

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 26, 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 HIGHLAND PARK  
IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY**

**\$4,557,000 BOND ANTICIPATION NOTES, SERIES 2026  
CONSISTING OF  
\$3,057,000 GENERAL IMPROVEMENT NOTES, SERIES 2026  
AND  
\$1,500,000 WATER-SEWER UTILITY NOTES, SERIES 2026**

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

**Dated: Date of Delivery  
Maturity Date: March 18, 2027  
Coupon: \_\_\_\_\_ %  
Yield: \_\_\_\_\_ %  
CUSIP\*: \_\_\_\_\_**

The Borough of Highland Park, in the County of Middlesex, State of New Jersey (the "Borough") is offering \$4,557,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of (i) \$3,057,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and (ii) \$1,500,000 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.

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 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, Rainone Coughlin Minchello, LLC, Iselin, 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 March 19, 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 MARCH 5, 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 [STRACEY@MUNIADVISORS.COM](mailto:STRACEY@MUNIADVISORS.COM). FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT [WWW.MUNIHUB.COM](http://WWW.MUNIHUB.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 HIGHLAND PARK  
IN THE COUNTY OF MIDDLESEX  
STATE OF NEW JERSEY**

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**MAYOR**

Elsie Foster

**BOROUGH COUNCIL MEMBERS**

Stephany Kim Chohan, President  
Philip George  
Matthew Hale  
Matthew Hersh  
Jason Postelnik  
Norma Iris Vargas

**BUSINESS ADMINISTRATOR**

Teri Jover

**CHIEF FINANCIAL OFFICER**

Nerea Champion

**BOROUGH CLERK**

Jennifer Santiago

**BOROUGH ATTORNEY**

Rainone Coughlin Minchello, LLC  
Iselin, New Jersey

**BOROUGH AUDITOR**

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

**MUNICIPAL ADVISOR**

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

**BOND COUNSEL**

Wilentz, Goldman & Spitzer, P.A.  
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Borough of Highland Park, in the County of Middlesex, 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.

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**OFFICIAL STATEMENT  
OF THE  
BOROUGH OF HIGHLAND PARK  
IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY**

**\$4,557,000 BOND ANTICIPATION NOTES, SERIES 2026  
CONSISTING OF  
\$3,057,000 GENERAL IMPROVEMENT NOTES, SERIES 2026  
AND  
\$1,500,000 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 Highland Park (the "Borough"), in the County of Middlesex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$4,557,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of (i) \$3,057,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and (ii) \$1,500,000 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 March 18, 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”), and (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.

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 along with other available funds of the Borough in the amount of \$203,250 to (i) refund, on a current basis, a \$2,507,000 principal portion of prior bond anticipation notes issued in the aggregate principal amount of \$2,710,250 on March 24, 2025 and maturing on March 23, 2026 (the “Prior Notes”), and (ii) temporarily finance the costs of various general capital improvements and acquisitions in and by the Borough in the amount of \$2,050,000, 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:

#### **\$3,057,000 General Improvement Notes**

Ordinance Number	Description and Date of Final Adoption	Amount of Notes to be Issued
22-2045	Construction of various recreation complex improvements, finally adopted April 5, 2022.	\$ 556,156
22-2052	Various roadway improvements, finally adopted June 14, 2022.	1,625,687
23-2077	Replacement of the roof and other related improvements to the public library, finally adopted October 24, 2023.	325,157
25-2119	Purchase of various vehicles for the department of public works, finally adopted December 16, 2025.	<u>550,000</u>
TOTAL:		<u><b>\$3,057,000</b></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 \$1,500,000, 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:

**\$1,500,000 Water-Sewer Utility Notes**

Ordinance Number	Description and Date of Final Adoption	Amount of Notes to be Issued
25-2114	Various water and sewer improvements and repairs for the water-sewer utility, finally adopted May 20, 2025	<u>\$1,500,000</u>
	TOTAL:	<u>\$1,500,000</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 cyber-attacks, 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 \$1,435,110.55 in Federal Aid under the Plan, \$717,555.27 of which amount was received by the Borough in 2021 and \$717,555.28 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](http://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 and adopted its budget, 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 of 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 1<sup>st</sup> day of April of the current tax year for its review or the 1<sup>st</sup> 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, Rainone Coughlin Minchello, LLC, Iselin, 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 Nerea Champion, Chief Financial Officer, Borough of Highland Park, 221 South 5th Avenue, Highland Park, New Jersey 08904, (732) 572-3400, or e-mail: [nchampion@hpboro.com](mailto:nchampion@hpboro.com); Charles A. Solimine, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6149, or e-mail: [tsolimine@wilentz.com](mailto:tsolimine@wilentz.com); or Sherry Tracey, 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: [stracey@muniadvisors.com](mailto:stracey@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 with respect to its own obligations and obligations of the Middlesex County Improvement Authority for which the Borough is an obligated person. 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.

## **RATING**

The Notes have not been rated. The Borough maintains a long-term rating of "AA" from S&P Global Ratings, acting through Standard & Poor's Financial Services LLC, recently affirmed on March 27, 2025. Such long-term rating is neither assigned nor applicable to the Notes.

## **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**

APPENDIX B to this Official Statement contains the unaudited financial statements for the year ended December 31, 2025 and the audited financial statements of the Borough for the year ended

December 31, 2024. 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 HIGHLAND PARK,  
IN THE COUNTY OF MIDDLESEX,  
STATE OF NEW JERSEY**

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**NEREA CHAMPION,  
CHIEF FINANCIAL OFFICER**

DATED: March \_\_\_\_, 2026

**APPENDIX A**

**CERTAIN GENERAL INFORMATION CONCERNING  
THE BOROUGH OF HIGHLAND PARK,  
IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY**

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## **INFORMATION REGARDING THE BOROUGH<sup>1</sup>**

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

### **General Information**

The Borough, incorporated in 1905, is a residential and small business community located in the center of the County, one (1) mile from New Brunswick, the County Seat, twenty-five (25) miles from New York City and fifty (50) miles from Philadelphia. The New Jersey Turnpike passes near the Borough, with an interchange located in East Brunswick within one (1) mile of the Borough, and U.S. Highway No. 1 is located within a half mile of the Borough. Rail passenger service is provided by New Jersey Transit and Amtrack located in New Brunswick. Newark International Airport is less than twenty (20) miles away. The Borough is adjacent to the Township of Edison and the Township of Piscataway.

### **Form of Government**

The Borough operates under the Mayor and Borough Council form of government. The governing body is composed of a Mayor and six (6) Councilpersons. The Council acts as the legislative body with the Mayor having the power to veto or approve the actions of the Borough. The Mayor is elected for a four-year term. The position of a Borough Administrator was established in 1981 and is filled by the appointment of the Mayor and confirmed by the Council.

### **Education**

The Highland Park School District (the “School District”) is a Type II school district that is coterminous with the borders of the Borough (the “Board”). The School District provides a full range of educational services appropriate to pre-kindergarten through grade twelve (12).

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District, the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The Board's fiscal year ends each June 30.

### **Retirement Systems**

All full-time permanent or qualified Borough employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status.

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<sup>1</sup> Source: The Borough, unless otherwise indicated.

These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The Borough is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

### **Pension Information**<sup>2</sup>

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Borough’s share of pension costs in 2026, which is based upon the annual billings received from the State, amounted to \$586,915 for PERS and \$1,265,328 for PFRS.

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<sup>2</sup> Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

## **Employment and Unemployment Comparisons**

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

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Borough</u></b>				
2024	8,806	8,502	304	3.5%
2023	8,801	8,500	301	3.4%
2022	8,659	8,406	253	2.9%
2021	8,480	8,061	419	4.9%
2020	8,348	7,831	517	6.2%
<b><u>County</u></b>				
2024	451,078	430,775	20,303	4.5%
2023	449,456	430,665	18,791	4.2%
2022	441,300	425,061	16,239	3.7%
2021	434,089	406,494	27,595	6.4%
2020	431,854	393,791	38,063	8.8%
<b><u>State</u></b>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

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

## **Income (as of 2024)**

	<b><u>Borough</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$104,694	\$111,549	\$103,556
Median Family Income	138,257	132,880	127,025
Per Capita Income	58,731	50,601	54,253

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

**Population**

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

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2024 est.	15,386	2.08%	890,119	3.12%	9,500,851	2.28%
2020	15,072	7.80	863,162	6.58	9,288,994	5.65
2010	13,982	-0.12	809,858	7.96	8,791,894	4.49
2000	13,999	5.42	750,162	11.67	8,414,350	8.85
1990	13,279	-0.87	671,780	12.74	7,730,188	4.96

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

**Largest Taxpayers**

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

<u>Taxpayers</u>	<u>2025 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Merriwold Assoc., LLC	\$53,732,000	2.50%
Treetops at Highlands LLC	40,781,500	1.90%
CLA Management Company	34,936,200	1.63%
Orchard Gardens LLC	33,013,100	1.54%
Crowells Highlands LLC and Donaldson	31,418,900	1.46%
Cedar Arms Associates LLC	31,296,600	1.46%
Highland Montgomery LLC	29,847,700	1.39%
Cedar Holding Associates	26,994,100	1.26%
Rutgers University c/o Richardson	26,146,700	1.22%
Highland Park Manor LLC	15,594,800	0.73%
<b>Total</b>	<b><u>\$323,761,600</u></b>	<b><u>15.09%</u></b>

Source: Annual Comprehensive Financial Report of the School District & Municipal Tax Assessor

### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2025U	\$58,680,007	\$58,615,093	99.89%
2024	55,248,013	55,190,987	99.90%
2023	53,887,909	53,838,467	99.91%
2022	51,229,087	51,142,882	99.83%
2021	50,638,990	50,593,464	99.91%

U: Unaudited

Source: Annual Audit Reports of the Borough

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2025U	\$35,006	\$500	\$35,506	0.06%
2024	28,892	0	28,892	0.05%
2023	18,255	0	18,255	0.03%
2022	11,214	2,412	13,626	0.03%
2021	4,643	0	4,643	0.01%

U: Unaudited

Source: Annual Audit Reports of the Borough

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2025U	\$133,400
2024	133,400
2023	133,400
2022	133,400
2021	133,400

U: Unaudited

Source: Annual Audit Reports of the Borough

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

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

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2025	\$0.724	\$1.662	\$0.337	\$2.723
2024	0.702	1.540	0.320	2.562
2023R	0.683	1.492	0.323	2.498
2022	2.366	5.236	0.921	8.523
2021	2.352	5.205	0.957	8.514

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

**Valuation of Property**

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2025	\$2,145,431,000	\$2,264,785,179	94.73%	\$100	\$2,264,785,279
2024	2,146,292,600	2,080,547,305	103.16	100	2,080,547,405
2023R	2,146,465,200	1,903,907,398	112.74	100	1,903,907,498
2022	594,068,800	1,584,606,028	37.49	42	1,584,606,070
2021	586,736,600	1,399,324,112	41.93	41	1,399,324,153

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

**Classification of Ratables**

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2025	\$10,885,400	\$1,532,685,400	\$0	\$148,284,600	\$5,330,800	\$448,244,800	\$2,145,431,000
2024	11,395,800	1,530,369,500	0	147,897,000	6,084,800	450,545,500	2,146,292,600
2023R	13,066,300	1,525,891,000	0	148,847,400	6,084,800	452,575,700	2,146,465,200
2022	5,691,600	459,794,400	0	46,435,400	1,764,200	80,383,200	594,068,800
2021	9,316,600	448,316,500	0	46,956,100	1,764,200	80,383,200	586,736,600

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

**Financial Operations**

The following table summarizes the Borough’s Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

**Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>
Fund Balance Utilized	\$1,275,000	\$1,800,000	\$2,000,000	\$2,250,000	\$2,450,000
Miscellaneous Revenues	2,487,972	3,081,460	2,767,833	3,038,670	4,281,659
Receipts from Delinquent Taxes	0	0	0	0	0
Amount to be Raised by Taxation	<u>13,810,129</u>	<u>14,053,919</u>	<u>14,649,537</u>	<u>15,059,614</u>	<u>15,535,269</u>
Total Revenue:	<u>\$17,573,101</u>	<u>\$18,935,379</u>	<u>\$19,417,369</u>	<u>\$20,348,284</u>	<u>\$22,266,927</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$14,186,378	\$14,574,206	\$15,515,336	\$15,847,636	\$16,045,033
Operations (Excluded from CAPS)	1,523,682	1,754,749	1,729,414	2,326,764	3,669,368
Deferred Charges and Statutory Expenditures	14,000	14,000	94,000	94,000	80,000
Capital Improvement Fund	100,000	600,000	100,000	100,000	100,000
Municipal Debt Service	1,549,041	1,792,424	1,778,619	1,779,884	2,172,526
Reserve for Uncollected Taxes	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Total Appropriations:	<u>\$17,573,101</u>	<u>\$18,935,379</u>	<u>\$19,417,369</u>	<u>\$20,348,284</u>	<u>\$22,266,927</u>

Source: Annual Adopted Budgets of the Borough

**Fund Balance**

**Current Fund**

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

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2025U	\$4,448,388	N/A
2024	4,732,397	2,450,000
2023	4,707,682	2,250,000
2022	4,886,293	2,000,000
2021	3,965,769	1,800,000

U: Unaudited  
Source: Annual Audit Reports of the Borough

Water and Sewer Utility Operating Fund

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

**Fund Balance - Water -Sewer Utility Operating Fund**

<b><u>Year</u></b>	<b><u>Balance</u></b> <b><u>12/31</u></b>	<b><u>Utilized in Budget</u></b> <b><u>of Succeeding Year</u></b>
2025U	\$2,539,304	N/A
2024	2,003,257	500,000
2023	1,697,105	1,126,308
2022	1,525,111	524,500
2021	1,618,315	485,000

U: Unaudited

Source: Annual Audit Reports of the Borough

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**Borough Indebtedness as of December 31, 2025**

**General Purpose Debt**

Serial Bonds	\$10,675,000
Bond Anticipation Notes	2,710,250
Bonds and Notes Authorized but Not Issued	550,000
Other Bonds, Notes and Loans	405,081
Total:	<u>\$14,340,331</u>

**Local School District Debt**

Serial Bonds	\$9,750,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$9,750,000</u>

**Self-Liquidating Debt**

Serial Bonds	\$2,765,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	1,500,000
Other Bonds, Notes and Loans	0
Total:	<u>\$4,265,000</u>

**TOTAL GROSS DEBT**

**\$28,355,331**

Less: Statutory Deductions

General Purpose Debt \$0

Local School District Debt 9,750,000

Self-Liquidating Debt 4,265,000

Total: \$14,015,000

**TOTAL NET DEBT**

**\$14,340,331**

Source: Annual Debt Statement of the Borough

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**Overlapping Debt (as of December 31, 2025)<sup>3</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Borough Percentage</u></b>	<b><u>Borough Share</u></b>
Local School District	\$9,750,000	100.00%	\$9,750,000
County	579,006,999	1.30%	<u>7,507,739</u>
Net Indirect Debt			\$17,257,739
Net Direct Debt			<u>14,340,331</u>
Total Net Direct and Indirect Debt			<b><u>\$31,598,071</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2023, 2024, 2025)	\$2,083,079,961
Permitted Debt Limitation (3 1/2%)	72,907,799
Less: Net Debt	<u>14,340,331</u>
Remaining Borrowing Power	<b><u>\$58,567,467</u></b>
Percentage of Net Debt to Average Equalized Valuation	0.688%
Gross Debt Per Capita based on 2020 population of 15,072	\$1,881
Net Debt Per Capita based on 2020 population of 15,072	\$951

Source: Annual Debt Statement of the Borough

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<sup>3</sup> Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County.

**APPENDIX B**

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Highland Park  
County of Middlesex  
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

Report on the Financial Statements

**Opinions**

We have audited the financial statements – regulatory basis of the various funds and account groups of the Borough of Highland Park, County of Middlesex, State of New Jersey as of December 31, 2024 and December 31, 2023, and the related statement of operations and change in fund balance – regulatory basis for the years then ended, the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and the related notes to the financial statements for the years then ended.

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on the United States Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Highland Park, County of Middlesex, State of New Jersey as of December 31, 2024 and December 31, 2023, and change in financial position thereof for the years then ended.

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

As described in Note 2 of the financial statements – regulatory basis, the financial statements are prepared by the Borough on a basis of the financial reporting provisions of the regulatory basis of the accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements – regulatory basis, the financial statements are prepared by the Borough on a basis of the financial reporting provisions of the regulatory basis of the accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")**

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion of the LOSAP financial statements.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements – regulatory basis been audited, the financial statements referred to above present fairly, in all material respects the financial statements – regulatory basis of the various funds and account groups of the Borough of Highland Park, County of Middlesex, State of New Jersey, as of December 31, 2024 and December 31, 2023, and the results of its operations and change in fund balance of such funds – regulatory basis for the years then ended, and the revenues, regulatory basis, expenditures – regulatory basis of the various funds and account groups for the years ended December 31, 2024 and December 31, 2023 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### **Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")**

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 18.47% and 16.30% of the assets and liabilities of the Borough's Trust Funds as of December 31, 2024 and December 31, 2023, respectively.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements – regulatory basis, in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements – regulatory basis, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Highland Park, State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements – regulatory basis.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Highland Park, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

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

### Other Matters

Accounting principles generally accepted in the United States of America require that pension plan information, including the Notes thereto, (Required Supplementary Information – RSI Schedules), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Highland Park, County of Middlesex, New Jersey. The information included Combining and Individual Funds and Account Statements as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Highland Park, County of Middlesex, New Jersey. The information included in the Combining and Individual Funds and Account Statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Other Information (Continued)

The information has been subjected to auditing procedures applied in the audit of the financial statements – regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

The information contained in the Statistical Section have not been subjected to auditing procedures applied in the audit of the financial statements – regulatory basis and, accordingly, we do not express an opinion, or provide any assurance on them.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025, on our consideration of the Borough of Highland Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Highland Park's internal control over financial reporting and compliance.



Gerard Stankiewicz  
Certified Public Accountant  
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey  
June 27, 2025

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Highland Park  
County of Middlesex  
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“the Division”), the financial statements – regulatory basis of the Borough of Highland Park (herein referred to as “the Borough”), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Borough’s financial statements – regulatory basis, and have issued our report thereon dated June 27, 2025. Our report expressed a qualified opinion on the financial statements in conformity with this regulatory basis because we did not audit the unaudited Length of Service Program (LOSAP). Our report also expressed a modified opinion because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements – regulatory basis, we considered the Borough’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted no instances of material non-compliance that we are required to report to the management of the Borough in the "General Comments and Recommendations" section of this report.

We also noted other matters involving compliance and internal control over financial reporting that we have reported to the management of the Borough of Highland Park in the General Comments section of the Report of Audit.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control and compliance, accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz  
Certified Public Accountant  
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey  
June 27, 2025

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2024 AND DECEMBER 31, 2023**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2024</u>	<u>BALANCE</u> <u>DEC. 31, 2023</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2024</u>	<u>BALANCE</u> <u>DEC. 31, 2023</u>
Current Fund:				Current Fund:			
Cash and Investments - Treasurer	A-4	\$ 7,400,093.23	\$ 7,460,150.70	Liabilities:			
Cash - Change Fund	A-5	590.00	590.00	Appropriation Reserves	A-3,A-9	\$ 1,604,057.58	\$ 1,425,105.86
Due from State of N.J. per Ch. 20,P.L. 1976	A-6	250.00	1,250.00	Reserve for Encumbrances	A-3,A-9	337,565.82	556,472.66
		<u>7,400,933.23</u>	<u>7,461,990.70</u>	Prepaid Taxes	A-7	464,701.17	448,122.84
				Taxes Payable	A-11	10,047.97	10,795.51
				Accounts Payable	A-12	123,733.88	171,379.67
				Various Reserves	A-13	347,124.58	424,157.23
Receivables With Offsetting Reserves:				Reserve for Revaluation	A-14	21,305.00	52,274.75
Due From Employee	A	3,007.02	3,007.02				
Taxes Receivable	A-7					<u>2,908,536.00</u>	<u>3,088,308.52</u>
Tax Title Liens	A-7	28,891.74	18,254.80				
Property Acquired for Taxes (At Assessed Value)	A-7	133,400.00	133,400.00				
Revenue Accounts Receivable	A-8	12,857.21	12,124.22				
		<u>178,155.97</u>	<u>166,786.04</u>	Reserve for Receivables	Reserve	178,155.97	166,786.04
				Fund Balance	A-1	4,732,397.23	4,707,682.19
Deferred Charges:							
Special Emergency	A-10	240,000.00	334,000.00			<u>4,910,553.20</u>	<u>4,874,468.23</u>
<b>Total Current Fund</b>		<b>\$ <u>7,819,089.20</u></b>	<b>\$ <u>7,962,776.74</u></b>	<b>Total Current Fund</b>		<b>\$ <u>7,819,089.20</u></b>	<b>\$ <u>7,962,776.75</u></b>
Grant Fund:				Grant Fund:			
Cash and Investments - Treasurer	A-4	\$ 1,128,199.41	\$ 2,064,244.06	Reserve for Grants:			
Grants Receivable	A-15	1,247,221.79	578,932.88	Appropriated	A-16	\$ 856,899.01	\$ 1,635,275.72
		<u>2,375,421.20</u>	<u>2,643,176.94</u>	Unappropriated	A-17	66,301.45	791,964.70
				Reserve for Encumbrances	A-16	1,452,220.74	215,936.52
<b>Total Grant Fund</b>		<b>\$ <u>2,375,421.20</u></b>	<b>\$ <u>2,643,176.94</u></b>	<b>Total Grant Fund</b>		<b>\$ <u>2,375,421.20</u></b>	<b>\$ <u>2,643,176.94</u></b>
<b>Total</b>		<b>\$ <u>10,194,510.40</u></b>	<b>\$ <u>10,605,953.68</u></b>	<b>Total</b>		<b>\$ <u>10,194,510.40</u></b>	<b>\$ <u>10,605,953.69</u></b>

See Notes to Financial Statements.

