - Various Improvements			962,100	962,100	-
21-01 - Various Improvements			1,077,100	1,077,100	-
21-09 - Various Improvements			950,000	950,000	-
22-06 - Various Improvements			<u>2,003,250</u>	<u>2,003,250</u>	<u>-</u>
Total General Capital Fund			<u>\$ 8,967,450</u>	<u>\$ 8,967,450</u>	<u>\$ -</u>

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2022</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2023</u>
<u>2023</u>						
<u>General Capital Fund</u>						
15-09 - Various Improvements	4.00%	3/29/2024	\$ 794,000	\$ 745,500	\$ 794,000	\$ 745,500
16-07 - Various Capital Improvements	4.00%	3/29/2024	815,500	761,500	815,500	761,500
16-11 - Various Road Improvements	4.00%	3/29/2024	576,700	540,600	576,700	540,600
17-06 - Various Improvements	4.00%	3/29/2024	720,000	680,000	720,000	680,000
18-04 - Various Improvements	4.00%	3/29/2024	1,309,200	1,247,400	1,309,200	1,247,400
19-16 - Various Improvements	4.00%	3/29/2024	1,023,000	962,100	1,023,000	962,100
21-01 - Various Improvements	4.00%	3/29/2024	1,077,100	1,077,100	1,077,100	1,077,100
21-09 - Various Improvements	4.00%	3/29/2024	950,000	950,000	950,000	950,000
22-06 - Various Improvements	4.00%	3/29/2024	<u>-</u>	<u>2,003,250</u>	<u>-</u>	<u>2,003,250</u>
Total General Capital Fund			<u>\$ 7,265,500</u>	<u>\$ 8,967,450</u>	<u>\$ 7,265,500</u>	<u>\$ 8,967,450</u>

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

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Purpose</u>	<u>Remaining Commitment</u>
<u>2024</u>	
New Garbage Truck	\$108,581
New Fire Truck	117,046
New Police Cars	116,977

NOTE 12 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, personal time, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$ and \$823,250 at December 31, 2024 and 2023, respectively. These amounts which ~~is~~ are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024 and 2023, the Borough has reserved in the Other Trust Fund \$247,761 and \$237,761, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

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

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

B. Leases Payable

The Borough entered into non-cancellable leases for the use vehicles. The initial lease liability is determined at the present value of payments expected to be made during the lease term.

Leases payable at December 31 are comprised of the following:

On August 14, 2024, the Borough entered into a 3 year lease agreement as lessee for the use of police vehicles. An initial lease liability was reported in the amount of \$116,977. The lease has an interest rate of 9.01%. The Borough is required to make annual payments of \$4,000 to \$61,382. In addition, the Borough has the option to purchase the equipment for \$0 at the end of the lease term. As of December 31, 2024 the value of the lease liability was \$112,977.

The right-to-use leased assets at December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Right-to-use Machinery and Equipment	\$ <u>112,977</u>	\$ <u>20,826</u>

The future principal and interest lease payments as of December 31, 2024 were as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 56,669	\$ 4,714	\$ 61,383
2026	<u>56,308</u>	<u>5,074</u>	<u>61,382</u>
Total	<u>\$ 112,977</u>	<u>\$ 9,788</u>	<u>\$ 122,765</u>

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 ORADELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

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

	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<u>2024</u>					
Compensated Absences		\$ 823,250		\$ 823,250	
Leases Payable	\$ 20,826	116,977	24,826	112,977	\$ 56,669
Net Pension Liability - PERS (1)	4,755,709			4,755,709	
Net Pension Liability - PFRS (1)	8,202,503			8,202,503	
Net OPEB Liability (1)	<u>17,601,920</u>	<u>-</u>	<u>-</u>	<u>17,601,920</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 30,580,958</u>	<u>\$ 940,227</u>	<u>\$ 24,826</u>	<u>\$ 31,496,359</u>	<u>\$ 56,669</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.

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<u>2023</u>					
Leases Payable	\$ 20,826			\$ 20,826	\$ 20,826
Net Pension Liability - PERS	4,893,776		\$ 138,067	4,755,709	
Net Pension Liability - PFRS	9,685,421		1,482,918	8,202,503	
Net OPEB Liability	<u>16,566,901</u>	<u>\$ 1,035,019</u>	<u>-</u>	<u>17,601,920</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 31,166,924</u>	<u>\$ 1,035,019</u>	<u>\$ 1,620,985</u>	<u>\$ 30,580,958</u>	<u>\$ 20,826</u>

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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 ORADELL
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 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.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

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

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

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

NOTE 13 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.state.nj/treasury/doinvest.

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

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

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2024	\$ 1,022,747	\$ 449,981	\$ 7,987
2023	1,100,473	408,928	7,961
2022	961,352	367,050	8,022

In addition for the years ended December 31, 2024, 2023 and 2022 the Borough did not contribute for long-term disability insurance premiums (LTDI).

