

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 23, 2026

NEW ISSUE
BOOK-ENTRY

RATING: NOT RATED

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel ("Bond Counsel") to the Borough (as hereinafter defined), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Notes (as hereinafter defined) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under Section 57 of the Code for purposes of calculating the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. Bond Counsel's opinion described herein is given in reliance on representations, certifications of fact, and statements of reasonable expectations made by the Borough in its Tax Certificate (as defined herein), assume continuing compliance by the Borough with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

BOROUGH OF BLOOMINGDALE IN THE COUNTY OF PASSAIC, STATE OF NEW JERSEY

**\$6,427,000 BOND ANTICIPATION NOTES, SERIES 2026
CONSISTING OF
\$5,686,000 GENERAL IMPROVEMENT NOTES, SERIES 2026
AND
\$741,000 WATER-SEWER UTILITY NOTES, SERIES 2026**

**(BANK QUALIFIED)
(NON-CALLABLE)**

**Dated: Date of Delivery
Maturity Date: February 10, 2027
Coupon: ____%
Yield: ____%
CUSIP*: 094401__**

The Borough of Bloomingdale, in the County of Passaic, State of New Jersey (the "Borough") is offering \$6,427,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of (i) \$5,686,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and (ii) \$741,000 Water-Sewer Utility Notes, Series 2026 (the "Water-Sewer Utility Notes", and together with the General Improvement Notes, the "Notes") for sale to prospective purchasers.

The Notes are authorized by, and are being issued pursuant to: (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the Borough Council of the Borough, approved by the Mayor (if applicable), and published as required by law; and (iii) a resolution duly adopted by the Borough Council of the Borough on January 20, 2026.

The General Improvement Notes are being issued to (i) refund, on a current basis, a \$4,146,077 principal portion of prior bond anticipation notes issued in the aggregate principal amount of \$5,138,000 on February 13, 2025 and maturing on February 12, 2026 (the "Prior Notes") (the remaining balance of the Prior Notes will be cancelled with note proceeds in the amount of \$991,923), and (ii) temporarily finance the costs of various general capital improvements and acquisitions in and by the Borough in the amount of \$1,539,923, including paying the costs associated with the issuance of the Notes. The Water-Sewer Utility Notes are being issued to temporarily finance the costs of various water-sewer capital improvements and acquisitions for the Water-Sewer Utility in and by the Borough in the amount of \$741,000, including paying the costs associated with the issuance of the Water-Sewer Utility Notes.

One certificate for the aggregate principal amount of the Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as securities depository for the Notes. The Notes will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers of the Notes. Purchases of the Notes will be made in book-entry form (without certificates) in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee. See "THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION" herein.

The Notes shall be dated and bear interest from their date of delivery, shall mature on February 10, 2027, and shall bear interest at the rate of interest set forth above, payable at maturity. Interest on the Notes shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. The Notes are not subject to redemption prior to maturity. Principal of and interest on the Notes will be paid to DTC by the Borough.

The Notes are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and interest thereon. The Notes are payable from the levy of *ad valorem* taxes upon all the taxable property located within the Borough, without limitation as to rate or amount, unless paid from other sources.

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 Notes are offered when, as and if issued by the Borough and delivered to the purchaser, subject to the approval of the legality thereof, by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Borough, and certain other conditions. Certain legal matters will be passed upon for the Borough by its Borough Attorney, Fred Semrau, Esq. of Dorsey & Semrau, Boonton, New Jersey. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey serves as Municipal Advisor to the Borough in connection with the sale and issuance of the Notes. It is anticipated that the Notes will be available for delivery through DTC on or about February 11, 2026.

BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE BOROUGH UNTIL 11:00 A.M., PREVAILING NEW JERSEY TIME, ON JANUARY 29, 2026 VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC AT [HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM](https://newissue.muni.spglobal.com), AND BY ELECTRONIC MAIL TO BMORRIS@MUNIADVISORS.COM. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNIHUD.COM.

*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 above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Borough does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

This is a Preliminary Official Statement, complete with the exception of specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Borough has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Notes described herein, the Borough will deliver a final Official Statement within the earlier of seven (7) business days following such sale or to accompany the purchaser's confirmations requesting payment for the Notes.

**BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY**

MAYOR

John D'Amato

BOROUGH COUNCIL MEMBERS

Ray Yazdi, President
John Graziano
Jennifer Hagin
Dominic Catalano
David Bronkhurst
Evelyn Schubert

BUSINESS ADMINISTRATOR

Michael Sondermeyer

CHIEF FINANCIAL OFFICER

Heather Barkenbush

BOROUGH CLERK

Breeanna Smith

BOROUGH ATTORNEY

Dorsey & Semrau
Boonton, New Jersey

BOROUGH AUDITOR

Samuel Klein and Company, LLP,
Certified Public Accountants
Newark, New Jersey

MUNICIPAL ADVISOR

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

BOND COUNSEL

Wilentz, Goldman & Spitzer,
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Borough of Bloomingdale, in the County of Passaic, State of New Jersey (the "Borough") to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Borough. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Borough, The Depository Trust Company, Brooklyn, New York ("DTC"), and other sources deemed reliable by the Borough; however, no representation or warranty is made as to its accuracy or completeness and, as to the information from sources other than the Borough, such information is not to be construed as a representation or warranty by the Borough.

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or owners of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstance, create an implication that there has been no change in any of the information provided herein since the date hereof or the date as of which such information is given, if earlier. The Borough has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, 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. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information, except as expressly stated otherwise, and is not intended to indicate future or continuing trends in the financial condition or other affairs of the Borough. No representation is made that past experience, as is shown by the financial and other information contained herein, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the appendices, are not deemed to be a determination of the relevance, materiality or importance of such materials, and this Official Statement, including the appendices, must be considered in its entirety.

In order to facilitate the distribution of the Notes, the Underwriter may engage in transactions intended to stabilize the price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The price at which the Notes are offered to the public by the Underwriter and the yield resulting therefrom may vary from the initial public offering price or yield on the cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering price to dealers and others.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
THE NOTES.....	1
General Description.....	1
AUTHORIZATION OF THE NOTES.....	2
PURPOSE OF THE NOTES.....	2
SECURITY FOR THE NOTES.....	4
CLIMATE.....	4
CYBERSECURITY.....	4
COVID-19 RISK FACTORS.....	4
NO DEFAULT.....	5
MARKET PROTECTION.....	5
THE DEPOSITORY TRUST COMPANY (“DTC”) INFORMATION.....	5
Discontinuance of Book-Entry System.....	7
PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT.....	7
Procedure for Authorization.....	7
Local Bond Law (N.J.S.A. 40A:2-1 et seq.).....	7
Short Term Financing.....	7
Refunding Bonds (N.J.S.A. 40A:2-51 et seq.).....	8
Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.).....	8
Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.).....	8
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.).....	9
Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.).....	9
Investment of Municipal Funds.....	9
DEBT INFORMATION OF THE BOROUGH.....	10
FINANCIAL MANAGEMENT.....	10
Accounting and Reporting Practices.....	10
Local Budget Law (N.J.S.A. 40A:4-1 et seq.).....	10
Local Examination of Budgets (N.J.S.A. 40A:4-78(b)).....	11
State Supervision (N.J.S.A. 52:27BB-1 et seq.).....	11
Limitations on Expenditures (“Cap Law”) (N.J.S.A. 40A:4-45.1, et seq.).....	11
Deferral of Current Expenses.....	12
Budget Transfers.....	12
Anticipation of Real Estate Taxes.....	13
Anticipation of Miscellaneous Revenues.....	13
CAPITAL IMPROVEMENT PROGRAM.....	14
TAX ASSESSMENT AND COLLECTION.....	14
Assessment and Collection of Taxes.....	14
Tax Appeals.....	15
TAX MATTERS.....	15
Federal Income Tax Treatment.....	15
Additional Federal Income Tax Consequences.....	15
State Taxation.....	16
Prospective Tax Law Changes.....	16
Other Tax Consequences.....	16
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	16
LEGALITY FOR INVESTMENT.....	16
RISK TO HOLDERS OF THE NOTES.....	17
Municipal Bankruptcy.....	17

Remedies of Holders of the Notes (N.J.S.A. 52:27-1 et seq.).....	17
CERTIFICATES OF THE BOROUGH	18
APPROVAL OF LEGAL PROCEEDINGS	18
ADDITIONAL INFORMATION	18
MUNICIPAL ADVISOR	19
LITIGATION	19
COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS	19
PREPARATION OF OFFICIAL STATEMENT	19
UNDERWRITING	20
FINANCIAL STATEMENTS	20
MISCELLANEOUS.....	20

APPENDIX A

Certain General Information Concerning the Borough of Bloomingdale, In the County of Passaic, State of New Jersey	A-1
--	-----

APPENDIX B

Independent Auditor's Report and Financial Statements for the Years Ended December 31, 2024, 2023, 2022, 2021 and 2020.....	B-1
--	-----

APPENDIX C

Form of Approving Legal Opinion of Bond Counsel	C-1
---	-----

APPENDIX D

Form of Continuing Disclosure Certificate	D-1
---	-----

[THIS PAGE INTENTIONALLY LEFT BLANK]

**OFFICIAL STATEMENT
OF THE
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC, STATE OF NEW JERSEY**

**\$6,427,000 BOND ANTICIPATION NOTES, SERIES 2026
CONSISTING OF
\$5,686,000 GENERAL IMPROVEMENT NOTES, SERIES 2026
AND
\$741,000 WATER-SEWER UTILITY NOTES, SERIES 2026**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Bloomingdale (the "Borough"), in the County of Passaic (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$6,427,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of (i) \$5,686,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and (ii) \$741,000 Water-Sewer Utility Notes, Series 2026 (the "Water-Sewer Utility Notes", and together with the General Improvement Notes, the "Notes"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer, and its distribution and use in connection with the marketing and sale of the Notes has been authorized by the Borough Council of the Borough.

This Official Statement contains specific information relating to the Notes, including their general description, the purposes of their issuance, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the issuance of the Notes. This Official Statement, including the appendices, should be read in its entirety.

All financial and other information presented herein has been provided by the Borough from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Borough.

THE NOTES

General Description

The Notes are general obligations of the Borough, and the full faith and credit of the Borough are pledged to the payment of the principal of and the interest on the Notes. The Notes are dated their date of delivery and will mature on February 10, 2027.

One certificate for the aggregate principal amount of the Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as securities depository for the Notes. The Notes will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers of the Notes. Purchases of the Notes will be made in book-entry form (without certificates) in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee.

The Notes shall mature as stated above with interest payable at maturity, and interest shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. Principal of and interest on the Notes will be paid to DTC by the Borough. The Notes are not subject to redemption prior to maturity.

AUTHORIZATION OF THE NOTES

The Notes are authorized by, and are being issued pursuant to, (i) the provisions of the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the “Local Bond Law”); (ii) various bond ordinances duly adopted by the Borough Council of the Borough on the dates set forth in the chart below, approved by the Mayor (if applicable), and published as required by law; and (iii) a resolution duly adopted by the Borough Council of the Borough on January 20, 2026.

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the respective dates of the first publication of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Borough. Such estoppel period has concluded as of the date of this Official Statement.

PURPOSE OF THE NOTES

The General Improvement Notes are being issued to (i) refund, on a current basis, a \$4,146,077 principal portion of prior bond anticipation notes issued in the aggregate principal amount of \$5,138,000 on February 13, 2025 and maturing on February 12, 2026 (the “Prior Notes”) (the remaining balance of the Prior Notes will be cancelled with note proceeds in the amount of \$991,923), and (ii) temporarily finance the costs of various general capital improvements and acquisitions in and by the Borough in the amount of \$1,539,923, including paying the costs associated with the issuance of the Notes.

The General Improvement Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Borough Council of the Borough, which bond ordinances are described in the following chart by Ordinance Number, Description and Date of Final Adoption and the Amount of Notes to be Issued for such purposes. The bond ordinances are as follows:

\$5,686,000 General Improvement Notes

Ordinance Number	Description and Date of Final Adoption	Amount of Notes to be Issued
19-2015	Reappropriation Bond Ordinance amending reappropriation bond ordinance number 14-2015 finally adopted on June 9, 2015 and providing for resurfacing and paving improvements and purchase of a vehicle, finally adopted September 8, 2015	\$ 10,783
17-2016	Road Improvements at Kampfe Lake, finally adopted July 19, 2016	14,935
10-2020	Bond Ordinance Amending and Supplementing Bond Ordinance Number 11-2019, finally adopted February 18, 2020	40,205

Ordinance Number	Description and Date of Final Adoption	Amount of Notes to be Issued
29-2020	Construction of a New Roof at Borough Hall, finally adopted 9/1/2020	138,000
06-2021	Sidewalk Improvements Along Hamilton Avenue, finally adopted 3/2/2021	23,014
18-2021	Various 2021 Capital Acquisitions and Improvements, finally adopted 9/7/2021	301,460
22-2021	Sidewalk Improvements Along Andrew Place, finally adopted 10/5/2021	35,204
21-2022	Sidewalk Improvements Along the Entire Length of Hilltop Terrace, finally adopted 9/6/2022	167,301
20-2023	Reconstruction of Various Roads, finally adopted 6/13/2023	389,349
37-2023	Purchase of a Fire Truck Ladder and Fire Truck Engine, finally adopted 10/3/2023	1,897,756
12-2024	Reconstruction of Catherine Street and Bailey Avenue, finally adopted 6/11/2024	805,000
15-2024	Various 2024 Capital Acquisitions and Improvements, finally adopted 7/16/2024	388,993
06-2025	Various improvements to the Senior Center, finally adopted 4/1/2025	400,000
07-2025	Road improvements to Ann Street and Elm Street, finally adopted 4/1/2025	462,000
25-2025	Various 2025 capital acquisitions and improvements, finally adopted October 7, 2025	<u>612,000</u>
TOTAL:		<u>\$5,686,000</u>

The Water-Sewer Utility Notes are being issued to temporarily finance the costs of various water-sewer capital improvements and acquisitions by the Water-Sewer Utility in and by the Borough in the amount of \$741,000, including paying the costs associated with the issuance of the Water-Sewer Utility Notes.