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND**  
**CHANGE IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b><u>REVENUE AND OTHER INCOME REALIZED</u></b>	<b><u>REF.</u></b>	<b><u>YEAR 2024</u></b>	<b><u>YEAR 2023</u></b>
Fund Balance Utilized	A-1, A-2	\$ 2,250,000.00	\$ 2,000,000.00
Miscellaneous Revenues Anticipated	A-2	4,897,395.48	3,894,894.84
Receipts from Delinquent Taxes	A-2		2,412.42
Receipts from Current Taxes	A-7	55,190,987.44	53,838,466.77
Nonbudget Revenue	A-2	401,836.72	302,540.50
Other Credits to Income:			
Accounts Payable Canceled	A-12	19,625.00	6,250.00
Unexpended Balances of Appropriation Reserves	A-9	1,353,249.86	917,423.03
		<hr/>	<hr/>
Total Revenues		64,113,094.50	60,961,987.56
		<hr/>	<hr/>
<b><u>EXPENDITURES AND OTHER CHARGES</u></b>			
Budget Appropriations:			
Operating			
Salaries & Wages	A-3	7,863,000.20	7,897,200.00
Other Expenses	A-3	9,686,055.64	8,077,370.95
Capital Improvements	A-3	100,000.00	100,000.00
Municipal Debt Service	A-3	1,779,879.29	1,778,612.06
Deferred Charges and Statutory Expenditures	A-3	2,292,229.00	2,116,038.00
County/County Added Taxes	A-11	6,879,677.33	6,937,352.22
Local District School Taxes	A-11	33,057,494.00	32,034,224.00
Business Improvement District Taxes	A-11	180,044.00	171,470.00
Refund of Prior Year Revenues	A-12		28,331.30
		<hr/>	<hr/>
Total Expenditures		61,838,379.46	59,140,598.53
		<hr/>	<hr/>
Excess in Revenue		2,274,715.04	1,821,389.03
<b><u>FUND BALANCE</u></b>			
Balance - January 1	A	4,707,682.19	4,886,293.16
		<hr/>	<hr/>
		6,982,397.23	6,707,682.19
Decreased by:			
Utilized as Anticipated Revenue	A-1	2,250,000.00	2,000,000.00
		<hr/>	<hr/>
<b>Balance - December 31</b>	<b>A</b>	<b>\$ 4,732,397.23</b>	<b>\$ 4,707,682.19</b>
		<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements.

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>REF.</u>	<u>ANTICIPATED 2024 BUDGET</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>TOTAL 2024 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	A-1	\$ 2,250,000.00		\$ 2,250,000.00	\$ 2,250,000.00	-
Miscellaneous Revenues:						
Licenses:						
Alcoholic Beverages		\$ 10,000.00		\$ 10,000.00	\$ 10,042.00	\$ 42.00
Other		15,000.00		15,000.00	32,651.00	17,651.00
Fees and Permits		180,000.00		180,000.00	204,112.68	24,112.68
Fines and Costs:						
Municipal Court		130,000.00		130,000.00	145,762.35	15,762.35
Interest and Costs on Taxes		60,000.00		60,000.00	79,934.95	19,934.95
Interest on Investments and Deposits		245,000.00		245,000.00	528,215.61	283,215.61
		<u>\$ 640,000.00</u>	<u>-</u>	<u>\$ 640,000.00</u>	<u>\$ 1,000,718.59</u>	<u>\$ 360,718.59</u>
Energy Receipts Taxes		\$ 993,252.00		\$ 993,252.00	\$ 993,251.56	\$ (0.44)
Municipal Relief Fund Aid		<u>102,381.29</u>		<u>102,381.29</u>	<u>102,381.29</u>	<u>-</u>
		<u>\$ 1,095,633.29</u>	<u>-</u>	<u>\$ 1,095,633.29</u>	<u>\$ 1,095,632.85</u>	<u>\$ (0.44)</u>
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.S.A. 5:23-4.17):						
Uniform Construction Code Fees		\$ 350,000.00		\$ 350,000.00	\$ 285,501.00	\$ (64,499.00)
Public and Private Revenues Offset with Approps.:						
ARP Firefighter Grant			\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	
ARP Water Sewer Infrastructure			1,278,110.55	1,278,110.55	1,278,110.55	
Body Armor Grant		\$ 2,291.67		2,291.67	2,291.67	
Clean Communities Program			35,526.23	35,526.23	35,526.23	
Community Development Block Program		76,445.00		76,445.00	76,445.00	
DCA Local Recreation Improvement Grant			75,000.00	75,000.00	75,000.00	
Distracted Driver Crackdown Grant			7,000.00	7,000.00	7,000.00	
Middlesex County Summer Arts Program		3,900.00		3,900.00	3,900.00	
Middlesex County Information & Assistance Grant		15,000.00		15,000.00	15,000.00	
Middlesex County Open Space and Recreation Grant		85,500.00		85,500.00	85,500.00	
Middlesex County Recycling Enhancement Grant		7,650.00		7,650.00	7,650.00	
Middlesex County Swimming Lessons Pilot Grant			16,000.00	16,000.00	16,000.00	
Municipal Alliance Grant			7,248.00	7,248.00	7,248.00	
Neighborhood Preservation Grant			125,000.00	125,000.00	125,000.00	
NJDOT Capital Improvements		330,000.00		330,000.00	330,000.00	
Office on Aging Assisted Transportation Grant		10,000.00		10,000.00	10,000.00	
Opioid Settlement Project		11,562.48		11,562.48	11,562.48	
Recycling Tonnage Grant		13,171.71		13,171.71	13,171.71	
Sustainable Jersey Small Grants Program			2,000.00	2,000.00	2,000.00	
		<u>\$ 555,520.86</u>	<u>\$ 1,572,884.78</u>	<u>\$ 2,128,405.64</u>	<u>\$ 2,128,405.64</u>	<u>-</u>
Other Special Items:						
Payment in Lieu of Tax		\$ 90,000.00		\$ 90,000.00	\$ 79,621.53	\$ (10,378.47)
Cable TV Franchise Fee		107,515.87		107,515.87	107,515.87	
Reserve for Debt Service - General Capital		<u>200,000.00</u>		<u>200,000.00</u>	<u>200,000.00</u>	
		<u>\$ 397,515.87</u>	<u>-</u>	<u>\$ 397,515.87</u>	<u>\$ 387,137.40</u>	<u>\$ (10,378.47)</u>
Total Miscellaneous Revenues	A-1, A-4, A-8	<u>\$ 3,038,670.02</u>	<u>\$ 1,572,884.78</u>	<u>\$ 4,611,554.80</u>	<u>\$ 4,897,395.48</u>	<u>\$ 285,840.68</u>
Subtotal General Revenues		<u>\$ 5,288,670.02</u>	<u>\$ 1,572,884.78</u>	<u>\$ 6,861,554.80</u>	<u>\$ 7,147,395.48</u>	<u>\$ 285,840.68</u>

See Notes to Financial Statements.

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>REF.</u>	<u>ANTICIPATED 2024 BUDGET</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>TOTAL 2024 BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Receipts from Delinquent Taxes	A-1, A-7	_____	_____	_____	_____	_____
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including						
Reserve for Uncollected Taxes	A-7	\$ 14,424,978.84		\$ 14,424,978.84	\$ 14,639,136.91	\$ 214,158.07
Minimum Library Tax	A-7	634,635.20		634,635.20	634,635.20	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>\$ 15,059,614.04</u>	<u>-</u>	<u>\$ 15,059,614.04</u>	<u>\$ 15,273,772.11</u>	<u>\$ 214,158.07</u>
Budget Totals		\$ 20,348,284.06	\$ 1,572,884.78	\$ 21,921,168.84	\$ 22,421,167.59	<u>\$ 499,998.75</u>
Nonbudget Revenue	A-1	_____	_____	_____	401,836.72	
		<u>\$ 20,348,284.06</u>	<u>\$ 1,572,884.78</u>	<u>\$ 21,921,168.84</u>	<u>\$ 22,823,004.31</u>	
	<u>Ref.</u>	A-3	A-3			
Adopted Budget	A-3			\$ 20,348,284.06		
Appropriated By N.J.S.A. 40A:4-87	A-3			<u>1,572,884.78</u>		
				<u>\$ 21,921,168.84</u>		
<u>Analysis of Miscellaneous Revenues:</u>						
Grants Receivable	A-15				\$ 2,128,405.64	
Transfer from Reserve for Municipal Relief Fund	A-13				102,381.29	
Cash Receipts	A-4				<u>2,666,608.55</u>	
					<u>\$ 4,897,395.48</u>	

See Notes to Financial Statements.

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

**GENERAL APPROPRIATIONS**

<b>Operations - within "CAPS"</b>	<b>2024</b>	<b>Total for 2024</b>	<b>Cash</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
	<b>Budget</b>	<b>As Modified By</b>	<b>Disbursed</b>			
		<b>All Transfers</b>				
Borough Administration						
Salaries and Wages	\$ 137,584.00	\$ 137,584.00	\$ 98,053.35		\$ 39,530.65	
Other Expenses	41,500.00	47,500.00	15,225.06	\$ 524.98	31,749.96	
Mayor and Council						
Salaries and Wages	58,500.00	58,500.00	56,625.00		1,875.00	
Other Expenses	12,000.00	12,000.00	5,704.68	690.00	5,605.32	
Municipal Clerk						
Salaries and Wages	152,905.00	163,405.00	163,321.83		83.17	
Other Expenses	34,852.00	34,852.00	28,818.35	1,125.76	4,907.89	
Financial Administration						
Salaries and Wages	160,654.00	160,654.00	160,466.45		187.55	
Other Expenses	55,800.00	55,800.00	35,750.36	3,860.75	16,188.89	
Annual Audit						
Other Expenses	46,000.00	46,000.00	41,925.00	75.00	4,000.00	
Collection of Taxes						
Salaries and Wages	101,419.00	92,919.00	83,038.32		9,880.68	
Other Expenses	17,000.00	17,000.00	5,565.01	3,638.50	7,796.49	
Information Technology						
Other Expenses	103,000.00	103,000.00	84,981.79	2,121.20	15,897.01	
Legal Services and Costs						
Other Expenses	445,000.00	445,000.00	311,654.83	72,061.85	61,283.32	
Assessment of Taxes						
Salaries and wages	78,845.00	78,845.00	77,167.49		1,677.51	
Other Expenses	14,250.00	12,250.00	7,775.19		4,474.81	
Engineering Services						
Other Expenses	20,000.00	20,000.00	2,646.75	1,000.00	16,353.25	
Planning Board						
Salaries and Wages	5,800.00	5,800.00	5,800.00			
Other Expenses	40,650.00	40,650.00	29,032.34	9,431.57	2,186.09	
Human Relations Commission						
Other Expenses	2,000.00	2,000.00	1,487.38		512.62	
Zoning Board of Adjustment						
Salaries and Wages	20,933.00	20,933.00	20,932.99		0.01	
Other Expenses	6,550.00	6,550.00	160.00	4,200.00	2,190.00	

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

**GENERAL APPROPRIATIONS**

<b>Operations - within "CAPS"</b>	<b>2024</b>	<b>Total for 2024</b>	<b>Cash</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
<b>Operations - within "CAPS"</b>	<b>Budget</b>	<b>As Modified By</b>	<b>Disbursed</b>			
<b>Operations - within "CAPS"</b>		<b>All Transfers</b>				
Community & Economic Development						
Salaries & Wages	\$ 75,000.00	\$ 60,000.00	\$ 32,092.49		\$ 27,907.51	
Other Expenses	138,000.00	138,000.00	81,828.40	\$ 32,021.60	24,150.00	
PUBLIC SAFETY						
Police Department						
Salaries and Wages	3,959,436.00	3,959,436.00	3,841,916.10		117,519.90	
Other Expenses	243,745.00	243,745.00	175,090.53	16,628.76	52,025.71	
Emergency Management						
Other Expenses	14,600.00	14,600.00	1,432.40	4,027.68	9,139.92	
First Aid Contribution (N.J.S.A. 40:5-2)						
Other Expenses	15,000.00	15,000.00	1,086.00		13,914.00	
Fire Department						
Salaries & Wages	497,500.00	497,500.00	490,745.64		6,754.36	
Other Expenses	110,900.00	110,900.00	75,074.08	3,162.01	32,663.91	
Prosecutor						
Other Expenses	40,000.00	40,000.00	36,663.00	3,337.00		
STREETS & ROADS:						
Road Repairs & Maintenance						
Salaries and Wages	1,392,147.20	1,392,147.20	1,308,463.97		83,683.23	
Other Expenses	207,100.00	207,100.00	151,089.72	8,150.92	47,859.36	
Stormwater Maintenance						
Other Expenses	45,000.00	45,000.00	5,367.75		39,632.25	
Apartment Collection						
Other Expenses	245,000.00	245,000.00	196,822.76	2,486.68	45,690.56	
Public Buildings and Grounds						
Salaries and Wages	55,665.00	55,665.00	47,650.85		8,014.15	
Other Expenses	340,000.00	340,000.00	228,002.27	49,654.57	62,343.16	
Motor Pool						
Salaries & Wages	79,119.00	79,119.00	69,134.94		9,984.06	
Other Expenses	180,000.00	180,000.00	154,164.29	13,017.47	12,818.24	
Central Services						
Other Expenses	91,500.00	91,500.00	79,566.77	6,062.87	5,870.36	
Universal Access Commission						
Other Expenses	3,000.00	3,000.00	110.00		2,890.00	

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

**GENERAL APPROPRIATIONS**

<b>Operations - within "CAPS"</b>	<b>2024</b>	<b>Total for 2024</b>	<b>Cash</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
	<b>Budget</b>	<b>As Modified By</b>	<b>Disbursed</b>			
		<b>All Transfers</b>				
<b>HEALTH AND WELFARE</b>						
Department of Health						
Other Expenses	\$ 2,000.00	\$ 2,000.00	\$ 507.36	\$ 319.50	\$ 1,173.14	
<b>Environmental Commission</b>						
Other Expenses	1,075.00	1,075.00	637.05		437.95	
<b>INSURANCE</b>						
General Liability	604,635.00	604,635.00	603,667.43		967.57	
Employee Group Insurance	1,495,500.00	1,483,500.00	1,193,235.69	619.58	289,644.73	
<b>Sustainable Highland Park</b>						
Other Expenses	2,250.00	2,250.00	2,065.73	5.50	178.77	
<b>Shade Tree Committee</b>						
Other Expenses	3,600.00	3,600.00	225.00	100.00	3,275.00	
<b>Safe Walking &amp; Cycling</b>						
Other Expenses	1,700.00	1,700.00	1,058.40		641.60	
<b>Recreation Department</b>						
Salaries and Wages	100,723.00	100,723.00	99,512.79		1,210.21	
Other Expenses	18,000.00	18,000.00	17,955.53		44.47	
<b>Celebration of Public Events</b>						
Other Expenses	10,000.00	10,000.00	9,942.29		57.71	
<b>Historic Commission</b>						
Other Expenses	2,500.00	2,500.00	997.00		1,503.00	
<b>Department on Aging</b>						
Salaries and Wages	282,913.00	301,913.00	300,690.94		1,222.06	
Other Expenses	31,300.00	31,300.00	29,921.35	338.15	1,040.50	
<b>Arts Commission</b>						
Other Expenses	15,000.00	15,000.00	6,525.20	6,423.28	2,051.52	
<b>Teen Center</b>						
Salaries and Wages	50,852.00	50,852.00	50,851.96		0.04	
<b>Public Defender</b>						
Other Expenses	6,500.00	6,500.00	6,500.00			
<b>Municipal Court</b>						
Salaries and Wages	176,455.00	176,455.00	168,943.02		7,511.98	
Other Expenses	10,150.00	10,150.00	6,110.73		4,039.27	

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

**GENERAL APPROPRIATIONS**

<b>Operations - within "CAPS"</b>	<b>2024 Budget</b>	<b>Total for 2024 As Modified By All Transfers</b>	<b>Cash Disbursed</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
State Uniform Construction Code:						
Construction Official						
Salaries and Wages	\$ 346,747.00	\$ 346,747.00	\$ 317,187.38		\$ 29,559.62	
Other Expenses	9,750.00	9,750.00	2,380.00		7,370.00	
<b>UNCLASSIFIED:</b>						
Utilites:						
Electric	125,000.00	125,000.00	118,193.28	\$ 6,800.00	6.72	
Fuel Oil/Gasoline/Natural Gas	135,000.00	135,000.00	92,996.07	5,898.86	36,105.07	
Telephone	60,000.00	60,000.00	42,692.75	6,614.80	10,692.45	
Sanitary Landfill	450,000.00	450,000.00	361,910.90	25.00	88,064.10	
Street Lighting	190,000.00	192,000.00	175,922.31	16,000.00	77.69	
Reserve for Accumulated Absences	65,000.00	65,000.00	65,000.00			
Communications						
Salaries & Wages	123,803.00	123,803.00	122,903.01		899.99	
Other Expenses	41,000.00	41,000.00	20,090.65	2,620.00	18,289.35	
<b>Total Operations within "CAPS"</b>	<b>\$ 13,649,407.20</b>	<b>\$ 13,649,407.20</b>	<b>\$ 12,031,057.95</b>	<b>\$ 283,043.84</b>	<b>\$ 1,335,305.41</b>	
<b>Contigent</b>						
<b>Total Operations Including Contingent</b>						
<b>within "CAPS"</b>	<b>\$ 13,649,407.20</b>	<b>\$ 13,649,407.20</b>	<b>\$ 12,031,057.95</b>	<b>\$ 283,043.84</b>	<b>\$ 1,335,305.41</b>	
<b>Detail:</b>						
<b>Salaries &amp; Wages</b>	<b>7,857,000.20</b>	<b>7,863,000.20</b>	<b>7,515,498.52</b>		<b>347,501.68</b>	
<b>Other Expenses (Including Contingent)</b>	<b>5,792,407.00</b>	<b>5,786,407.00</b>	<b>4,515,559.43</b>	<b>283,043.84</b>	<b>987,803.73</b>	
<b>STATUTORY EXPENDITURES:</b>						
Contribution to:						
Social Security System (O.A.S.I.)	\$ 382,000.00	\$ 382,000.00	\$ 351,889.62		\$ 30,110.38	
State Unemployment Insurance	10,000.00	10,000.00	10,000.00			
Police & Firemen's Retirement System	1,132,043.00	1,132,043.00	1,132,043.00			
Public Employees Retirement System	634,186.00	634,186.00	634,186.00			
Defined Contribution Retirement Plan	40,000.00	40,000.00	25,669.19		14,330.81	
<b>Total Deferred Charges and Statutory Expenditures-Municipal within "CAPS"</b>	<b>\$ 2,198,229.00</b>	<b>\$ 2,198,229.00</b>	<b>\$ 2,153,787.81</b>		<b>\$ 44,441.19</b>	

