

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 23, 2026

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: S&P: EXPECTED

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

**BOROUGH OF WOOD-RIDGE, IN THE
COUNTY OF BERGEN, NEW JERSEY**

**\$22,500,000 BOND ANTICIPATION NOTES,
CONSISTING OF:
\$20,000,000 REDEVELOPMENT BOND ANTICIPATION NOTE AND
\$2,500,000 OPEN SPACE BOND ANTICIPATION NOTE
(NON-CALLABLE) (NOT BANK-QUALIFIED)**

**DATED DATE: MAY 13, 2026
MATURITY DATE: MAY 12, 2027
INTEREST RATE: ____%
RE-OFFERING YIELD: ____%
CUSIP NO. _____**

The \$22,500,000 Bond Anticipation Notes, consisting of the \$20,000,000 Redevelopment Bond Anticipation Note and the \$2,500,000 Open Space Bond Anticipation Note (together, the "Notes"), of the Borough of Wood-Ridge, in the County of Bergen, New Jersey (the "Borough"), will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository. The principal of and interest due on the Notes shall be paid on the maturity date thereof to DTC by the Borough or its designated paying agent. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of the close of business one business day prior to the maturity date (the "Record Date"). See "DESCRIPTION OF THE NOTES – Book-Entry-Only System" herein.

The Notes are valid and legally binding obligations of the Borough, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Borough for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

The Notes are not subject to redemption prior to their stated maturity date. See "DESCRIPTION OF THE NOTES – Redemption" herein.

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

The Notes are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. 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 Notes. Delivery is anticipated to be through the facilities of DTC in Brooklyn, New York, on or about May 13, 2026.

**ELECTRONIC SUBMISSIONS FOR THE NOTES WILL BE RECEIVED VIA PARITY OR
E-MAIL UNTIL 11:30 A.M. ON THURSDAY, APRIL 30, 2026. FOR MORE DETAILS ON HOW TO BID
ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.**

This is a Preliminary Official Statement complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Borough has authorized the 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 business days following such sale or in order to accompany the purchasers' confirmations requesting payment for the Notes.

**BOROUGH OF WOOD-RIDGE, IN THE
COUNTY OF BERGEN, NEW JERSEY**

MAYOR

Paul A. Sarlo

BOROUGH COUNCIL MEMBERS

Philip Romero, Council President

Ezio I. Altamura

Dominick Azzolini

Mike Donato

Michele Mabel

Richard J. Wall

BOROUGH ADMINISTRATOR & CHIEF FINANCIAL OFFICER

Christopher W. Eilert

BOROUGH CLERK

Gina Affuso

BOROUGH AUDITOR

Lerch, Vinci & Bliss, LLP

Fair Lawn, New Jersey

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Paul S. Barbire, Esq.

Wood-Ridge, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC

Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,

a division of First Security Municipal Advisors, Inc.

Hamilton, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the 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 foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Borough. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

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

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

This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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

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

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

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OFFICIAL STATEMENT

RELATING TO

**\$22,500,000 BOND ANTICIPATION NOTES,
CONSISTING OF:
\$20,000,000 REDEVELOPMENT BOND ANTICIPATION NOTE AND
\$2,500,000 OPEN SPACE BOND ANTICIPATION NOTE**

OF THE

**BOROUGH OF WOOD-RIDGE, IN THE
COUNTY OF BERGEN, NEW JERSEY**

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by the Borough of Wood-Ridge (the "*Borough*"), in the County of Bergen (the "*County*"), State of New Jersey (the "*State*"), in connection with the sale and issuance of its \$22,500,000 Bond Anticipation Notes, consisting of its \$20,000,000 Redevelopment Bond Anticipation Note (the "*Redevelopment Bond Anticipation Note*") and its \$2,500,000 Open Space Bond Anticipation Note (the "*Open Space Bond Anticipation Note*"; and together with the Redevelopment Bond Anticipation Note (the "*Notes*"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

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

DESCRIPTION OF THE NOTES

General Description

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

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

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

Redemption

The Notes are not subject to redemption prior to their stated maturity date.

Book-Entry-Only System

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough.

DTC will act as securities depository for the 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 aggregate principal amount of each series of the Notes and will be deposited with DTC.

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

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, the 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 its registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts the 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.

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 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).

Redemption proceeds, if applicable, and 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, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if applicable, and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

Discontinuation of Book-Entry-Only System

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

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding obligations of the Borough, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Borough for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

AUTHORIZATION AND PURPOSE

Redevelopment Bond Anticipation Note

The Redevelopment Bond Anticipation Note has been authorized by and is being issued pursuant to: (i) the laws of the State, including the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 *et seq.*; and (ii) Bond Ordinance #2023-12 of the Borough, finally adopted on November 1, 2023, as amended by Bond Ordinance #2024-17, finally adopted November 13, 2024, each in all respects duly approved and published as required by law. The Redevelopment Bond Anticipation Note is being issued to: (i) currently refund the Borough's \$20,000,000 Redevelopment Bond Anticipation Note, dated May 15, 2025 and maturing on May 14, 2026, originally issued to finance the construction of the Highland Avenue Learning Annex and Recreation Center, the acquisition of real estate and other improvements to buildings and property; and (ii) pay the costs associated with the authorization, sale and issuance of the Redevelopment Bond Anticipation Note.

Open Space Bond Anticipation Note

The Open Space Bond Anticipation Note has been authorized by and is being issued pursuant to: (i) the laws of the State, including the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 *et seq.*; and (ii) Bond Ordinance #2024-9, finally adopted June 18, 2024. The Open Space Bond Anticipation Note is being issued to: (i) currently refund the Borough's \$2,500,000 Open Space Bond Anticipation Note, dated May 15, 2025 and maturing on May 14, 2026, originally issued to finance various improvements to parks and open space in furtherance of the 2019 Wesmont Station Redevelopment Plan; and (ii) pay the costs associated with the authorization, sale and issuance of the Open Space Bond Anticipation Note.

CERTAIN RISK FACTORS

Cybersecurity

The Borough relies upon a large and complex technology environment to conduct its various operations. As a result, the Borough faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Borough has invested in multiple forms of cybersecurity and

operational safeguards. In addition, the Borough maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Borough could cause material disruption of the Borough's finances and operations.

Climate Change

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods 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. The Borough has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. 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.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation, is \$2,174,281,236.

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

The Borough has not exceeded its statutory debt limit. As of December 31, 2025, the statutory net debt as a percentage of average equalized valuation was 3.185%. As noted above, the statutory limit is 3½%.

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

for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

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

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

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

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

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

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

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

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

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is

required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by the last day of that fiscal year. The budget also must provide for any cash deficits of the prior year.

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

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

Under legislation enacted to address the COVID-19 emergency, P.L. 2020, c. 74 (A4175), a local unit may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

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

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

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

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

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

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

Tax Assessment and Collection Procedure

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

Upon the filing of certified adopted budgets by the local unit, 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 provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 *et seq.* Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June or following the adoption of the State budget, at which time State aid is certified, by the Borough's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

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

Tax Appeals

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

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

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

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

TAX MATTERS

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

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

Assuming the Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Borough ("*Bond Counsel*"), is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

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

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

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

Original Issue Premium

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

Bank-Qualification

The Notes will **not** be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

Additional Federal Income Tax Consequences of Holding the Notes

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 credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

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

Changes in Federal Tax Law Regarding the Notes

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

State Taxation

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

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

LITIGATION

To the knowledge of the Borough Attorney, Paul S. Barbire, Esq., Wood-Ridge, New Jersey, there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or delivery of the Notes, or the levy or collection of any taxes to pay the principal of or 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, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

SECONDARY MARKET DISCLOSURE

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough;
- (13) The consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Borough, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Borough, any of which affect holders of the Notes, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Borough, if any such event reflects financial difficulties.

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

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

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

In accordance with the Rule and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Borough failed to timely file its disclosure event notices associated with notices of defeasance. Additionally, the Borough failed to timely file the required late filing notices in connection with the items referenced above. Such information has since been filed with EMMA. The Borough has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

UNDERWRITING

The Notes have been purchased from the Borough at a public sale by _____ (the "Underwriter") at a price of \$ _____, which represents the par amount of the Notes, *plus* original issue premium in the amount of \$ _____, *less* Underwriter's discount in the amount of \$ _____. The Underwriter has purchased the Notes in accordance with the Notice of Sale.