The Water-Sewer Utility Notes and the improvements or purposes for which the Notes are to be issued have been authorized by a bond ordinance duly adopted by the Borough Council of the Borough, which bond ordinance is described in the following chart by Ordinance Number, Description and Date of Final Adoption and the Amount of Notes to be Issued for such purpose. The bond ordinance is as follows:

\$741,000 Water-Sewer Utility Notes

Ordinance Number	Description and Date of Final Adoption	Amount of Notes to be Issued
08-2025	Provides for water main improvements along Ann Street and Elm Street, finally adopted April 1, 2025	<u>\$741,000</u>
TOTAL:		<u>\$741,000</u>

SECURITY FOR THE NOTES

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

CLIMATE

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, earthquakes and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Borough as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Borough.

CYBERSECURITY

The Borough relies on a complex technology environment to conduct its various operations. As a result, the Borough faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Borough maintains certain insurance coverage for cyberattacks and related events. No assurances can be given that the Borough's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Borough.

COVID-19 RISK FACTORS

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 Borough received \$843,733.22 in Federal Aid under the Plan, \$421,866.61 of which amount was received by the Borough in 2021 and \$421,866.61 was received in 2022. The deadline to commit the funds was December 31, 2024 and the deadline to spend said funds is December 31, 2026.

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.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the Borough as of the date hereof.

MARKET PROTECTION

The Borough does not plan to issue any additional bonds or notes in calendar year 2026.

THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION

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

The Depository Trust Company ("DTC"), Brooklyn, New York will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for the Notes in the aggregate principal amount of the Notes, as set forth on the cover page hereof, and will be deposited with DTC.

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

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

entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Borough or Paying Agent. Under such circumstances, in the event that a successor securities 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 transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

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.

Discontinuance of Book-Entry System

In the event that the book-entry system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Borough or Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Borough or Paying Agent for such purposes only upon the surrender thereof to the Borough or Paying Agent together with the duly executed assignment in form satisfactory to the Borough or Paying Agent; and (iii) for every exchange or registration of transfer of the Notes, the Borough or Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Principal and interest on the Notes will be payable by check or draft, mailed on the Interest Payment Date to the registered owners thereof.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The Borough has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Borough debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Borough is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Borough, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Borough Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Borough.

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

The Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All notes issued by the Borough are general "full faith and credit" obligations of the Borough.

Short Term Financing

Local governmental units (including the Borough) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued

in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Borough, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including temporary emergency appropriations, emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. Refunding bonds issued to pay, fund, or refund outstanding bonds may be issued in accordance with N.J.A.C. 5:30-2.5 and, therefore, no approval is required by the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board"); however, the details of the sale, issuance and delivery of the refunding bonds will be delivered to the Local Finance Board within ten (10) days of the delivery of the refunding bonds.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the Borough is permitted to authorize. The authorized bonded indebtedness of a Borough is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3.50%) of its stated average equalized valuation basis, subject to certain exceptions noted below. N.J.S.A. 40A:2-6. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Borough for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" below. As shown in Appendix A, the Borough has not exceeded its statutory debt limit.

Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)

The debt limit of the Borough may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the Borough must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the Borough and that the 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 services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. As shown in Appendix A, the Borough has not exceeded its debt limit.

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

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", which must be completed within six (6) months (June 30) after the close of the Borough's fiscal year (December 31), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Borough Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Borough Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles in the United States.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the Borough, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Annual Financial Statement reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual financial statement is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

DEBT INFORMATION OF THE BOROUGH

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization. Before the end of the first month (January 31) of each fiscal year of the Borough, the Borough must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Borough Clerk. 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. Even though the Borough's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the Borough conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Borough does not record obligations for accumulated unused vacation and sick pay.

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Borough, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the Borough's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years or the next three (3) years, as applicable. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Borough was eligible for local examination of its budget in 2025. The Borough introduced its 2025 budget on July 15, 2025 and adopted its budget on September 2, 2025, in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)"

State Supervision (N.J.S.A. 52:27BB-1 et seq.)

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring cash deficit.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the Borough shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Borough may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Borough for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A.

40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP Law", however, limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes, including the Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Borough, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in a provision of the Local Budget Law, N.J.S.A. 40A:4-48, -49, and approved by at least two-thirds of the full membership of the governing body, and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Additionally, a special emergency appropriation may be made to fund a deficit in prior year operations experienced by any municipality, utility, or enterprise during, or in the fiscal year immediately following, a fiscal year in which a public health emergency pursuant to the "Emergency Health Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), or a state of emergency, pursuant to P.L.1942, c.251 (C.App.A:9-33 et seq.), or both, has been declared by the Governor in response to COVID-19, the adoption of which shall be subject to approval of the Director. Such special emergency appropriation related to the COVID-19 pandemic may be amortized over five (5) years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism for local units. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last

two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the immediately preceding fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

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

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

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl}
 \text{Total of Local, County,} & - & \text{Anticipated Revenues} & = & \text{Cash Required from Taxes to Support} \\
 \text{and School Levies} & & & & \text{Local Municipal Budget and Other Taxes} \\
 \\
 \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes} & = & \text{Amount to be} \\
 \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \text{Raised by} \\
 & & \text{Taxation}
 \end{array}$$

Anticipation of Miscellaneous Revenues

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

CAPITAL IMPROVEMENT PROGRAM

In accordance with the Local Budget Law, the Borough must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

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

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. 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 charged 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 or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formulae used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be

imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Borough Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

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

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review or the 1st day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. Tax Court of New Jersey appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

TAX MATTERS

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Notes in order for the interest on the Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Notes. The Borough will represent in its tax certificate (the "Tax Certificate") relating to the Notes that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Borough ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Borough with the requirements of the Code and the representations and covenants set forth in the Tax Certificate, interest on the Notes is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income tax

credit, recipients of certain Social Security and 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 insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is further of the opinion that, under existing laws of the State, interest on the Notes and any gain realized on the sale thereof are not includable in gross income under the existing New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., as amended.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal tax-exempt status of interest on the Notes and the State tax-exempt status of interest on the Notes, gain from the sale or other disposition of the Notes, the market value of the Notes or the marketability of the Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Notes should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance and delivery of the Notes and assumes no obligation to update its opinion after such date to reflect any future action, fact, circumstance, change in law or interpretation thereof, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest paid or to be paid on the Notes as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Notes are "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

LEGALITY FOR INVESTMENT

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

RISK TO HOLDERS OF THE NOTES

It is understood that the rights of the holders of the Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

THE BOROUGH HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE AND THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE BOROUGH EXPECTS TO UTILIZE THE BENEFITS OF THEIR PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the Borough should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court 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 this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically 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 Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the Borough, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

Remedies of Holders of the Notes (N.J.S.A. 52:27-1 et seq.)

If the Borough defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Borough in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Borough is so in default. Once a judgment is entered by the Superior Court to the effect that the Borough is in default, the Municipal Finance Commission (the "Commission") would become operative in the Borough. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission

continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

CERTIFICATES OF THE BOROUGH

Upon the delivery of the Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Borough, stating to the best knowledge of said officials, that this Official Statement as of its date did 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; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Borough from that set forth in or contemplated by this Official Statement. In addition, the original purchasers of the Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the principal of and interest on the Notes, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence nor boundaries of the Borough, nor the title of any of the said officers to their respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion with respect to the Notes will be delivered with the Notes substantially in the form set forth as Appendix C hereto. Certain legal matters with respect to the Notes will be passed on for the Borough by its Borough Attorney, Fred Semrau, Esq. of Dorsey & Semrau, Boonton, New Jersey (the "Borough Attorney"). The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Heather Barkenbush, Chief Financial Officer, Borough of Bloomingdale, 101 Hamburg Turnpike, Bloomingdale, New Jersey 07403, (973) 838-0778, or e-mail: cfo@bloomingdalenj.net; Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149, or e-mail: ejohnson@wilentz.com; or Bryan Morris, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, (609) 291-0130, or e-mail: bmorris@muniadvisors.com.

MUNICIPAL ADVISOR

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

LITIGATION

To the knowledge of the Borough Attorney, after due inquiry, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance, execution or the delivery of the Notes offered for sale or the levy and collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or collection of taxes to pay the principal of and interest on the Notes, or any action contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers of the Borough. Further, to the knowledge of the Borough Attorney, there is no litigation presently pending or threatened against the Borough that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided. The Borough Attorney will provide an opinion or a certificate to such effect upon the closing of the Notes.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Borough has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “Notices”). The Notices will be filed by or on behalf of the Borough with the Municipal Securities Rulemaking Board (the “MSRB”). The specific nature of the Notices will be detailed in the certificate (the “Note Disclosure Certificate”) to be executed on behalf of the Borough by its Chief Financial Officer, in the form appearing in Appendix D hereto. The Note Disclosure Certificate will be delivered concurrently with the delivery of the Notes.

The Borough has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Borough appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor has Bond Counsel verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the information contained under the heading entitled “TAX MATTERS” and the information provided in APPENDIX C hereto.

Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, the Auditor to the Borough, has not participated in the preparation of the information contained in this Official Statement, and has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the audited financial statements contained in APPENDIX B hereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Borough and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

The Borough Attorney has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

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

UNDERWRITING

The Notes have been purchased from the Borough at a public sale by _____ (the "Underwriter") at a price of \$ _____. The purchase price of the Notes reflects the par amount of the Notes, plus a bid premium in the amount of \$ _____.

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

FINANCIAL STATEMENTS

The financial statements of the Borough for the years ended December 31, 2024, 2023, 2022, 2021 and 2020 (the "Audit") are presented in APPENDIX B to this Official Statement. The financial statements referred to above have been audited by Samuel Klein and Company, LLP, Certified Public Accountants, Newark, New Jersey, an independent auditor, as stated in their report appearing in APPENDIX B.

MISCELLANEOUS

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or an agreement between the Borough and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Borough, the State or any of their agencies or authorities, since the date hereof.

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

**BOROUGH OF BLOOMINGDALE,
IN THE COUNTY OF PASSAIC,
STATE OF NEW JERSEY**

**HEATHER BARKENBUSH,
Chief Financial Officer**

DATED: January ____, 2026

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

**CERTAIN GENERAL INFORMATION CONCERNING
THE BOROUGH OF BLOOMINGDALE,
IN THE COUNTY OF PASSAIC, STATE OF NEW JERSEY**

[THIS PAGE INTENTIONALLY LEFT BLANK]

GENERAL INFORMATION REGARDING THE BOROUGH OF BLOOMINGDALE

Size and Geographical Location

The Borough of Bloomingdale, incorporated in the year 1918, is a medium sized residential and commercial community with a land area of 9.25 square miles located in the North Jersey Lakeland area.

The Borough was voted one of the 100 best towns to live in by Monmouth University Polling Institute¹. It was the only Passaic County community to obtain this distinctive award. The Borough is a growing community with stable property values and is favorably situated with easy access to many major highways.

The Borough is bounded by the municipalities of Ringwood on the north, Wanaque and Pompton Lakes on the east, Riverdale and Butler on the south and West Milford on the west.

There are eight lakes within the confines of the Borough. Originally Bloomingdale was predominantly used by summer residents but many of the lakes boast year round homeowners.

Approximately one third of the Borough is mountainous and densely wooded. A little over 2 ½ square miles of the northern mountainous section is part of the state-owned Norvin Green State Forest and approximately 396 acres is owned by the Salvation Army and used by it as a summer camp for underprivileged children and senior citizens, as well as a conference center.

Form of Government

The Borough is governed by a Mayor and six Council Members. The elected council consists of six members elected at large for three year staggered terms with both administrative and policy making powers.

The Mayor is elected by the voters of the municipality every four years. The Mayor has limited authority for administration.

Transportation

Many of the Borough residents are employed locally, but the majority commute to other parts of the metropolitan area.

The Borough is located in the upper part of Passaic County, has excellent transportation and commuter facilities and is about 25 miles from New York City.

The major vehicular traffic artery in the Borough provides easy access to Routes 23, 208, 46, 3 and 287, the Garden State Parkway, the New Jersey Turnpike and Interstate Route 80.