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

<b>GENERAL APPROPRIATIONS</b>						
<b>Operations - within "CAPS"</b>	<b>2024</b>	<b>Total for 2024</b>	<b>Cash</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
<b>Operations - within "CAPS"</b>	<b>Budget</b>	<b>As Modified By</b>	<b>Disbursed</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
<b>Operations - within "CAPS"</b>	<b>Budget</b>	<b>All Transfers</b>	<b>Disbursed</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	\$ 15,847,636.20	\$ 15,847,636.20	\$ 14,184,845.76	\$ 283,043.84	\$ 1,379,746.60	
Tax Appeals						
Other Expenses	25,000.00	25,000.00	25,000.00			
Maintenance of Free Public Library	1,185,467.00	1,185,467.00	1,021,753.40	48,255.22	115,458.38	
LOSAP	12,000.00	12,000.00			12,000.00	
<b>Total Other Operations - Excluded from "CAPS"</b>	\$ 1,222,467.00	\$ 1,222,467.00	\$ 1,046,753.40	\$ 48,255.22	\$ 127,458.38	
County Health Services						
Other Expenses	\$ 50,045.00	\$ 50,045.00	\$ 50,044.82		\$ 0.18	
Animal Control Services						
Other Expenses	25,170.00	25,170.00	23,042.58		2,127.42	
Township of Freehold IT Services						
Other Expenses	70,000.00	70,000.00	63,170.00	\$ 4,750.00	2,080.00	
Rutgers Dispatch Services						
Other Expenses	376,645.00	376,645.00	282,483.24	1,516.76	92,645.00	
<b>Total Interlocal Municipal Service Agreements</b>	521,860.00	521,860.00	418,740.64	6,266.76	96,852.60	-
<b>Public and Private Programs Offset by Revenue</b>						
ARP Firefighter		27,000.00	27,000.00			
ARP Water Sewer Infrastructure		1,278,110.55	1,278,110.55			
Body Armor Replacement Fund	2,291.67	2,291.67	2,291.67			
Community Development Block Grant	76,445.00	76,445.00	76,445.00			
DCA Local Recreation Improvement Grant		75,000.00	75,000.00			
Distracted Driving Crackdown Grant		7,000.00	7,000.00			
Middlesex County Summer Arts Program	3,900.00	3,900.00	3,900.00			
Middlesex County Information and Assistance Grant	15,000.00	15,000.00	15,000.00			
Middlesex County Open Space and Recreation Grant	85,500.00	85,500.00	85,500.00			
Middlesex County Recycling Enhancement Grant	7,650.00	7,650.00	7,650.00			
Middlesex County Swimming Lessons Pilot Grant		16,000.00	16,000.00			
Municipal Alliance Grant		7,248.00	7,248.00			
Municipal Match	1,916.00	1,916.00	1,916.00			
Neighborhood Preservation Program		125,000.00	125,000.00			
Municipal Match	25,000.00	25,000.00	25,000.00			
NJDEP Clean Communities Program		35,526.23	35,526.23			

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

**GENERAL APPROPRIATIONS**

<b>Operations - within "CAPS"</b>	<b>2024 Budget</b>	<b>Total for 2024 As Modified By All Transfers</b>	<b>Cash Disbursed</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
NJDOT Capital Improvements	\$ 330,000.00	\$ 330,000.00	\$ 330,000.00			
Office on Aging Assisted Transportation Grant	10,000.00	10,000.00	10,000.00			
Opioid Settlement Grant	11,562.48	11,562.48	11,562.48			
Recycling Tonnage Grant	13,171.71	13,171.71	13,171.71			
Sustainable Jersey Small Grants Program		2,000.00	2,000.00			
<b>Total Public and Private Programs Offset by Revenues</b>	<b>\$ 582,436.86</b>	<b>\$ 2,155,321.64</b>	<b>\$ 2,155,321.64</b>			
<b>Total Operations - Excluded from "CAPS"</b>	<b>\$ 2,326,763.86</b>	<b>\$ 3,899,648.64</b>	<b>\$ 3,620,815.68</b>	<b>\$ 54,521.98</b>	<b>\$ 224,310.98</b>	
<b>Detail:</b>						
<b>Other Expenses</b>	2,326,763.86	3,899,648.64	3,620,815.68	54,521.98	224,310.98	
<b>Capital Improvements - Excluded from "CAPS"</b>						
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00			
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>			
Payment of Bond Principal	1,130,000.00	1,130,000.00	1,130,000.00			
Interest on Bonds	353,630.00	353,630.00	353,628.76			\$ 1.24
MCIA Loan Program	155,120.00	155,120.00	155,118.27			1.73
MCIA Lease Program	107,800.00	107,800.00	107,798.93			1.07
NJ Downtown Business Loan	33,334.00	33,334.00	33,333.33			0.67
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>\$ 1,779,884.00</b>	<b>\$ 1,779,884.00</b>	<b>\$ 1,779,879.29</b>			<b>\$ 4.71</b>
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-53)	94,000.00	94,000.00	94,000.00			
<b>Total Deferred Charges - Municipal - Excluded from "CAPS"</b>	<b>94,000.00</b>	<b>94,000.00</b>	<b>94,000.00</b>			
<b>Total General Appropriations - Excluded from "CAPS"</b>	<b>\$ 4,300,647.86</b>	<b>\$ 5,873,532.64</b>	<b>\$ 5,594,694.97</b>	<b>\$ 54,521.98</b>	<b>\$ 224,310.98</b>	<b>\$ 4.71</b>
<b>Subtotal General Appropriations</b>	20,148,284.06	21,721,168.84	19,779,540.73	337,565.82	1,604,057.58	4.71
<b>Reserve for Uncollected Taxes</b>	200,000.00	200,000.00	200,000.00			
<b>Total General Appropriations</b>	<b>\$ 20,348,284.06</b>	<b>\$ 21,921,168.84</b>	<b>\$ 19,979,540.73</b>	<b>\$ 337,565.82</b>	<b>\$ 1,604,057.58</b>	<b>\$ 4.71</b>
	A-2	A-1		A	A	A-1

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

**GENERAL APPROPRIATIONS**

<u>Operations - within "CAPS"</u>	<u>2024</u>	<u>Total for 2024</u>	<u>Cash</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
	<u>Budget</u>	<u>As Modified By</u>	<u>Disbursed</u>			
		<u>All Transfers</u>				
<b><u>Budget Analysis:</u></b>	<u>Ref.</u>					
Budget as Adopted	A-2	\$ 20,348,284.06				
Add: N.J.S.A. 40A:4-47	A-2	<u>1,572,884.78</u>				
		<u>\$ 21,921,168.84</u>				
<b><u>Analysis of Paid or Charged</u></b>						
Transfer to Grant Fund	A-15	\$ 2,128,405.64				
Match - Cash Disbursements	A-4	<u>26,916.00</u>	\$ 2,155,321.64			
Reserve for Uncollected Taxes	A-7		200,000.00			
Transfer to MRNA	A-8		104,452.00			
Transfer to Reserve for State Tax Appeals	A-13		25,000.00			
Deferred Charges	A-10		94,000.00			
Cash Disbursements	A-4	\$ 18,270,986.71				
Less: Contra Receipts	A-4	<u>(870,219.62)</u>	<u>17,400,767.09</u>			
			<u>\$ 19,979,540.73</u>			

**BOROUGH OF HIGHLAND PARK**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2024 AND DECEMBER 31, 2023**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2024</u>	<u>BALANCE</u> <u>DEC. 31, 2023</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2024</u>	<u>BALANCE</u> <u>DEC. 31, 2023</u>
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B-1	\$ 9,015.02	\$ 8,219.02	Due to State of New Jersey	B-1	\$ 6.00	\$ 6.00
				Reserve for Animal Control Expenditures	B-1	9,009.02	8,213.02
<b>Total Animal Control Fund</b>		<b>9,015.02</b>	<b>8,219.02</b>	<b>Total Animal Control Fund</b>		<b>9,015.02</b>	<b>8,219.02</b>
COAH Fund:				COAH Fund:			
Cash and Investments - Treasurer	B-1	82,078.08	78,166.30	Reserve for COAH	B-1	82,078.08	78,166.30
<b>Total COAH Fund</b>		<b>82,078.08</b>	<b>78,166.30</b>	<b>Total COAH Fund</b>		<b>82,078.08</b>	<b>78,166.30</b>
Trust-Other Fund:				Trust-Other Fund:			
Cash and Investments - Treasurer	B-1	1,558,739.42	1,540,062.71	Reserve Tax Collector Trust	B-1	686,327.50	558,645.67
				Miscellaneous Reserves	B-1	872,411.92	981,417.04
<b>Total Trust-Other Fund</b>		<b>1,558,739.42</b>	<b>1,540,062.71</b>	<b>Total Trust-Other Fund</b>		<b>1,558,739.42</b>	<b>1,540,062.71</b>
Unemployment Compensation Insurance Fund				Unemployment Compensation Insurance Fund			
Cash and Investments - Treasurer	B-1	143,823.63	164,770.18	Reserve for Unemploy. Insurance Claims	B-1	143,823.63	164,770.18
<b>Total Unemploy Comp Insurance Fund</b>		<b>143,823.63</b>	<b>164,770.18</b>	<b>Total Unemploy Comp Insurance Fund</b>		<b>143,823.63</b>	<b>164,770.18</b>
Payroll/Payroll Agency Fund:				Payroll/Payroll Agency Fund:			
Cash and Investments - Treasurer	B-1	93,235.76	76,332.80	Reserve for Payroll Account	B-1	93,235.76	76,332.80
<b>Total Payroll/Payroll Agency Trust Fund</b>		<b>93,235.76</b>	<b>76,332.80</b>	<b>Total Payroll/Payroll Agency Trust Fund</b>		<b>93,235.76</b>	<b>76,332.80</b>
Community Service Fund				Community Service Fund			
Cash and Investments - Treasurer	B-1	280,746.12	242,297.56	Reserve for Community Service Programs	B-1	259,627.95	203,055.42
				Reserve for Teen Center	B-1	21,118.17	39,242.14
<b>Total Community Service Fund</b>		<b>280,746.12</b>	<b>242,297.56</b>	<b>Total Community Service Fund</b>		<b>280,746.12</b>	<b>242,297.56</b>
LOSAP Fund (Unaudited):				LOSAP Fund (Unaudited):			
Cash and Investments - Trustee	B	485,095.47	411,009.98	Res. for LOSAP Funds Held by Trustee	B-1	491,095.47	411,009.98
Accounts Receivable	B	6,000.00					
<b>Total LOSAP Fund</b>		<b>491,095.47</b>	<b>411,009.98</b>	<b>Total LOSAP Fund</b>		<b>491,095.47</b>	<b>411,009.98</b>
<b>Grand Total</b>		<b>\$ 2,658,733.50</b>	<b>\$ 2,520,858.55</b>	<b>Grand Total</b>		<b>\$ 2,658,733.50</b>	<b>\$ 2,520,858.55</b>

Note: See Notes to Financial Statements.

**BOROUGH OF HIGHLAND PARK**  
**TRUST FUNDS**  
**SCHEDULE OF CASH AND RESERVE ACTIVITY**

	Balance December 31, 2023	Cash		Balance December 31, 2024
		Receipts	Disbursements	
<b>Animal Control:</b>				
Due To NJ - State License Fees	\$ 6.00	\$ 202.80	\$ 202.80	\$ 6.00
Animal Control Reserves	8,213.02	1,262.20	466.20	9,009.02
<b>Total</b>	<b>8,219.02</b>	<b>1,465.00</b>	<b>669.00</b>	<b>9,015.02</b>
<b>COAH:</b>				
Reserve for COAH	78,166.30	4,161.78	250.00	82,078.08
<b>Total</b>	<b>78,166.30</b>	<b>4,161.78</b>	<b>250.00</b>	<b>82,078.08</b>
<b>Payroll:</b>				
Deductions Payable	75,110.24	3,505,076.77	3,490,102.01	90,085.00
Payroll, Net	1,222.56	9,132,448.84	9,130,520.64	3,150.76
<b>Total</b>	<b>76,332.80</b>	<b>12,637,525.61</b>	<b>12,620,622.65</b>	<b>93,235.76</b>
<b>Unemployment Compensation Insurance:</b>				
Reserve for Unemployment Claims	164,770.18	28,888.68	49,835.23	143,823.63
<b>Total</b>	<b>164,770.18</b>	<b>28,888.68</b>	<b>49,835.23</b>	<b>143,823.63</b>
<b>Recreation Fund:</b>				
Reserve for Recreation	203,055.42	293,150.44	236,577.91	259,627.95
Reserve for Teen Center	39,242.14	-	18,123.97	21,118.17
<b>Total</b>	<b>242,297.56</b>	<b>293,150.44</b>	<b>254,701.88</b>	<b>280,746.12</b>
<b>LOSAP</b>	<b>411,009.98</b>	<b>81,260.49</b>	<b>1,175.00</b>	<b>491,095.47</b>
<b>Total</b>	<b>411,009.98</b>	<b>81,260.49</b>	<b>1,175.00</b>	<b>491,095.47</b>

**BOROUGH OF HIGHLAND PARK**  
**TRUST FUNDS**  
**SCHEDULE OF CASH AND RESERVE ACTIVITY**

	Balance December 31, 2023	Cash		Balance December 31, 2024
		Receipts	Disbursements	
<b>Other Trust Funds:</b>				
<b>Miscellaneous Reserves:</b>				
Police Forfeiture	\$ 1,960.65	\$ 38,269.50	-	\$ 40,230.15
Off-Duty Police Services	14,269.69	289,995.41	287,101.25	17,163.85
Recycling	11,311.50	1,050.00	2,731.16	9,630.34
Animal Control Trap Deposits	4,752.53	2,000.00	2,000.00	4,752.53
Friends of the Arts	1,175.03	760.00	-	1,935.03
Friends of the Environment	19,718.03	-	-	19,718.03
Food Bank Trust	34,169.51	2,604.00	36,773.51	-
PAL Donations	2,100.00	-	-	2,100.00
Donation for Tree Planting	100,849.94	100.00	-	100,949.94
Engineering Escrow	234,634.86	32,312.50	38,503.42	228,443.94
Redevelopment Escrow	32,031.96	100,228.00	93,208.33	39,051.63
NPP - Escrow	10,049.40	-	-	10,049.40
Street Openings	24,821.50	5,000.00	1,000.00	28,821.50
Maintenance Guarantee Bond	207,130.18	-	114,976.13	92,154.05
Public Defender Fees	11,381.41	1,567.00	3,850.00	9,098.41
Reserve for Liens and Premiums	558,645.67	773,905.65	646,223.82	686,327.50
Fire Violations	5,067.22	-	-	5,067.22
Unclaimed Money	11,424.51	2,058.36	9.00	13,473.87
POAA	8,330.60	444.00	179.88	8,594.72
Escrow Interest	880.11	-	-	880.11
HP Gives A Hoot	19,004.70	600.00	19,604.70	-
Unallocated Funds-Escrow	85,847.42	-	-	85,847.42
Accumulated Absences	140,506.29	65,000.00	51,056.51	154,449.78
<b>Total</b>	<b>1,540,062.71</b>	<b>1,315,894.42</b>	<b>1,297,217.71</b>	<b>1,558,739.42</b>
<b>Grand Total</b>	<b>\$ 2,520,858.55</b>	<b>\$ 14,362,346.42</b>	<b>\$ 14,224,471.47</b>	<b>\$ 2,658,733.50</b>

Ref.

B

B

Analysis:

Cash Receipts	\$ 14,356,346.42
Accounts Receivable - LOSAP	6,000.00
	<u>\$ 14,362,346.42</u>

**BOROUGH OF HIGHLAND PARK**  
**GENERAL CAPITAL FUND**  
**BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2024 AND 2023**

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2024</u>	<u>BALANCE</u> <u>DEC. 31, 2023</u>
Cash and Investments - Treasurer	C-2,C-3	\$ 5,263,509.67	\$ 4,897,734.95
Grants Receivable	C-4	1,806,848.65	977,593.45
Deferred Charges to Future Taxation:			
Funded	C-5	12,849,183.65	13,744,150.23
Unfunded	C-6	<u>2,930,000.00</u>	<u>2,930,000.00</u>
<b>Total</b>		<b>\$ <u>22,849,541.97</u></b>	<b>\$ <u>22,549,478.63</u></b>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
General Serial Bonds	C-8	\$ 11,950,000.00	\$ 13,080,000.00
MXCIA Leases Payable	C-9	350,561.66	192,983.79
MXCIA Loans Payable	C-9	481,955.28	371,166.40
Downtown Business Loan Payable	C-10	66,666.71	100,000.04
Bond Anticipation Notes	C-11	2,930,000.00	
Reserve for Encumbrances	C-7	868,253.81	1,907,406.70
Improvement Authorizations:			
Funded	C-7	3,955,332.11	4,467,789.48
Unfunded	C-7	1,550,023.36	1,377,437.08
Capital Improvement Fund	C-12	321,503.00	421,503.00
Reserve For Debt Service	C-13	136,299.26	336,299.26
Reserve For Library Improvements	C-2	20,120.21	79,670.21
Fund Balance	C-1	<u>218,826.57</u>	<u>215,222.67</u>
<b>Total</b>		<b>\$ <u>22,849,541.97</u></b>	<b>\$ <u>22,549,478.63</u></b>
 <b>Bonds and Notes Authorized but Not Issued</b>	 <b>C-14</b>	 <b><u>None</u></b>	 <b>\$ <u>2,930,000.00</u></b>

See Notes to Financial Statements

**BOROUGH OF HIGHLAND PARK**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>REF.</u>	
Balance - December 31, 2023	C	\$ 215,222.67
Increased by:		
Cash Receipts - Premium on Sale of BAN's	C-2	<u>3,603.90</u>
<b>Balance - December 31, 2024</b>	<b>C</b>	<b><u><u>\$ 218,826.57</u></u></b>

See Notes to Financial Statements

**BOROUGH OF HIGHLAND PARK**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH AND INVESTMENTS - TREASURER**

	<u>REF.</u>		
Balance - December 31, 2023	C		\$ 4,897,734.95
Increased by Receipts:			
Improvement Authorization - Refund	C-7	\$ 982,724.76	
Capital Improvement Fund	C-12	100,000.00	
Grants Receivable	C-4	330,724.80	
Bond Anticipation Notes	C-11	2,930,000.00	
Premium on Sale of BAN's	C-1	3,603.90	
MXCIA Loan	C-6	<u>260,000.00</u>	
			<u>4,607,053.46</u>
			9,504,788.41
Decreased by Disbursements:			
Reserve for Library Improvements	C	\$ 59,550.00	
Reserve for Debt Service	C-13	200,000.00	
Improvement Authorizations	C-7	<u>3,981,728.74</u>	
			<u>4,241,278.74</u>
<b>Balance - December 31, 2024</b>	<b>C</b>		<b><u><u>\$ 5,263,509.67</u></u></b>

**BOROUGH OF HIGHLAND PARK**  
**GENERAL CAPITAL FUND**  
**ANALYSIS OF CASH AND INVESTMENTS**

	<u>BALANCE</u> <u>DEC. 31, 2023</u>	<u>BALANCE</u> <u>DEC. 31, 2024</u>
Fund Balance	\$ 215,222.67	\$ 218,826.57
Grants Receivable	(977,593.45)	(1,806,848.65)
Capital Improvement Fund	421,503.00	321,503.00
Reserve for:		
Encumbrances	1,907,406.70	868,253.81
Debt Service	336,299.26	136,299.26
Library Improvements	79,670.21	20,120.21
Improvement Authorizations:		
13-1843	59,415.14	57,514.85
13-1850	13,656.27	11,755.98
14-1871	5,019.22	3,118.93
15-1881/17-1928	3,602,047.21	1,938,466.07
16-1909	10,695.00	8,794.74
16-1922	55,000.00	55,000.00
17-1937	216,000.00	216,000.00
17-1952	17,327.00	17,327.00
18-1968/21-2019	26,253.82	285,626.84
21-2017	14,406.42	14,406.42
21-2020	250,000.00	250,000.00
21-2035	15,732.70	15,732.70
22-2042	92,301.79	92,301.79
22-2045	(588,884.00)	18,515.19
22-2046	64,934.91	10,205.81
22-2052	(963,678.92)	1,510,766.17
23-2074	15,000.00	29,480.72
23-2077	10,000.00	20,742.00
24-2081		40,782.26
24-2091		260,000.00
24-2093		448,818.00
24-2098		200,000.00
	<hr/>	<hr/>
<b>Totals</b>	<b>\$ <u>4,897,734.95</u></b>	<b>\$ <u>5,263,509.67</u></b>

Ref.