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

FINANCIAL STATEMENTS

Appendix “B” contains certain financial data of the Borough as of and for the year ended December 31, 2025 (Unaudited), 2024 and 2023. The financial data was prepared by Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey (the “*Auditor*”) to the extent and for the period set forth in their Accountant’s Compilation Report and Independent Auditor’s Report appearing in Appendix “B”. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix “B” hereto) and, accordingly, expresses no opinion with respect to thereto.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Borough with respect to 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 this Official Statement and the appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

RATING

S&P Global Ratings, a division of Standard and Poor's Financial Services LLC (the “*Rating Agency*”) has assigned a short-term rating of “___” to the Notes based upon the creditworthiness of the Borough.

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

PREPARATION OF OFFICIAL STATEMENT

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

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

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

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.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Christopher W. Eilert, Chief Financial Officer, Borough of Wood-Ridge, 85 Humboldt Street, Wood-Ridge, New Jersey 07075, telephone (201) 939-0254, or to the Municipal Advisor at 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Borough, the Underwriter and the holders 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 the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough (financial or otherwise) since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

BOROUGH OF WOOD-RIDGE, IN THE COUNTY OF BERGEN, NEW JERSEY

By: _____
Christopher W. Eilert
Chief Financial Officer

Dated: April __, 2026

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APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE
BOROUGH OF WOOD-RIDGE, IN THE COUNTY OF BERGEN, NEW JERSEY**

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GENERAL INFORMATION

Size and Geographical Location

The Borough of Wood-Ridge comprises an area of approximately 1.1 square miles, located in southwestern Bergen County and is situated 12 miles west of New York City. Surrounding municipalities include Carlstadt, Hasbrouck Heights, Lodi, Moonachie, and Wallington.

Form of Government

Wood-Ridge was incorporated in 1894 under the Borough form of government. There is a Mayor and a six-member Council.

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

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

Transportation

Because of its close proximity to New York City, many residents are employed in the City of New York and commute through access of mass transportation. Commuter rail service to New York City is available from the Wood-Ridge Train Station and the Wesmont Train Station. The Borough is one of only two towns in Bergen County to have two train stations and to be served by two different train lines. Bus service in the Borough is provided by New Jersey Transit which runs throughout the metropolitan area.

Borough residents have easy access to all parts of New Jersey and New York via Route 17, Route 3, Route 80, the Garden State Parkway and the New Jersey Turnpike, all of which are located near the Borough.

Protection

Wood-Ridge is served by a police department consisting of 24 sworn police officers organized in a chain of command of various ranks led by the Chief of Police. The Department consists of 4 Bureaus: Patrol, Detective, Administration and Internal Affairs. It also employs 3 dispatchers for answering emergency calls from the public and 2 Class III Special Law Enforcement Officers who are retired police officers who served as armed security guards at the Borough's public schools.

The Borough is also served by a volunteer fire department of approximately 60 members who operate 3 engines, 1 ladder truck, 1 heavy rescue truck, and 3 command vehicles. Wood-Ridge provides the public with 24-hour Ambulance and Emergency Medical Services through a contract with Holy Name Medical Center, which dispatches ambulances to the Borough from a station in the adjacent municipality of Hasbrouck Heights.

Sanitation

The Borough provides curbside garbage collection for all homes on a twice per week basis and curbside recycling collection on a once per week basis through a contract with a private hauler. Payment for such garbage collection services is part of the general property tax levy. Sewerage disposal is provided by the Bergen County Utilities Authority. For this service the Borough pays an annual service charge based on the metered flow of sewerage. This service charge is part of the Borough's general property tax levy.

Utilities

Electricity and natural gas are supplied by Public Service Electric and Gas. Veolia, formerly Suez North America, supplies the Borough's water.

Recreation

The Borough has a year-round community recreation program administered by a recreation commission appointed by the mayor. The Borough sponsors numerous youth recreation programs and sports including baseball, softball, soccer, football, basketball, track & field, wrestling, cheering, and scouting as well as a summer day-camp attended by over 400 children. The Borough's athletic facilities include 1 football field, 1 soccer field, 1 track, 6 baseball/softball fields and 1 gymnasium as well as 2 additional gymnasiums owned by the Board of Education, but managed by the Borough. The Civic Center houses activities for Senior Citizens and youth programs and provides meeting rooms for all civic organizations. Additionally, the Borough has 3 parks and 5 playgrounds.

Education

The Borough's school district, coterminous with the Borough, is a type II school district, and is an independent legal entity administered by a five-member Board of Education elected by the voters of the Borough. The school district provides for kindergarten through 12th grade.

Population

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

<u>Area</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Borough of Wood-Ridge	7,506	7,644	7,626	10,137	10,397
County of Bergen	825,380	884,118	905,116	955,732	978,641
State of New Jersey	7,730,188	8,414,350	8,791,894	9,288,994	9,500,851

Source: U.S. Census Bureau

Estimated Income as of 2023

	<u>Median Household Income</u>	<u>Median Family Income</u>	<u>Per Capita Income</u>
Borough of Wood-Ridge	\$ 131,412	\$ 172,663	\$ 66,404
County of Bergen	123,715	150,475	62,986
State of New Jersey	101,050	119,240	50,995

Source: U.S. Census Bureau, 2019-2023 American Community Survey

ECONOMIC AND DEMOGRAPHIC INFORMATION

Labor Force, Employment and Unemployment

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough of Wood-Ridge</u>				
2024	6,412	6,169	243	3.8%
2023	6,341	6,123	218	3.4%
2022	6,129	5,934	195	3.2%
2021	5,837	5,507	330	5.7%
2020	5,770	5,290	480	8.3%
<u>County of Bergen</u>				
2024	541,844	521,596	20,248	3.7%
2023	536,776	517,682	19,094	3.6%
2022	519,799	502,401	16,903	3.3%
2021	499,794	468,726	31,068	6.2%
2020	494,538	449,149	45,389	9.2%
<u>State of New Jersey</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: NJ Department of Labor and Workforce Development

Economic Development

Westmont Station, a mixed use, transit-oriented redevelopment project on the site of the former Curtiss Wright Airplane plant (the "Westmont Station Redevelopment Project"), was developed by three national real estate developers: Somerset Development ("Somerset"), Avalon Bay Communities ("Avalon Bay") and Pulte Homes ("Pulte"). The first 4 phases of the project were completed from 2011 to 2022. The final phase of the project, a 295-unit luxury apartment building featuring Manhattan-style architecture and amenities, broke ground in 2022 and was completed in 4Q 2025.

The 60-acre project site includes a new train station, approximately 1,500 housing units consisting of single-family homes, townhomes, luxury rental apartments and affordable rental apartments as well as approximately 20,000 square feet of retail space, athletic fields and parks.

The Wesmont Station Redevelopment Project has provided approximately \$400 million in new ratables, which equates to a 30% increase in the Borough's tax base. Property taxes and PILOT revenues derived from this development have exceeded the costs of providing municipal services.

Avalon Bay constructed four buildings consisting of 406 residential rental units, of which 46 are affordable housing units. Additionally, the first floor of two of Avalon's buildings contain 20,000 square feet of retail space which is occupied by a Dunkin Donuts/Baskin Robbins, a wine shop, a dog spa/daycare, and a hair/beauty care salon. A payment in lieu of taxes (PILOT) financial agreement is in place for these buildings for which the Borough receives annual payments ranging from \$1,165,418 to \$1,919,608 over the life of the financial agreement (2011-2040). In 2025 Avalon Bay sold the four buildings to the parent company of Sommerset Development, thus unifying all five rental buildings in the development under common ownership and management.

Somerset, in partnership with Ingerman Properties, constructed 104 residential rental units, all of which are designated for affordable housing and are currently occupied, which are covered by a PILOT agreement.

The Borough and Somerset constructed a new train station and 275 space parking lot which opened in 2016 and is called Wesmont Station. The station is located on the Bergen County Line, just three stops from NY Penn Station and eleven miles from mid-town Manhattan (the "Train Station Project"). The new Wesmont Station and the existing Wood-Ridge Station on the Pascack Valley Line have made the Borough one of the few communities in Bergen County with two train stations on two different lines.

Pulte constructed and sold approximately 560 townhome units at prices ranging from \$375,000 to \$650,000. Somerset, in partnership with Fleet Wood-Ridge LLC, constructed and sold approximately 180 townhome units at prices ranging from \$550,000 to \$800,000. Additionally, Somerset/Fleet constructed and sold 6 single-family detached homes at prices ranging from \$750,000 to \$850,000. All townhomes and detached homes are subject to ad-valorem taxation.