Protection

The Borough has a well trained and efficient police force of 18 full-time officers which includes 3 detectives. The Department also employs 2 Class II and 1 Class III Special Police Officers and 6 Crossing Guards. It operates with 8 marked and 4 unmarked vehicles. Education and specialized police training is encouraged. The Department achieved accreditation status in 2014 and was re-accredited in June 2017.

A 45 member volunteer fire department provides fire protection with 2 pumpers, a combination pumper and rescue truck, one ladder truck, a Chief's vehicle and an Assistant chief's vehicle. The Department is also assisted by a very active Ladies Auxiliary. A mutual aid agreement is in effect with all surrounding municipalities.

A Tri-Boro First Aid Squad provides volunteer ambulance services to Bloomingdale, Butler and Kinnelon. Service is free and it is operated on a 24-hour a day basis.

¹ New Jersey Monthly Magazine, February, 2008

Sanitation

The Borough provides garbage collection for all homes on a twice-weekly basis through municipal services. Also, in effect is a recycling schedule where the Borough provides pick up for newspapers, bottles and cans and twice a month offers a “white metal” pick up for the residents.

Utilities

Utilities are supplied by Public Service Electric & Gas Co. (for gas service) and by the Borough of Butler (for electric service). The Water Utility is municipally-owned and operated. Verizon and Cablevision provide telephone services.

Recreation

The Borough has a year-round recreation program for both the adults and youth of the community. It is administered by a Recreation Director appointed by the Mayor and Borough Council. Some of the many programs offered are Gymnastics, Basketball, Field Hockey, Badminton and Mommy and Me classes and a Bloomingdale Day Camp is attended by more than 150 children each summer.

Education

The School Board is an autonomous body and is governed by New Jersey Statutes relating to Type II School Districts. It is composed of nine duly elected members.

For the latest school year, there were 2 elementary schools and one middle school with an aggregate enrollment of 535 students.

High School facilities are provided for by the Butler Board of Education with an enrollment of 191 students from the Borough of Bloomingdale.

A summary of the public school enrollments follow:

<u>Fiscal Year</u>	<u>Enrollment</u>
2020-21	555
2022-23	620
2023-24	635 (as of 12/30/23)
2024-25	693
2025-26	721

(A) Projected Enrollment

Source: Bloomingdale Board of Education

Other Post Employment Benefits

The Borough has three separate contracts that cover the majority of the employees. They are Communications Works of America (CWA) for both the White and Blue Collar workers and the PBA Local #354 which covers the Police Force. The Borough follows the retirement guidelines from via the State of New Jersey Health Benefits, through a Borough ordinance which states retirement benefits will be offered after 25 years of service or 15 years of service at age 62. These stipulations are available to all employees whether covered by a contractual agreement or not. Each year a calculation is formulated as to the amount of accumulated sick time liability per department and shown in the annual budget.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

DEBT STATEMENT AS OF DECEMBER 31, 2024

Gross Debt

Municipal Debt:

General Improvements:

Serial Bonds and Notes

\$12,892,943.80

Bonds and Notes Authorized but Not Issued

2,991,507.38

\$15,884,451.18

Water/Sewer Utility:

General Improvements:

Bonds and Notes

6,725,000.00

Other

118,706.98

6,843,706.98

Total Gross Debt

22,728,158.16

Statutory Deductions

Municipal Debt:

Cash on Hand

116,733.31

State Grants Receivable

487,882.62

Other Accounts Receivable

19,340.26

Reserve for Debt Service

147,633.24

Water/Sewer Debt:

Self-Liquidating

6,843,706.98

7,615,296.41

Statutory Net Debt

\$15,112,861.75

Average Equalized Valuation of Real Property for 2022-2024

\$1,153,855,089.00

Net Debt Percentage (Statutory Debt Limit - 3 ½%)

1.310%

REMAINING STATUTORY BORROWING POWER

3 1/2% of Equalized Valuation Basis

\$40,384,928.12

Net Debt

15,112,861.75

Remaining Borrowing Power December 31, 2024

\$25,272,066.37

Gross Debt is the total financial obligation of the Municipality and its subdivisions. Statutory deductions determine the Borrowing Power and Statutory Net Debt under the laws of the State of New Jersey.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

UNDERLYING DEBT
DECEMBER 31, 2024

County of Passaic - Gross Debt	<u>\$472,714,473.00</u>
Apportionment to Borough of Bloomingdale	<u>\$7,761,971.65</u>
Basis of Debt Apportionment:	
Ratio of Equalized Valuation:	
Borough of Bloomingdale - 2024	<u>\$1,172,347,114.00</u>
Total Passaic County - 2024	<u>\$71,383,629,497.00</u>
Ratio of Borough of Bloomingdale	<u>1.642%</u>

GROSS DEBT COMPARED WITH TRUE VALUE

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of December 31, 2024	<u>\$22,728,158.16</u>	<u>\$30,490,129.81</u>
Aggregate Fair Value for 2024 - All Taxable Property - Assessed Valuation	\$ 729,510,100.00	
Amount Added for Equalization: Real Property Assessed at 62.34% of True Value	<u>442,837,014.00</u>	
Total - With Real Property at True Value	<u>\$1,172,347,114.00</u>	
Gross Debt as a Percentage of True Value	<u>1.939%</u>	<u>2.601%</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

ASSESSED VALUATION AND TAX RATES

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and *Personal Property</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation Percentage of True Value</u>
2021	\$732,942,900	\$732,942,900	\$4.398	86.84 %
2022	731,323,600	731,323,600	4.495	75.85
2023	728,690,400	728,690,400	4.502	68.90
2024	729,510,100	729,510,100	4.587	62.34
2025	729,422,900	729,422,900	4.718	59.25

*Consists of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger Systems Companies (Chapter 38, P.L. 1966).

COMPARISON OF COMPONENTS OF TAX RATE

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>\$4.718</u>	<u>\$4.587</u>	<u>\$4.502</u>	<u>\$4.495</u>	<u>\$4.398</u>
Apportionment of Tax Rate:					
Municipal	\$1.208	\$1.127	\$1.103	\$1.096	\$1.096
Municipal Open Space	.025	0.025	0.025	0.026	0.024
County	.797	0.802	0.794	0.826	0.761
County Open Space	.017	0.016	0.016	0.014	0.011
School	2.615	2.563	2.516	2.489	2.468
Library	.056	0.054	0.048	0.044	0.038

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

TAX COLLECTION EXPERIENCE

Year	Tax Levy	Added Taxes	Collections During Year of Levy		Collections to Date Dec. 31,		*Uncollected Dec. 31,
			Amount	Percentage	Amount	Percentage	
2020	\$31,983,591.01	\$9,547.33	\$31,667,222.50	99.01%	\$31,950,298.46	99.90%	\$ -
2021	32,263,061.10	1,355.48	32,068,331.73	99.40	32,226,494.26	99.88	-
2022	32,902,459.78	500.00	32,582,501.32	99.03	32,818,021.75	99.74	-
2023	32,837,032.68	516.44	32,630,780.53	99.37	32,832,997.50	99.99	288.22
2024	33,497,507.47	-	33,284,749.32	99.36	33,284,749.32	99.36	173,838.60

*Balances remaining after credits for remissions and transfers to tax title liens.

Tax Collection Procedure

New Jersey property taxes are determined based on the assessed valuation of real property multiplied by a yearly tax rate based on adopted budgets. Bloomingdale is a New Jersey calendar year municipality with taxes assessed for that year from January 1 to December 31. The total levy is determined by a School Budget; which is voted on by registered voters; a County budget; and a municipal budget as decided upon by the Governing Body and Chief Financial Officer of the Borough, and approved by the State of New Jersey.

Taxes are billed yearly in June (if a tax rate has been certified) of the calendar year. Yearly taxes are due on February 1st, May 1st, August 1st and November 1st. As allowed by New Jersey State Statutes, the Borough of Bloomingdale adopts a yearly resolution directing the Tax Collector to collect interest on delinquent accounts at a rate of 8% on the 1st \$1,500.00 of the entire delinquency and 18% on delinquent municipal charges over \$1,500.00. When the tax rate is not "struck" in a timely manner because of a late State or County budget, the Tax Collector can use estimated billing for 3rd quarter taxes. Public Law of 1994, Chapter 72, allows this procedure which assures and maintains a continuous cash flow ensuring the payment of the municipality obligations. In 2008, the Bloomingdale Governing Body has again adopted this resolution.

NJSA Public Law of 1997, Chapter 99 permits all tax collectors to begin the Tax Sale process after the 4th quarter current year billing is delinquent, which is on the 11th day of the 11th month. Since 1998 the Bloomingdale Tax Collector has maintained an average collection rate of over 99.3%.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>2025 Assessed Value</u>
Waterfall Village LLC	\$14,890,100
Finbar Equity I LLC C/O Tilcon	8,595,700
Lake losco	6,196,900
Bloomingtondale Real Property LLC	5,000,000
Tilcon New York, Inc.	4,160,100
LCL Mountaintop LLC	2,700,000
Bloomingtondale Urban Renewal LLC	2,475,000
Bloom Main LLC	1,800,000
MDC Coast 23 LLC c/o Quick Chek	1,583,900
FBK Properties LLC	1,500,000

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

REAL PROPERTY CLASSIFICATION
2021 - 2025 (ASSESSED VALUATION)

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Industrial</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Farm</u>	<u>Total Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>
2021	\$24,148,500	\$626,380,600	\$5,200,100	\$53,240,100	\$22,060,300	\$1,913,300	\$732,942,900	\$ -	\$732,942,900
2022	23,924,700	626,065,600	5,200,100	52,003,700	22,060,300	2,069,200	731,323,600	-	731,323,600
2023	21,429,500	626,456,200	5,160,100	51,669,700	22,060,300	1,914,600	728,690,400	-	728,690,400
2024	21,492,600	627,412,600	5,160,100	51,469,900	22,060,300	1,914,600	729,510,100	-	729,510,100
2025	21,878,900	627,517,900	5,160,100	50,996,100	21,955,300	1,914,600	729,422,900		729,422,900

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

POPULATION

<u>Year</u>		<u>Population</u>
2025*	US Bureau of Census	7,686
2024	US Bureau of Census	7,726
2023	US Bureau of Census	7,695
2022	US Bureau of Census	7,621
2020	US Bureau of Census	7,760

*Estimated

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

ECONOMIC INFORMATION

Per Capita Income			
<u>Year</u>	<u>Borough of Bloomingdale</u>	<u>County of Passaic</u>	<u>State of New Jersey</u>
2025*	\$62,904.00	\$40,581.00	\$55,036.00
2024	59,854.00	40,853.00	54,360.00
2023	55,042.00	38,662.00	51,378.00
2022	54,002.00	39,058.00	50,570.00
2021	N/A	N/A	N/A

Source: Hometown Locator

*As of July 1, 2025

N/A - Not Available

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

HOUSING CHARACTERISTICS - HOUSING UNITS*

	<u>Borough of Bloomingdale</u>	<u>County of Passaic</u>	<u>State of New Jersey</u>
Number of Units:			
Owner Occupied	2,158	94,243	2,199,519
Renter Occupied	911	83,814	1,337,019
Vacant	<u>151</u>	<u>8,599</u>	<u>341,375</u>
 Total	 <u>3,220</u>	 <u>186,656</u>	 <u>3,877,913</u>
 Median Value Owned	 <u>\$456,405</u>	 <u>\$510,323</u>	 <u>\$513,938</u>

Source: Hometown Locator

*As of July 1, 2025

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

LABOR FORCE ESTIMATES

<u>Year</u>	<u>Borough of Bloomingdale</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	4,611	4,428	183	4.0 %
2023	4,325	4,144	181	4.2
2022	4,253	4,083	170	4.0
2021	4,149	3,882	267	6.4
2020	4,023	3,628	395	9.8

<u>Year</u>	<u>County of Passaic</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	276,179	261,567	14,612	5.3 %
2023	259,188	244,903	14,285	5.5
2022	252,876	241,305	11,571	4.6
2021	250,345	229,429	20,916	8.4
2020	245,187	214,293	30,894	12.6

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2024	4,898,008	4,676,064	221,944	4.5 %
2023	4,819,800	4,604,100	215,700	4.5
2022	4,731,600	4,584,500	147,100	3.1
2021	4,650,200	4,452,200	198,000	4.3
2020	4,625,000	4,297,200	327,800	7.1

Source: New Jersey Department of Labor, Division of Planning and Research,
Office of Demographics and Economic Analysis

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY

BUILDING PERMITS

<u>Year</u>	<u>*Total Number</u>	<u>Construction Value</u>
2025	305	\$6,151,022
2024	293	6,373,360
2023 (as of 12/21/23)	294	4,450,528
2022	275	3,771,847
2021	375	3,985,506

*Includes new building, alterations and additions.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2024, 2023, 2022, 2021 and 2020**

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B
BOROUGH OF BLOOMINGDALE
AUDITOR'S REPORT AND FINANCIAL STATEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

*550 Broad Street
Newark, New Jersey 07102-4517
Phone (973) 624-6100
Fax (973) 624-6101*

*36 West Main Street, Suite 301
Freehold, New Jersey 07728-2291
Phone (732) 780-2600
Fax (732) 780-1030*

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Bloomingdale
Bloomingdale, New Jersey 07403

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the Borough of Bloomingdale, State of New Jersey, as of and for the years ended December 31, 2024, 2023, 2022, 2021 and 2020. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated June 23, 2025. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

The summary financial statements - regulatory basis do not contain all the disclosures required by Generally Accepted Accounting Principles of the Borough of Bloomingdale, State of New Jersey. Reading the summary financial statements - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis of the Borough of Bloomingdale, State of New Jersey.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements - regulatory basis on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis presents fairly, in all material respects, with the audited financial statements - regulatory basis based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements - regulatory basis of the Borough of Bloomingdale, State of New Jersey as of and for the years then ended December 31, 2024, 2023, 2022, 2021 and 2020 referred to above presents fairly, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of Bond Anticipation Notes, Series 2026 for the Borough of Bloomingdale, State of New Jersey and were abstracted from audit reports issued under the periods referred to above as dated June 23, 2025, June 5, 2024, June 7, 2023, June 14, 2022 and July 28, 2021, respectively.