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

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

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

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

Public Employees Retirement System (PERS)

At December 31, 2023, the Borough reported a liability of \$4,755,709, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough's proportionate share was 0.03283 percent, which was an increase of 0.0040 percent from its proportionate share measured as of June 30, 2022 of 0.03243 percent.

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2023, the pension system has determined the Borough's pension expense to be \$175,339, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$408,928. At December 31, 2023, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 45,471	\$ 19,440
Changes of Assumptions	10,447	288,216
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	21,901	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>257,610</u>	<u>48,264</u>
Total	<u>\$ 335,429</u>	<u>\$ 355,920</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2024	\$ (4,914)
2025	(4,914)
2026	(4,914)
2027	(4,913)
2028	(836)
Thereafter	<u>-</u>
	<u>\$ (20,491)</u>

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

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

	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 PERS Net Pension Liability	\$ <u>6,190,921</u>	\$ <u>4,755,709</u>	\$ <u>3,534,154</u>

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

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2023, the Borough reported a liability of \$8,202,503, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough’s proportionate share was 0.07424 percent, which was a decrease of 0.01038 percent from its proportionate share measured as of June 30, 2022 of 0.08462 percent.

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2023, the pension system has determined the Borough pension expense to be \$660,119, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$1,100,473. At December 31, 2023, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 351,215	\$ 391,187
Changes of Assumptions	17,704	553,865
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	417,738	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>736,678</u>	<u>1,042,274</u>
Total	<u>\$ 1,523,335</u>	<u>\$ 1,987,326</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2024	(66,442)
2025	(66,442)
2026	(66,442)
2027	(66,444)
2028	(170,877)
Thereafter	<u>(27,344)</u>
	<u>\$ (463,991)</u>

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

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

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

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

Mortality Rates

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

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

	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	<u>\$ 11,428,752</u>	<u>\$ 8,202,503</u>	<u>\$ 5,515,809</u>

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

Special Funding Situation – PFRS

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

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,511,407. For the year ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$171,919, which is more or less than the actual contribution the State made on behalf of the Borough of \$172,847. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the Borough was 0.07424 percent, which was a decrease of 0.01038 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of 0.08462 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.state.nj.us/treasury/pensions.

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

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

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

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

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

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

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

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

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

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

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

Actuarial Methods and Assumptions

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

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

NOTE 14 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 is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the year ended December 31, 2024 was \$713,711, which equaled the required contribution for the year. Required contributions for the years ended December 31, 2023 and 2022 were not available. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the year ended December 31, 2024, was \$107,857.

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

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

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

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

At December 31, 2023, the Borough reported a liability of \$17,601,920, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2023 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2023. As of the measurement date of June 30, 2023 the Borough's proportionate share was 0.1173 percent, which was an increase of 0.0147 percent from its proportionate share measured as of June 30, 2022 of 0.1026 percent.

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the year ended December 31, 2023, the Plan has determined the Borough's OPEB benefit to be \$265,571, based on the actuarial valuation. At December 31, 2023, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 811,710	\$ 4,780,106
Changes of Assumptions	2,280,109	4,975,499
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		2,904
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	4,470,542	1,239,988
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 7,562,361</u>	<u>\$ 10,998,497</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2024	\$ (499,017)
2025	(499,017)
2026	(499,017)
2027	(499,017)
2028	(498,291)
Thereafter	<u>(941,777)</u>
	<u>\$ (3,436,136)</u>

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

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

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

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

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

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

Mortality Rates

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

Health Care Trends

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

Discount Rate

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

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

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

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

	1% Decrease	Current Discount Rate	1% Increase
<u>2023</u>	<u>2.65%</u>	<u>3.65%</u>	<u>4.65%</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>20,388,634</u>	\$ <u>17,601,920</u>	\$ <u>15,360,439</u>

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

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>2023</u>			
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>14,959,561</u>	\$ <u>17,601,920</u>	\$ <u>20,984,947</u>

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

Special Funding Situation

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

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

OPEB Plan Fiduciary Net Position

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

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

NOTE 15 RISK MANAGEMENT

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

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

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

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>Interest & Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2024	\$ 10,945	\$ 16,287	\$ 65,735	\$ 24,196
2023	1,534	9,035	30,124	62,699
2022	11,976	8,796	27,602	82,253

NOTE 16 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be (material) or (immaterial). As of December 31, 2024 and 2023, the Borough reserved \$31,433 and \$443,595, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

NOTE 16 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2024 and 2023, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

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

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Oradell Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on January 1, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Oradell approved the adoption of the Plan at the general election held on August 24th, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Oradell has contributed \$1,573 and \$1,520 for 2024 and 2023, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$69,224 and \$54,722 for 2024 and 2023, respectively.

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

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

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

NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

_____, 2025

Borough Council of the
Borough of Oradell, in the
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of Oradell, in the County of Bergen, New Jersey (the "Borough"), in connection with the issuance by the Borough of its \$5,255,560 Bond Anticipation Note (the "Note"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

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

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

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

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

Very truly yours,