In 4Q 2025 Somerset completed a 295-unit luxury rental apartment building called the Rosera, which is the final phase of the project. This building is nearly at full occupancy as of 1Q 2026 and is projected to generate approximately \$1,000,000 per year in PILOT revenue for the Borough starting in 2027.

The Wood-Ridge Athletic Complex is a 12-acre site on Kennedy Lane within the redevelopment area featuring a soccer field, a softball/little league field, a baseball field, a concession stand, walking paths, a playground, a dog-run, and 2 parking lots with approximately 120 spaces that opened in 2022. All 3 fields have artificial turf, field lighting and bleachers. The final phase of the complex consisting of 4 pickleball courts and an artificial turf field for soccer and T-ball will be completed in 2Q 2026.

In addition to the amenities of the Athletic Complex, the redevelopment area also includes the Marshall Lane Playground that was constructed and opened in 2020 and a new park on Marshall Lane, called Wood-Ridge Square Park, that was completed in 2025.

BUDGET INFORMATION
Current Fund
(As Adopted)

	<u>2026 (1)</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Anticipated Revenues					
Fund Balance	\$ 2,000,000	\$ 2,500,000	\$ 4,500,000	\$ 3,850,000	\$ 2,500,000
Miscellaneous Revenues	13,165,912	12,584,717	12,640,103	16,488,795	15,809,501
Receipts from Delinquent Taxes	200,000	200,000	200,000	300,000	200,000
Amount to be Raised by Taxes for Support of Municipal Budget and Free Public Library	<u>18,380,904</u>	<u>17,178,434</u>	<u>16,517,177</u>	<u>16,290,202</u>	<u>15,985,321</u>
	<u>\$ 33,746,816</u>	<u>\$ 32,463,151</u>	<u>\$ 33,857,280</u>	<u>\$ 36,928,997</u>	<u>\$ 34,494,822</u>
Appropriations					
Salaries and Wages	\$ 9,579,000	\$ 9,094,000	\$ 8,787,000	\$ 8,028,000	\$ 7,776,000
Other Expenses	10,893,523	9,866,702	9,426,920	8,555,518	7,755,001
Deferred Charges and Statutory Expenditures	2,442,307	2,243,790	2,101,410	2,017,866	2,107,087
Capital Improvement Fund	25,000	250,000	1,000,000	300,000	275,000
Municipal Debt Service	10,041,986	10,243,659	11,776,950	17,277,613	15,856,734
Reserve for Uncollected Taxes	<u>765,000</u>	<u>765,000</u>	<u>765,000</u>	<u>750,000</u>	<u>725,000</u>
	<u>\$ 33,746,816</u>	<u>\$ 32,463,151</u>	<u>\$ 33,857,280</u>	<u>\$ 36,928,997</u>	<u>\$ 34,494,822</u>

Source: Borough of Wood-Ridge Annual Budgets
(1) Budget as Introduced

FINANCIAL INFORMATION

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

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025 (Unaudited)	\$ 8,249,286	\$ 2,000,000 (1)
2024	6,831,963	2,500,000
2023	7,656,676	4,500,000
2022	10,533,289	3,850,000
2021	9,620,399	2,500,000
2020	7,145,010	2,600,000

(1) Budget as Introduced

Source: Borough Annual Audit Reports

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2025 (Unaudited)	\$ 45,062,000	\$ 44,622,695	99.02%
2024	42,786,980	42,406,744	99.11%
2023	41,778,490	41,482,282	99.29%
2022	40,798,564	40,342,858	98.88%
2021	39,877,869	39,512,301	99.08%

Source: Borough Annual Audit Reports

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2025 (Unaudited)	\$ 2,972	\$ 527,901	\$ 530,873	1.18%
2024	2,846	227,643	230,489	0.54%
2023	2,726	279,088	281,814	0.67%
2022	2,607	443,513	446,120	1.09%
2021	2,490	229,519	232,009	0.58%

Source: Borough Annual Audit Reports

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

<u>Year</u>	<u>Amount</u>
2025 (Unaudited)	\$ 994,600
2024	2,035,300
2023	82,300
2022	82,300
2021	82,300

Source: Borough Annual Audit Reports

Ten Largest Taxpayers

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

<u>Taxpayer</u>	<u>Assessment</u>
WR Industrial	\$ 50,000,000
One Ethel Blvd., LLC	13,078,000
Duke Realty Limited Partnership	12,142,800
BLG Wood-Ridge LLC	12,100,000
Cliff View Gardens	11,350,000
300 Westmont Drive, LLC	9,086,600
Windsor Wood-Ridge LLC	8,581,100
Metro Storage WR LLC	8,500,000
Wesmont Station Res I Urban Renewal	7,677,800
Terminal Construction Corp	5,886,700
	<u>\$ 138,403,000</u>

Source: Tax Assessor.

**Assessed Valuation
Land Improvements by Class**

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2026 (1)	\$ 38,651,300	\$ 2,079,335,700	\$107,181,300	\$ 266,977,600	\$ 45,914,300	\$2,538,060,200
2025	24,344,000	1,246,059,800	75,029,400	126,922,300	31,029,400	1,503,384,900
2024	24,739,000	1,230,254,100	75,527,000	128,322,000	31,179,400	1,490,021,500
2023	27,224,000	1,206,627,500	76,313,500	128,322,000	31,179,400	1,469,666,400
2022	53,379,600	1,156,581,500	72,810,300	126,401,600	31,179,400	1,440,352,400

Source: Tax Duplicate.

(1) Revaluation

**Assessed Valuations
Net Valuation Taxable**

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2026 (1)	\$ 2,538,060,200	\$ -	\$ 2,538,060,200	N/A	N/A
2025	1,503,384,900	852,376	1,504,237,276	69.10%	\$ 2,227,350,000
2024	1,490,021,500	852,376	1,490,873,876	74.19%	2,058,420,173
2023	1,469,666,400	893,099	1,470,559,499	79.02%	1,881,451,778
2022	1,440,352,400	932,386	1,441,284,786	85.48%	1,706,387,059

Source: Tax Duplicate and Abstract of Ratables of Bergen County

(1) Revaluation
N/A – Not Available

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u> ⁽¹⁾	<u>Local School</u>	<u>County</u> ⁽²⁾
2025	\$2.990	\$1.141	\$1.503	\$0.346
2024	2.868	1.107	1.439	0.322
2023	2.825	1.107	1.412	0.306
2022	2.795	1.108	1.401	0.286
2021	2.823	1.111	1.412	0.300

Source: Tax Collector

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u> ⁽¹⁾	<u>Local School</u>	<u>County</u> ⁽²⁾
2025 (Unaudited)	\$ 45,062,000	\$ 17,271,011	\$ 22,593,208	\$ 5,197,781
2024	42,786,980	16,555,189	21,442,387	4,789,404
2023	41,778,490	16,510,237	20,760,839	4,507,414
2022	40,798,564	16,453,653	20,192,709	4,152,202
2021	39,877,869	15,839,435	19,808,000	4,230,434

Source: Tax Collector

(1) Includes Municipal Library
(2) Includes Open Space Tax

DEBT INFORMATION

Debt Statements

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

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

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 2,174,281,236
3 1/2% Borrowing Margin	76,099,843
Net Debt Issued, Outstanding and Authorized	69,260,000
Remaining Municipal Borrowing Capacity	6,839,843
Local School	
4% Borrowing Margin	86,971,249
Debt Issued, Outstanding and Authorized	7,025,513
Remaining School Borrowing Capacity	79,945,736

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2025 (Unaudited)	\$ 86,785,513	\$ 69,260,000	3.185%
2024	77,540,513	58,985,000	2.969%
2023	77,829,513	55,954,000	3.083%
2022	72,974,795	41,580,750	2.475%
2021	72,353,045	39,859,948	2.527%

Source: Borough of Wood-Ridge Audit Reports and 2025 Annual Debt Statement

BOROUGH OF WOOD-RIDGE
Statement of Indebtedness
As of December 31, 2025 (Unaudited)

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 28,485,000	
Bond Anticipation Notes	43,775,000	
Bonds and Notes Authorized But Not Issued	<u>7,500,000</u>	
		\$ 79,760,000

LOCAL SCHOOL

Bonds Issued, Outstanding and Authorized		<u>7,025,513</u>
--	--	------------------

TOTAL GROSS DEBT 86,785,513

STATUTORY DEDUCTIONS

Municipal Purposes	10,500,000	
Local School	<u>7,025,513</u>	
		<u>17,525,513</u>

TOTAL NET DEBT \$ 69,260,000

OVERLAPPING DEBT (as of December 31, 2024)