C

C

**BOROUGH OF HIGHLAND PARK**  
**WATER AND SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b><u>ASSETS</u></b>	<b><u>REF.</u></b>	<b><u>BALANCE</u></b> <b><u>DEC. 31, 2024</u></b>	<b><u>BALANCE</u></b> <b><u>DEC. 31, 2023</u></b>	<b><u>LIABILITIES, RESERVES</u></b> <b><u>AND FUND BALANCE</u></b>	<b><u>REF.</u></b>	<b><u>BALANCE</u></b> <b><u>DEC. 31, 2024</u></b>	<b><u>BALANCE</u></b> <b><u>DEC. 31, 2023</u></b>
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D-5	\$ 3,389,208.73	\$ 2,764,777.02	Liabilities:			
Change Funds	D-6	<u>100.00</u>	<u>100.00</u>	Appropriation Reserves	D-4,D-9	\$ 726,434.89	\$ 564,579.44
		<u>3,389,308.73</u>	<u>2,764,877.02</u>	Reserve for Encumbrances	D-4,D-9	611,749.77	458,323.93
				Prepaid Rents	D-5	674.98	2,366.21
				Water-Sewer Rent Overpayments	D-11	26,891.94	19,752.79
				Accrued Interest on Bonds	D-10	<u>20,300.00</u>	<u>22,750.00</u>
Receivables With Full Reserves:						<u>1,386,051.58</u>	<u>1,067,772.37</u>
Consumer Accounts Receivable	D-7	304,719.14	387,309.05	Reserve for Receivables	Reserve	335,563.24	399,728.68
Water-Sewer Liens Receivable	D-8	<u>30,844.10</u>	<u>12,419.63</u>	Fund Balance	D-1	<u>2,003,257.15</u>	<u>1,697,104.65</u>
		<u>335,563.24</u>	<u>399,728.68</u>				
<b>Total Operating Fund</b>		<b><u>\$ 3,724,871.97</u></b>	<b><u>\$ 3,164,605.70</u></b>	<b>Total Operating Fund</b>		<b><u>\$ 3,724,871.97</u></b>	<b><u>\$ 3,164,605.70</u></b>
				Capital Fund:			
Capital Fund:				Serial Bonds Payable	D-14	3,050,000.00	3,330,000.00
Cash and Investments - Treasurer	D-5	1,548,230.37	1,961,233.06	Reserve for Storm Sewer Constr.	D	25,000.00	25,000.00
Fixed Capital	D-12	18,502,738.31	18,502,738.31	Improvement Authorizations			
Fixed Capital - Authorized and				Funded	D-15	318,536.26	468,684.70
Uncompleted	D-13	<u>3,320,000.00</u>	<u>3,320,000.00</u>	Reserve for Encumbrances	D-15	259,170.91	622,025.16
		<u>23,370,968.68</u>	<u>23,783,971.37</u>	Capital Improvement Fund	D-16	687,878.32	587,878.32
<b>Total Capital Fund</b>		<b><u>\$ 23,370,968.68</u></b>	<b><u>\$ 23,783,971.37</u></b>	Reserve for Amortization	D-17	18,670,243.35	18,390,243.35
				Deferred Reserve for Amortization	D-18	102,494.96	102,494.96
<b>Grand Total</b>		<b><u>\$ 27,095,840.65</u></b>	<b><u>\$ 26,948,577.07</u></b>	Fund Balance	D-2	<u>257,644.88</u>	<u>257,644.88</u>
				<b>Total Capital Fund</b>		<b><u>\$ 23,370,968.68</u></b>	<b><u>\$ 23,783,971.37</u></b>
				<b>Grand Total</b>		<b><u>\$ 27,095,840.65</u></b>	<b><u>\$ 26,948,577.07</u></b>

There were no Bonds and Notes Authorized but not Issued at December 31, 2024 and December 31, 2023, respectively.

See Notes to Financial Statements.

**BOROUGH OF HIGHLAND PARK**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND**  
**CHANGE IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b><u>REVENUE AND OTHER INCOME REALIZED</u></b>	<b><u>REF.</u></b>	<b><u>YEAR 2024</u></b>	<b><u>YEAR 2023</u></b>
Fund Balance Utilized	D-3	\$ 1,126,308.00	\$ 524,500.00
Water and Sewer Rents	D-3	5,979,040.85	5,520,047.71
Unexpended Balance of Appropriation Reserves	D-9	551,039.03	287,888.18
Nonbudget Revenue	D-1	<u>159,930.62</u>	<u>145,576.69</u>
Total Revenues		<u>\$ 7,816,318.50</u>	<u>\$ 6,478,012.58</u>
 <b><u>EXPENDITURES</u></b>			
Operating:			
Salaries and Wages	D-4	\$ 100,000.00	\$ 110,000.00
Other Expenses	D-4	1,601,500.00	1,548,843.00
Middlesex County Utilities Authority - Sewer	D-4	1,726,808.00	1,466,784.00
Middlesex Water Company - Purchase of Water	D-4	2,500,000.00	2,076,723.00
Capital Improvement Fund	D-4	100,000.00	100,000.00
Debt Service	D-4	<u>355,550.00</u>	<u>479,168.75</u>
Total Expenditures		<u>\$ 6,383,858.00</u>	<u>\$ 5,781,518.75</u>
Excess in Revenue		1,432,460.50	696,493.83
 <b><u>FUND BALANCE</u></b>			
Balance - January 1	D	<u>1,697,104.65</u>	<u>1,525,110.82</u>
		\$ 3,129,565.15	\$ 2,221,604.65
Decreased by:			
Utilized as Revenue - Sewer Utility Operating Fund	D-3	<u>1,126,308.00</u>	<u>524,500.00</u>
<b>Balance - December 31</b>	<b>D</b>	<b><u><u>\$ 2,003,257.15</u></u></b>	<b><u><u>\$ 1,697,104.65</u></u></b>

See Notes to Financial Statements.

**BOROUGH OF HIGHLAND PARK**  
**WATER AND SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>REF.</u>	
Balance - December 31, 2023	D	<u>\$ 257,644.88</u>
<b>Balance - December 31, 2024</b>	<b>D</b>	<b><u><u>\$ 257,644.88</u></u></b>

**See Notes to Financial Statements.**

**BOROUGH OF HIGHLAND PARK**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>REF.</u>	<u>2024</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 1,126,308.00	\$ 1,126,308.00	
Water and Sewer Rents	D-1, D-5, D-7	<u>5,260,000.00</u>	<u>5,979,040.85</u>	\$ <u>719,040.85</u>
		6,386,308.00	7,105,348.85	719,040.85
Nonbudget Revenue	D-1	<u>                    </u>	<u>159,930.62</u>	<u>159,930.62</u>
<b>Total</b>		<b><u>\$ 6,386,308.00</u></b>	<b><u>\$ 7,265,279.47</u></b>	<b><u>\$ 878,971.47</u></b>
	<u>Ref.</u>	D-4	D-1	
Analysis of Nonbudget Revenue:				
Interest on Investments	D-5		\$ 131,697.12	
Interest on Delinquent Rents	D-5		19,083.50	
Connection Fees	D-5		3,550.00	
Street Opening Fees	D-5		<u>5,600.00</u>	
			<u>\$ 159,930.62</u>	

See Notes to Financial Statements.

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

			<b>EXPENDED</b>			
	<b><u>2024</u></b>	<b><u>BUDGET AFTER</u></b>	<b><u>PAID OR</u></b>	<b><u>ENCUMBERED</u></b>	<b><u>RESERVED</u></b>	<b><u>UNEXPENDED</u></b>
	<b><u>BUDGET</u></b>	<b><u>MODIFICATION</u></b>	<b><u>CHARGED</u></b>			<b><u>BALANCE</u></b>
						<b><u>CANCELLED</u></b>
Operating:						
Salaries and Wages	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		-	
Other Expenses	1,601,500.00	1,601,500.00	1,014,940.11	\$ 256,454.76	\$ 330,105.13	
Middlesex County Utility Authority - Sewer	1,726,808.00	1,726,808.00	1,719,127.19		7,680.81	
Middlesex Water Company - Purchase of Water	2,500,000.00	2,500,000.00	1,756,056.04	355,295.01	388,648.95	
Capital Improvements:						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00			
Debt Service:						
Payment on Bond Principal	280,000.00	280,000.00	280,000.00			-
Interest on Bonds	78,000.00	78,000.00	75,550.00			\$ 2,450.00
<b>Total Water &amp; Sewer Utility Appropriations</b>	<b><u>\$ 6,386,308.00</u></b>	<b><u>\$ 6,386,308.00</u></b>	<b><u>\$ 5,045,673.34</u></b>	<b><u>\$ 611,749.77</u></b>	<b><u>\$ 726,434.89</u></b>	<b><u>\$ 2,450.00</u></b>
	<u>Ref.</u>					
	D- 3		D-1	D, D-1	D, D-1	D-1
Cash Disbursements	D-5	\$ 4,972,537.42				
Less: Contra Receipts	D-5	<u>2,414.08</u>	\$ 4,970,123.34			
Accrued Interest on Bonds	D-10		<u>75,550.00</u>			
<b>Total</b>			<b><u>\$ 5,045,673.34</u></b>			

See Notes to Financial Statements.

**BOROUGH OF HIGHLAND PARK**  
**STATEMENT OF GOVERNMENTAL CAPITAL ASSETS - REGULATORY BASIS**  
**DECEMBER 31, 2024 AND DECEMBER 31, 2023**

	December 31,	
	<u>2024</u>	<u>2023</u>
Land	\$ 11,995,600.00	\$ 11,995,600.00
Buildings/Building Improvements	5,123,900.00	5,123,900.00
Vehicles	5,308,188.00	4,662,161.00
Tools, Machinery and HVAC	519,466.00	519,466.00
Recreation Equipment	73,989.00	73,989.00
Public Safety Equipment	753,376.00	743,544.00
Office Equipment	116,063.00	116,582.00
Computer Equipment	391,381.00	303,414.00
Furnishing and Fixtures	407,197.00	334,284.00
Kitchen Equipment	15,455.00	15,455.00
Laboratory Equipment	29,101.00	26,949.00
Audio/Visual/Communication	873,139.00	867,593.00
	<b><u>\$ 25,606,855.00</u></b>	<b><u>\$ 24,782,937.00</u></b>
<b>Total Governmental Capital Assets</b>	<b><u>\$ 25,606,855.00</u></b>	<b><u>\$ 24,782,937.00</u></b>
<b>Investments in Governmental Capital Assets</b>	<b><u>\$ 25,606,855.00</u></b>	<b><u>\$ 24,782,937.00</u></b>

Note: See Notes to Financial Statements

**BOROUGH OF HIGHLAND PARK**  
**NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 1: FORM OF GOVERNMENT

The Borough of Highland Park (the "Borough") is located approximately forty (40) miles southwest of the City of New York and sixty (60) miles northeast of the City of Philadelphia and slightly north of the City of New Brunswick. The population, according to the 2020 census, is 15,072.

The Borough of Highland Park operates under the legislative authority of N.J.S.A. 40A: 60-1 et seq., which provides for the election of a mayor to serve a term of four years and a council of six (6) members serving three (3) year terms. At its annual meeting, the council elects a president of the council who shall preside at all its meetings when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Highland Park include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Highland Park, as required by N.J.S.A. 40A: 5-5. Accordingly, the financial statements of the Borough of Highland Park do not include the operations of the municipal library, first aid organization or volunteer fire company and the Business Improvement District.

B. Description of Funds

The accounting policies of the Borough of Highland Park conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey. 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 Highland Park accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A: 4-39, the financial transactions of the following funds and accounts are reported within the Trust Funds:

Assessment Trust Fund, Animal Control Trust Fund, Trust Other Fund, Unemployment Compensation Insurance Trust Fund, Community Service Fund, and Payroll and Payroll Agency.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Water and Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

Governmental Capital Assets - the Governmental Capital Asset System is used to account for capital assets used in governmental fund type operations for control purposes. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated capital assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on governmental capital assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the basic financial statements required by GAAP.

C. Basis of Accounting

Basis of Accounting and Measurement Focus – The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a “current financial resources” measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles in the United States of America (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes and water and sewer consumer charges are recorded with offsetting reserves within the Current Fund and Water and Sewer Utility Fund, respectively. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of water and sewer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. An appropriation reserve refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over-expenditures and emergency appropriations. Over-expenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over-expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of over-expenditures to succeeding budgets.

In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Borough, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized, as a "component unit" of the Borough, and discrete reporting of the Library's financial position and operating results would be incorporated in the Borough's financial statements.

Compensated Absences - The Borough has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulated earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water and Sewer Utility) fund on a full accrual basis.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year-end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets, with the exception of the Water and Sewer Utility Fund. Inventories for the respective years are presented on the balance sheet of the Water and Sewer Utility Fund for information purposes only. These inventories were not considered in the cost of operations for the respective years and were not audited as part of this report. The value was as determined by management.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Governmental Capital Assets - Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in these utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility capital assets, but does require the recognition of depreciation of these assets as an operating expense of the utilities.

N.J.A.C. 5:30-5.6 established a mandate for fixed accounting by municipalities, effective December 31, 1985. The Borough with a third party inventory service performed a physical inventory and assessment of fixed assets as at December 31, 2024. Assets acquired through December 31, 2024 were valued based on actual costs, where available and other methods, including current replacement values and estimated historical costs.

Grants Received – Federal and State Grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough’s Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Disclosures About Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents and Short-Term Investments - The carrying amount approximates fair value because of the short maturity of those instruments.

Long-Term (Noncurrent) Debt - The Borough’s long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough’s long-term debt is provided in Note 10 to the financial statements.

Disclosures About Pension Liabilities - The Borough has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 11 and the accompanying required supplementary information. As the Borough does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Other Accounting Standards – The Borough is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement 99. Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:
  - (a) Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial reporting for Derivative Instruments*.
  - (b) Clarification of provisions in Statement No. 87, *Leases*.
  - (c) Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
  - (d) Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for accounting for the distribution benefits (SNAP).
  - (e) Disclosures related to nonmonetary transactions.
  - (f) Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of resources, Deferred Inflows of Resources and Net Position*.
  - (g) Terminology used in Statement 53 to refer to resource flows statements.

Effective Date: The requirements of this Statement that are effective as follows:

- (a) The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- (b) The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.
- (c) The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Other Accounting Standards (Continued)

- *GASB Statement 100. Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

Effective Date: The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement 101. Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement No. 102. Certain Risk Disclosures.* State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. 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.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

- *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 – Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major Component Unit Information, and Budgetary Comparison Information.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Basis of Accounting (Continued)

#### Other Accounting Standards (Continued)

- *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.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The Borough does not prepare its financial statements in accordance with Accounting Principles Generally Accepted in the United States of America. The adoption of these new standards will not adversely affect the reporting of the Borough's financial condition.

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

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

#### Subsequent Event

Management has reviewed and evaluated all events and transactions from December 31, 2024 through June 27, 2025, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

Note 3: DEPOSITS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the Borough deposits and invests its funds pursuant to its policies and an adopted cash management plan.

Deposits

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 by any other agencies of the United States that insures deposits, or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected 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, to secure the deposits of governmental units.

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. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

As of December 31, 2024 cash and cash equivalents and investments of the Borough consisted of the following:

	<u>2024</u>
Cash (Demand) Accounts	\$ 21,730,752.79
Change Funds (On Hand)	<u>590.00</u>
	<u>\$ 21,731,342.79</u>

Based upon GASB criteria, the Borough considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Borough’s deposits, excluding LOSAP, was \$21,731,342.79. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$21,480,752.79 was covered under the provisions of NJGUDPA. In addition, an amount of \$485,095.47 was held by the Trustee for the LOSAP Program (Unaudited).

Note 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

At December 31, 2024, the Borough has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 “Deposits and Investment Risk Disclosures” (GASB 40) and accordingly the Borough has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Risk of its cash and investments.

- (a) Custodial Credit Risk – The Borough’s deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name. The deposit risk is that, in the event of the failure of a depository financial institution, the Borough will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Borough’s investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty’s trust department or agent but not in the Borough’s name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.
- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that the Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Borough does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough’s investment policy.
- (d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

Note 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

As of December 31, 2024, the Borough was subject to Custodial Credit Risk in the following amounts:

<u>Depository Account</u>	<u>Bank Balance</u>
Cash on Hand	\$ 590.00
Insured - FDIC	250,000.00
Insured - NJGUDPA (NJSA 17:941)	21,480,752.79
Held by Trustee (LOSAP - unaudited)	<u>485,095.47</u>
	<u>\$ 22,216,438.26</u>

The Borough does not have a deposit policy for custodial credit risk.

Investments

New Jersey statutes establish the following securities as eligible for the investment of Borough funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Borough or bonds or other obligations of school districts of which the Township is a part and within which the school district is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units; Local government investment pools;
6. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or

Note 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

7. Agreements for the repurchase of fully collateralized securities, if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is more than 30 days; and
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

At yearend, the carrying value of the Borough's investments and the investment balance was zero.

Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

Category 1	Deposits covered by federal depository insurance, or by collateral held by the Borough or its agent, in the Borough's name.	\$ 21,730,752.79
Category 2	Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Borough's name.	None
Category 3	Deposits covered by collateral, held by the pledging financial institution, or its trust department, or its agent but not in the Borough's name.	None

Note 3: DEPOSITS AND INVESTMENTS (CONTINUED)

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Note 4: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, County and Fire Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector on or before May 13th.

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The New Jersey Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1<sup>st</sup> of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

Note 4: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONTINUED)

Comparison of Tax Levies and Current Collections:

<u>Year</u>	<u>Tax Levy</u>	<u>CURRENT</u>		<u>Percentage of Collection</u>
			<u>Cash Collections</u>	
2024	\$ 55,248,013.20	\$	55,190,987.44	99.90%
2023	53,887,909.28		53,838,466.77	99.91%
2022	51,229,086.67		51,142,882.11	99.83%
2021	50,638,989.94		50,593,464.10	99.91%
2020	49,399,679.92		49,250,376.54	99.70%

Comparative Schedule of Tax Rate Information:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate:</u>	<u>\$2.562</u>	<u>\$2.498</u> *	<u>\$8.523</u>	<u>\$8.514</u>	<u>\$8.409</u>
<u>Apportionment of Tax Rate:</u>					
Municipal (Incl. Library Tax)	<u>0.702</u>	<u>0.683</u>	<u>2.366</u>	<u>2.352</u>	<u>2.308</u>
County & County Open Space	<u>0.320</u>	<u>0.323</u>	<u>0.921</u>	<u>0.957</u>	<u>0.945</u>
Local School	<u>1.540</u>	<u>1.492</u>	<u>5.236</u>	<u>5.205</u>	<u>5.156</u>

Assessed Valuation:

2024	\$ 2,146,292,700
2023	2,146,465,300 *
2022	594,068,842
2021	586,736,641
2020	582,981,141

\* Revaluation effective for 2023.

Note 5: WATER AND SEWER UTILITY RECEIVABLE

The Water and Sewer Utility customers are billed quarterly on a cycle basis. All bills are due within thirty (30) days and subject to the same delinquent fees as taxes. No reserves for doubtful accounts are required to be established and the Borough has the right to subject unpaid balances to the same provisions as unpaid taxes for tax sale.

Comparison of Water and Sewer Utility Billings and Collections as follows:

<u>Year</u>		<u>Billings</u>		<u>Collections</u> *
2024	\$	5,914,337.35	\$	5,979,040.85
2023		5,561,857.72		5,520,047.71
2022		5,171,657.19		5,261,251.81
2021		5,273,887.27		5,269,897.03
2020		5,636,506.66		5,718,336.88

\* Includes collections of prior unpaid balances.

Note 6: CAPITAL (GENERAL FIXED) ASSETS

During 2024 the following changes occurred in the capital assets of the Borough:

<u>CAPITAL ASSETS:</u>	<u>December 31,</u> <u>2023</u>	<u>Increased</u> <u>by</u>	<u>Decreased</u> <u>by</u>	<u>December 31,</u> <u>2024</u>
Land	\$ 11,995,600.00			\$ 11,995,600.00
Bldg/Bldg Improvements	5,123,900.00			5,123,900.00
Vehicles	4,662,161.00	\$ 1,185,468.00	\$ 539,441.00	5,308,188.00
Tools, Machinery and HVAC	519,466.00			519,466.00
Recreation Equipment	73,989.00			73,989.00
Public Safety Equipment	743,544.00	32,602.00	22,770.00	753,376.00
Office Equipment	116,582.00		519.00	116,063.00
Computer Equipment	303,414.00	102,404.00	14,437.00	391,381.00
Furnishing and Fixtures	334,284.00	196,503.00	123,590.00	407,197.00
Kitchen Equipment	15,455.00			15,455.00
Laboratory Equipment	26,949.00	2,152.00		29,101.00
Audio/Visual/Communication	867,593.00	9,010.00	3,464.00	873,139.00
	<u>\$ 24,782,937.00</u>	<u>\$ 1,528,139.00</u>	<u>\$ 704,221.00</u>	<u>\$ 25,606,855.00</u>

NOTE 7: TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance, December 31</u>	
	<u>2024</u>	<u>2023</u>
Prepaid Taxes	\$ 464,701.17	\$ 448,122.84
Prepaid Rents	674.98	2,366.21
	<u>\$ 465,376.15</u>	<u>\$ 450,489.05</u>

Note 8: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>		<u>Balance</u>	<u>Utilized in Budget of</u>	<u>Percentage of</u>
<u>Current Fund</u>		<u>December 31,</u>	<u>Succeeding Year</u>	<u>Fund Balance Used</u>
2024	\$	4,732,397.23	\$ 2,450,000.00	51.77%
2023		4,707,682.19	2,250,000.00	47.79%
2022		4,886,293.16	2,000,000.00	40.93%
2021		3,965,768.86	1,800,000.00	45.39%
2020		2,857,274.31	1,275,000.00	44.62%

<u>Year</u>		<u>Balance</u>	<u>Utilized in Budget of</u>	<u>Percentage of</u>
<u>Water-Sewer Utility</u>		<u>December 31,</u>	<u>Succeeding Year</u>	<u>Fund Balance Used</u>
<u>Operating Fund</u>				
2024	\$	2,003,257.15	\$ 500,000.00	24.96%
2023		1,697,104.65	1,126,308.00	66.37%
2022		1,525,110.82	524,500.00	34.39%
2021		1,618,315.21	485,000.00	29.97%
2020		1,405,507.47	150,000.00	10.67%

Note 9: DEFERRED CHARGES TO BE RAISED IN FUTURE BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the Borough had a deferred charge reported on the balance sheet of the following fund.