SAMUEL KLEIN AND COMPANY, LLP

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONE

JOSEPH J. FACCONE, RMA, PA

Newark, New Jersey
June 23, 2025

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

Sheet #1

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

ASSETS AND DEFERRED CHARGES

Regular Fund

Cash - Checking
Change Fund

Due from State of New Jersey per (Ch. 129,
P.L. 1976)

Receivables and Other Assets with Full

Reserves:

Delinquent Taxes
Tax Title Liens

Property Acquired for Taxes at Assessed

Valuation

Revenue Accounts Receivable
Interfunds Receivable

Deferred Charges:

Special Emergency Authorization N.J.S. 40A:4-53)

Federal and State Grant Fund

Cash - Checking
Grants Receivable

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
	\$1,784,632.92	\$2,439,126.42	\$3,880,477.37	\$1,966,868.43	\$2,202,171.24
	750.00	750.00	750.00	650.00	650.00
	<u>1,785,382.92</u>	<u>2,439,876.42</u>	<u>3,881,227.37</u>	<u>1,967,518.43</u>	<u>2,202,821.24</u>
	1,839.57	3,734.78	1,285.46	2,349.16	339.57
	<u>1,787,222.49</u>	<u>2,443,611.20</u>	<u>3,882,512.83</u>	<u>1,969,867.59</u>	<u>2,203,160.81</u>
	174,126.82	202,012.50	235,159.93	161,615.50	273,739.74
	18,032.11	15,367.06	12,751.39	9,496.91	7,394.67
	2,377,400.00	2,377,400.00	2,377,400.00	2,377,400.00	2,377,400.00
	82,668.68	40,004.80	22,305.23	27,929.69	8,223.45
	168,517.99	2,133.13	16,909.89	34,048.38	207,490.27
	<u>2,820,745.60</u>	<u>2,636,917.49</u>	<u>2,664,526.44</u>	<u>2,610,490.48</u>	<u>2,874,248.13</u>
	108,000.00	162,000.00	108,000.00	144,000.00	180,000.00
	<u>4,715,968.09</u>	<u>5,242,528.69</u>	<u>6,655,039.27</u>	<u>4,724,358.07</u>	<u>5,257,408.94</u>
	97,966.85	116,232.16	504,823.88	482,777.47	396,646.74
	73,101.50	30,106.44	22,654.96	48,486.85	396,646.74
	<u>171,068.35</u>	<u>146,338.60</u>	<u>527,478.84</u>	<u>531,264.32</u>	<u>396,646.74</u>
	<u>\$4,887,036.44</u>	<u>\$5,388,867.29</u>	<u>\$7,182,518.11</u>	<u>\$5,255,622.39</u>	<u>\$5,654,055.68</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

Sheet #2

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Regular Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 187,336.07	\$ 221,256.41	\$ 434,629.23	\$ 210,177.28	\$ 274,311.79
Unencumbered	632,143.12	600,598.06	774,025.86	524,483.45	687,132.48
Reserve for Master Plan	89,888.00	89,888.00			
Accounts Payable	21,839.83	29,237.73	4,829.50	27,780.00	
County's Share of PILOTS	29,642.88				
Reserve for Municipal Relief Fund		56,912.93	28,462.34		
Special Emergency Note Payable	36,000.00	72,000.00	108,000.00	144,000.00	180,000.00
Due to State of New Jersey	2,483.00	2,159.00	822.00	3,461.00	1,789.00
Tax Overpayments	3,518.92	17.98	15,113.56	10,566.29	33,213.84
Interfunds Payable	190.19	926.79	795,337.18		5,440.87
County Taxes Payable	6,220.16	5,650.57			
Local School District Taxes Payable					
Reserve for Certain Expenditures					
Prepaid Taxes	150,892.98	154,375.02	116,561.70	162,816.17	45,831.02
Prepaid Revenue				200.00	4,034.20
Reserve for Tax Appeals	20,000.00	20,000.00			161,089.09
	<u>1,180,155.15</u>	<u>1,253,022.49</u>	<u>2,277,781.37</u>	<u>1,083,484.19</u>	<u>1,393,042.29</u>
Reserve for Receivables and Other Assets	2,820,745.60	2,636,917.49	2,664,526.44	2,610,490.48	2,874,248.13
Fund Balance	715,067.34	1,352,588.71	1,712,731.46	1,030,383.40	990,118.52
	<u>4,715,968.09</u>	<u>5,242,528.69</u>	<u>6,655,039.27</u>	<u>4,724,358.07</u>	<u>5,257,408.94</u>
<u>Federal and State Grant Fund</u>					
Interfunds Payable					203,990.84
Deferred Credits:					
Accumulated Revenue Unappropriated	1,708.19	1,651.79	423,333.98	421,867.07	0.46
Appropriated Reserves for Federal and State Grants	169,360.16	144,686.81	104,144.86	109,397.25	192,655.44
	<u>171,068.35</u>	<u>146,338.60</u>	<u>527,478.84</u>	<u>531,264.32</u>	<u>396,646.74</u>
	<u>\$4,887,036.44</u>	<u>\$5,388,867.29</u>	<u>\$7,182,518.11</u>	<u>\$5,255,622.39</u>	<u>\$5,654,055.68</u>

See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 1,250,000.00	\$ 1,400,000.00	\$ 1,000,000.00	\$ 985,000.00	\$ 965,000.00
Miscellaneous Revenue Anticipated	4,612,662.85	4,504,328.37	4,982,262.28	3,604,133.05	3,736,769.69
Receipts from Delinquent Taxes	203,240.72	234,996.68	157,673.69	283,145.62	274,621.66
Receipts from Current Taxes	33,284,749.32	32,630,780.53	32,582,501.32	32,068,331.73	31,667,222.59
Nonbudget Revenue	66,596.50	171,611.71	166,752.20	80,696.72	117,235.40
Other Credits to Income	430,886.71	449,841.65	393,489.21	433,938.27	352,133.03
	<u>39,848,136.10</u>	<u>39,391,558.94</u>	<u>39,282,678.70</u>	<u>37,455,245.39</u>	<u>37,112,982.37</u>
<u>Expenditures</u>					
Budget and Emergency Appropriations	14,210,588.72	14,021,412.79	13,062,770.32	12,476,992.84	12,591,051.26
Interfund Charges	166,384.86			26,558.11	200,575.81
Prior Year Revenue Refund		305.00	200.00		460.00
Deductions Disallowed by Tax Collector	1,516.44				
Grants Receivable Cancelled	675.42	1,486.84	855.48		
Dedicated Open Space Taxes	183,021.19	182,349.39	182,994.48	183,355.01	183,308.54
Local School District Tax	18,696,541.00	18,331,133.00	18,205,305.00	18,081,872.00	17,729,147.00
County Taxes	5,976,929.84	5,905,014.67	6,148,205.36	5,661,202.55	5,793,825.52
	<u>39,235,657.47</u>	<u>38,441,701.69</u>	<u>37,600,330.64</u>	<u>36,429,980.51</u>	<u>36,498,368.13</u>
Excess in Revenue	612,478.63	949,857.25	1,682,348.06	1,025,264.88	614,614.24
Adjustment to Income before Surplus:					
Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year		90,000.00			180,000.00
Statutory Excess to Surplus	612,478.63	1,039,857.25	1,682,348.06	1,025,264.88	794,614.24
<u>Fund Balance</u>					
Balance January 1	1,352,588.71	1,712,731.46	1,030,383.40	990,118.52	1,160,504.28
	<u>1,965,067.34</u>	<u>2,752,588.71</u>	<u>2,712,731.46</u>	<u>2,015,383.40</u>	<u>1,955,118.52</u>
Decreased by:					
Utilized as Anticipated Revenue	1,250,000.00	1,400,000.00	1,000,000.00	985,000.00	965,000.00
Balance December 31	<u>\$ 715,067.34</u>	<u>\$ 1,352,588.71</u>	<u>\$ 1,712,731.46</u>	<u>\$ 1,030,383.40</u>	<u>\$ 990,118.52</u>

See accompanying notes to financial statements.

TOWNSHIP OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENTS OF ANALYSIS OF MISCELLANEOUS REVENUE - REGULATORY BASIS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Miscellaneous Revenue</u>					
Alcoholic Beverage Licenses	\$ 16,755.64	\$ 16,755.84	\$ 16,532.74	\$ 16,532.74	\$ 16,532.74
Other Licenses	17,551.00	12,352.00	12,076.00	11,959.00	11,892.00
Other Fees and Permits	108,511.00	104,887.00	107,756.00	117,023.00	123,506.00
Municipal Court Fines and Costs	290,068.42	185,373.49	165,957.68	82,081.48	101,315.33
Interest and Costs on Taxes	62,560.33	77,015.76	52,668.15	57,523.83	76,985.86
Interest on Investments and Deposits	202,131.53	202,165.34	74,223.21	10,882.43	35,785.25
Legislative Initiative Municipal Block Grant				545,633.00	545,633.01
Energy Receipts Tax	552,139.74	549,404.60	545,633.00		
Garden State Trust Fund	8,024.00	8,024.00	6,516.00		
Municipal Relief Fund	56,912.93	28,462.34		10,034.00	6,516.00
Dedicated Uniform Construction Code Fees Offset with Appropriations:					
(N.J.S. 40A:4.36 and N.J.A.C. 5:23-4.17):					
Uniform Construction Code Fees	103,415.00	93,391.00	106,190.00	104,664.00	89,549.00
Interlocal Agreements	1,773,985.75	1,549,043.70	957,838.19	845,622.00	797,395.98
Special Items:					
State and Federal Revenue Offset with Appropriations	107,165.09	75,162.41	53,615.34	88,489.71	668,809.78
Other Special Items:					
Fund Balance - General Capital				50,000.00	150,000.00
Due from Interfunds				200,000.00	
Senior Center Lease to County	10,800.00	10,800.00	10,800.00	10,800.00	10,800.00
Tower Rental	39,790.44	38,353.39	35,441.09	34,717.63	34,171.54
Soil Extraction Permits	477,620.00	477,620.00	477,620.00	463,710.00	450,203.52
Premium on Bond Sale	150,000.00				
Cablevision	35,570.07	32,933.00	33,811.00	31,265.00	34,420.00
RER Vegetative Waste	18,548.75	13,706.25	17,915.00	17,560.00	17,215.08
Payment in Lieu of Taxes (PILOT)	563,214.91	536,068.04	506,503.22	496,780.18	485,858.25
Administration Fees	5,438.25	50,058.60	44,679.05	37,255.05	23,514.10
Police Off-Duty Administrative Fee	12,460.00	20,885.00	43,990.00	31,600.00	1,666.25
Reserve for Debt Service			1,290,630.00	40,000.00	55,000.00
Sale of Municipal Assets			421,866.61	300,000.00	
Local Fiscal Recovery		421,866.61			
	<u>\$ 4,612,662.85</u>	<u>\$ 4,504,328.37</u>	<u>\$ 4,982,262.28</u>	<u>\$ 3,604,133.05</u>	<u>\$ 3,736,769.69</u>

See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENTS OF BUDGET APPROPRIATIONS - REGULATORY BASIS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Appropriations</u>					
Operations:					
General Government	\$ 1,362,550.10	\$ 1,588,625.00	\$ 1,465,125.00	\$ 1,252,120.00	\$ 1,361,924.00
Public Safety	2,984,315.00	2,758,810.00	2,852,449.00	3,044,957.00	2,735,597.00
Streets and Roads	691,414.00	735,700.00	871,100.00	826,500.00	834,000.00
Health and Welfare	938,050.00	961,350.00	1,093,100.00	1,051,566.00	1,038,200.00
Recreation and Education	64,500.00	70,300.00	91,900.00	92,264.00	75,700.00
Construction Code Official	110,650.00	124,250.00	123,200.00	124,200.00	87,700.00
Insurance	1,726,507.90	1,416,212.00	1,353,500.00	1,332,730.00	1,344,500.00
Unclassified	415,000.00	467,000.00	473,700.00	440,600.00	578,500.00
Other Operations	2,524,726.00	2,582,332.00	1,623,622.00	1,463,955.00	1,405,104.00
Public and Private Programs Offset by Revenues	108,706.09	80,162.41	53,615.34	88,489.71	668,809.78
Contingent	55,000.00	1,500.00	1,500.00	1,500.00	2,500.00
Capital Improvements	261,000.00	270,000.00	180,000.00	70,000.00	70,000.00
Deferred Charges		1,419.88	2,923.81	1,575.72	
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	560,099.00	474,806.00	459,700.00	456,677.00	381,505.00
Police and Firemen's Retirement System of N.J.	722,793.00	729,645.00	704,987.00	643,085.00	567,382.00
Social Security System (OASDI)	505,000.00	500,000.00	465,000.00	445,000.00	406,000.00
DCRP	6,000.00	6,000.00	6,000.00	2,000.00	10,000.00
Debt Service	1,115,277.63	1,217,300.50	1,200,348.17	1,083,773.41	1,023,629.48
Unemployment Insurance	5,000.00		5,000.00	20,000.00	
Special Emergency	54,000.00	36,000.00	36,000.00	36,000.00	
	<u>\$ 14,210,588.72</u>	<u>\$ 14,021,412.79</u>	<u>\$ 13,062,770.32</u>	<u>\$ 12,476,992.84</u>	<u>\$ 12,591,051.26</u>

See accompanying notes to financial statements.