County of Bergen (Note 1)	\$ 15,283,162	
Bergen County Utilities Authority (Note 2)	<u>1,504,313</u>	

TOTAL OVERLAPPING DEBT \$ 16,787,475

GROSS DEBT

Per Capita (2024 - 10,397)	\$	8,347
Percent of Net Valuation Taxable (2025 - \$1,504,237,276)		5.77%
Percent of Estimated True Value of Real Property (2025 - \$2,227,350,000)		3.90%

NET MUNICIPAL DEBT

Per Capita (2024 - 10,397)	\$	6,662
Percent of Net Valuation Taxable (2025 - \$1,504,237,276)		4.60%
Percent of Estimated True Value of Real Property (2025 - \$2,227,350,000)		3.11%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2024 - 10,397)	\$	9,962
Percent of Net Valuation Taxable (2025 - \$1,504,237,276)		6.89%
Percent of Estimated True Value of Real Property (2025 - \$2,227,350,000)		4.65%

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

Note (2) Overlapping debt was computed based upon usage.
Source: Borough of Wood-Ridge 2025 Annual Debt Statement

APPENDIX B

**FINANCIAL STATEMENTS OF THE
BOROUGH OF WOOD-RIDGE, IN THE COUNTY OF BERGEN, NEW JERSEY**

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**UNAUDITED FINANCIAL INFORMATION OF THE BOROUGH OF WOOD-RIDGE
FOR THE YEAR ENDED DECEMBER 31, 2025**

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LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

ACCOUNTANT’S COMPILATION REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Wood-Ridge
Wood-Ridge, New Jersey

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds of the Borough of Wood-Ridge, as of December 31, 2025 and the related statement of operations and changes in fund balance – regulatory basis, the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the current fund for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements – regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

the financial statements, the financial statements are prepared by the Borough of Wood-Ridge on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user’s conclusions about the Borough’s assets, liabilities, fund balances, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

By/s/ LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
April 1, 2025

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

	<u>2025</u>
ASSETS	
Cash	\$ 9,778,120
Cash - Change Funds	<u>300</u>
	<u>9,778,420</u>
Receivables and Other Assets With Full Reserves	
Delinquent Property Taxes	527,901
Tax Title Liens	2,972
Property Maintenance Liens	154,287
Property Acquired for Taxes	994,600
Revenue Accounts Receivable	<u>50,189</u>
	<u>1,729,949</u>
Deferred Charges	
Special Emergency Authorizations	<u>696,200</u>
 Total Assets	 <u>\$ 12,204,569</u>
LIABILITIES, RESERVES AND FUND BALANCE	
Liabilities	
Appropriation Reserves	\$ 617,068
Accounts Payable	247,696
Prepaid Taxes	296,292
Due to State of New Jersey	
Senior Citizens and Veterans	8,081
Building Surcharge Fees	1,795
Marriage License Fees	325
Miscellaneous Reserves	933,916
Appropriated Grant Reserves	30,983
Unappropriated Grant Reserves	
Tax Overpayments	<u>89,178</u>
	2,225,334
Reserve for Receivables	1,729,949
Fund Balance	<u>8,249,286</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 12,204,569</u>

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

	<u>2025</u>
REVENUES AND OTHER INCOME REALIZED	
Fund Balance Anticipated	\$ 2,500,000
Miscellaneous Revenue Anticipated	13,548,292
Receipts from Delinquent Taxes	286,373
Receipts from Current Taxes	44,622,695
Non-Budget Revenue	1,888,255
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	663,018
Total Revenues and Other Income	63,508,633
EXPENDITURES	
Municipal Budget Appropriations	32,481,649
County Taxes	5,197,781
Local District School Tax	22,593,208
Other Debits:	
Refund of Prior Year Revenue	102,172
Total Expenditures	60,374,810
Excess in Revenue	3,133,823
Expenditures Included Above Which Are By Statute	
Deferred Charges to Budgets of Succeeding Years	783,500
Statutory Excess to Fund Balance	3,917,323
Fund Balance, January 1	6,831,963
	10,749,286
Decreased by:	
Utilization as Anticipated Revenue	2,500,000
Fund Balance, December 31	\$ 8,249,286

BOROUGH OF WOOD-RIDGE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025 (UNAUDITED)

	<u>Budget</u>	<u>Realized in 2025</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 2,500,000	\$ 2,500,000	-
Miscellaneous Revenues			
Licenses			
Alcoholic Beverages	19,000	18,750	\$ (250)
Other	100	30,762	30,662
Fees and Permits	55,000	178,721	123,721
Municipal Court	45,000	125,120	80,120
Interest and Cost on Taxes	55,000	67,861	12,861
Interest on Investments & Deposits	95,000	437,502	342,502
Sewer Fees	125,000	129,650	4,650
Hotel Occupancy Tax	160,000	215,728	55,728
Athletic Complex Concession Stand	30,000	34,147	4,147
Energy Receipts Tax	794,080	794,080	-
Uniform Construction Code Fees	100,000	458,871	358,871
Cable Television Fees	120,000	116,321	(3,679)
Payment in Lieu of Taxes			
Wood-Ridge Urban Renewal, LLC	857,254	811,496	(45,758)
Ingerman at Wesmont	70,422	70,422	-
Debt Service Reimbursement - State of NJ	10,000,000	10,000,000	-
State and Federal Aid			
Recycling Tonnage Grant	11,980	11,980	-
Clean Communities Program	21,452	21,452	-
Police Body Armor Grant	1,977	1,977	-
Mini Clean-Up Grant	300	300	-
Spotted Lanternfly Grant	15,000	15,000	-
Body-Worn Police Cameras Grant	8,152	8,152	-
Total Miscellaneous Revenues	<u>12,584,717</u>	<u>13,548,292</u>	<u>963,575</u>
Receipts from Delinquent Taxes	<u>200,000</u>	<u>286,373</u>	<u>86,373</u>
Amount to be Raised by Taxes for			
Municipal Purposes	16,459,375	16,877,647	418,272
Free Public Library	<u>719,059</u>	<u>719,059</u>	-
Total Amount to be Raised by Taxes	<u>17,178,434</u>	<u>17,596,706</u>	<u>418,272</u>
	<u>\$ 32,463,151</u>	33,931,371	<u>\$ 1,468,220</u>
Non-Budget Revenue		<u>1,888,255</u>	
		<u>\$ 35,819,626</u>	

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u> Paid or <u>Charged</u>	<u>Reserved</u>	<u>Unexpended Balances Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 125,000	\$ 125,000	\$ 120,300	\$ 4,700	
Other Expenses	50,000	50,000	40,553	9,447	
Mayor and Council					
Salaries and Wages	35,000	35,000	28,998	6,002	
Other Expenses	4,000	4,000	1,261	2,739	
Municipal Clerk					
Salaries and Wages	370,000	370,000	356,479	13,521	
Other Expenses	65,000	65,000	59,379	5,621	
Financial Administration					
Salaries and Wages	230,000	230,000	183,645	46,355	
Other Expenses	25,000	30,000	28,091	1,909	
Technology and Information Systems					
Other Expenses	135,000	155,000	149,415	5,585	
Audit Services	90,000	90,000	83,437	6,563	
Revenue Administration					
Salaries and Wages	135,000	135,000	122,562	12,438	
Other Expenses	15,000	10,000	7,992	2,008	
Tax Assessment Administration					
Salaries and Wages	30,000	30,000	28,120	1,880	
Other Expenses	25,000	10,000	2,892	7,108	
Special Emergency Appropriation - Preparation of Tax Maps		411,500	411,500	-	
Special Emergency Appropriation - Revaluation of Real Property		347,000	347,000	-	
Legal Services					
Other Expenses	225,000	165,000	150,655	14,345	
Engineering Services					
Other Expenses	100,000	35,000	15,268	19,732	
Historical Sites Office					
Other Expenses	6,000	6,000	4,167	1,833	
Land Use Administration					
Planning Board					
Salaries and Wages	10,000			-	
Other Expenses	50,000	40,000	25,810	14,190	
Special Emergency Appropriation - Master Plan		25,000	25,000	-	
Insurance					
General Liability	357,075	319,075	318,021	1,054	
Workers Compensation Insurance	287,730	287,730	287,730	-	
Employee Group Health	2,050,000	1,940,000	1,923,947	16,053	
Municipal Court					
Salaries and Wages	32,000	32,000	32,000	-	
Other Expenses	105,000	105,000	95,750	9,250	
Public Defender					
Salaries and Wages	10,000	10,000	10,000	-	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	5,350,000	5,593,000	5,512,632	80,368	
Other Expenses	230,000	190,000	184,949	5,051	
ADAC Program	5,000			-	