<u>Current Fund</u>	<u>Amount</u>	<u>Balance December 31, 2024</u>	<u>One Fifth (1/5) Raised in 2025</u>	<u>Balance to Budgets of Succeeding Years</u>
Municipal-Wide Revaluation 7/5/2022	\$ 400,000.00	\$ 240,000.00	\$ 80,000.00	\$ 160,000.00
		<u>\$ 240,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ 160,000.00</u>

Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds, in anticipation of which such notes were issued, be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

During 2024 the following changes occurred in the debt of the Borough:

	<u>Balance Dec 31, 2023</u>	<u>Increased by</u>	<u>Decreased by</u>	<u>Balance Dec 31, 2024</u>
General Capital Fund:				
Serial Bonds	\$ 13,080,000.00		\$ 1,130,000.00	\$ 11,950,000.00
Bond Anticipation Notes		\$ 2,930,000.00		2,930,000.00
Leases	192,983.79	255,948.23	98,370.36	350,561.66
Loans	371,166.40	247,709.17	136,920.29	481,955.28
Downtown Business Loan	100,000.04		33,333.33	66,666.71
	<u>\$ 13,744,150.23</u>	<u>\$ 3,433,657.40</u>	<u>\$ 1,398,623.98</u>	<u>\$ 15,779,183.65</u>
Water-Sewer Utility Capital Fund:				
Serial Bonds	\$ 3,330,000.00		\$ 280,000.00	\$ 3,050,000.00
	<u>\$ 17,074,150.23</u>	<u>\$ 3,433,657.40</u>	<u>\$ 1,678,623.98</u>	<u>\$ 18,829,183.65</u>

Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

A. Summary of Municipal Debt

	<u>YEAR 2024</u>	<u>YEAR 2023</u>	<u>YEAR 2022</u>
<u>Issued:</u>			
General:			
Bonds	\$ 11,950,000.00	\$ 13,080,000.00	\$ 14,175,000.00
Bond Anticipation Notes	2,930,000.00	None	None
Downtown Business Loan	66,666.71	100,000.04	133,333.37
MXCIA Capital Loan	481,955.28	371,166.40	501,542.86
Water & Sewer Utility:			
Bonds	3,050,000.00	3,330,000.00	3,725,000.00
Bond Anticipation Notes	None	None	None
 Total Debt Issued	 <u>18,478,621.99</u>	 <u>16,881,166.44</u>	 <u>18,534,876.23</u>
 Less Cash on Hand:			
Reserve for Debt Service	136,299.26	336,299.26	536,299.26
Assessment Trust	None	None	68,501.91
	<u>136,299.26</u>	<u>336,299.26</u>	<u>604,801.17</u>
 <u>Authorized but not Issued:</u>			
General:			
Bonds & Notes	None	2,930,000.00	2,550,000.00
Water & Sewer Utility:			
Bonds & Notes	None	None	None
 Total Authorized but not Issued	 <u>None</u>	 <u>2,930,000.00</u>	 <u>2,550,000.00</u>
 <b>Net Bonds &amp; Notes Issued and Authorized but not Issued</b>	 <b><u>\$ 18,342,322.73</u></b>	 <b><u>\$ 19,474,867.18</u></b>	 <b><u>\$ 20,480,075.06</u></b>

Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

A. Summary of Municipal Debt (Continued)

General Improvement Debt

	<u>YEAR 2024</u>
\$9,255,000 General Obligation Bonds Series 2013 due in annual installments ranging from \$700,000 to \$755,000 through August 15, 2028, at interest rates ranging from 3.125% to 3.625%.	\$ 2,905,000.00 *
\$4,433,000 General Improvement Bonds Series 2021 (Tax Exempt) due in annual installments ranging from \$325,000 to \$400,000 through September 15, 2034, at interest rates ranging from 2.0% to 3.0%.	3,760,000.00 **
\$5,800,000 General Improvement Bonds Series 2021 (Federally Taxable) due in annual installments ranging from \$250,000 to \$320,000 through September 15, 2041, at interest rates ranging from 2.0% to 3.0%.	5,285,000.00 ***
NJ Department of Community Affairs Office of Smart Growth: \$500,000 Downtown Business Improvement Zone Loan - Annual maturities of \$33,333 through 2026.	66,666.71
Middlesex County Improvement Authority Loans: \$822,890 Capital Equipment and Revenue Loan due in annual principal installments ranging from \$35,181.61 to \$114,172.90 due on September 15th, at interest rates ranging from 2.6% to 4.0%.	<u>481,955.28</u>
Total General Improvement Debt	\$ <u>12,498,621.99</u>

Water and Sewer Utility Debt:

\$3,869,000 Water & Sewer Utility Bonds Series 2021 (Tax Exempt) due in annual installments ranging from \$285,000 to \$335,000 through September 15, 2034, at interest rates ranging from 2.0% to 3.0%.	\$ <u>3,050,000.00</u> **
Total Debt Issued and Outstanding	\$ <u><u>15,548,621.99</u></u>

\* The General Improvement Bonds maturing prior to August 15, 2023 are not subject to redemption prior to their stated maturities. The General Improvement Bonds maturing on or after August 15, 2023 are redeemable at the option of the Borough, in whole or in part, on any date on or after August 15, 2022, upon notice as required herein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

A. Summary of Municipal Debt (Continued)

\*\* The Bonds of this issue maturing prior to September 15, 2029 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after September 15, 2029 are subject to redemption at the option of the Borough, in whole or in part, on any date on or after September 15, 2028, upon notice as required herein, at one hundred percent (100%) of the principal amount thereof being redeemed (the “Redemption Price”), plus accrued interest to the date fixed for redemption.

\*\*\* The Bonds of this issue maturing prior to September 15, 2032 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after September 15, 2032 are subject to redemption at the option of the Borough, in whole or in part, on any date on or after September 15, 2031, upon notice as required herein, at one hundred percent (100%) of the principal amount thereof being redeemed (the “Redemption Price”), plus accrued interest to the date fixed for redemption.

B. Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.824%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 11,390,000.00	\$ 11,390,000.00	\$ None
Water-Sewer Utility	3,050,000.00	3,050,000.00	None
General Capital	<u>15,428,621.99</u>	<u>136,299.26</u>	<u>15,292,322.73</u>
	<u>\$ 29,868,621.99</u>	<u>\$ 14,576,299.26</u>	<u>\$ 15,292,322.73</u>

Net Debt \$15,292,322.73 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$1,856,353,577.00 equals 0.824%.

The Borough’s borrowing Power under 40A:2-6 as amended, at December 31, 2024 was as follows:

3.5% of Average Equalized Valuation Basis (Municipal)	\$ 64,972,375.20
Net Debt	<u>15,292,322.73</u>
Remaining Borrowing Power	<u>\$ 49,680,052.47</u>

Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

B. Summary of Statutory Debt Condition – Annual Debt Statement (Continued)

2024 Equalized Valuation Basis

2024 Equalized Valuation Basis of Real Property	\$ 2,080,547,305.00
2023 Equalized Valuation Basis of Real Property	1,903,907,398.00
2022 Equalized Valuation Basis of Real Property	<u>1,584,606,028.00</u>

Average Equalized Valuation	<u>\$ 1,856,353,577.00</u>
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Calculation of "Self-Liquidating Purpose"

Water and Sewer Utility Per N.J.S.A. 40A:2-45

The calculation of "Self-Liquidating Purpose" for the Water and Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2024</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 7,265,279.47
Deductions:	
Operating & Maintenance Cost	\$ 5,928,308.00
Debt Service Per Water & Sewer Acct.	<u>355,550.00</u>
	<u>6,283,858.00</u>
Excess in Revenue	<u>\$ 981,421.47</u>

Calculation of "Self-Liquidating Purpose" Deduction Calculation

	<u>2024</u>
Water and Sewer Utility Debt	\$ 3,050,000.00
Less: Deficit (Deficit capitalized at 5%)	<u>None</u>
	<u>\$ 3,050,000.00</u>

Due to an excess in revenues for the year ended December 31, 2024, the entire amount of Water and Sewer Utility debt service was deducted, as per the calculation of "Self-Liquidating Purpose".

Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding at December 31, 2024

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,275,000.00	\$ 319,728.75	\$ 1,594,728.75
2026	1,310,000.00	280,603.75	1,590,603.75
2027	1,385,000.00	240,428.75	1,625,428.75
2028	1,420,000.00	195,128.75	1,615,128.75
2029	720,000.00	151,360.00	871,360.00
Subtotal	<u>6,110,000.00</u>	<u>1,187,250.00</u>	<u>7,297,250.00</u>
2030	720,000.00	133,760.00	853,760.00
2031	720,000.00	116,160.00	836,160.00
2032	720,000.00	98,560.00	818,560.00
2033	720,000.00	84,160.00	804,160.00
2034	720,000.00	69,760.00	789,760.00
Subtotal	<u>3,600,000.00</u>	<u>502,400.00</u>	<u>4,102,400.00</u>
2035	320,000.00	55,040.00	375,040.00
2036	320,000.00	48,000.00	368,000.00
2037	320,000.00	40,640.00	360,640.00
2038	320,000.00	32,960.00	352,960.00
2039	320,000.00	24,960.00	344,960.00
Subtotal	<u>1,600,000.00</u>	<u>201,600.00</u>	<u>1,801,600.00</u>
2040	320,000.00	16,800.00	336,800.00
2041	320,000.00	8,480.00	328,480.00
Subtotal	<u>640,000.00</u>	<u>25,280.00</u>	<u>665,280.00</u>
Totals	<u>\$ 11,950,000.00</u>	<u>\$ 1,916,530.00</u>	<u>\$ 13,866,530.00</u>

The "Downtown Business Loan" annual debt service is not included in the above schedule.

Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding at December 31, 2024 (Continued)

<u>Year</u>	<u>Water and Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 285,000.00	\$ 69,600.00	\$ 354,600.00
2026	285,000.00	61,050.00	346,050.00
2027	290,000.00	52,500.00	342,500.00
2028	295,000.00	43,800.00	338,800.00
2029	300,000.00	37,900.00	337,900.00
Subtotal	<u>1,455,000.00</u>	<u>264,850.00</u>	<u>1,719,850.00</u>
2030	305,000.00	31,900.00	336,900.00
2031	310,000.00	25,800.00	335,800.00
2032	320,000.00	19,600.00	339,600.00
2033	325,000.00	13,200.00	338,200.00
2034	335,000.00	6,700.00	341,700.00
Subtotal	<u>1,595,000.00</u>	<u>97,200.00</u>	<u>1,692,200.00</u>
Totals	<u>\$ 3,050,000.00</u>	<u>\$ 362,050.00</u>	<u>\$ 3,412,050.00</u>

D. Bond Anticipation Notes (BAN)

At December 31, 2024, the Borough's outstanding Bond Anticipation Notes (BAN) are as follows:

<u>Capital Fund</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>	<u>Payment Required</u>	
				<u>First</u>	<u>Final</u>
General	4.00 %	7/25/2024	\$ 2,930,000.00	2027	2034

Subsequent Event – On March 25, 2025 the Borough issued a BAN for \$2,710,250 which was the result of a pay-down of \$219,750 on the \$2,930,000 of existing BAN, resulting in a rollover of \$2,710,250. The BAN matures on March 23, 2026 and is at an interest rate of 4.0%.

Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

E. Loan Agreements

1. New Jersey Department of Community Affairs Downtown Business Improvement Zone Loan

The Borough has contracted with the New Jersey Department of Community Affairs – Office of Smart Growth for a Downtown Business Improvement Zone Program Loan for streetscape improvements on Woodbridge and Raritan Avenues. Information relating to this loan is as follows:

Drawdown Date	December 1, 2012
Loan Amount	\$500,000.00
Balance at December 31, 2024	\$66,666.71
Interest Rate	0.0%
Number of Principal Payments	15
Final Payment	December 31, 2026
Annual Principal Payments	\$33,333.33

Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq., the outstanding principal of this loan has been included in the calculation of the Borough’s statutory debt condition.

2. Middlesex County Improvement Authority Capital Equipment Loan(s)

The Borough has contracted with the Middlesex County Improvement from time to time for a Capital Equipment Loan for the acquisition and installation of various equipment acquisitions. Information relating to these loans are as follows:

	<u>2024</u>	<u>2021</u>	<u>2017</u>
Original Loan	\$247,709.17	\$191,055.72	\$384,125.08
Orig. Issue Date	7/15/2024	7/15/2021	9/15/2017
Interest Rate	2.60%	4.00%	3.00% to 4.00%
Due Dates	7/15/2025 to 2031	7/15/2025 to 2027	9/15/2025 to 2027

Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq., the outstanding principal of this loan has been included in the calculation of the Borough’s statutory debt condition.



Note 10: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

F. MXCIA Lease Purchase Agreements

The Borough participated in the following Lease Purchase Agreement for through the MXCIA the acquisition of equipment. The following is a schedule of future lease payments under the respective lease purchase agreement and the present value of net minimum lease payments at December 31, 2024:

	2021		2024	
	Principal	Interest	Principal	Interest
2025	\$ 46,152.89	\$ 4,997.46	\$ 47,207.49	\$ 12,702.04
2026	48,460.54	2,423.02	48,430.33	11,441.79
2027			50,851.84	8,955.86
2028			53,394.42	6,263.85
2029			56,064.15	2,803.20
	<u>\$ 94,613.43</u>	<u>\$ 7,420.48</u>	<u>\$ 255,948.23</u>	<u>\$ 42,166.74</u>

  

	All Leases		
	Principal	Interest	Total
2025	\$ 93,360.38	\$ 17,699.50	\$ 111,059.88
2026	96,890.87	13,864.81	110,755.68
2027	50,851.84	8,955.86	59,807.70
2028	53,394.42	6,263.85	59,658.27
2029	56,064.15	2,803.20	58,867.35
	<u>\$ 350,561.66</u>	<u>\$ 49,587.22</u>	<u>\$ 400,148.88</u>

G. Subsequent Events

Improvement Authorizations – The Borough adopted Improvement Authorizations of \$413,935 for various road improvements, funded by a NJDOT grant, and \$1,500,000 for various water and sewer improvements, funded by bonds and notes authorized.

H. Copy Machine Leases – The Borough is obligated eleven (11) 48-month copy machine leases. As of December 31, 2024, the copier lease payouts for the remaining years is as follows:

	Seven (7) Leases <u>9/1/22-8/31/26</u>	One (1) Lease <u>3/1/24-2/28/28</u>	One (1) Lease <u>3/13/24-3/12/28</u>	One (1) Lease <u>3/27/24-3/26/28</u>	One (1) Lease <u>5/8/24-5/7/28</u>	<u>Total</u>
2025	\$ 14,899.20	\$ 6,246.48	\$ 3,620.88	\$ 1,480.32	\$ 1,821.24	\$ 28,068.12
2026	9,932.80	6,246.48	3,620.88	1,480.32	1,821.24	23,101.72
2027	-	6,246.48	3,620.88	1,480.32	1,821.24	13,168.92
2028	-	1,041.08	603.48	370.08	607.08	2,621.72
	<u>\$ 24,832.00</u>	<u>\$ 19,780.52</u>	<u>\$ 11,466.12</u>	<u>\$ 4,811.04</u>	<u>\$ 6,070.80</u>	<u>\$ 66,960.48</u>

There is no stated interest rates and the Borough is responsible for any overage charges.

Note 11: PENSION PLANS

Below is prior year information, since the June 30, 2024 State of New Jersey Public Employees' Retirement System, Schedule of Employer and Nonemployer Allocations and Schedule of Pension Amounts by Employer and Nonemployer and the June 30, 2024 State of New Jersey Police and Firemen's Retirement System, Schedule of Employer and Nonemployer Allocations and Schedule of Pension Amounts by Employer and Nonemployer were not available as of the date of this audit report.

Description of Systems

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 Pension Fund (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 cost sharing multiple-employer plans.

The PERS and PFRS issue a publicly available financial report that includes financial statements and required supplementary information and separate actuarial valuations. Those reports are available by visiting their website at [www.state.nj.us/treasury/pensions/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees and all that qualify of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 11: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 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. The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service. In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contributions Required to be Made

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Employee contributions for 2023 were 7.50% for PERS and 10% for PFRS of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions. The Borough's contributions to the plan for the past three (3) years are as follows:

Note 11: PENSION PLANS (CONTINUED)

Contributions Required to be Made (Continued)

	PERS		
	2023	2022	2021
Covered Payroll	\$ 3,731,577	\$ 3,540,155	\$ 3,364,018
Actuarial Contribution Requirements	566,641	547,049	573,342
Total Contributions Employer Share	566,641	547,049	573,342
Percent of Covered Payroll	15.19 %	15.45 %	17.04 %
Employee's Share	279,868	265,512	252,301
Percent of Covered Payroll	7.50 %	7.50 %	7.50 %

Pension (PERS) Accrual

The Borough is required to report on its financial statements on an “Other Comprehensive Basis of Accounting” (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PERS obligation due April 1, 2024 would be needed in the amount of \$634,185 since the obligation relates to the period December 31, 2023 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

	PFRS		
	2023	2022	2021
Covered Payroll	\$ 3,022,506	\$ 3,046,485	\$ 2,881,905
Actuarial Contribution Requirements	1,052,746	896,071	839,602
Total Contributions Employer Share	1,052,746	896,071	839,602
Percent of Covered Payroll	34.83 %	29.41 %	29.13 %
Employee's Share	302,251	304,649	288,191
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Pension (PFRS) Accrual

The Borough is required to report on its financial statements on an “Other Comprehensive Basis of Accounting” (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PFRS obligation due April 1, 2024 would be needed in the amount of \$1,132,043 since the obligation relates to the period December 31, 2023 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

Note 11: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedule of Employer Allocations and Schedule of Pension Amounts by Employer as of June 30, 2023 and June 30, 2022, With Independent Auditors' Report Thereon, dated May 24, 2024 and May 18, 2023, respectively.

The Borough's reported liability of \$6,872,866 and \$6,781,179 for its proportionate share of the net pension liability at December 31, 2023 (*measurement date of June 30, 2023*) and December 31, 2022 (*measurement date of June 30, 2022*), respectively. The net pension liability was measured as of June 30, 2023 and June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 and July 1 2021, which were rolled forward. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	<u>June 30, (Measurement Date)</u>	
	<u>2023</u>	<u>2022</u>
Local Group Share	\$ 14,606,489,066	\$ 15,219,184,920
Borough Proportionate Percentage	0.0474502107 %	0.0449343340 %
Difference - Increase	0.0025158767 %	

For the year ended December 31, 2023, the Borough's recognizable (under GAAP) pension benefit of \$906,235. At December 31, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes of assumptions	\$ 15,098	\$ 416,525
Net difference between expected and actual experience	65,713	28,094
Net difference between projected and actual investment earnings on pension plan investments	31,650	
Changes in proportion	452,157	745,664
Borough contributions made subsequent to yearend	634,185	
Total	<u>\$ 1,198,803</u>	<u>\$ 1,190,283</u>

Note 11: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$634,185 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2023, the plan measurement date is June 30, 2023) would be recognized (under GAAP) as a reduction of the net pension liability in the Borough year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ (683,501)
2025	(381,504)
2026	533,127
2027	(95,409)
2028	1,623
	<u>\$ (625,664)</u>

Additional Information

Collective (local group – employers) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$ 1,080,204,730	\$ 1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,606,489,066	15,219,184,920
Collective pension expense/(benefit)	(79,181,803)	(1,032,778,934)
Borough's proportion (of Local Group)	0.0474502107 %	0.0449341334 %

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75%-6.55% (based on years of service)
Investment Rate of Return	7.00%

Note 11: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

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

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

Long-Term 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 Investments 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 PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

Note 11: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	28.00 %	8.98 %
Non-U.S. Developed Markets Equity	12.75	9.22
International Small Cap Equity	1.25	9.22
Emerging Market 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	<u>3.00</u>	6.21
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2023 and June 30, 2022, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	December 31, 2023		
	<u>[Measurement Date June 30, 2023]</u>		
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 8,947,009	\$ 6,872,866	\$ 5,107,496

Note 11: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate. (Continued)

	December 31, 2022		
	<i>[Measurement Date June 30, 2022]</i>		
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 8,711,829	\$ 6,781,179	\$ 5,138,118

Special Funding Situation – PERS

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L.2001 and Chapter 133, P.L.2001. The June 30, 2023 State special funding situation net pension liability amount of \$122.1 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L.2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2023, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$55.7 million, for the fiscal year ending June 30, 2023, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2023. The pension expense is deemed to be a State administrative expense due to the 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, are Chapter 366, P.L.2001 and Chapter 133, P.L.2001. The amounts contributed on behalf of the local participating employers under the 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 the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Note 11: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation – PERS (Continued)

The Borough has the following attributed to it related to the Special Funding Situation:

<u>December 31,</u>	<u># of Employees</u>	<u>Borough's Proportionate Share</u>	<u>Employer's Pension Expense and Related Revenues</u>	
			<u>State Total</u>	<u>Borough Share</u>
2023	1	0.047630365 %	\$ 45,000,471	\$ 21,434
2022	1	0.045113652	31,626,530	14,268
2021	- NOT AVAILABLE -			

Pension Plan Fiduciary Net Position – PERS

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Police and Firemen's Retirement System (PFRS)

The information for PFRS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2023 and June 30, 2022 Independent Auditor's Report dated May 24, 2024 and July 25, 2023, respectively.