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
TRUST FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #1

<u>ASSETS</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Assessment Trust Fund</u>					
Cash - Checking	\$ 167,130.55	\$ 109,319.80	\$ 86,902.33	\$ 56,530.24	\$ 17,995.91
Assessments Receivable:					
Pledged	177,022.54	232,341.11	155,279.30	112,031.09	14,575.72
Unpledged	1,621.10	1,993.37	4,499.53	1,575.72	
	<u>345,774.19</u>	<u>343,654.28</u>	<u>246,681.16</u>	<u>170,137.05</u>	<u>32,571.63</u>
<u>Animal Control Trust Fund</u>					
Cash - Checking	66,223.11	49,041.28	35,146.36	15,918.55	22,376.92
<u>General Trust Fund</u>					
Cash - Checking	645,312.00	821,641.30	792,030.57	1,021,299.05	839,462.54
Due from Municipal Court	16.00	4.00	18.00	48.00	200.00
Other Accounts Receivable	124,258.07	132,727.89	135,372.04	162,177.28	51,276.82
Interfunds Receivable	769,586.07	955,105.59	927,420.61	1,183,524.33	5,015.97
	<u>194,538.97</u>	<u>133,594.04</u>	<u>112,538.31</u>	<u>116,133.72</u>	<u>67,352.77</u>
<u>Municipal Open Space Trust Fund</u>					
Cash - Checking	190.19	174.39	0.98	1,490.00	424.90
Other Accounts Receivable	194,729.16	133,768.43	112,539.29	117,623.72	67,777.67
Interfunds Receivable					
	<u>761,855.33</u>	<u>673,233.88</u>	<u>560,800.16</u>	<u>653,720.92</u>	<u>542,098.39</u>
<u>Length of Service Awards Program - Unaudited Investments</u>	<u>\$ 2,138,167.86</u>	<u>\$ 2,154,803.46</u>	<u>\$ 1,882,587.58</u>	<u>\$ 2,140,924.57</u>	<u>\$ 1,560,779.94</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
TRUST FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Assessment Trust Fund</u>					
Bond Anticipation Notes	\$ 339,854.78	\$ 337,734.87	\$ 5,000.00	\$ 13,000.00	\$ 23,000.00
Interfunds Payable	5,919.41	1,993.37	237,181.63	155,561.33	9,571.63
Reserve for Assessments Receivable	345,774.19	3,926.04	4,499.53	1,575.72	
Fund Balance	<u>345,774.19</u>	<u>343,654.28</u>	<u>246,681.16</u>	<u>170,137.05</u>	<u>32,571.63</u>
<u>Animal Control Trust Fund</u>					
Due to State of New Jersey	6.60	8.40	2.40	4.20	4.20
Interfunds Payable	5,649.80	69.37	69.37	2.41	4.66
Reserve for Animal Control Trust Fund Expenditures	60,566.71	49,032.88	35,074.59	15,911.94	22,368.06
	<u>66,223.11</u>	<u>49,041.28</u>	<u>35,146.36</u>	<u>15,918.55</u>	<u>22,376.92</u>
<u>General Trust Fund</u>					
Accounts Payable	379,262.33	540,173.29	479,698.61	50.00	325,572.01
Special Deposits	226,788.00	237,588.00	272,000.00	577,511.81	504,200.00
Premiums on Tax Sale	123,376.44	131,655.07	134,517.51	406,900.00	50,745.55
Payroll Deductions Payable	4,195.32	1,927.32	1,927.32	161,460.74	512.10
Interfunds Payable	23,211.94	32,842.19	29,900.24	29,346.03	8,607.16
Reserve for:					
State Unemployment Trust Fund Expenditures	12,752.04	12,847.04	9,376.93	7,743.65	6,830.61
Municipal Alliance on Alcoholism and Drug Abuse - Program Income	<u>769,586.07</u>	<u>955,105.59</u>	<u>927,420.61</u>	<u>1,183,524.33</u>	<u>895,955.33</u>
<u>Municipal Open Space Trust Fund</u>					
Municipal Open Space Trust Fund	194,729.16	133,768.43	112,539.29	88,203.63	67,777.67
Interfunds Payable	<u>194,729.16</u>	<u>133,768.43</u>	<u>112,539.29</u>	<u>117,623.72</u>	<u>67,777.67</u>
<u>Length of Service Awards Program - Unaudited Investments</u>					
	761,855.33	673,233.88	560,800.16	653,720.92	542,098.39
	<u>\$ 2,138,167.86</u>	<u>\$ 2,154,803.46</u>	<u>\$ 1,882,587.58</u>	<u>\$ 2,140,924.57</u>	<u>\$ 1,560,779.94</u>

See accompanying notes to financial statements.

**BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
GENERAL CAPITAL FUND**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>ASSETS AND DEFERRED CHARGES</u>					
Cash - Checking	\$ 2,051,910.60	\$ 282,217.78	\$ 787,592.62	\$ 928,839.59	\$ 315,727.70
Grants Receivable	1,829,167.87	628,992.52	560,357.27	451,000.67	919,875.50
Note Receivable	36,000.00	72,000.00			
Other Accounts Receivable	19,340.26	29,010.39	146,680.52	197,850.15	249,403.95
Prospective Assessments Raised by Taxation	26,500.00	26,500.00	22,000.00	15,000.00	8,000.00
Interfunds Receivable	335,601.74	336,350.65	509,204.63	143,233.86	6,259.79
Deferred Charges to Future Taxation:					
Funded	9,865,000.00	4,520,000.00	5,245,000.00	5,960,000.00	6,610,000.00
Unfunded	5,902,717.87	10,891,804.00	8,393,137.49	7,436,408.50	6,326,086.30
	<u>\$20,066,238.34</u>	<u>\$16,786,875.34</u>	<u>\$15,663,972.53</u>	<u>\$15,132,332.77</u>	<u>\$14,435,353.24</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Serial Bonds	\$ 9,865,000.00	\$ 4,520,000.00	\$ 4,945,000.00	\$ 5,355,000.00	\$ 5,695,000.00
Refunding Bonds			300,000.00	605,000.00	915,000.00
Bond Anticipation Notes	3,027,943.80	5,921,800.00	5,403,800.00	4,951,000.00	4,178,150.00
Improvement Authorizations:					
Funded	389,033.64	402,442.91	556,223.61	547,654.98	228,855.13
Unfunded	5,390,933.67	5,216,866.34	3,761,088.53	3,149,103.01	2,483,542.55
Capital Improvement Fund	151,995.00	88,173.00	104,773.00	62,773.00	43,773.00
Interfunds Payable	154,419.83			186.31	182.93
Reserves for:					
Debt Service	147,633.24	71,426.59	71,426.59		40,000.00
Grants Receivable	487,882.62	305,207.27	305,207.27	328,500.67	688,875.50
Other Accounts Receivable	19,340.26	29,010.39	38,680.52	53,850.15	69,403.95
Prospective Assessments Raised by Taxation	26,500.00	26,500.00	22,000.00	15,000.00	8,000.00
Other Contributions	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Fund Balance	375,556.28	175,448.84	125,773.01	34,264.65	54,570.18
	<u>\$20,066,238.34</u>	<u>\$16,786,875.34</u>	<u>\$15,663,972.53</u>	<u>\$15,132,332.77</u>	<u>\$14,435,353.24</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 2,991,507.38</u>	<u>\$ 4,998,210.71</u>	<u>\$ 2,989,337.49</u>	<u>\$ 2,485,408.50</u>	<u>\$ 2,169,387.70</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
MUNICIPAL WATER AND SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #1

<u>ASSETS</u>	Balance Dec. 31, 2024	Balance Dec. 31, 2023	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2020
Operating Fund					
Cash - Checking	\$ 912,036.16	\$ 847,627.48	\$ 1,018,515.84	\$ 1,100,926.37	\$ 1,235,785.18
Change Fund	100.00	100.00	100.00	100.00	100.00
	<u>912,136.16</u>	<u>847,727.48</u>	<u>1,018,615.84</u>	<u>1,101,026.37</u>	<u>1,235,885.18</u>
Interfunds Receivable	1,391.28	27,124.80	26,544.94	1,461.22	71.79
	<u>913,527.44</u>	<u>874,852.28</u>	<u>1,045,160.78</u>	<u>1,102,487.59</u>	<u>1,235,956.97</u>
Assets with Full Reserves:					
Consumer Accounts Receivable	65,504.99	63,814.62	96,503.96	163,275.58	126,378.76
Inventory - Materials and Supplies	48,115.63	80,374.86	119,591.33	116,968.71	76,692.52
	<u>113,620.62</u>	<u>144,189.48</u>	<u>216,095.29</u>	<u>280,244.29</u>	<u>203,071.28</u>
	<u>1,027,148.06</u>	<u>1,019,041.76</u>	<u>1,261,256.07</u>	<u>1,382,731.88</u>	<u>1,439,028.25</u>
Assessment Trust Fund					
Cash - Checking	63,732.14	63,656.33	27,468.39	26,511.11	29,455.25
Interfunds Receivable			10,000.00	10,000.00	
Assessments Receivable:					
Unpledged	1.96	1,099.40	26,841.53	29,004.07	33,202.78
	<u>63,734.10</u>	<u>64,755.73</u>	<u>64,309.92</u>	<u>65,515.18</u>	<u>62,658.03</u>
Capital Fund					
Cash - Checking	1,317,837.50	1,097,010.53	743,538.78	1,317,022.03	1,126,537.31
Note Receivable	696,943.80				
Loans Receivable				14,075.86	31,271.85
Other Accounts Receivable	14,075.86	14,075.86	65,000.00	14,075.86	
Interfunds Receivable			500,000.00		
Fixed Capital	12,793,840.74	12,772,930.24	10,558,829.86	10,245,126.67	10,089,469.89
Fixed Capital Authorized and Uncompleted	4,494,938.15	4,494,938.15	7,726,559.53	6,761,559.53	6,881,559.53
	<u>19,317,636.05</u>	<u>18,378,954.78</u>	<u>19,608,004.03</u>	<u>18,337,784.09</u>	<u>18,128,838.58</u>
	<u>\$ 20,408,518.21</u>	<u>\$ 19,462,752.27</u>	<u>\$ 20,933,570.02</u>	<u>\$ 19,786,031.15</u>	<u>\$ 19,630,524.86</u>

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
MUNICIPAL WATER AND SEWER UTILITY FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>Operating Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 20,976.36	\$ 42,843.07	\$ 45,876.60	\$ 183,852.12	\$ 158,421.55
Unencumbered	249,313.27	225,583.19	259,128.22	163,935.30	339,561.09
Accrued Interest on Bonds and Loans	95,247.88	25,635.43	28,191.48	30,743.09	33,206.22
Accrued Interest on Notes		180,559.00	55,569.12	42,295.88	48,746.01
Water and Sewer Rent Overpayments	23,560.42	24,152.48	17,604.57	17,994.89	19,624.55
	<u>389,097.93</u>	<u>498,773.17</u>	<u>406,369.99</u>	<u>438,821.28</u>	<u>599,559.42</u>
Reserve for Receivables and Inventory	113,620.62	144,189.48	216,095.29	280,244.29	203,071.28
Fund Balance	524,429.51	376,079.11	638,790.79	663,666.31	636,397.55
	<u>1,027,148.06</u>	<u>1,019,041.76</u>	<u>1,261,256.07</u>	<u>1,382,731.88</u>	<u>1,439,028.25</u>
<u>Assessment Trust Fund</u>					
Interfunds Payable	1,083.17	2,104.80	1,658.99	2,864.25	7.10
Reserve for Assessments	1.96	1,099.40	26,841.53	29,004.07	33,202.78
Fund Balance	62,648.97	61,551.53	35,809.40	33,646.86	29,448.15
	<u>63,734.10</u>	<u>64,755.73</u>	<u>64,309.92</u>	<u>65,515.18</u>	<u>62,658.03</u>
<u>Capital Fund</u>					
Serial Bonds	6,725,000.00	1,980,000.00	2,130,000.00	2,280,000.00	2,415,000.00
N.J. Trust Loan Payable	118,706.98	131,919.76	144,998.54	157,953.32	170,801.10
Bond Anticipation Notes		4,207,200.00	3,267,200.00	3,328,200.00	2,591,150.00
Improvement Authorizations:					
Funded	588,756.95	60,366.39	3,916.85	3,916.85	3,916.85
Unfunded	3,783.90	603,975.18	2,938,569.32	1,803,347.13	2,421,320.32
Capital Improvement Fund	30,280.32	30,280.32	30,050.00	30,050.00	30,050.00
Interfunds Payable	308.11	25,748.91	26,485.95	196.97	64.69
Amortization Fund	9,567,128.26	9,913,896.28	9,271,571.89	9,217,368.70	9,163,611.92
Deferred Amortization Fund	877,943.65	833,443.65	1,411,916.67	1,233,461.89	1,090,764.11
Reserve for:					
Debt Service	575,808.19	21,175.00	21,175.00	21,175.00	21,175.00
Grants Receivable					
Fund Balance	<u>829,919.69</u>	<u>570,949.29</u>	<u>297,119.81</u>	<u>262,114.23</u>	<u>220,984.59</u>
	<u>19,317,636.05</u>	<u>18,378,954.78</u>	<u>19,608,004.03</u>	<u>18,337,784.09</u>	<u>18,128,838.58</u>
	<u>\$ 20,408,518.21</u>	<u>\$ 19,462,752.27</u>	<u>\$ 20,933,570.02</u>	<u>\$ 19,786,031.15</u>	<u>\$ 19,630,524.86</u>
	<u>\$ -</u>	<u>\$ 670,941.89</u>	<u>\$ 2,146,325.00</u>	<u>\$ 901,325.00</u>	<u>\$ 1,651,325.00</u>
Bonds and Notes Authorized but Not Issued					