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

OPERATIONS - WITHIN "CAPS" (Continued)	<u>Expended</u>				Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
PUBLIC SAFETY FUNCTIONS		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
Office of Emergency Management					
Salaries and Wages	\$ 62,000	\$ 62,000	\$ 57,870	\$ 4,130	
Other Expenses	5,000	1,000		1,000	
Fire Department					
Salaries and Wages	135,000	141,000	139,362	1,638	
Other Expenses	175,000	175,000	170,194	4,806	
Fire Hydrant Service	115,000	105,000	103,261	1,739	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	85,000	85,000	65,856	19,144	
Other Expenses	15,000	15,000	10,747	4,253	
Municipal Prosecutor					
Salaries and Wages	41,000	41,000	41,000	-	
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	1,850,000	2,014,000	2,005,994	8,006	
Other Expenses	110,000	110,000	98,643	11,357	
Sewer System Maintenance					
Other Expenses	120,000	120,000	119,021	979	
Solid Waste Collection					
Recycling Program					
Other Expenses	1,400,000	1,400,000	1,394,000	6,000	
Garbage and Trash Removal	190,000	165,000	132,405	32,595	
Buildings and Grounds					
Other Expenses	325,000	410,000	398,344	11,656	
Vehicle Maintenance					
Salaries and Wages	215,000	145,000	143,410	1,590	
Other Expenses	150,000	170,000	160,924	9,076	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	16,000			-	
Other Expenses	65,000	60,000	57,482	2,518	
PARK AND RECREATION FUNCTIONS					
Recreation and Services and Programs					
Salaries and Wages	118,000	118,000	115,469	2,531	
Other Expenses	180,000	180,000	176,920	3,080	
Senior Citizen Organizations	20,000	25,000	24,069	931	
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Official					
Salaries and Wages	245,000	257,000	251,596	5,404	
Other Expenses	25,000	18,000	16,444	1,556	
UTILITY EXPENSES AND BULK PURCHASES					
Street Lighting	210,000	210,000	191,823	18,177	
Telephone	260,000	280,000	271,690	8,310	
Water	80,000	60,000	50,250	9,750	
Gasoline	130,000	110,000	95,548	14,452	
Natural Gas/Electric	255,000	255,000	225,838	29,162	

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u> Paid or <u>Charged</u>	<u>Reserved</u>	<u>Unexpended Balances Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	\$ 180,000	\$ 115,000	\$ 107,776	\$ 7,224	-
Total Operations Within "CAPS"	<u>16,928,805</u>	<u>17,692,305</u>	<u>17,183,489</u>	<u>508,816</u>	<u>-</u>
Detail:					
Salaries & Wages	9,094,000	9,423,000	9,215,293	207,707	-
Other Expenses	<u>7,834,805</u>	<u>8,269,305</u>	<u>7,968,196</u>	<u>301,109</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Public Employees Retirement System	449,324	449,324	449,324	-	
Social Security System	400,000	420,000	414,816	5,184	
Police and Firemen's Retirement System	1,297,166	1,297,166	1,297,166	-	
Unemployment Insurance	5,000	5,000	5,000	-	
Defined Contribution Retirement Plan	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>2,156,490</u>	<u>2,176,490</u>	<u>2,166,306</u>	<u>10,184</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>19,085,295</u>	<u>19,868,795</u>	<u>19,349,795</u>	<u>519,000</u>	<u>-</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Length of Service Award Program (LOSAP)	70,000	70,000	65,000	5,000	
Maintenance of Free Public Library	819,059	819,059	797,523	21,536	
BCUA - Sewer Charges					
Operating	525,936	525,936	525,935	1	
Debt Service	142,359	142,359	142,359	-	
Sewer - Borough of Lodi	188,772	188,772	188,772	-	
PVSC Processing	141,715	141,715	141,714	1	
Reserve for Tax Appeals	25,000	25,000	25,000	-	
Insurance					
General Liability	22,925	22,925		22,925	
Workers Compensation Insurance	<u>37,270</u>	<u>37,270</u>	<u>3,867</u>	<u>33,403</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,973,036</u>	<u>1,973,036</u>	<u>1,890,170</u>	<u>82,866</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant	\$ 11,980	\$ 11,980	\$ 11,980		
Clean Communities Grant	21,452	21,452	21,452		
Police Body Armor Grant	1,977	1,977	1,977		
Mini Clean-Up Grant	300	300	300		
Spotted Lanternfly Grant	15,000	15,000	7,950	\$ 7,050	
Police Body Worn Camera Grant	<u>8,152</u>	<u>8,152</u>	<u>-</u>	<u>8,152</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>58,861</u>	<u>58,861</u>	<u>43,659</u>	<u>15,202</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,031,897</u>	<u>2,031,897</u>	<u>1,933,829</u>	<u>98,068</u>	<u>-</u>
Detail:					
Other Expenses	2,031,897	2,031,897	1,933,829	98,068	-
See Accompanying Accountant's Compilation Report					

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u> Paid or <u>Charged</u>	<u>Reserved</u>	<u>Unexpended Balances Cancelled</u>
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	250,000	250,000	250,000	-	-
Total Capital Improvements	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE					
Payment of Bond Principal	1,950,000	1,950,000	1,950,000		
Payment of Bond Anticipation Notes	7,200,000	7,200,000	7,200,000		
Interest on Bonds	565,913	565,913	565,912		\$ 1
Interest on Notes	527,746	527,746	527,745	-	1
Total Municipal Debt Service	<u>10,243,659</u>	<u>10,243,659</u>	<u>10,243,657</u>	<u>-</u>	<u>2</u>
DEFERRED CHARGES MUNICIPAL EXCLUDED FROM "CAPS"					
Special Emergency Authorization	87,300	87,300	87,300	-	-
Total Deferred Charges Municipal Excluded from "CAPS"	<u>87,300</u>	<u>87,300</u>	<u>87,300</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>12,612,856</u>	<u>12,612,856</u>	<u>12,514,786</u>	<u>98,068</u>	<u>2</u>
Subtotal General Appropriations	31,698,151	32,481,651	31,864,581	617,068	2
Reserve for Uncollected Taxes	<u>765,000</u>	<u>765,000</u>	<u>765,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 32,463,151</u>	<u>\$ 33,246,651</u>	<u>\$ 32,629,581</u>	<u>\$ 617,068</u>	<u>\$ 2</u>
Budget as Adopted		\$ 32,463,151			
Emergency Authorizations		<u>783,500</u>			
		<u>\$ 33,246,651</u>			

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

	<u>2025</u>
ASSETS	
ANIMAL CONTROL FUND	
Cash	\$ <u>6,945</u>
OTHER TRUST FUND	
Cash	<u>2,457,940</u>
UNEMPLOYMENT INSURANCE TRUST FUND	
Cash	<u>75,751</u>
Total Assets	<u>\$ 2,540,636</u>
 LIABILITIES, RESERVES AND FUND BALANCE	
ANIMAL CONTROL FUND	
Reserve for Animal Control Expenditures	\$ <u>6,945</u>
OTHER TRUST FUND	
Escrow Deposits	474,208
Miscellaneous Reserves	1,959,362
Accrued Salaries, Wages and Payroll Deductions	<u>24,370</u>
	<u>2,457,940</u>
UNEMPLOYMENT INSURANCE TRUST FUND	
Reserve for Unemployment Insurance Claims	<u>75,751</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 2,540,636</u>

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

	<u>2025</u>
ASSETS	
Cash	\$ 6,961,174
Deferred Charges to Future Taxation	
Funded	28,485,000
Unfunded	51,275,000
Grant Receivables	2,410,685
Due from Wood-Ridge Board of Education	<u>1,800,000</u>
 Total Assets	 <u>\$ 90,931,859</u>
 LIABILITIES, RESERVES AND FUND BALANCE	
Due to Other Trust Fund	
General Serial Bonds	\$ 28,485,000
Bond Anticipation Notes	43,775,000
Improvement Authorization	
Funded	939,143
Unfunded	1,886,381
Capital Improvement Fund	646,514
Contracts Payable	2,445,881
Reserve for Grants Receivable	2,410,685
Reserve for Payment of Debt	10,000,000
Miscellaneous Reserves	49,641
Fund Balance	<u>293,614</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 90,931,859</u>

There were bonds and notes authorized but not issued on December 31, 2025 of \$7,500,000.