The Borough's reported liability of \$9,395,799 and \$9,265,368 for its proportionate share of the net pension liability at December 31, 2023 (*measurement date of June 30, 2023*) and December 31, 2022 (*measurement date of June 30, 2022*), respectively. The net pension liability was measured as of June 30, 2023 and June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2022 and July 1, 2021, which were rolled forward.

The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	<u>June 30 (Measurement Date)</u>	
	<u>2023</u>	<u>2022</u>
Local Group Share	\$ 13,084,649,602	\$ 13,483,472,009
Borough Proportionate Percentage	0.0850392200 %	0.0809460100 %
Difference - Increase	0.0040932100 %	

Note 11: PENSION PLANS (CONTINUED)

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

For the year ended December 31, 2023, the Borough’s recognizable (under GAAP) pension benefit was \$733,130. At December 31, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 20,279	\$ 634,442
Net difference between expected and actual experience	402,309	448,096
Net difference between projected and actual investment earnings on pension plan investment	478,510	
Changes in proportion	917,361	434,389
Borough contributions made subsequent to measurement date	<u>1,132,043</u>	<u>                    </u>
Total	<u>\$ 2,950,502</u>	<u>\$ 1,516,927</u>

The \$1,132,043 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2023, the plan measurement date is June 30, 2023) would be recognized (under GAAP) as a reduction of the net pension liability in the Borough year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(benefit) based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 607,674
2025	583,171
2026	(938,263)
2027	80,698
2028	(28,803)
Thereafter	<u>(2,945)</u>
	<u>\$ 301,532</u>

Note 11: PENSION PLANS (CONTINUED)

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

Additional Information:

Collective (local group – employers) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$ 1,753,080,638	\$ 2,163,793,985
Collective deferred inflows of resources	1,966,439,601	2,805,919,493
Collective pension expense/(benefit)	844,810,693	165,943,124
Collective net pension liability		
Local Group	13,084,649,602	13,483,472,009
Less: Special Funding Situation (1)	<u>2,035,866,759</u>	<u>2,037,115,833</u>
	<u>\$ 11,048,782,843</u>	<u>\$ 11,446,356,176</u>
Borough's proportion (of Local Group)	<u>0.0850392200 %</u>	<u>0.0809460100 %</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions.

Inflation:	
Price	2.75%
Wage	3.25%
Salaries Increase:	
Through all Future Years	3.25 – 16.25% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

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

Note 11: PENSION PLANS (CONTINUED)

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

Long-Term 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 Investments 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	28.00 %	8.98 %
Non-U.S. Developed Markets Equity	12.75	9.22
International Small Cap Equity	1.25	9.22
Emerging Market 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	<u>3.00</u>	6.21
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

Note 11: PENSION PLANS (CONTINUED)

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2023 and June 30, 2022, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

<u>December 31, 2023 [Measurement Date June 30, 2023]</u>					
	1% Decrease	At Current	Discount Rate	1% Increase	
	<u>6.00%</u>		<u>7.00%</u>		<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 13,091,401	\$	9,395,799	\$	6,318,246
<u>December 31, 2022 [Measurement Date June 30, 2022]</u>					
	1% Decrease	At Current	Discount Rate	1% Increase	
	<u>6.00%</u>		<u>7.00%</u>		<u>8.00%</u>
Borough's proportionate share of the pension liability	\$ 12,713,086	\$	9,265,368	\$	6,395,126

Special Funding Situation – PFRS

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by Local employers under 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 State special funding situation net pension liability amount of \$2,035,866,759 and \$2,037,115,833 as of June 30, 2023 and June 30, 2022, respectively, are the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

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 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 the 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.

Note 11: PENSION PLANS (CONTINUED)

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

Special Funding Situation – PFRS (Continued)

Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities’ total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the nonemployer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.

The Borough has the following attributed to the special funding situation:

	Borough's Proportionate Share	State Proportionate Share of Net Pension Liability Attributable to Borough	Employer's Pension Expense and Related Revenues	
			State Total	Borough Share
June 30, 2023	0.08503908 %	\$ 1,731,285	\$ 231,575,656	\$ 196,930
June 30, 2022	0.08094602	1,648,964	235,029,281	190,247
June 30, 2021	0.07688560	1,580,530	228,944,734	176,025

Pension Plan Fiduciary Net Position – PFRS

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen’s Retirement System (PFRS).

Defined Contribution Retirement System (DCRP)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers-* Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Note 11: PENSION PLANS (CONTINUED)

Defined Contribution Retirement System (DCRP) (Continued)

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Borough and employee contributions to the DCRP for the last three (3) years ended December 31 is as follow:

<u>Year</u>	<u>Employee</u>	<u>Employer</u>
2024	\$ 35,698.96	\$ 26,287.89
2023	33,668.52	24,792.31
2022	32,893.87	24,221.49

Note 12: POST RETIREMENT HEALTH BENEFITS

As of the date of this report the State of New Jersey Department of Treasury, Division of Pension and Benefits has not yet released the GASB#75 Other Post-Employment Benefits Allocation by Employer Report, which would have been as of June 30, 2024. The State of New Jersey Local Finance Board has permitted that the data need not be included for those local government entities that do not report the financial statements under the GASB/GAAP method. In the past, the data was included merely for disclosure (*informational purposes*) in the Notes to Financial Statements. The lack of data does not distort the fund balances of the various funds as presented in the report under the regulatory (OCBOA) basis.

The Borough of Highland Park PERS employees do not receive any post-retirement benefits other than pension.

Special Funding Situation – PFRS

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.

Note 12: POST RETIREMENT HEALTH BENEFITS (CONTINUED)

Special Funding Situation – PFRS (Continued)

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 direction 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 has the following attributed to it related to the Special Funding Situation:

<u>December 31,</u>	<u># of Employees</u>	<u>Percent of Total State Liability</u>	<u>State Proportionate Share of Net OPEB Liability</u>	<u>Expense/(Benefit) and Related Revenue Attributed to Borough</u>
2023	43	0.218407 %	\$ 7,620,424	\$ (1,381,732)
2022	40	0.243309	8,208,782	(1,346,413)
2021	41	0.252323	9,743,094	(1,329,482)

The State of New Jersey’s total for special funding situation was as follows:

	<u>State Total</u>	
	<u>Net OPEB Liability</u>	<u>Employer OPEB Expense/(Benefit) and Related Revenue</u>
2023	\$ 3,489,093,208	\$ (632,640,803)
2022	3,373,809,587	(553,375,659)
2021	3,861,357,890	(526,896,727)

Note 13: ACCRUED SICK AND VACATION BENEFITS

The code of the Borough of Highland Park sets forth the terms under which an employee may accumulate unused benefits. The code provides as follows:

Vacations - Vacation pay for permanent employees accumulates in accordance with the approved schedules for one additional calendar year. Any vacation days not taken in the next calendar year after they are earned will be forfeited. Vacation leave shall not be cumulative for members of the Police Bargaining Unit, however, except where in any calendar year the vacation or any part thereof is not granted by reason of pressure of Borough business as so certified by the Chief of Police.

Note 13: ACCRUED SICK AND VACATION BENEFITS (CONTINUED)

Sick Leave - Sick leave for permanent employees accumulates in accordance with the terms of the approved contracts, which approximate 12 days per year and shall accumulate without limitation. Upon normal retirement, employees are entitled to receive a lump sum payment as supplemental compensation, which sum shall be computed at rates ranging from 25% to 33.0% of the employee's daily rate of pay for each day of earned and unused accumulated sick leave at the effective date of retirement. In accordance with the terms of the approved contract, the maximum lump sum payments, as promulgated by contracts and administrative code, are \$5,000.00 or \$8,000.00.

PBA Sick Leave Agreement - All Police Bargaining Unit employees who retire after a minimum of twenty (20) years of service with the Borough of Highland Park Police Department are entitled to a buyout of unused sick days accumulated at retirement in an amount as determined per schedules included in the Local PBA Collective Bargaining Agreement. Employees hired after May 21, 2010 are entitled to a maximum buyout of \$15,000.00 at retirement after twenty five (25) years of service.

The Borough maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made as part of the current year's operating budget appropriations. The Borough presently has a reserve of \$154,449.78. It is estimated that the value of unpaid sick and vacation pay is as follows.

Applicable Year	Sick Pay Accumulated		Accumulated Vacation Pay
	Gross	Contractual Limits	
2024	\$ 1,364,128.10	\$ 593,844.77	\$ 239,388.71
2023	1,374,881.08	706,147.44	226,928.22
2022	1,025,059.71	531,416.67	233,347.03

This amount represents the current value of all accumulations and is not intended to portray amounts that would be recorded under GAAP. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made as part of the current year's operating budget appropriations.

Note 14: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Borough has instituted a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria.

The LOSAP funds are administered independently and distinct from the Borough and are subject to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. Participants are responsible for the direction of the investments with their individual accounts. A separate report as of December 31, 2024 revealed net assets before the 2024 contribution is \$491,095.47.

Note 14: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED (CONTINUED)

<u>Applicable Year</u>	<u>Total</u>	<u>Per Member Contribution</u>
2024	<i>Not Available</i>	\$ 250 - 750
2023	\$ 6,000.00	250 - 750
2022	5,500.00	250 - 750

Note 15: RISK MANAGEMENT

The Borough, together with other governmental units, is a member of the Garden State Municipal Joint Insurance Fund (GSMJIF) commencing calendar year 2007. The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. The Fund's governing board based upon actuarial and budgetary requirements calculates payments to the Fund. Each participant in the Fund is jointly and severally obligated for any deficiency in the amount available to pay all claims. Lines of coverage provided by the Fund include property; boiler and machinery; equipment floater; auto physical; blanket bond; auto liability; general liability; law enforcement liability; public official liability and worker compensation and employer liability.

Garden State Municipal Joint Insurance Fund (GSMJIF)

At December 31, 2023, the Fund reported total assets of \$54,724,891, liabilities and reserves of \$75,069,433 which includes loss reserves of \$75,001,933 and an unrestricted net position deficit of \$20,344,542.

The information was abstracted from the Annual Audit of the GSMJIF as of December 31, 2023, report dated June 24, 2024, which expressed a qualified opinion.

During 2023 based on December 31, 2022 results, the GSMJIF notified the Borough that they have an operating deficit. The Borough's pro-rata share of the deficit is \$242,835. The payment schedule is \$24,283.50 annually commencing in 2025 through 2034. This amount will be adjusted accordingly as needed. The Borough in 2025 converted to the Statewide Joint Insurance Fund.

Statewide Joint Insurance Fund (SWJIF)

At December 31, 2023, the Fund reported total assets of \$50,687,086, liabilities and reserves of \$38,834,575 which includes loss reserves of \$38,714,014 and an unrestricted net position deficit of \$11,852,511.

The information was abstracted from the Annual Audit of the SWJIF as of December 31, 2024, report dated June 28, 2024, which expressed a qualified opinion.

Middlesex County Joint Insurance Fund (MIDJIF)

In 2021 the Middlesex County Joint Insurance Fund (MIDJIF), of which the Borough has not been a member since December 31, 2006, billed the Borough \$133,704.32 for what is their pro rata share of an accumulated deficit through December 31, 2006. The payment of the deficit will take place starting in 2024 through 2030. The payment schedule is \$47,751.54 in 2024 and \$14,325.41 annually through 2030.

Note 16: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables and payables as of December 31, 2024.

Note 17: COMMITMENTS AND CONTINGENCIES

Federal and State Assistance Programs

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2024 and 2023, the Borough does not believe that any material liabilities will result from such audits.

Contingencies

*Pending Litigation* - As at the date of this report, Management indicates, the Borough was not involved in any pending or threatened litigation nor any unasserted claims or assessments requiring disclosure in the financial statements.

As of the date of this report, there is various litigation pending against the Borough which are in the settlement or discovery stage or whose final outcome cannot be determined at the present time. These pending matters include redevelopment issues as well as tax appeals. In addition, there is one matter related to a parcel of land in which the Borough is named as a defendant. The case is ongoing and has been awaiting a trial schedule. As of December 31, 2024, the Borough does not believe that there are any legal matters pending, in the event of an adverse or unfavorable outcome that would have a material impact upon the Borough's financial position.

*Premium Delay Health Benefits* - The Borough participated in the New Jersey State Health Benefits Plan (NJSHBP) which provided for a premium delay. In 2024 the Borough converted to the Central Jersey Health Insurance Fund (CJHIF). The final NJSHBP billing of \$120,207.90 for the delayed bill was paid in April 2025.

*Tax Appeals* – As a result of a revaluation effective for 2024 several tax appeals are pending. Due to the fact that the assessed valuations are set a market value, it is not anticipated that there will be significant exposure to the Borough, the appeals are presently being reviewed by the Borough's appraiser.

Contractual Commitments

As of December 31, 2024, the Borough was a party to various construction contracts and commitments that totaled \$868,253.81, Sidewalk Improvements of \$80,136.48, Improvements to the Library of \$80,260.84, Acquisition of Land of \$86,568.89, Improvements to Various Roads of \$578,575.36, Other Recreation Improvements of \$41,338.00 and Improvements to TOT Park of \$1,374.24. As of December 31, 2024, the construction contracts and commitments in the Water and Sewer Fund is \$259,170.91.

Note 18: INTERLOCAL AGREEMENT/SHARED SERVICES

Sewer Treatment – The Borough provides sewer utility service through local collection lines which feed ultimately into the Middlesex County Utilities Authority treatment plant in The Township of Sayreville. The agreement was entered into in 1955. The Borough pays a quarterly charge based on an annual estimate. The annual estimate is based on various factors including quantity and quality of flow and actual expenditures. An annual reconciliation is done which can result in a refund or an added bill. The agreement has termination clauses, but it is unlikely that any termination will occur.

Expenditures for the last three (3) years is as follows:

2024	\$	1,719,127.19
2023		1,451,782.59
2022		1,527,625.25

The Township of Edison provides sewer collection service to a section of the Borough. The Borough is considered a bulk customer and as such, is billed quarterly based on water consumption. The billings are charged to the Water-Sewer Utility Fund.

Expenditures for the last three (3) years is as follows:

2024	\$	156,426.43
2023		147,113.56
2022		142,553.43

Police Dispatch Service

The Borough has entered into an agreement for emergency communications and radio dispatching services with Rutgers University. The services to be provided during the five (5) year period (January 15, 2024 – December 31, 2028) with remaining annual payments as follows:

2025	\$	198,086.91
2026		205,542.19
2027		213,005.91
2028		221,704.46

The Borough shall have the option to enter into a new agreement for an additional five (5) year term by notifying Rutgers University in writing of such election, no later than six (6) months prior to the expiration of the initial term.

Note 19: WATER SUPPLY AND UTILITY SYSTEM OPERATION

Water Supply

The Borough has water supply contract with Middlesex Water Company through December 31, 2037. The rates are subject to approval by the NJBPU. The daily minimum water is 1.930 million gallons. The expenditures are paid through the water and sewer utility funds and related consumption based rent revenue.

Expenditures for the last three (3) years is as follows:

2024	\$	2,111,351.05
2023		1,912,480.91
2022		1,953,841.61

Water-Sewer Utility Operation

The Borough has entered into a utility management contract with Middlesex Water Company to “oversee” the management and operation of its water and sewer systems. The contract period is July 1, 2020 through June 30, 2030 and the annual fee is \$747,000 and is funded by the water and sewer utility fund rents.

Note 20: LONG TERM TAX EXEMPTIONS

The Borough provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Borough are predominately for affordable housing projects. Taxes abated include municipal, local school and county taxes for three (3) of the properties. The Borough is not required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments) since the PILOT’s was entered into before a specified date and therefore not liable to the County. There is one (1) property in which the Borough paid the County \$5,070.72. The Borough PILOT billings in 2024 were \$137,426.24 and taxes in 2024 that otherwise would have been due on these long-term tax exemptions amounted to \$943,557.00 based upon the assessed valuations of the long-term tax exemptions properties.

**BOROUGH OF HIGHLAND PARK**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST NINE (9) FISCAL YEARS\***

<u>Year</u>	<u>Borough's proportion of the net pension liability (asset)</u>	<u>Borough's proportionate share of the net pension liability (asset)</u>	<u>Borough's covered- employee payroll</u>	<u>Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2023	0.0474502107 %	\$ 6,872,866	\$ 3,731,577	184.18%	65.23%
2022	0.0449341334	6,781,179	3,540,155	191.55%	62.91%
2021	0.0467117600	5,533,708	3,364,018	164.50%	70.34%
2020	0.0524102773	8,546,746	3,394,999	251.75%	58.13%
2019	0.0501311067	9,032,865	3,689,546	244.82%	56.27%
2018	0.0529450000	10,424,573	3,529,589	295.35%	53.60%
2017	0.0510860000	11,891,998	3,718,281	319.83%	48.10%
2016	0.0552080000	16,351,060	3,587,014	455.84%	40.14%
2015	0.0504930000	11,334,657	3,679,544	308.05%	47.93%

Note: Only the last nine (9) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

Changes of Assumptions - The discount rate was 7.00% as of June 30, 2022 and 7.00% as of June 30, 2023.

**BOROUGH OF HIGHLAND PARK**  
**SCHEDULE OF BOROUGH CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST NINE (9) FISCAL YEARS\***

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Borough's covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 566,641	\$ 566,641	None	\$ 3,731,577	15.19%
2022	547,049	547,049	None	3,540,155	15.45%
2021	573,342	573,342	None	3,364,018	17.04%
2020	489,601	489,601	None	3,394,999	14.42%
2019	529,169	529,169	None	3,689,546	14.34%
2018	479,828	479,828	None	3,529,589	13.59%
2017	492,736	492,736	None	3,718,281	13.25%
2016	434,104	434,104	None	3,587,014	12.10%
2015	396,348	396,348	None	3,679,544	10.77%

Note: Only the last nine (9) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**BOROUGH OF HIGHLAND PARK**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)**  
**LAST NINE (9) FISCAL YEARS\***

<u>Year</u>	<u>Borough's proportion of the net pension liability (asset)</u>	<u>Borough's proportionate share of the net pension liability (asset)</u>	<u>Borough's covered- employee payroll</u>	<u>Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2023	0.0850392200	\$ 9,395,799	\$ 3,022,506	310.86%	70.16%
2022	0.0809460100	9,265,368	3,046,488	304.13%	68.33%
2021	0.0768853228	5,619,665	2,881,905	195.00%	77.26%
2020	0.0751543058	9,710,925	2,733,327	355.28%	63.52%
2019	0.0829426000	10,150,365	2,714,398	373.95%	64.99%
2018	0.0843760000	11,417,440	2,845,202	401.29%	62.48%
2017	0.0881370000	13,606,636	2,802,965	485.44%	58.60%
2016	0.0895270000	17,101,948	2,813,549	607.84%	52.01%
2015	0.0875570000	14,583,927	2,833,118	514.77%	56.31%

Note: Only the last nine (9) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

Changes of Assumptions - The discount rate was 7.00% as of June 30, 2022 and 7.00% as of June 30, 2023

**BOROUGH OF HIGHLAND PARK**  
**SCHEDULE OF BOROUGH CONTRIBUTIONS**  
**POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)**  
**LAST NINE (9) FISCAL YEARS\***

<u>Year</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Borough's covered- employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 1,052,746	\$ 1,052,746	None	\$ 3,022,506	34.83%
2022	896,071	896,071	None	3,046,488	29.41%
2021	839,602	839,602	None	2,881,905	29.13%
2020	837,812	837,812	None	2,733,327	30.65%
2019	824,898	824,898	None	2,714,398	30.39%
2018	780,028	780,028	None	2,845,202	27.42%
2017	729,950	729,950	None	2,802,965	26.04%
2016	711,707	711,707	None	2,813,549	25.30%
2015	661,506	661,506	None	2,833,118	23.35%

Note: Only the last nine (9) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**BOROUGH OF HIGHLAND PARK**

**REPORT ON THE FINANCIAL  
STATEMENTS COMPILATION**

**FOR THE YEAR ENDED DECEMBER 31, 2025**

**Report on the Financial Statements**  
**Compilation**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Highland Park  
County of Middlesex  
State of New Jersey

Management is responsible for the accompanying financial statements of the Borough of Highland Park, County of Middlesex, New Jersey, which comprise the Statement of Assets, Liabilities and Fund Balances – Regulatory Basis as of December 31, 2025 and the related Statement of Revenues, Expenditures and Change in Fund Balances – Regulatory Basis for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected to omit Fixed Assets and all the disclosures required by accounting principles generally accepted in the United States of America, and the Notes to Financial Statements. If such omitted items and disclosures were included in the financial statements, they might influence the user's conclusions about the Borough's Statements of Assets, Liabilities and Fund Balances – Regulatory Basis, Statement of Revenues, Expenditures and Change in Fund Balances – Regulatory Basis. Accordingly, the financial statements are not designed for those who are not informed about such matters.