BOROUGH OF BLOOMINGDALE
COUNTY OF PASSAIC, NEW JERSEY
MUNICIPAL WATER AND SEWER UTILITY FUND

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 150,000.00	\$ 600,000.00	\$ 550,000.00	\$ 500,000.00	\$ 500,000.00
Rents	3,781,831.76	3,447,330.85	3,569,732.24	3,469,855.50	3,507,905.37
Miscellaneous Revenue Anticipated	79,687.23	73,312.97	30,423.42	14,898.63	39,288.32
Nonbudget Revenue			222.49		
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	224,085.15	167,824.18	227,010.47	286,973.07	200,608.04
	<u>4,235,604.14</u>	<u>4,288,468.00</u>	<u>4,377,388.62</u>	<u>4,271,727.20</u>	<u>4,247,801.73</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operating	3,376,431.00	3,353,225.00	3,372,900.00	3,317,300.00	3,265,200.00
Capital Improvements	55,000.00	55,000.00	55,000.00	45,000.00	25,000.00
Debt Service	428,580.85	465,954.68	347,364.14	305,158.44	280,786.13
Deferred Charges	241.89				
Statutory Expenditures	77,000.00	77,000.00	77,000.00	77,000.00	77,000.00
	<u>3,937,253.74</u>	<u>3,951,179.68</u>	<u>3,852,264.14</u>	<u>3,744,458.44</u>	<u>3,647,986.13</u>
Excess in Revenue	298,350.40	337,288.32	525,124.48	527,268.76	599,815.60
<u>Fund Balance</u>					
Balance January 1	376,079.11	638,790.79	663,666.31	636,397.55	536,581.95
	<u>674,429.51</u>	<u>976,079.11</u>	<u>1,188,790.79</u>	<u>1,163,666.31</u>	<u>1,136,397.55</u>
Decreased by:					
Utilized as Anticipated Revenue	150,000.00	600,000.00	550,000.00	500,000.00	500,000.00
Balance December 31	<u>\$ 524,429.51</u>	<u>\$ 376,079.11</u>	<u>\$ 638,790.79</u>	<u>\$ 663,666.31</u>	<u>\$ 636,397.55</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF BLOOMINGDALE

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Bloomingdale is governed by a Mayor-Council type Government. The Borough Council consists of six members, one of which is appointed Council President on an annual basis. The Mayor is elected in a general election for a term of 4 years. Each council member is elected in a general election for a term of 3 years. Each council member carries the power of one legislative vote, while the Mayor votes only in the event of a tie.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements - regulatory basis of the Borough of Bloomingdale include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by the provisions of N.J.S. 40A:5-5.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

Description of Funds

The Governmental Accounting Standards Board ("GASB") is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes three fund types and two account groups 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 accounting policies of the Borough of Bloomingdale conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are a "Modified Accrual Basis of Accounting" which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. 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 of Bloomingdale accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Assessment Trust Fund, General Trust Fund, Animal Control Trust Fund, Municipal Open Space Trust Fund and Length of Service Award Program.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Description of Funds (Continued)

General Capital Fund – The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as, related long-term debt accounts.

Utilities Fund – The Water and Sewer Utility is treated as a separate entity. It maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Free Public Library – Expenditures of the Free Public Library are recorded directly to the Budget Appropriation. Library fines, State Aid, interest on investments and other miscellaneous revenue are retained by the Library and expended therefrom.

Capital Fixed Assets – This account reflects estimated valuations of land, buildings and certain movable fixed assets of the Borough as discussed under the caption of “Basis of Accounting”.

Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue

Federal and state grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of Bloomingdale budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of “Appropriation Reserves”.

Grant appropriations are charged upon budget adoption to create separate spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Expenditures (Continued)

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

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, which should be recognized when due.

Encumbrances

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves

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

Compensated Absences

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

Property Acquired for Taxes

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Self-Insurance Contributions

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

Interfunds Receivable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water Utility is required, by regulation, to be prepared by Borough personnel for inclusion on the Water and Sewer Utilities Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Capital Fixed Assets

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough of Bloomingdale has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Capital fixed assets used in governmental operations (general fixed assets) are accounted for in the Capital Fixed Assets. Public domain ("infrastructure") capital fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utility:

Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utility, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utility. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Utility: (Continued)

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(c)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

C. Basic Financial Statements

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

D. Recent Accounting Pronouncements Not Yet Effective

In December 2023, the Governmental Accounting Standards Board issued GASB Statement No. 102, "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In April 2024, the Governmental Accounting Standards Board issued GASB Statement No. 103, "Financial Reporting Model Improvements". The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In September 2024, the Governmental Accounting Standards Board issued GASB Statement No. 104, "Disclosure of Certain Capital Assets". The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough considers petty cash, change funds and cash in banks as cash and cash equivalents.

As of December 31, 2024, the Borough's cash and cash equivalents consisted of:

	<u>2024</u>
Provident Bank - Checking Accounts	\$7,622,861.75
Change Funds	<u>1,050.50</u>
Total Cash and Cash Equivalents	<u>\$7,623,912.25</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute, which requires cash be deposited only in New Jersey based bank institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2024, of the cash balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$7,632,729.19 was covered under the provisions of NJGUDPA.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Borough's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

As of December 31, 2024, the Borough had funds on deposit in checking accounts. The amount on deposit of the Borough's cash and cash equivalents as of December 31, 2024 was \$7,882,729.19. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

B. Investments

New Jersey P.L. 2017, c. 310 permits the Borough to purchase various investments in accordance with the Borough's Cash Management Plan.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies of the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years:

Comparative Schedule of Tax Rates

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	<u>\$4.587</u>	<u>\$4.502</u>	<u>\$4.495</u>	<u>\$4.398</u>	<u>\$4.362</u>
Apportionment of Tax Rate:					
Municipal	\$1.127	\$1.103	\$1.095	\$1.096	\$1.088
Municipal Open Space	0.025	0.025	0.025	0.024	0.025
County	0.802	0.794	0.826	0.761	0.779
County Open Space	0.016	0.016	0.015	0.011	0.012
School	2.563	2.516	2.490	2.468	2.420
Library	0.054	0.048	0.044	0.038	0.038

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2024	\$ 729,510,100.00
2023	728,690,400.00
2022	731,323,600.00
2021	732,942,900.00
2020	732,722,300.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2024	\$33,497,507.47	\$33,284,749.32	99.36 %
2023	32,837,032.68	32,630,780.53	99.37
2022	32,902,459.78	32,582,501.32	99.03
2021	32,263,061.10	32,068,331.73	99.40
2020	31,983,591.01	31,667,222.59	99.01

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$18,032.11	\$174,126.82	\$192,158.93	0.57 %
2023	15,367.06	202,012.50	217,379.56	0.66
2022	12,751.39	235,159.93	247,911.32	0.75
2021	9,496.91	161,615.50	171,112.41	0.53
2020	7,394.67	273,739.74	281,134.41	0.88

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

<u>Year</u>	<u>Amount</u>
2024	\$ 2,377,400.00
2023	2,377,400.00
2022	2,377,400.00
2021	2,377,400.00
2020	2,377,400.00

5. WATER AND SEWER CONSUMER ACCOUNTS RECEIVABLE

The Borough of Bloomingdale maintains a utility fund for the billing and collection of water and sewer rents. Billings are done on a quarterly basis.

5. WATER AND SEWER CONSUMER ACCOUNTS RECEIVABLE (Continued)

A comparison of Water and Sewer Utility billings and collections for the past five years are as follows:

<u>Year</u>	<u>Water and Sewer Utility</u>	
	<u>Billing</u>	<u>Collection</u>
2024	\$3,783,522.13	\$3,781,831.76
2023	3,414,641.51	3,447,330.85
2022	3,502,960.62	3,569,732.24
2021	3,506,752.32	3,349,855.50
2020	3,550,655.76	3,507,905.37

Cash collections include realization of prior year uncollected balances.

6. FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budgets of Succeeding Year</u>
Current Fund:	2024	\$ 715,067.34	\$ 650,000.00
	2023	1,352,588.71	1,250,000.00
	2022	1,712,731.46	1,400,000.00
	2021	1,030,383.40	1,000,000.00
	2020	990,118.52	985,000.00
Water and Sewer Utility Fund:	2024	524,429.51	333,731.00
	2023	376,079.11	150,000.00
	2022	638,790.79	600,000.00
	2021	663,666.31	550,000.00
	2020	636,397.55	500,000.00

7. PENSION PLANS

Description of Systems

Information presented below is as of June 30, 2023. Additional information was not available as of the date of this audit.

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State Statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

The amount of the Borough's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Specific information on actuarial assumptions and rates of return can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

7. PENSION PLANS (Continued)

Description of Systems (Continued)

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

	PERS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$3,476,854	\$3,257,958	\$3,214,109
Total Payroll	6,892,652	6,767,086	6,678,641
Actuarial Contribution			
Requirements	584,535	572,290	471,342
Total Contributions	853,971	823,459	718,067
Employer Share	584,535	572,290	471,342
% of Covered Payroll	16.81%	17.57%	14.66%
Employee's Share	269,436	251,169	246,725
% of Covered Payroll	7.75%	7.71%	7.68%
	PFRS		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Covered Employee Payroll	\$1,908,863	\$1,852,853	\$2,009,261
Total Payroll	6,892,652	6,767,086	6,678,641
Actuarial Contribution			
Requirements	697,940	734,375	679,517
Total Contributions	889,705	923,010	883,753
Employer Share	697,940	734,375	679,517
% of Covered Payroll	36.56%	39.63%	33.82%
Employee's Share	191,765	188,635	204,236
% of Covered Payroll	10.05%	10.18%	10.16%

Assumptions

The collective total PERS and PFRS pension liability for June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2021 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS and for the period July 1, 2018 to June 30, 2021 for PFRS. The pension liability was rolled forward to June 30, 2023. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases of 2.75% to 6.55% for PERS based on years of service, and through all future years, 3.25% to 16.25% for PFRS based on years of service, and an investment rate of 7.00%.

For PERS, 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 a generational basis. Mortality improvement is based on Scale MP-2021.

7. PENSION PLANS (Continued)

Assumptions (Continued)

For PFRS, employment 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.

The discount rate used to measure the total pension liability was 7.00% for PERS and 7.00% for PFRS 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 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 to determine the total pension liability. More information on mortality rates and other assumptions, and investment policies can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System:

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

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

7. PENSION PLANS (Continued)

Significant Legislation (Continued)

The following presents the Borough's proportionate share of the collective PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2023 and 2022, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate:

**Sensitivity of the Borough's Proportionate Share of the Collective PERS
Net Pension Liability to Changes in the Discount Rate**

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
2023	<u>\$8,316,078</u>	<u>\$6,388,200</u>	<u>\$4,747,322</u>
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
2022	<u>\$8,873,195</u>	<u>\$6,906,785</u>	<u>\$5,233,290</u>

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers 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. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employers:

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$6,334,793.00	\$6,848,783.00
Nonemployer Proportional Share of the Net Pension Liability	<u>53,407.00</u>	<u>58,002.00</u>
	<u>\$6,388,200.00</u>	<u>\$6,906,785.00</u>

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was 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 June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

7. PENSION PLANS (Continued)

Police and Firemen's Retirement System: (Continued)

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

The following presents the Borough's proportionate share of the collective PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2023 and 2022, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate:

**Sensitivity of the Borough's Proportionate Share of the Collective PFRS
Net Pension Liability to Changes in the Discount Rate**

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2023	<u>\$ 9,558,482</u>	<u>\$6,860,196</u>	<u>\$4,613,169</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2022	<u>\$10,446,715</u>	<u>\$7,613,625</u>	<u>\$5,255,063</u>

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State 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 local participating employers 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 non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer:

7. PENSION PLANS (Continued)

Special Funding Situation (Continued)

	<u>2023</u>	<u>2022</u>
Employer Net Pension Liability	\$5,792,804.00	\$6,463,340.00
Non-employer Proportionate Share of the Net Pension Liability	<u>1,067,392.00</u>	<u>1,150,285.00</u>
	<u>\$6,860,196.00</u>	<u>\$7,613,625.00</u>

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

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2023 and 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2023 and 2022, respectively.