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

	<u>2025</u>
Balance, January 1	\$ <u>51,691</u>
Increased by:	
Premium on Sale of Notes	<u>241,923</u>
	<u>241,923</u>
	293,614
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>-</u>
Balance, December 31	<u><u>\$ 293,614</u></u>

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

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DIETER P. LERCH, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
85 Humboldt Street
Wood-Ridge, New Jersey 07075

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Borough of Wood-Ridge which comprise the balance sheets - regulatory basis of the various funds and account group as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance - regulatory basis, for the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the years then ended and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the accompanying financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Wood-Ridge as of December 31, 2024 and 2023, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the years then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Wood-Ridge as of December 31, 2024 and 2023, or changes in financial position for the years then ended.

Basis for Opinions

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2024 and 2023. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 46 percent and 44 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2024 and 2023, respectively.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Wood-Ridge on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Wood-Ridge's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

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

By/s/

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

Fair Lawn, New Jersey
May 19, 2025

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 19,445,603	\$ 10,486,576
Cash - Change Funds	400	400
	<u>19,446,003</u>	<u>10,486,976</u>
Receivables and Other Assets With Full Reserves		
Delinquent Property Taxes	227,643	279,088
Tax Title Liens	2,846	2,726
Property Acquired for Taxes	2,035,300	82,300
Revenue Accounts Receivable	43,618	38,622
Due From General Capital Fund	-	1,177,563
	<u>2,309,407</u>	<u>1,580,299</u>
Total Assets	<u>\$ 21,755,410</u>	<u>\$ 12,067,275</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 1,334,403	\$ 994,052
Accounts Payable	406,938	193,650
Prepaid Taxes	193,022	201,820
County Taxes Payable		18,029
Due to State of New Jersey		
Senior Citizens and Veterans	7,077	11,488
Building Surcharge Fees		1,226
Marriage License Fees	659	134
Miscellaneous Reserves	10,597,101	617,601
Appropriated Grant Reserves	3,017	
Unappropriated Grant Reserves	25,429	153,188
Tax Overpayments	46,394	463,654
Due to Municipal Library	-	175,458
	<u>12,614,040</u>	<u>2,830,300</u>
Reserve for Receivables	2,309,407	1,580,299
Fund Balance	<u>6,831,963</u>	<u>7,656,676</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 21,755,410</u>	<u>\$ 12,067,275</u>

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

	<u>2024</u>	<u>2023</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Anticipated	\$ 4,500,000	\$ 3,850,000
Miscellaneous Revenue Anticipated	13,574,309	16,875,463
Receipts from Delinquent Taxes	223,916	443,513
Receipts from Current Taxes	42,406,744	41,482,282
Non-Budget Revenue	66,596	145,527
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	873,670	643,517
Interfunds Returned	1,177,563	
Cancellation - Tax Overpayments	271,247	
Statutory Excess - Animal Control Fund	<u>3,475</u>	<u>5,200</u>
 Total Revenues and Other Income	 <u>63,097,520</u>	 <u>63,445,502</u>
 EXPENDITURES		
Municipal Budget Appropriations	33,081,747	36,026,299
County Taxes	4,789,404	4,507,414
Local District School Tax	21,442,387	20,760,839
Other Debits:		
Interfunds Advanced		1,177,563
Refund of Prior Year Revenue	<u>108,695</u>	<u>-</u>
 Total Expenditures	 <u>59,422,233</u>	 <u>62,472,115</u>
 Excess in Revenue	 3,675,287	 973,387
 Fund Balance, January 1	 <u>7,656,676</u>	 <u>10,533,289</u>
	11,331,963	11,506,676
Decreased by:		
Utilization as Anticipated Revenue	<u>4,500,000</u>	<u>3,850,000</u>
 Fund Balance, December 31	 <u>\$ 6,831,963</u>	 <u>\$ 7,656,676</u>

BOROUGH OF WOOD-RIDGE
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>		<u>2023</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
Fund Balance Anticipated	\$ 4,500,000	\$ 4,500,000	\$ 3,850,000	\$ 3,850,000
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	19,000	19,000	20,000	19,350
Other	100	3,316	1,500	\$ 261
Fees and Permits	55,000	122,720	55,000	61,460
Municipal Court	45,000	63,567	45,000	57,594
Interest and Cost on Taxes	55,000	64,747	57,000	73,212
Interest on Investments & Deposits	95,000	625,157	95,000	513,494
Sewer Fees	125,000	126,073	160,000	71,184
Sewer Connection Fees			55,000	100,311
Hotel Occupancy Tax	160,000	184,486	135,000	202,274
Uniform Construction Code Fees	120,000	368,576	250,000	125,647
Energy Receipts Tax	794,080	794,080	790,147	790,147
Municipal Relief Fund	81,851	81,851	40,934	40,934
American Rescue Plan			272,790	272,790
Cable Television Fees	120,000	120,392	125,000	121,510
Payment in Lieu of Taxes				
Urban Renewal, LLC	769,656	777,853	750,108	788,979
Wood-Ridge - Ingerman at Wesmont	65,224	68,657	61,640	61,640
Debt Service Reimbursement - State of NJ	10,000,000	10,000,000	6,500,000	6,500,000
Reserve for Payment of Debt			6,745,698	6,745,698
Storm Recovery Reserve			300,000	300,000
WRAC Concession Stand	30,000	48,642		
State and Federal Aid				
Recycling Tonnage Grant	12,226	12,226	6,618	6,618
Clean Communities Program	21,629	21,629	19,043	19,043
Police Body Armor Grant	1,907	1,907	3,017	3,017
Mini Clean-Up Grant	300	300	300	300
Stormwater Assistance Grant	15,000	15,000		
Spotted Lanternfly Grant	15,000	15,000		
Police Body Worn Camera Grant	39,130	39,130	-	-
	<u>12,640,103</u>	<u>13,574,309</u>	<u>16,488,795</u>	<u>16,875,463</u>
Total Miscellaneous Revenues				
Receipts from Delinquent Taxes	<u>200,000</u>	<u>223,916</u>	<u>300,000</u>	<u>443,513</u>
Amount to be Raised by Taxes for				
Municipal Purposes	15,856,563	16,279,339	15,682,302	16,356,129
Free Public Library	<u>660,614</u>	<u>660,614</u>	<u>607,900</u>	<u>607,900</u>
	<u>16,517,177</u>	<u>16,939,953</u>	<u>16,290,202</u>	<u>16,964,029</u>
Total Amount to be Raised by Taxes	<u>\$ 33,857,280</u>	<u>\$ 35,238,178</u>	<u>\$ 36,928,997</u>	<u>\$ 38,133,005</u>

The Accompanying Notes are an Integral Part of these Financial Statements

2024 STATEMENT OF EXPENDITURES

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balances Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 120,000	\$ 120,000	\$ 112,400	\$ 7,600	
Other Expenses	50,000	50,000	46,289	3,711	
Mayor and Council					
Salaries and Wages	35,000	35,000	28,996	6,004	
Other Expenses	4,000	4,000	3,116	884	
Municipal Clerk					
Salaries and Wages	355,000	355,000	344,126	10,874	
Other Expenses	65,000	65,000	58,192	6,808	
Financial Administration					
Salaries and Wages	225,000	225,000	174,876	50,124	
Other Expenses	25,000	20,000	13,360	6,640	
Technology and Information Systems					
Other Expenses	125,000	125,000	113,040	11,960	
Audit Services	85,000	85,000	65,000	20,000	
Revenue Administration					
Salaries and Wages	130,000	130,000	116,712	13,288	
Other Expenses	15,000	15,000	7,126	7,874	
Tax Assessment Administration					
Salaries and Wages	28,000	28,000	26,780	1,220	
Other Expenses	30,000	20,000	8,996	11,004	
Legal Services					
Other Expenses	225,000	210,000	194,336	15,664	
Engineering Services					
Other Expenses	100,000	60,000	18,467	41,533	
Historical Sites Office					
Other Expenses	6,000	6,000	3,111	2,889	
Land Use Administration					
Planning Board					
Salaries and Wages	10,000	10,000		10,000	
Other Expenses	50,000	50,000	19,179	30,821	
Insurance					
General Liability	289,800	289,800	289,800	-	
Workers Compensation Insurance	260,820	263,820	263,820	-	
Employee Group Health	1,841,114	1,765,114	1,704,590	60,524	
Municipal Court					
Salaries and Wages	28,000	28,000	26,780	1,220	
Other Expenses	105,000	105,000	91,500	13,500	
Public Defender					
Salaries and Wages	6,000	6,000	5,120	880	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	5,250,000	5,250,000	5,022,900	227,100	
Other Expenses	230,000	200,000	44,653	155,347	
ADAC Program	5,000			-	