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey  
February 23, 2026

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2025**  
**[UNAUDITED]**

<b><u>ASSETS</u></b>	<b><u>BALANCE DEC. 31, 2025</u></b>	<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>	<b><u>BALANCE DEC. 31, 2025</u></b>
Current Fund:		Current Fund:	
Cash and Investments - Treasurer	\$ 8,272,583.40	Liabilities:	
Cash - Change Fund	590.00	Appropriation Reserves	\$ 1,206,913.76
	<hr/>	Reserve for Encumbrances	595,097.35
	<u>8,273,173.40</u>	Due to State of N.J.	250.00
		Prepaid Taxes	522,026.34
		Taxes Payable	1,209,977.24
		Accounts Payable	85,027.04
		Various Reserves	357,313.92
Receivables With Offsetting Reserves:		Reserve for Revaluation	<u>8,180.00</u>
Due From Employee	3,007.02		
Taxes Receivable	500.00		<u>3,984,785.65</u>
Tax Title Liens	35,006.19		
Property Acquired for Taxes (At Assessed Value)	133,400.00		
Revenue Accounts Receivable	<u>11,353.94</u>		
	<u>183,267.15</u>	Reserve for Receivables	183,267.15
		Fund Balance	<u>4,448,387.75</u>
Deferred Charges:			<u>4,631,654.90</u>
Special Emergency	<u>160,000.00</u>		
<b>Total Current Fund</b>	<b>\$ <u>8,616,440.55</u></b>	<b>Total Current Fund</b>	<b>\$ <u>8,616,440.55</u></b>
Grant Fund:		Grant Fund:	
Cash and Investments - Treasurer	\$ 736,272.35	Reserve for Grants:	
Grants Receivable	<u>1,718,983.78</u>	Appropriated	\$ 2,107,048.80
		Unappropriated	26,378.72
		Reserve for Encumbrances	<u>321,828.61</u>
Total Grant Fund	<u>\$ 2,455,256.13</u>	Total Grant Fund	<u>\$ 2,455,256.13</u>
<b>Total</b>	<b>\$ <u>11,071,696.68</u></b>	<b>Total</b>	<b>\$ <u>11,071,696.68</u></b>

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF OPERATIONS AND**  
**CHANGE IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
[UNAUDITED]

<b><u>REVENUE AND OTHER INCOME REALIZED</u></b>	<b><u>YEAR 2025</u></b>
Fund Balance Utilized	\$ 2,450,000.00
Miscellaneous Revenues Anticipated	4,787,674.40
Receipts from Delinquent Taxes	4,056.61
Receipts from Current Taxes	58,615,093.29
Nonbudget Revenue	296,340.12
Other Credits to Income:	
Accounts Payable Canceled	50,000.00
Unexpended Balances of Appropriation Reserves	<u>1,373,863.57</u>
Total Revenues	<u>67,577,027.99</u>
<b><u>EXPENDITURES AND OTHER CHARGES</u></b>	
Budget Appropriations:	
Operating	
Salaries & Wages	8,050,371.00
Other Expenses	9,760,752.67
Capital Improvements	100,000.00
Municipal Debt Service	2,172,523.80
Deferred Charges and Statutory Expenditures	2,263,618.00
County/County Added Taxes	7,236,166.00
Local District School Taxes	35,642,962.00
Business Improvement District Taxes	183,644.00
Prior Year Sr. Citizens & Vets Deductions Disallowed	<u>1,000.00</u>
Total Expenditures	<u>65,411,037.47</u>
Excess in Revenue	2,165,990.52
<b><u>FUND BALANCE</u></b>	
Balance - January 1	<u>4,732,397.23</u>
	6,898,387.75
Decreased by:	
Utilized as Anticipated Revenue	<u>2,450,000.00</u>
<b>Balance - December 31</b>	<b><u>\$ 4,448,387.75</u></b>

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

	<b>2025 ANTICIPATED BUDGET</b>	<b>Added by N.J.S.A. 40A:4-87</b>	<b>2025 MODIFIED BUDGET</b>	<b>REALIZED</b>	<b>EXCESS OR (DEFICIT)</b>
Fund Balance Anticipated	\$ 2,450,000.00		\$ 2,450,000.00	\$ 2,450,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	\$ 10,000.00		\$ 10,000.00	\$ 10,073.60	\$ 73.60
Other	30,000.00		30,000.00	41,802.00	11,802.00
Fees and Permits	190,000.00		190,000.00	198,197.60	8,197.60
Fines and Costs:					
Municipal Court	130,000.00		130,000.00	154,470.01	24,470.01
Interest and Costs on Taxes	60,000.00		60,000.00	87,099.51	27,099.51
Interest on Investments and Deposits	300,000.00		300,000.00	438,144.47	138,144.47
	<u>\$ 720,000.00</u>	<u>-</u>	<u>\$ 720,000.00</u>	<u>\$ 929,787.19</u>	<u>\$ 209,787.19</u>
Energy Receipts Taxes	\$ 993,252.00		\$ 993,252.00	\$ 993,251.56	\$ (0.44)
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.S.A. 5:23-4.17):					
Uniform Construction Code Fees	\$ 280,000.00		\$ 280,000.00	\$ 237,620.00	\$ (42,380.00)
Public and Private Revenues Offset with Approps.:					
Alcohol Education and Rehabilitation Fund		\$ 619.00	\$ 619.00	\$ 619.00	
Body Armor Replacement Fund	\$ 2,379.41		2,379.41	2,379.41	
Clean Communities Program		35,235.52	35,235.52	35,235.52	
Community Development Block Program	76,445.00		76,445.00	76,445.00	
Community History Grant	1,000.00	5,000.00	6,000.00	6,000.00	
DCA Capital Improvements (So. 3rd Plaza)	1,000,000.00		1,000,000.00	1,000,000.00	
DCA Equipment Grant (Garbage Truck)	250,000.00		250,000.00	250,000.00	
Distracted Driver Crackdown Grant		7,000.00	7,000.00	7,000.00	
Green Communities Grant		20,000.00	20,000.00	20,000.00	
Middlesex County Summer Arts Program	5,000.00		5,000.00	5,000.00	
Middlesex County Information & Assistance Grant	7,000.00		7,000.00	7,000.00	
Municipal Alliance Grant		9,664.00	9,664.00	9,664.00	
Native Plant Society Grant		3,000.00	3,000.00	3,000.00	
Neighborhood Preservation Grant	125,000.00		125,000.00	125,000.00	
NJDEP Diesel Modernization Program		177,000.00	177,000.00	177,000.00	
Office on Aging Assisted Transportation Grant	10,000.00		10,000.00	10,000.00	
Opioid Settlement Project	63,922.04		63,922.04	63,922.04	
Recycling Tonnage Grant		11,768.78	11,768.78	11,768.78	
SIF Risk Control Grant		5,802.92	5,802.92	5,802.92	
USDOJ Cops Grant	375,000.00		375,000.00	375,000.00	
250th Anniversary of the American Revolution Grant		5,250.00	5,250.00	5,250.00	
	<u>\$ 1,915,746.45</u>	<u>\$ 280,340.22</u>	<u>\$ 2,196,086.67</u>	<u>\$ 2,196,086.67</u>	<u>-</u>
Other Special Items:					
Payment in Lieu of Tax	\$ 79,000.00		\$ 79,000.00	\$ 67,774.00	\$ (11,226.00)
Cable TV Franchise Fee	102,361.15		102,361.15	102,361.15	
Reserve for Debt Service - General Capital	136,299.26		136,299.26	136,299.26	
Local Cannabis Tax Revenue	55,000.00		55,000.00	124,494.57	69,494.57
	<u>\$ 372,660.41</u>	<u>-</u>	<u>\$ 372,660.41</u>	<u>\$ 430,928.98</u>	<u>\$ 58,268.57</u>
Total Miscellaneous Revenues	\$ 4,281,658.86	\$ 280,340.22	\$ 4,561,999.08	\$ 4,787,674.40	\$ 225,675.32
Subtotal General Revenues	\$ 6,731,658.86	\$ 280,340.22	\$ 7,011,999.08	\$ 7,237,674.40	\$ 225,675.32

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

	<b>2025 ANTICIPATED BUDGET</b>	<b>Added by N.J.S.A. 40A:4-87</b>	<b>2025 MODIFIED BUDGET</b>	<b>REALIZED</b>	<b>EXCESS OR (DEFICIT)</b>
Receipts from Delinquent Taxes				\$ 4,056.61	\$ 4,056.61
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes Including					
Reserve for Uncollected Taxes	\$ 14,841,753.48		\$ 14,841,753.48	\$ 15,058,806.18	\$ 217,052.70
Minimum Library Tax	693,515.11		693,515.11	693,515.11	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	\$ 15,535,268.59	-	\$ 15,535,268.59	\$ 15,752,321.29	\$ 217,052.70
Budget Totals	\$ 22,266,927.45	\$ 280,340.22	\$ 22,547,267.67	\$ 22,994,052.30	\$ 446,784.63
Nonbudget Revenue				296,340.12	
	<b>\$ 22,266,927.45</b>	<b>\$ 280,340.22</b>	<b>\$ 22,547,267.67</b>	<b>\$ 23,290,392.42</b>	
Adopted Budget			\$ 22,266,927.45		
Appropriated By N.J.S.A. 40A:4-87			280,340.22		
			<b>\$ 22,547,267.67</b>		
<u>Analysis of Miscellaneous Revenues:</u>					
Grants Receivable				\$ 2,196,086.67	
Cash Receipts				2,591,587.73	
				<b>\$ 4,787,674.40</b>	

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

**GENERAL APPROPRIATIONS**

<b>Operations - within "CAPS"</b>	<b>2025</b>	<b>Total for 2025</b>	<b>Cash</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
	<b>Budget</b>	<b>As Modified By</b>	<b>Disbursed</b>			
		<b>All Transfers</b>				
Borough Administration						
Salaries and Wages	\$ 146,632.00	\$ 146,632.00	\$ 146,462.00		\$ 170.00	
Other Expenses	35,000.00	35,000.00	20,276.06	\$ 75.00	14,648.94	
Mayor and Council						
Salaries and Wages	60,255.00	60,255.00	59,611.84		643.16	
Other Expenses	12,000.00	12,000.00	6,750.88	196.95	5,052.17	
Municipal Clerk						
Salaries and Wages	157,494.00	157,494.00	157,493.04		0.96	
Other Expenses	59,750.00	59,750.00	35,946.74	4,818.22	18,985.04	
Financial Administration						
Salaries and Wages	167,115.00	167,115.00	167,115.00			
Other Expenses	53,800.00	53,800.00	45,821.17	4,263.00	3,715.83	
Annual Audit						
Other Expenses	48,000.00	48,000.00	43,300.00		4,700.00	
Collection of Taxes						
Salaries and Wages	67,000.00	67,000.00	64,399.16		2,600.84	
Other Expenses	17,000.00	17,000.00	6,314.43	3,433.00	7,252.57	
Information Technology						
Other Expenses	103,000.00	78,000.00	53,786.75	1,046.67	23,166.58	
Legal Services and Costs						
Other Expenses	415,000.00	415,000.00	255,785.42	150,450.82	8,763.76	
Assessment of Taxes						
Salaries and wages	39,500.00	39,500.00	30,012.78		9,487.22	
Other Expenses	14,250.00	14,250.00	75.00		14,175.00	
Engineering Services						
Other Expenses	15,000.00	15,000.00	2,911.25	2,088.75	10,000.00	
Planning Board						
Salaries and Wages	9,270.00	9,270.00	9,270.00			
Other Expenses	70,650.00	70,650.00	45,933.75	23,793.53	922.72	
Zoning Board of Adjustment						
Salaries and Wages	24,857.00	24,857.00	24,857.00			
Other Expenses	6,550.00	6,550.00	1,648.98	1,135.07	3,765.95	

Management has elected to omit the financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

**GENERAL APPROPRIATIONS**

<b>Operations - within "CAPS"</b>	<b>2025</b>	<b>Total for 2025</b>	<b>Cash</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
<b>Community &amp; Economic Development</b>	<b>Budget</b>	<b>As Modified By</b>	<b>Disbursed</b>			
<b>Salaries &amp; Wages</b>		<b>All Transfers</b>				
Community & Economic Development						
Salaries & Wages	\$ 74,430.00	\$ 74,430.00	\$ 73,833.49		\$ 596.51	
Other Expenses	143,000.00	118,000.00	70,069.33	\$ 1,097.50	46,833.17	
<b>PUBLIC SAFETY</b>						
<b>Police Department</b>						
Salaries and Wages	3,990,469.00	3,990,469.00	3,922,121.47		68,347.53	
Other Expenses	250,686.00	250,686.00	176,798.80	45,292.90	28,594.30	
<b>Emergency Management</b>						
Other Expenses	14,600.00	14,600.00	44.70		14,555.30	
<b>First Aid Contribution (N.J.S.A. 40:5-2)</b>						
Other Expenses	15,000.00	15,000.00	1,164.00		13,836.00	
<b>Fire Department</b>						
Salaries & Wages	574,500.00	624,500.00	595,125.92		29,374.08	
Other Expenses	110,900.00	125,900.00	112,064.22	3,600.38	10,235.40	
<b>Prosecutor</b>						
Other Expenses	41,200.00	41,200.00	36,663.00	4,537.00		
<b>STREETS &amp; ROADS:</b>						
<b>Road Repairs &amp; Maintenance</b>						
Salaries and Wages	1,374,463.00	1,374,463.00	1,326,832.90		47,630.10	
Other Expenses	215,500.00	215,500.00	129,024.45	56,726.30	29,749.25	
<b>Stormwater Maintenance</b>						
Other Expenses	40,000.00	40,000.00	9,878.50	14,703.64	15,417.86	
<b>Apartment Collection</b>						
Other Expenses	235,000.00	235,000.00	200,917.12	28,748.51	5,334.37	
<b>Public Buildings and Grounds</b>						
Salaries and Wages	58,390.00	58,390.00	57,938.37		451.63	
Other Expenses	340,000.00	325,000.00	236,736.09	74,656.50	13,607.41	
<b>Motor Pool</b>						
Salaries & Wages	76,193.00	64,778.00	63,537.09		1,240.91	
Other Expenses	180,000.00	205,000.00	175,774.68	17,060.01	12,165.31	
<b>Central Services</b>						
Other Expenses	91,500.00	91,500.00	84,189.70		7,310.30	
<b>Universal Access Commission</b>						
Other Expenses	3,000.00	3,000.00	1,659.90		1,340.10	

Management has elected to omit the financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

**GENERAL APPROPRIATIONS**

<u>Operations - within "CAPS"</u>	<b>2025</b>	<b>Total for 2025</b>	<b>Cash</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
	<b>Budget</b>	<b>As Modified By</b>	<b>Disbursed</b>			
		<b>All Transfers</b>				
<b>HEALTH AND WELFARE</b>						
Department of Health						
Other Expenses	\$ 2,000.00	\$ 2,000.00	\$ 655.20		\$ 1,344.80	
Environmental Commission						
Other Expenses	1,075.00	1,075.00	1,048.44		26.56	
Sustainable Highland Park						
Other Expenses	5,168.00	5,168.00	2,649.85	\$ 1,728.55	789.60	
Shade Tree Committee						
Other Expenses	3,000.00	3,000.00	150.00		2,850.00	
Safe Walking & Cycling						
Other Expenses	2,000.00	2,000.00		381.25	1,618.75	
Human Relations Commission						
Other Expenses	2,000.00	2,000.00	560.62	478.90	960.48	
<b>INSURANCE</b>						
General Liability	681,250.00	730,165.00	718,445.51		11,719.49	
Employee Group Insurance	1,481,000.00	1,408,500.00	1,102,477.29	354.00	305,668.71	
Historic Commission						
Other Expenses	2,500.00	2,500.00		1,172.73	1,327.27	
Recreation Department						
Salaries and Wages	105,858.00	105,858.00	104,911.57		946.43	
Other Expenses	18,000.00	18,000.00	9,821.33		8,178.67	
Celebration of Public Events						
Other Expenses	10,000.00	10,000.00	10,000.00		-	
Department on Aging						
Salaries and Wages	301,474.00	311,474.00	311,472.96		1.04	
Other Expenses	32,800.00	32,800.00	32,684.97	60.25	54.78	
Arts Commission						
Other Expenses	18,200.00	18,200.00	13,108.88	2,086.54	3,004.58	
Teen Center						
Salaries and Wages	52,781.00	52,781.00	52,781.00		-	
Other Expenses	5,000.00	5,000.00	786.76		4,213.24	
Public Defender						
Other Expenses	7,000.00	7,000.00	7,000.00		-	
Municipal Court						
Salaries and Wages	190,078.00	190,078.00	165,032.93		25,045.07	
Other Expenses	10,250.00	10,250.00	4,202.60	250.00	5,797.40	

Management has elected to omit the financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

<b>GENERAL APPROPRIATIONS</b>	<b>Total for 2025</b>					
<b>Operations - within "CAPS"</b>	<b>2025</b>	<b>As Modified By</b>	<b>Cash</b>	<b>Encumbered</b>	<b>Reserved</b>	<b>Canceled</b>
<u>State Uniform Construction Code:</u>	<u>Budget</u>	<u>All Transfers</u>	<u>Disbursed</u>			
Construction Official						
Salaries and Wages	\$ 331,629.00	\$ 331,629.00	\$ 331,129.24		\$ 499.76	
Other Expenses	15,000.00	15,000.00	2,514.34		12,485.66	
<b>UNCLASSIFIED:</b>						
Utilites:						
Electric	145,000.00	145,000.00	129,825.77		15,174.23	
Fuel Oil/Gasoline/Natural Gas	130,000.00	130,000.00	100,424.33	\$ 10,935.89	18,639.78	
Telephone	60,000.00	60,000.00	47,935.34		12,064.66	
Sanitary Landfill	450,000.00	450,000.00	304,451.73	68,019.09	77,529.18	
Street Lighting	205,000.00	205,000.00	195,124.25		9,875.75	
Reserve for Accumulated Absences	70,000.00	70,000.00	70,000.00			
Communications						
Salaries & Wages	129,398.00	129,398.00	126,437.92		2,960.08	
Other Expenses	43,000.00	43,000.00	26,886.10	2,896.00	13,217.90	
<b>Total Operations within "CAPS"</b>	<b>\$ 13,861,415.00</b>	<b>\$ 13,861,415.00</b>	<b>\$ 12,324,663.91</b>	<b>\$ 526,086.95</b>	<b>\$ 1,010,664.14</b>	
<b>Contigent</b>						
<b>Total Operations Including Contingent</b>						
<b>within "CAPS"</b>	<b>\$ 13,861,415.00</b>	<b>\$ 13,861,415.00</b>	<b>\$ 12,324,663.91</b>	<b>\$ 526,086.95</b>	<b>\$ 1,010,664.14</b>	
<b>Detail:</b>						
<b>Salaries &amp; Wages</b>	8,001,786.00	8,050,371.00	7,860,375.68		189,995.32	
<b>Other Expenses (Including Contingent)</b>	5,859,629.00	5,811,044.00	4,464,288.23	526,086.95	820,668.82	
<b>STATUTORY EXPENDITURES:</b>						
Contribution to:						
Social Security System (O.A.S.I.)	\$ 390,000.00	\$ 390,000.00	\$ 371,112.13		\$ 18,887.87	
State Unemployment Insurance	12,000.00	12,000.00	12,000.00		-	
Police & Firemen's Retirement System	1,076,262.00	1,076,262.00	1,076,262.00		-	
Public Employees Retirement System	665,356.00	665,356.00	665,356.00		-	
Defined Contribution Retirement Plan	40,000.00	40,000.00	26,803.51		13,196.49	
<b>Total Deferred Charges and Statutory</b>						
<b>Expenditures-Municipal within "CAPS"</b>	<b>\$ 2,183,618.00</b>	<b>\$ 2,183,618.00</b>	<b>\$ 2,151,533.64</b>		<b>\$ 32,084.36</b>	
<b>Total General Appropriations for Municipal</b>						
<b>Purposes within "CAPS"</b>	<b>\$ 16,045,033.00</b>	<b>\$ 16,045,033.00</b>	<b>\$ 14,476,197.55</b>	<b>\$ 526,086.95</b>	<b>\$ 1,042,748.50</b>	