Following is the total of the Borough's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2023:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$6,334,793	\$5,792,804
Deferred Outflow of Resources	829,881	914,180
Deferred Inflow of Resources	722,113	1,239,606
Pension Expense	(408,471)	(289,030)
Contributions Made After Measurement Date	584,535	697,940

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize 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. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2023 and 2022. The Borough's proportionate share of the collective net pension liability as of June 30, 2023 and 2022 was .0437% and .0454% for PERS and .0524% and .0565% for PFRS, respectively.

It is important to note that New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements.

7. PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

At June 30, 2023, the amount determined as the Borough's proportionate share of the PERS net pension liability was \$6,334,793. For the year ended June 30, 2023, the Borough would have recognized PERS pension expense of (\$408,471). At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 60,569	\$ 25,895
Change of Assumptions	13,916	383,916
Net Difference Between Projected and Actual Investment Earnings	29,173	
Net Change in Proportions	726,223	312,302
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>584,535</u>	
	<u>\$1,414,416</u>	<u>\$722,113</u>

At June 30, 2023, the amount determined as the Borough's proportionate share of the PFRS net pension liability was \$5,792,804. For the year ended June 30, 2023, the Borough would have recognized PFRS pension expense of (\$289,030). At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 248,036	\$ 276,265
Change of Assumptions	12,503	391,153
Net Difference Between Projected and Actual Investment Earnings	295,017	
Net Change in Proportions	358,624	572,188
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>697,940</u>	
	<u>\$1,612,120</u>	<u>\$1,239,606</u>

Long-Term Expected Rate of Return

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

7. PENSION PLANS (Continued)

Long-Term Expected Rate of Return (Continued)

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

Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 7.50% and 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Borough</u>	<u>Employees</u>	<u>Borough</u>	<u>Employees</u>
2024	\$595,099.00	\$265,518.88	\$722,793.00	\$195,874.40
2023	582,723.00	269,435.74	758,883.00	191,764.70
2022	485,186.00	251,168.72	704,987.00	188,634.90

During 2009, the Borough of Bloomingdale, in accordance with the provisions of Public Law 2009, c. 19 (\$21), elected by resolution of the governing body to defer the 50% of their 2009 normal and accrued pension liability for the PERS and PFRS pension retirement system obligation in the amount of \$227,669.50. This deferred pension liability will be repaid over a 15 year period and started in April 2012.

8. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the minimum base salary required for eligibility in the DCRP was increased to \$5,000.00.

8. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Description of System (Continued)

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

The law requires that three classes of employees enroll in the DCRP detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PFRS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to join or remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. The employer contribution is 4.05% which includes a member contribution match of 3.0%, Group Life Insurance is .74% of gross wages and Long-Term Disability is .31% of gross wages. Contributions to the plan for the past three years is as follows:

<u>Year</u>	<u>Borough</u>	<u>Employees</u>
2024	\$1,459.45	\$6,273.38
2023	950.79	5,211.26
2022	1,213.38	4,814.68

9. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

Plan Description

As of August 1, 2013, the Borough of Bloomingdale contributed to the North Jersey Municipal Employee Benefit Fund for post-employment healthcare.

The Borough of Bloomingdale, by contractual agreement, provides certain post-employment benefits to retired employees and their spouses and dependent children for health insurance.

For the employee to be eligible for such benefits the retiree in the Public Employees' Retirement System must have twenty-five years or more of continuous full time service with the Borough and the retiree in the Police and Firemen's Retirement System must have twenty-five years or more of pension service credits and fifteen years of service with the Borough.

9. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Plan Description (Continued)

GASB Statement 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, applies to government employees who provide OPEB plans to their employees. The primary objective of GASB Statement 75 is to improve accounting and financial reporting by state and local governments for Post-Employment Benefits other than pensions. GASB Statement 75 replaces the requirements of GASB Statement 45.

Funding Policy

Contributions to pay for the health premiums of participating retirees in the North Jersey Municipal Employee Benefit Fund are billed to the Borough of Bloomingdale on a monthly basis.

The Borough of Bloomingdale's contributions to the North Jersey Municipal Employee Benefit Fund for the years ended December 31, 2024, 2023 and 2022 were \$554,460.00, \$563,712.00 and \$523,344.00, respectively.

Actuarial Valuations

The Borough of Bloomingdale has contracted with an actuary and received an actuarial certification regarding the plan in accordance with the requirements of GASB 75.

Total OPEB Liability

The Total OPEB Liability ("TOL") is the actuarial accrued liability. As of December 31, 2024, it is \$29,076,971 based upon a discount rate of 4.08% per annum and the plan provisions in effect on December 31, 2024. This liability is broken out as follows:

(1) Actives	\$ 12,514,049
(2) Retirees	16,562,922
(3) Total	<u>\$ 29,076,971</u>

Net OPEB Liability

The Net OPEB Liability ("NOL") as of December 31, 2024 is \$29,076,971 based upon a discount rate of 4.08% per annum and the plan provisions in effect on December 31, 2024. There are no plan assets to offset the liability. This liability is broken out as follows:

(1) TOL	\$ 29,076,971
(2) Fiduciary Net Position (Assets)	<u>- 0 -</u>
(3) NOL	<u>\$ 29,076,971</u>

Actuarial Assumptions

The following assumptions were made by the actuarial in their calculations:

- Mortality Pub 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021
- Turnover NJ State Pensions Ultimate Withdrawal Rates – Prior to Benefits Eligibility
- Assumed Retirement Age At first eligibility after the completion of 15 years of service police, 25 years of service all others
- Full Attribution Period Service to Assumed Retirement Age

9. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions (Continued)

- Annual Discount Rate 4.08% based on Bond Buyer 20 Index December 31, 2024
- CPI Increase 2.5%
- Rate of Salary Increase 2.5%
- Medical Trend
Medical: 6.5% in 2024, reducing by 0.25% per annum, leveling at 4.5% per annum in 2032

Drug: 14.0% in 2024, reducing by 0.75% per annum, leveling at 4.5% per annum in 2030

Medicare Advantage: 4.5% per annum

Dental and Vision: 3.5% per annum
- Medical Cost Aging Factor NJ SHBP Medical Morbidity Rates
- Attribution Period - The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per Capita Cost Methods - The valuation reflects per capita net premium costs based on actual 2024 medical, prescription drug, and dental premiums and the plan option selected. The age specific cost was derived based on per person costs at the average age of the active population (41) and scaled to each age based on the medical cost aging factors. At age 65, Medicare Advantage becomes the primary payor of medical benefits and aging factors are not applied.
- Retiree Contributions - NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees' Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Borough increased annually by the rate of medical trend.
- Actuarial Valuation Method - Entry Age Normal Funding Method based on a level percentage of salary. 2024 salaries were reported as \$5.133 million.

9. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the Net OPEB Liability

	<u>Net OPEB Liability</u>
Net OPEB Liability as of December 31, 2023	<u>\$29,296,135</u>
Changes Recognized for the Year:	
Service Cost	332,127
Interest on Total OPEB Liability	956,102
Difference Between Expected and Actual Experience	(80,847)
Changes in Assumptions	(826,582)
Benefit Payments, Including Employee Refunds	<u>(599,964)</u>
Net Changes	<u>(219,164)</u>
Net OPEB Liability December 31, 2024	<u>\$29,076,971</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability as of December 31, 2024, calculated using the discount rate as disclosed above as well as what the total OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>December 31, 2024</u>		
	<u>At 1% Decrease (3.08%)</u>	<u>At Discount Rate (4.08%)</u>	<u>At 1% Increase (5.08%)</u>
Total OPEB Liability	\$33,205,391	\$29,076,971	\$25,818,628

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

The following presents the total OPEB liability as of December 31, 2024, calculated using the healthcare trend rate as disclosed above as well as what the total OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>December 31, 2024</u>		
	<u>1% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$26,092,798	\$29,076,971	\$32,839,022

Total OPEB Expense

The Total OPEB Expense ("TOE") is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the "Service Cost" (aka "normal cost") which is the portion of future liabilities attributable to the measurement year, plus the recognized portion of the experience gain or loss, and interest on the NOL during the year.

The TOE as of December 31, 2024 is \$1,099,351 based upon a discount rate of 4.08% per annum and the plan provisions in effect on December 31, 2024.

9. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Other Information

Participant Information:

Active Employees	61
Retirees Plus Dependents	44

It should be noted that the above information is required with the regulations of GASB Statement 75 to be amended every two years.

Special Funding Situation

Information presented below is as of June 30, 2023. Additional information was not available as of the date of this audit.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The Borough as of June 30, 2023 had one member under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the Borough is \$177,211.00.

10. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. 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. Pursuant to N.J.S.A. 40A:2-8.1, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legally required installment is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

10. MUNICIPAL DEBT (Continued)

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$12,892,943.80	\$10,441,800.00	\$10,648,800.00
Assessment Trust Fund:			
Bonds and Notes			5,000.00
Water and Sewer Utility Fund:			
Bonds and Notes	6,725,000.00	6,187,200.00	5,397,200.00
Loans Payable	118,706.98	131,919.76	144,998.54
	<u>19,736,650.78</u>	<u>16,760,919.76</u>	<u>16,195,998.54</u>
 <u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	2,991,507.38	4,998,210.71	2,989,337.49
Water and Sewer Utility Fund:			
Bonds and Notes		670,941.89	2,146,325.00
	<u>2,991,507.38</u>	<u>5,669,152.60</u>	<u>5,135,662.49</u>
 Total Debt	 <u>22,728,158.16</u>	 <u>22,430,072.36</u>	 <u>21,331,661.03</u>
 Less: Cash on Hand:			
General Capital Fund	116,733.31	28,206.71	
Assessment Trust Fund			3,580.12
Water and Sewer Utility Fund		469,533.19	86,622.71
Grants Receivable:			
General Capital Fund	487,882.62	305,207.27	305,207.27
Water and Sewer Utility Fund			65,000.00
Other Accounts Receivable	19,340.26	29,010.39	38,680.52
Reserve for Debt Service	147,633.24	71,426.59	71,426.59
	<u>771,589.43</u>	<u>903,384.15</u>	<u>570,517.21</u>
 Net Bonds and Notes Issued and Authorized but Not Issued	 <u>\$21,956,568.73</u>	 <u>\$21,526,688.21</u>	 <u>\$20,761,143.82</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.310%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General	\$15,884,451.18	\$ 771,589.43	\$15,112,861.75
Water and Sewer Utility	<u>6,843,706.98</u>	<u>6,843,706.98</u>	
	<u>\$22,728,158.16</u>	<u>\$7,615,296.41</u>	<u>\$15,112,861.75</u>

Net Debt, \$15,112,861.75, divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,153,855,089.00 equals 1.310%.

10. MUNICIPAL DEBT (Continued)

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis	\$40,384,928.11
Net Debt	<u>15,112,861.75</u>
Remaining Borrowing Power	<u>\$25,272,066.36</u>

School Debt Deduction

School debt is deductible up to the extent of 3.00% of the Average Equalized Assessed Valuations of Real Property for the Local School District.

Calculation of "Self-Liquidating Purposes" Water and Sewer Utility per N.J.S. 40A:2-45

Fund Balance and Cash Receipts from Fees, Rents or Other Charges for Year		\$4,011,518.99
Deductions:		
Operating and Maintenance Costs	\$3,453,431.00	
Debt Service per Water and Sewer Utility Operating Fund	<u>428,580.85</u>	
		<u>3,882,011.85</u>
Excess in Revenue		<u>\$ 129,507.14</u>

There being an excess in revenue, all Water and Sewer Utility Debt is deductible for Debt Statement purposes.