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

OPERATIONS - WITHIN "CAPS" (Continued)				<u>Expended</u>	Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
PUBLIC SAFETY FUNCTIONS		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
Office of Emergency Management					
Salaries and Wages	\$ 60,000	\$ 60,000	\$ 55,620	\$ 4,380	
Other Expenses	5,000			-	
Fire Department					
Salaries and Wages	130,000	130,000	129,475	525	
Other Expenses	140,000	220,000	206,647	13,353	
Fire Hydrant Service	115,000	115,000	98,489	16,511	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	85,000	85,000	65,520	19,480	
Other Expenses	20,000	10,000	3,512	6,488	
Municipal Prosecutor					
Salaries and Wages	33,000	33,000	28,970	4,030	
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	1,795,000	1,825,000	1,762,471	62,529	
Other Expenses	110,000	80,000	56,055	23,945	
Sewer System Maintenance					
Other Expenses	120,000	120,000	108,990	11,010	
Solid Waste Collection					
Recycling Program					
Other Expenses	190,000	190,000	134,278	55,722	
Garbage and Trash Removal	1,377,585	1,377,585	1,360,000	17,585	
Buildings and Grounds					
Other Expenses	325,000	350,000	342,287	7,713	
Vehicle Maintenance					
Salaries and Wages	135,000	140,000	133,213	6,787	
Other Expenses	150,000	190,000	183,522	6,478	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	16,000			-	
Other Expenses	60,000	60,000	59,173	827	
PARK AND RECREATION FUNCTIONS					
Recreation and Services and Programs					
Salaries and Wages	116,000	116,000	98,315	17,685	
Other Expenses	175,000	175,000	173,339	1,661	
Senior Citizen Organizations	15,000	16,000	15,967	33	
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Official					
Salaries and Wages	230,000	230,000	226,237	3,763	
Other Expenses	40,000	50,000	7,359	42,641	
UTILITY EXPENSES AND BULK PURCHASES					
Street Lighting	200,000	200,000	184,040	15,960	
Telephone	180,000	235,000	231,435	3,565	
Water	80,000	70,000	57,583	12,417	
Gasoline	130,000	130,000	113,955	16,045	
Natural Gas/Electric	250,000	243,000	217,385	25,615	

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balances Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	\$ 135,000	\$ 115,000	\$ 93,890	\$ 21,110	-
Total Operations Within "CAPS"	<u>16,116,319</u>	<u>16,086,319</u>	<u>14,950,992</u>	<u>1,135,327</u>	<u>-</u>
Detail:					
Salaries & Wages	8,787,000	8,806,000	8,358,511	447,489	-
Other Expenses	<u>7,329,319</u>	<u>7,280,319</u>	<u>6,592,481</u>	<u>687,838</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Public Employees Retirement System	400,675	400,675	400,675	-	
Social Security System	355,000	385,000	374,921	10,079	
Police and Firemen's Retirement System	1,335,735	1,335,735	1,335,735	-	
Unemployment Insurance	5,000	5,000	5,000	-	
Defined Contribution Retirement Plan	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>2,101,410</u>	<u>2,131,410</u>	<u>2,116,331</u>	<u>15,079</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>18,217,729</u>	<u>18,217,729</u>	<u>17,067,323</u>	<u>1,150,406</u>	<u>-</u>
OPERATIONS EXCLUDED FROM "CAPS"					
Length of Service Award Program (LOSAP)	70,000	70,000	59,971	10,029	
Maintenance of Free Public Library	760,614	760,614	755,859	4,755	
BCUA - Sewer Charges					
Operating	505,812	505,812	505,811	1	
Debt Service	137,752	137,752	137,752	-	
Sewer - Borough of Lodi	188,772	188,772	188,771	1	
PVSC Processing	108,778	108,778	108,778	-	
Reserve for Tax Appeals	25,000	25,000	25,000	-	
Insurance					
General Liability	55,200	55,200	5,148	50,052	
Workers Compensation Insurance	14,180	14,180	14,178	2	
Employee Group Health	58,886	58,886		58,886	
Solid Waste Collection - Garbage and Trash Removal					
Condominium Services	45,000	45,000	38,976	6,024	-
Municipal Services	<u>22,415</u>	<u>22,415</u>	<u>-</u>	<u>22,415</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,992,409</u>	<u>1,992,409</u>	<u>1,840,244</u>	<u>152,165</u>	<u>-</u>

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balances Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant	\$ 12,226	\$ 12,226	\$ 12,226		
Clean Communities Grant	21,629	21,629	21,629		
Police Body Armor Grant	1,907	1,907	1,907		
Mini Clean Up Grant	300	300	300		
Stormwater Assistance Grant	15,000	15,000	15,000		
Spotted Lanternfly Grant	15,000	15,000	15,000		
Police Body Worn Camera Grant	<u>39,130</u>	<u>39,130</u>	<u>8,147</u>	\$ 30,983	-
Total Public and Private Programs Offset by Revenues	<u>105,192</u>	<u>105,192</u>	<u>74,209</u>	<u>30,983</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,097,601</u>	<u>2,097,601</u>	<u>1,914,453</u>	<u>183,148</u>	<u>-</u>
Detail:					
Other Expenses	<u>2,097,601</u>	<u>2,097,601</u>	<u>1,914,453</u>	<u>183,148</u>	<u>-</u>
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	500,000	976,000	976,000		
Acquisition Property	<u>500,000</u>	<u>24,000</u>	<u>23,151</u>	849	-
Total Capital Improvements	<u>1,000,000</u>	<u>1,000,000</u>	<u>999,151</u>	<u>849</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -					
Payment of Bond Principal	6,905,000	6,905,000	6,905,000		
Payment of Bond Anticipation Notes	3,619,000	3,619,000	3,619,000		
Interest on Bonds	769,663	769,663	761,246		\$ 8,417
Interest on Notes	<u>483,287</u>	<u>483,287</u>	<u>481,171</u>	-	<u>2,116</u>
Total Municipal Debt Service	<u>11,776,950</u>	<u>11,776,950</u>	<u>11,766,417</u>	<u>-</u>	<u>10,533</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>14,874,551</u>	<u>14,874,551</u>	<u>14,680,021</u>	<u>183,997</u>	<u>10,533</u>
Subtotal General Appropriations	33,092,280	33,092,280	31,747,344	1,334,403	10,533
Reserve for Uncollected Taxes	<u>765,000</u>	<u>765,000</u>	<u>765,000</u>	-	-
Total General Appropriations	<u>\$ 33,857,280</u>	<u>\$ 33,857,280</u>	<u>\$ 32,512,344</u>	<u>\$ 1,334,403</u>	<u>\$ 10,533</u>

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2023 STATEMENT OF EXPENDITURES

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u> Paid or <u>Charged</u>	<u>Reserved</u>	<u>Unexpended Balances Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 100,000	\$ 100,000	\$ 99,410	\$ 590	
Other Expenses	46,000	46,000	43,782	2,218	
Mayor and Council					
Salaries and Wages	35,000	35,000	28,996	6,004	
Other Expenses	4,000	4,000	2,902	1,098	
Municipal Clerk					
Salaries and Wages	310,000	310,000	297,033	12,967	
Other Expenses	58,000	58,000	53,754	4,246	
Financial Administration					
Salaries and Wages	180,000	180,000	149,868	30,132	
Other Expenses	25,000	15,000	14,229	771	
Technology and Information Systems					
Other Expenses	75,000	105,000	103,187	1,813	
Audit Services	80,000	80,000	70,000	10,000	
Revenue Administration					
Salaries and Wages	110,000	110,000	106,367	3,633	
Other Expenses	12,000	13,000	12,095	905	
Tax Assessment Administration					
Salaries and Wages	26,000	26,000	26,000	-	
Other Expenses	20,000	10,000	4,968	5,032	
Legal Services					
Other Expenses	195,000	215,000	203,659	11,341	
Engineering Services					
Other Expenses	90,000	65,000	35,393	29,607	
Historical Sites Office					
Other Expenses	6,000	6,000	4,711	1,289	
Land Use Administration					
Planning Board					
Salaries and Wages	7,000	7,000	-	7,000	
Other Expenses	25,000	25,000	22,167	2,833	
Insurance					
General Liability	275,000	280,000	277,292	2,708	
Unemployment Insurance	10,000	10,000	10,000	-	
Workers Compensation Insurance	265,000	252,000	250,187	1,813	
Employee Group Health	1,586,384	1,501,384	1,486,592	14,792	
Municipal Court					
Salaries and Wages	26,000	26,000	25,898	102	
Other Expenses	100,000	100,000	87,250	12,750	
Public Defender					
Salaries and Wages	5,000	5,000	2,480	2,520	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	4,950,000	4,950,000	4,770,642	179,358	
Salaries and Wages (ARPA)	100,000	100,000	100,000	-	
Other Expenses	175,000	150,000	101,210	48,790	
ADAC Program	5,000	5,000	-	5,000	