Management has elected to omit the financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

GENERAL APPROPRIATIONS	Total for 2025					
<u>Operations - within "CAPS"</u>	<u>2025</u>	<u>As Modified By</u>	<u>Cash</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
	<u>Budget</u>	<u>All Transfers</u>	<u>Disbursed</u>			
Tax Appeals						
Other Expenses	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00			
Maintenance of Free Public Library	1,221,018.00	1,221,018.00	1,020,414.27	\$ 63,095.65	\$ 137,508.08	
LOSAP	12,000.00	12,000.00			12,000.00	
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>\$ 1,258,018.00</b>	<b>\$ 1,258,018.00</b>	<b>\$ 1,045,414.27</b>	<b>\$ 63,095.65</b>	<b>\$ 149,508.08</b>	
County Health Services						
Other Expenses	\$ 51,046.00	\$ 51,046.00	\$ 51,045.72		\$ 0.28	
Animal Control Services						
Other Expenses	25,138.00	25,138.00	14,505.39		10,632.61	
Township of Freehold - IT Services						
Other Expenses	75,000.00	75,000.00	65,061.37	\$ 5,914.67	4,023.96	
Rutgers Dispatch Services						
Other Expenses	278,087.00	278,087.00	278,086.92	0.08	0.00	
City of Rahway - Tax Assesor						
Other Expenses	35,167.00	35,167.00	35,166.67		0.33	
<b>Total Interlocal Municipal Service Agreements</b>	<b>\$ 464,438.00</b>	<b>\$ 464,438.00</b>	<b>\$ 443,866.07</b>	<b>\$ 5,914.75</b>	<b>\$ 14,657.18</b>	-
<b>Public and Private Programs Offset by Revenue</b>						
Matching Funds for Grants	\$ 5,416.00	-				
Alcohol Education and Rehabilitation Fund		\$ 619.00	\$ 619.00			
Body Armor Replacement Fund	2,379.41	2,379.41	2,379.41			
Community Development Block Grant	76,445.00	76,445.00	76,445.00			
Communtiy History Grant	1,000.00	6,000.00	6,000.00			
Distracted Driving Crackdown Grant		7,000.00	7,000.00			
Middlesex County Summer Arts Program	5,000.00	5,000.00	5,000.00			
Municipal Match	750.00	750.00	750.00			
Middlesex County Information and Assistance Grant	7,000.00	7,000.00	7,000.00			
DCA Capital Improvements (So. 3rd Plaza)	1,000,000.00	1,000,000.00	1,000,000.00			
DCA Equipment Grant (Garbage Truck)	250,000.00	250,000.00	250,000.00			
Municipal Alliance Grant		9,664.00	9,664.00			
Municipal Match		2,416.00	2,416.00			
Native Plant Society Grant		3,000.00	3,000.00			
Neighborhood Preservation Program	125,000.00	125,000.00	125,000.00			
Municipal Match	25,000.00	25,000.00	25,000.00			
Green Communities Grant		20,000.00	20,000.00			
Municipal Match		3,000.00	3,000.00			
NJDEP Clean Communities Program		35,235.52	35,235.52			

Management has elected to omit the financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

GENERAL APPROPRIATIONS	Total for 2025			Encumbered	Reserved	Canceled
	2025 Budget	As Modified By All Transfers	Cash Disbursed			
<b>Operations - within "CAPS"</b>						
NJDEP Diesel Modernization Program Grant		\$ 177,000.00	\$ 177,000.00			
Office on Aging Assisted Transportation Grant	\$ 10,000.00	10,000.00	10,000.00			
Opioid Settlement Grant	63,922.04	63,922.04	63,922.04			
Recycling Tonnage Grant		11,768.78	11,768.78			
SIF Risk Control Grant		5,802.92	5,802.92			
USDOT Cops Grant	375,000.00	375,000.00	375,000.00			
250th Anniversary of the American Revolution Grant		5,250.00	5,250.00			
<b>Total Public and Private Programs Offset by Revenues</b>	\$ 1,946,912.45	\$ 2,227,252.67	\$ 2,227,252.67			
<b>Total Operations - Excluded from "CAPS"</b>	\$ 3,669,368.45	\$ 3,949,708.67	\$ 3,716,533.01	\$ 69,010.40	\$ 164,165.26	
<b>Detail:</b>						
<b>Other Expenses</b>	3,669,368.45	3,949,708.67	3,716,533.01	69,010.40	164,165.26	
<b>Capital Improvements - Excluded from "CAPS"</b>						
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00			
<b>Total Capital Improvements Excluded from "CAPS"</b>	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00			
Payment of Bond Principal	1,275,000.00	1,275,000.00	1,275,000.00			
Payment of Bond Anticipation Notes and Capital Notes	219,750.00	219,750.00	219,750.00			
Interest on Bonds	319,729.00	319,729.00	319,728.76			\$ 0.24
Interest on Notes	78,134.00	78,134.00	78,133.33			0.67
MCIA Loan Program	135,519.00	135,519.00	135,518.50			0.50
MCIA Lease Program	111,060.00	111,060.00	111,059.88			0.12
NJ Downtown Business Loan	33,334.00	33,334.00	33,333.33			0.67
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	\$ 2,172,526.00	\$ 2,172,526.00	\$ 2,172,523.80			\$ 2.20
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-53)	80,000.00	80,000.00	80,000.00			
<b>Total Deferred Charges - Municipal - Excluded from "CAPS"</b>	80,000.00	80,000.00	80,000.00			
<b>Total General Appropriations - Excluded from "CAPS"</b>	\$ 6,021,894.45	\$ 6,302,234.67	\$ 6,069,056.81	\$ 69,010.40	\$ 164,165.26	\$ 2.20
<b>Subtotal General Appropriations</b>	22,066,927.45	22,347,267.67	20,545,254.36	595,097.35	1,206,913.76	2.20
<b>Reserve for Uncollected Taxes</b>	200,000.00	200,000.00	200,000.00			
<b>Total General Appropriations</b>	<u>\$ 22,266,927.45</u>	<u>\$ 22,547,267.67</u>	<u>\$ 20,745,254.36</u>	<u>\$ 595,097.35</u>	<u>\$ 1,206,913.76</u>	<u>\$ 2.20</u>

Management has elected to omit the financial statements

**BOROUGH OF HIGHLAND PARK**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

**GENERAL APPROPRIATIONS**

<u>Operations - within "CAPS"</u>	<u>2025</u>	<u>Total for 2025</u>	<u>Cash</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
	<u>Budget</u>	<u>As Modified By</u>	<u>Disbursed</u>			
		<u>All Transfers</u>				
<b><u>Budget Analysis:</u></b>						
Budget as Adopted		\$ 22,266,927.45				
Add: N.J.S.A. 40A:4-47		<u>280,340.22</u>	\$ 20,745,254.36			
		<u>\$ 22,547,267.67</u>				
<b><u>Analysis of Paid or Charged</u></b>						
Transfer to Grant Fund		\$ 2,196,086.67				
Match - Cash Disbursements		<u>31,166.00</u>	\$ 2,227,252.67			
Reserve for Uncollected Taxes			200,000.00			
Transfer to MRNA			101,552.00			
Transfer to Reserve for State Tax Appeals			25,000.00			
Deferred Charges			80,000.00			
Cash Disbursements		\$ 19,355,493.94				
Less: Contra Receipts		<u>(1,244,044.25)</u>	<u>18,111,449.69</u>			
			<u>\$ 20,745,254.36</u>			

Management has elected to omit the financial statements

**BOROUGH OF HIGHLAND PARK**  
**TRUST FUND**  
**BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2025**  
**[UNAUDITED]**

<b><u>ASSETS</u></b>	<b><u>BALANCE DEC. 31, 2025</u></b>	<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>	<b><u>BALANCE DEC. 31, 2025</u></b>
Animal Control Fund:		Animal Control Fund:	
Cash and Investments - Treasurer	\$ 9,773.02	Due to State of New Jersey	\$ 7.20
	<hr/>	Reserve for Animal Control Expenditures	<hr/> 9,765.82
<b>Total Animal Control Fund</b>	<hr/> <b>9,773.02</b>	<b>Total Animal Control Fund</b>	<hr/> <b>9,773.02</b>
COAH Fund:		COAH Fund:	
Cash and Investments - Treasurer	84,307.42	Reserve for COAH	84,307.42
	<hr/>		<hr/>
<b>Total COAH Fund</b>	<hr/> <b>84,307.42</b>	<b>Total COAH Fund</b>	<hr/> <b>84,307.42</b>
Trust-Other Fund:		Trust-Other Fund:	
Cash and Investments - Treasurer	1,618,498.21	Reserve Tax Collector Trust	765,350.93
	<hr/>	Miscellaneous Reserves	<hr/> 853,147.28
<b>Total Trust-Other Fund</b>	<hr/> <b>1,618,498.21</b>	<b>Total Trust-Other Fund</b>	<hr/> <b>1,618,498.21</b>
Unemployment Compensation Insurance Fund		Unemployment Compensation Insurance Fund	
Cash and Investments - Treasurer	147,029.39	Reserve for Unemploy. Insurance Claims	<hr/> 147,029.39
	<hr/>		<hr/>
<b>Total Unemploy Comp Insurance Fund</b>	<hr/> <b>147,029.39</b>	<b>Total Unemploy Comp Insurance Fund</b>	<hr/> <b>147,029.39</b>
Payroll/Payroll Agency Fund:		Payroll/Payroll Agency Fund:	
Cash and Investments - Treasurer	88,310.32	Reserve for Payroll Account	<hr/> 88,310.32
	<hr/>		<hr/>
<b>Total Payroll/Payroll Agency Trust Fund</b>	<hr/> <b>88,310.32</b>	<b>Total Payroll/Payroll Agency Trust Fund</b>	<hr/> <b>88,310.32</b>
Community Service Fund		Community Service Fund	
Cash and Investments - Treasurer	285,613.61	Reserve for Community Service Programs	278,115.99
	<hr/>	Reserve for Teen Center	<hr/> 7,497.62
<b>Total Community Service Fund</b>	<hr/> <b>285,613.61</b>	<b>Total Community Service Fund</b>	<hr/> <b>285,613.61</b>
LOSAP Fund (Unaudited):		LOSAP Fund (Unaudited):	
Cash and Investments - Trustee	514,633.47	Res. for LOSAP Funds Held by Trustee	520,633.47
Accounts Receivable	<hr/> 6,000.00		<hr/>
<b>Total LOSAP Fund</b>	<hr/> <b>520,633.47</b>	<b>Total LOSAP Fund</b>	<hr/> <b>520,633.47</b>
<b>Grand Total</b>	<hr/> <b>\$ 2,754,165.44</b>	<b>Grand Total</b>	<hr/> <b>\$ 2,754,165.44</b>

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**GENERAL CAPITAL FUND**  
**BALANCE SHEET - REGULATORY BASIS**  
**DECEMBER 31, 2025**  
**[UNAUDITED]**

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2025</u>
Cash and Investments - Treasurer	\$ 3,717,779.29
Grants Receivable	1,860,803.65
Deferred Charges to Future Taxation:	
Funded	11,337,282.45
Unfunded	<u>3,260,250.00</u>
<b>Total</b>	<b>\$ <u>20,176,115.39</u></b>
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	
General Serial Bonds	\$ 10,675,000.00
MXCIA Leases Payable	257,201.28
MXCIA Loans Payable	371,747.79
Downtown Business Loan Payable	33,333.38
Bond Anticipation Notes	2,710,250.00
Reserve for Encumbrances	570,122.13
Improvement Authorizations:	
Funded	3,832,832.31
Unfunded	1,058,728.32
Capital Improvement Fund	421,503.00
Reserve For Debt Service	
Reserve For Library Improvements	20,120.21
Fund Balance	<u>225,276.97</u>
<b>Total</b>	<b>\$ <u>20,176,115.39</u></b>
 <b>Bonds and Notes Authorized but Not Issued</b>	 <b>\$ <u>550,000.00</u></b>

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

Balance - December 31, 2024	\$ 218,826.57
Increased by:	
Cash Receipts - Premium on Sale of BAN's	<u>6,450.40</u>
<b>Balance - December 31, 2025</b>	<b><u><u>\$ 225,276.97</u></u></b>

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**WATER AND SEWER UTILITY FUND**  
**BALANCE SHEET - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025**  
[UNAUDITED]

<b><u>ASSETS</u></b>	<b><u>BALANCE DEC. 31, 2025</u></b>	<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>	<b><u>BALANCE DEC. 31, 2025</u></b>
Operating Fund:		Operating Fund:	
Cash and Investments - Treasurer	\$ 3,493,137.26	Liabilities:	
Change Funds	<u>100.00</u>	Appropriation Reserves	\$ 567,560.44
	<u>3,493,237.26</u>	Reserve for Encumbrances	347,230.24
		Water-Sewer Rent Overpayments	21,336.81
Receivables With Full Reserves:		Accrued Interest on Bonds	<u>17,806.25</u>
Consumer Accounts Receivable	242,543.96		
	<u>242,543.96</u>	Reserve for Receivables	242,543.96
		Fund Balance	<u>2,539,303.52</u>
<b>Total Operating Fund</b>	<b><u>\$ 3,735,781.22</u></b>	<b>Total Operating Fund</b>	<b><u>\$ 3,735,781.22</u></b>
		Capital Fund:	
Capital Fund:		Serial Bonds Payable	\$ 2,765,000.00
Cash and Investments - Treasurer	\$ 277,989.37	Reserve for Storm Sewer Constr.	25,000.00
Fixed Capital	18,502,738.31	Improvement Authorizations	
Fixed Capital - Authorized and		Funded	304,370.67
Uncompleted	<u>4,820,000.00</u>	Unfunded	159,774.00
		Reserve for Encumbrances	243,321.50
<b>Total Capital Fund</b>	<b><u>\$ 23,600,727.68</u></b>	Capital Improvement Fund	787,878.32
		Reserve for Amortization	18,502,738.31
<b>Grand Total</b>	<b><u>\$ 27,336,508.90</u></b>	Deferred Reserve for Amortization	555,000.00
		Fund Balance	<u>257,644.88</u>
		<b>Total Capital Fund</b>	<b><u>\$ 23,600,727.68</u></b>
		<b>Grand Total</b>	<b><u>\$ 27,336,508.90</u></b>

There were Bonds and Notes Authorized but not Issued at December 31, 2025 in the amounts of \$1,500,000.00.

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**STATEMENT OF OPERATIONS AND**  
**CHANGE IN FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025**  
[UNAUDITED]

<b><u>REVENUE AND OTHER INCOME REALIZED</u></b>	<b><u>YEAR 2025</u></b>
Fund Balance Utilized	\$ 500,000.00
Water and Sewer Rents	5,949,070.91
Unexpended Balance of Appropriation Reserves	664,628.46
Nonbudget Revenue	<u>137,953.25</u>
 Total Revenues	 \$ <u>7,251,652.62</u>
 <b><u>EXPENDITURES</u></b>	
Operating:	
Salaries and Wages	\$ 114,000.00
Other Expenses	1,449,500.00
Middlesex County Utilities Authority - Sewer	1,500,000.00
Middlesex Water Company - Purchase of Water	2,500,000.00
Edison Sewer Charge	200,000.00
Capital Improvement Fund	100,000.00
Debt Service	<u>352,106.25</u>
 Total Expenditures	 \$ <u>6,215,606.25</u>
 Statutory Excess to Surplus	 \$ <u>1,036,046.37</u>
 <b><u>FUND BALANCE</u></b>	
Balance - January 1	<u>2,003,257.15</u>
	\$ 3,039,303.52
Decreased by:	
Utilized as Revenue - Sewer Utility Operating Fund	<u>500,000.00</u>
 <b>Balance - December 31</b>	 \$ <u><u>2,539,303.52</u></u>

Management has elected to omit the notes to financial statements

**BOROUGH OF HIGHLAND PARK**  
**WATER AND SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

Balance - December 31, 2024	<u>\$ 257,644.88</u>
<b>Balance - December 31, 2025</b>	<b><u><u>\$ 257,644.88</u></u></b>

Management has elected to omit the notes to financial statements



**BOROUGH OF HIGHLAND PARK**  
**WATER AND SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
*[UNAUDITED]*

	<b><u>2025</u></b>	<b><u>BUDGET AFTER</u></b>	<b><u>EXPENDED</u></b>			<b><u>UNEXPENDED</u></b>
	<b><u>BUDGET</u></b>	<b><u>MODIFICATION</u></b>	<b><u>PAID OR</u></b>	<b><u>ENCUMBERED</u></b>	<b><u>RESERVED</u></b>	<b><u>BALANCE</u></b>
			<b><u>CHARGED</u></b>			<b><u>CANCELLED</u></b>
Operating:						
Salaries and Wages	\$ 114,000.00	\$ 114,000.00	\$ 114,000.00		-	
Other Expenses	1,449,500.00	1,449,500.00	1,193,248.11	\$ 165,436.79	\$ 90,815.10	
Middlesex County Utility Authority - Sewer	1,500,000.00	1,500,000.00	1,473,359.50		26,640.50	
Middlesex Water Company - Purchase of Water	2,500,000.00	2,500,000.00	1,956,329.85	181,793.45	361,876.70	
Edison Sewer Charge	200,000.00	200,000.00	111,771.86		88,228.14	
Capital Improvements:						
Capital Improvement Fund	100,000.00	100,000.00	100,000.00			
Debt Service:						
Payment on Bond Principal	285,000.00	285,000.00	285,000.00			-
Interest on Bonds	69,600.00	69,600.00	67,106.25			\$ 2,493.75
<b>Total Water &amp; Sewer Utility Appropriations</b>	<b><u>\$ 6,218,100.00</u></b>	<b><u>\$ 6,218,100.00</u></b>	<b><u>\$ 5,300,815.57</u></b>	<b><u>\$ 347,230.24</u></b>	<b><u>\$ 567,560.44</u></b>	<b><u>\$ 2,493.75</u></b>
			D-1	D, D-1	D, D-1	D-1
Cash Disbursements		\$ 5,277,562.69				
Less: Contra Receipts		<u>43,853.37</u>	\$ 5,233,709.32			
Accrued Interest on Bonds			<u>67,106.25</u>			
<b>Total</b>			<b><u>\$ 5,300,815.57</u></b>			

Management has elected to omit the notes to financial statements

**APPENDIX C**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

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

March \_\_\_\_, 2026

Mayor and Borough Council  
of the Borough of Highland Park  
Highland Park, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Borough Council of the Borough of Highland Park, in the County of Middlesex, State of New Jersey (the "Borough"), and other proofs submitted to us relative to the issuance and sale of the \$4,557,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of (i) \$3,057,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and (ii) \$1,500,000 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 March 19, 2026, mature March 18, 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 not subject to redemption prior to their stated dates 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"), and (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").

The General Improvement Notes are being issued to (i) refund, on a current basis, a \$2,507,000 principal portion of prior bond anticipation notes issued in the aggregate principal amount of \$2,710,250 on March 24, 2025 and maturing on March 23, 2026 (the “Prior Notes”) (the remaining balance of the Prior Notes will be paid with a 2026 budgetary appropriation in the amount of \$203,250), and (ii) temporarily finance the costs of various general capital improvements and acquisitions in and by the Borough in the amount of \$550,000, 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 capital improvements and acquisitions for the Water-Sewer Utility in and by the Borough in the amount of \$1,500,000, 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 issuance and sale of the Notes pursuant to the Local Bond Law, (ii) the Notes are valid and legally binding general obligations of the Borough, 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 principal of and interest on the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements which must be met 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. 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 its tax certificate 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, assuming continuing compliance by the Borough with the aforementioned covenants in its tax certificate, under existing laws, statutes, regulations, rulings and court decisions, 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 further of the opinion that the Notes constitute “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B)(ii) 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.

Furthermore, in our opinion, interest on the Notes and any gain on the sale thereof are not includable in gross income of the owners of the Notes 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 or local tax law consequences of the ownership or disposition of the Notes. Furthermore, we express no opinion as to any Federal, state or local 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 unexecuted Note and, in our opinion, the form of the Note is regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

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**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

I, Nerea Champion, Chief Financial Officer of the Borough of Highland Park, in the County of Middlesex (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 \$4,557,000 aggregate principal amount of Bond Anticipation Notes, Series 2026, consisting of (i) \$3,057,000 General Improvement Notes, Series 2026 (the "General Improvement Notes") and (ii) \$1,500,000 Water-Sewer Utility Notes, Series 2026 (the "Water-Sewer Utility Notes", and together with the General Improvement Notes, the "Notes"), dated March 19, 2026 and maturing March 18, 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](http://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 March, 2026.

**BOROUGH OF HIGHLAND PARK,  
IN THE COUNTY OF MIDDLESEX,  
STATE OF NEW JERSEY**

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**Nerea Champion,  
Chief Financial Officer**

**Acknowledged and Accepted by:**

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

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**Authorized Signatory**