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

As of December 31, 2024, the Borough's long-term debt is as follows:

General Obligation Bonds

\$5,980,000, 2019 Bonds due in annual installments of \$565,000 to \$570,000 through March 2031, interest at 3% to 5%.	\$3,985,000.00
\$5,880,000, 2024 Bonds due in annual installments of \$270,000 to \$540,000 through February 2037, interest at 3.25% to 4.00%.	<u>5,880,000.00</u>
	<u>\$9,865,000.00</u>

Water and Sewer Utility Bonds

\$2,520,000, 2019 Bonds due in annual installments of \$165,000 to \$200,000 through March 2034, interest at 3% to 5%.	\$1,830,000.00
\$4,895,000, 2024 Bonds due in annual installments of \$225,000 to \$450,000 through February 2039, interest at 3.25% to 4.00%.	<u>4,895,000.00</u>
	<u>\$6,725,000.00</u>

10. MUNICIPAL DEBT (Continued)

N.J. Environmental Infrastructure Trust Loan Payable

Loan agreements were entered into by the Borough of Bloomingdale with the New Jersey Department of Environmental Protection for the purpose of the water main replacement project in 2015 at an interest rate of 0.32% to 3.37%. Loans payable at December 31, 2024 in the amount of \$118,706.98 are detailed as follows:

	<u>Water and Sewer Utility</u>
Trust Share	\$ 62,836.00
Fund Share	<u>55,870.98</u>
	<u><u>\$118,706.98</u></u>

An amortization schedule detailing principal and interest is detailed as follows:

<u>Calendar Year</u>	<u>Total</u>	<u>Water and Sewer Utility</u>	
		<u>Principal</u>	<u>Interest</u>
2025	\$ 15,258.46	\$ 13,359.78	\$1,898.68
2026	15,257.84	13,516.78	1,741.06
2027	15,258.64	13,697.78	1,560.86
2028	15,258.64	13,900.78	1,357.86
2029	15,258.26	14,115.78	1,142.48
2030	15,258.26	14,342.78	915.48
2031	15,257.92	14,581.78	676.14
2032	15,258.34	14,833.78	424.56
2033	<u>6,518.54</u>	<u>6,357.74</u>	<u>160.80</u>
	<u><u>\$128,584.90</u></u>	<u><u>\$118,706.98</u></u>	<u><u>\$9,877.92</u></u>

Special Emergency Note

The outstanding Special Emergency Note is summarized as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Current Fund	0.0%	<u><u>\$36,000.00</u></u>

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	4.25%	\$2,331,000.00
	0.00%	<u>696,943.80</u>
		<u><u>\$3,027,943.80</u></u>

10. MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (Budget Appropriations) and permanent funding (Bond Issues) are summarized as follows:

<u>Original Note Issued</u>	<u>Legal Installment Date</u>	<u>Funding Required as of May 1</u>
2024	2027 - 2034	2035

10. MUNICIPAL DEBT (Continued)

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

Calendar Year	Total	General		Water and Sewer Utility	
		Principal	Interest	Principal	Interest
2025	\$ 1,846,662.50	\$ 835,000.00	\$ 370,975.00	\$ 390,000.00	\$ 250,687.50
2026	1,829,512.50	870,000.00	331,200.00	395,000.00	233,312.50
2027	1,858,512.50	940,000.00	292,150.00	410,000.00	216,362.50
2028	1,838,812.50	965,000.00	254,050.00	420,000.00	199,762.50
2029	1,827,512.50	985,000.00	215,050.00	445,000.00	182,462.50
2030	1,808,412.50	1,005,000.00	178,100.00	460,000.00	165,312.50
2031	1,786,812.50	1,025,000.00	143,200.00	470,000.00	148,612.50
2032	1,271,162.50	540,000.00	114,750.00	485,000.00	131,412.50
2033	1,251,712.50	540,000.00	93,150.00	505,000.00	113,562.50
2034	1,221,712.50	540,000.00	71,550.00	515,000.00	95,162.50
2035	1,111,912.50	540,000.00	49,950.00	445,000.00	76,962.50
2036	1,072,512.50	540,000.00	28,350.00	445,000.00	59,162.50
2037	1,036,806.25	540,000.00	8,775.00	445,000.00	43,031.25
2038	471,900.00			445,000.00	26,900.00
2039	459,000.00			450,000.00	9,000.00
	<u>\$20,692,956.25</u>	<u>\$ 9,865,000.00</u>	<u>\$ 2,151,250.00</u>	<u>\$ 6,725,000.00</u>	<u>\$ 1,951,706.25</u>

Interest reflected above is on the cash basis for all funds.

12. SUBSCRIPTION LEASES

In June 2022, GASB No. 96, Subscription-Based Information Technology Arrangements was implemented providing municipalities guidance on the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) for government end users. Under this new guidance, the Borough must disclose and report any SBITAs in excess of one year. The Borough of Bloomingdale has reviewed all their SBITAs and determined that they are all considered short-term except for four multi-year agreements.

Future payments are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$29,323.99
2026	20,323.99
2027	17,880.20
2028	6,906.65
	<u>\$74,434.83</u>

13. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2024 and 2023 was as follows:

<u>Governmental Activities</u>	<u>Balance Dec. 31, 2023</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance Dec. 31, 2024</u>
Land	\$ 7,136,200.00	\$ 2,000.00	\$	\$ 7,138,200.00
Buildings and Improvements	4,377,400.00			4,377,400.00
Vehicles and Equipment	9,644,575.00		608,800.00	9,035,775.00
	<u>\$21,158,175.00</u>	<u>\$ 2,000.00</u>	<u>\$608,800.00</u>	<u>\$20,551,375.00</u>

<u>Governmental Activities</u>	<u>Balance Dec. 31, 2022</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance Dec. 31, 2023</u>
Land	\$ 7,136,200.00	\$	\$	\$ 7,136,200.00
Buildings and Improvements	4,377,400.00			4,377,400.00
Vehicles and Equipment	7,138,533.00	2,506,042.00		9,644,575.00
	<u>\$18,652,133.00</u>	<u>\$2,506,042.00</u>	<u>\$ -</u>	<u>\$21,158,175.00</u>

14. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2024, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 169,267.99	\$ 190.19
Assessment Trust Fund		339,854.78
Animal Control Trust Fund		5,649.80
General Trust Fund		4,945.32
Municipal Open Space Trust Fund	190.19	
General Capital Fund	335,601.74	154,419.83
Water and Sewer Utility Operating Fund	1,391.28	
Water and Sewer Utility Assessment Trust Fund		1,083.17
Water and Sewer Utility Capital Fund		308.11
	<u>\$ 506,451.20</u>	<u>\$ 506,451.20</u>

15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance Dec. 31, 2024</u>	<u>2025 Budget Appropriation</u>	<u>To Be Raised in Subsequent Budget</u>
Current Fund:			
Special Emergency Appropriations	\$108,000.00	\$54,000.00	\$54,000.00
Assessment Trust Fund:			
Amount to be Raised for Cancelled Assessments	1,621.10	1,621.10	

16. DEFERRED COMPENSATION PLAN

The Borough of Bloomingdale offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Borough of Bloomingdale authorized such modifications to their plan by resolution of the Borough Council adopted October 21, 1997.

16. DEFERRED COMPENSATION PLAN (Continued)

The Administrator for the Borough of Bloomingdale's Deferred Compensation Plan is the Variable Annuity Life Insurance Company (VALIC) and AXA Equitable.

The Plan was subject to a review only as defined by the New Jersey Division of Local Government Services and the American Institute of Certified Public Accountants. A review consists principally of inquiries of Borough officials and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards. The audit of the program lies within the scope of the audit of the independent accountants of the Variable Annuity Life Insurance Company (VALIC) and AXA Equitable.

17. RISK MANAGEMENT

The Borough of Bloomingdale is a member of the Morris County Municipal Joint Insurance Fund which provides insurance coverage for the following:

Property
General Liability
Worker's Compensation
Police Professional Liability
Automobile Liability
Public Officials' Liability
Public Employee Dishonesty per Loss
Theft

18. CONTINGENT LIABILITIES

a. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation and sick leave. The maximum sick leave benefits an employee is entitled to at retirement is the cash equivalent of 90 days at their existing daily rate.

It is estimated that the sum of \$1,130,145.99 computed internally at 2024 salary rates would be payable to officials and employees of the Borough of Bloomingdale as of December 31, 2024 for accumulated vacation and sick days. This amount was not verified by audit.

Benefits paid in any future years will be charged to that year's budget.

Provisions for the above are not reflected on the Financial Statements of the Borough, however, the Borough has established a reserve of \$55,419.72 as of December 31, 2024.

b. Tax Appeals

As of June 20, 2025, there were three (3) tax appeals pending before the New Jersey Tax Court with an assessed valuation of \$2,334,900.00. Potential liability was undeterminable.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Borough to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

18. CONTINGENT LIABILITIES (Continued)

c. Federal and State Awards

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2024 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

d. Arbitrage Rebate Calculation

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "Rebate Arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

e. Payments in Lieu of Taxes (PILOT)

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

f. Litigation

There is no significant litigation or any contingent liabilities, unasserted claims or assessments or statutory violations which would materially affect the financial position or results of operations of the Borough other than listed below:

General liability claims pending against the Borough are handled by insurance carriers.

19. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

20. SUBSEQUENT EVENT

The Borough of Bloomingdale has evaluated subsequent events that occurred after the balance sheet date, but before June 23, 2025. No items were determined to require disclosure.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]



90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

February ____, 2026

Mayor and Borough Council
of the Borough of Bloomingdale
Bloomingdale, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Borough Council of the Borough of Bloomingdale, in the County of Passaic (the "Borough"), a municipal corporation organized and existing under the laws of the State of New Jersey, and other proofs submitted to us relative to the authorization, issuance, sale, execution and delivery of the \$6,427,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of (i) \$5,686,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and (ii) \$741,000 Water-Sewer Utility Notes, Series 2026 (the "Water-Sewer Utility Notes", and together with the General Improvement Notes, the "Notes") of the Borough. The Notes are dated February 11, 2026, mature February 10, 2027, and bear interest at the rate of _____ per centum (____%) per annum.

The Notes are issued in fully registered book-entry form, without certificates, initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Notes will be made in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Notes, payments of principal of and interest on the Notes will be made by the Borough, or a duly designated paying agent, directly to Cede & Co., as nominee for DTC, which will, in turn, remit such payments to DTC Participants, which will, in turn, remit such payments to the beneficial owners of the Notes. The Notes are not subject to redemption prior to their stated date of maturity.

The Notes are authorized by, and are being issued pursuant to: (i) the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly adopted by the Borough Council of the Borough, approved by the Mayor (if applicable), and published as required by law (the "Ordinances"); and (iii) a resolution duly adopted by the Borough Council of the Borough on January 20, 2026 (the "Resolution").

The General Improvement Notes are being issued to (i) refund, on a current basis, a \$4,146,077 principal portion of prior bond anticipation notes issued in the aggregate principal amount of \$5,138,000 on February 13, 2025 and maturing on February 12, 2026 (the “Prior Notes”) (the remaining balance of the Prior Notes will be cancelled with note proceeds in the amount of \$991,923), and (ii) temporarily finance the costs of various general capital improvements and acquisitions in and by the Borough in the amount of \$1,539,923, including paying the costs associated with the issuance of the Notes. The Water-Sewer Utility Notes are being issued to temporarily finance the costs of various water-sewer capital improvements and acquisitions for the Water-Sewer Utility in and by the Borough in the amount of \$741,000, including paying the costs associated with the issuance of the Water-Sewer Utility Notes.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, issuance, sale, execution and delivery of the Notes pursuant to, as applicable, the Local Bond Law, the Ordinances and the Resolution, (ii) the Notes have been duly authorized, executed and delivered and constitute valid and legally binding general obligations of the Borough, enforceable in accordance with their terms, and (iii) the Borough has pledged its full faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, all the taxable property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Notes for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Notes to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Notes. The Borough has covenanted in a tax certificate relating to the Notes to maintain the exclusion of the interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Borough with the provisions of the Code and the aforementioned covenants in its tax certificate, interest on the Notes is not includable for Federal income tax purposes in the gross income of the owners of the Notes pursuant to Section 103 of the Code. The Notes are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Notes will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that the Notes constitute “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code, and therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state, local or foreign tax consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state, local or foreign tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the Notes or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is rendered on the basis of Federal law and the laws of the State of New Jersey as enacted and construed on the date hereof.

We have examined the form of the executed Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

I, Heather Barkenbush, Chief Financial Officer of the Borough of Bloomingdale, in the County of Passaic (the "Borough"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of not to exceed \$6,427,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of (i) \$5,686,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and (ii) \$741,000 Water-Sewer Utility Notes, Series 2026 (the "Water-Sewer Utility Notes", and together with the General Improvement Notes, the "Notes"), dated February 11, 2026 and maturing February 10, 2027, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Borough will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org of any of the following events with respect to the Notes herein described, as applicable: (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 or other material events effecting the tax-exempt status of the security; (7) modifications to rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Borough; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the Borough other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties (collectively, the "Listed Events").

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *"Financial Obligation"* shall not include municipal securities as to which a final official statement has been provided to the MSRB through the EMMA system consistent with the Rule.

If the Borough (a) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (b) determines that the occurrence

of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the Borough shall file a Notice of each such occurrence with the MSRB via EMMA within ten (10) business days.

The Borough's obligations under this Certificate shall terminate upon the redemption, defeasance or payment in full of the Notes.

In the event the Borough fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borough to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the Borough's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the Borough, the purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

The Borough may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Phoenix Advisors, a division of First Security Municipal Advisors, Inc. The Borough shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Borough this ____ day of February, 2026.

**BOROUGH OF BLOOMINGDALE,
IN THE COUNTY OF PASSAIC,
STATE OF NEW JERSEY**

**Heather Barkenbush,
Borough Chief Financial Officer**

Acknowledged and Accepted by:

**PHOENIX ADVISORS,
a division of First Security
Municipal Advisors, Inc.,
as Dissemination Agent**

Authorized Signatory