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

OPERATIONS - WITHIN "CAPS" (Continued)				<u>Expended</u>	Unexpended
PUBLIC SAFETY FUNCTIONS	<u>Budget</u>	Budget After	Paid or	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
Office of Emergency Management					
Salaries and Wages	\$ 55,000	\$ 57,000	\$ 55,566	\$ 1,434	
Other Expenses	3,000	17,000	16,527	473	
Fire Department					
Salaries and Wages	95,000	95,000	92,015	2,985	
Salaries and Wages (ARPA)	25,000	25,000	25,000	-	
Other Expenses	70,000	115,000	113,272	1,728	
Other Expenses (ARPA)	25,000	25,000	25,000	-	
Fire Hydrant Service	105,000	105,000	92,083	12,917	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	83,000	83,000	63,600	19,400	
Other Expenses	20,000	7,000	4,946	2,054	
Municipal Prosecutor					
Salaries and Wages	29,000	29,000	28,120	880	
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	1,350,000	1,350,000	1,307,478	42,522	
Salaries and Wages (ARPA)	100,000	100,000	100,000	-	
Other Expenses	110,000	60,000	60,000	-	
Sewer System Maintenance					
Other Expenses	90,000	95,000	87,224	7,776	
Solid Waste Collection					
Recycling Program	165,000	185,000	159,193	25,807	
Other Expenses				-	
Garbage and Trash Removal	1,346,000	1,331,000	1,313,494	17,506	
Buildings and Grounds					
Other Expenses	250,000	295,000	295,000	-	
Other Expenses (ARPA)	22,790	22,790	22,790	-	
Vehicle Maintenance					
Salaries and Wages	125,000	128,000	126,402	1,598	
Other Expenses	125,000	150,000	145,841	4,159	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	16,000	16,000	-	16,000	
Other Expenses	55,000	56,000	55,240	760	
PARK AND RECREATION FUNCTIONS					
Recreation and Services and Programs					
Salaries and Wages	101,000	101,000	96,104	4,896	
Other Expenses	160,000	160,000	157,908	2,092	
Senior Citizen Organizations	15,000	15,000	9,936	5,064	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	125,000	120,000	112,859	7,141	
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Official					
Salaries and Wages	200,000	215,000	212,858	2,142	
Other Expenses	30,000	30,000	27,254	2,746	

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
UTILITY EXPENSES AND BULK PURCHASES					
Natural Gas/Electric	\$ 250,000	\$ 250,000	\$ 185,793	\$ 64,207	
Street Lighting	185,000	185,000	171,727	13,273	
Telephone	165,000	170,000	163,800	6,200	
Water	75,000	75,000	55,501	19,499	
Gasoline	120,000	120,000	108,205	11,795	-
Total Operations Within "CAPS"	<u>14,592,174</u>	<u>14,577,174</u>	<u>13,880,808</u>	<u>696,366</u>	-
Total Operations Including Contingent - Within "CAPS"	<u>14,592,174</u>	<u>14,577,174</u>	<u>13,880,808</u>	<u>696,366</u>	-
Detail:					
Salaries & Wages	3,053,000	3,073,000	2,918,195	154,805	-
Other Expenses (Including Contingent)	11,539,174	11,504,174	10,962,613	541,561	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Expenditure Without an Appropriation	26,527	26,527	26,527	-	
Statutory Charges					
Social Security System	335,000	350,000	332,353	17,647	
Public Employees Retirement System	339,069	339,069	339,068	1	
Police and Firemen's Retirement System- Early Retirement Incentive Program	38,825	38,825	38,825	-	
Police and Firemen's Retirement System	1,262,445	1,262,445	1,262,445	-	
Defined Contribution Retirement Plan	5,000	5,000	-	5,000	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>2,006,866</u>	<u>2,021,866</u>	<u>1,999,218</u>	<u>22,648</u>	-
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>16,599,040</u>	<u>16,599,040</u>	<u>15,880,026</u>	<u>719,014</u>	-
OPERATIONS EXCLUDED FROM "CAPS"					
Length of Service Award Program (LOSAP)	70,000	70,000	65,000	5,000	
Maintenance of Free Public Library	707,900	707,900	701,464	6,436	
BCUA - Sewer Charges					
Operating	498,923	498,923	498,923	-	
Debt Service	122,910	122,910	122,910	-	
Sewer - Borough of Lodi	186,372	186,372	186,371	1	
PVSC Processing	91,701	91,701	91,701	-	
Reserve for Tax Appeals	25,000	25,000	25,000	-	
Insurance - Employee Group Health	230,560	230,560	-	230,560	
Solid Waste Collection - Garbage and Trash Removal Condominium Services	39,000	39,000	38,976	24	-
Total Other Operations Excluded from "CAPS"	<u>1,972,366</u>	<u>1,972,366</u>	<u>1,730,345</u>	<u>242,021</u>	-

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balances Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant	\$ 6,618	\$ 6,618	\$ 6,618	-	
Clean Communities Grant	19,043	19,043	19,043	-	
Mini Clean Up Grant	300	300	300	-	
Police Body Armor Grant	3,017	3,017	-	\$ 3,017	-
Total Public and Private Programs Offset by Revenues	<u>28,978</u>	<u>28,978</u>	<u>25,961</u>	<u>3,017</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,001,344</u>	<u>2,001,344</u>	<u>1,756,306</u>	<u>245,038</u>	<u>-</u>
Detail:					
Other Expenses	<u>2,001,344</u>	<u>2,001,344</u>	<u>1,756,306</u>	<u>245,038</u>	<u>-</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	200,000	200,000	200,000		
Acquisition Property	100,000	100,000	70,000	30,000	-
Total Capital Improvements Excluded from "CAPS"	<u>300,000</u>	<u>300,000</u>	<u>270,000</u>	<u>30,000</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,825,000	1,825,000	1,825,000		
Payment of Bond Anticipation Notes	14,279,282	14,279,282	14,126,636		\$ 152,646
Interest on Bonds	862,556	862,556	862,556		
Interest on Notes	310,775	310,775	310,723	-	52
Total Municipal Debt Service Excluded from "CAPS"	<u>17,277,613</u>	<u>17,277,613</u>	<u>17,124,915</u>	<u>-</u>	<u>152,698</u>
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Deferred Charges - Ordinance No. 2020-12	1,000	1,000	1,000	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>19,579,957</u>	<u>19,579,957</u>	<u>19,152,221</u>	<u>275,038</u>	<u>152,698</u>
Subtotal General Appropriations	36,178,997	36,178,997	35,032,247	994,052	152,698
Reserve for Uncollected Taxes	750,000	750,000	750,000	-	-
Total General Appropriations	<u>\$ 36,928,997</u>	<u>\$ 36,928,997</u>	<u>\$ 35,782,247</u>	<u>\$ 994,052</u>	<u>\$ 152,698</u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
ANIMAL CONTROL FUND		
Cash	\$ 8,969	\$ 9,811
OTHER TRUST FUND		
Cash	2,283,550	2,166,732
Due From General Capital Fund	<u>56,815</u>	<u>-</u>
	<u>2,340,365</u>	<u>2,166,732</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Cash	94,128	135,105
Due from Payroll Service Provider	1,354	
Due from Other Trust Fund	<u>-</u>	<u>700</u>
	<u>95,482</u>	<u>135,805</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)		
Investments	2,068,289	1,761,256
Contribution Receivable	<u>59,971</u>	<u>62,225</u>
	<u>2,128,260</u>	<u>1,823,481</u>
Total Assets	<u>\$ 4,573,076</u>	<u>\$ 4,135,829</u>

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

	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL FUND		
Reserve for Animal Control Expenditures	\$ 8,969	\$ 9,811
OTHER TRUST FUND		
Escrow Deposits	588,563	595,289
Miscellaneous Reserves	1,699,340	1,542,636
Accrued Salaries, Wages and Payroll Deductions	52,462	28,107
Due to Unemployment Insurance Trust Fund	<u>-</u>	<u>700</u>
	<u>2,340,365</u>	<u>2,166,732</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Due to State of New Jersey	16,325	19,492
Reserve for Unemployment Insurance Claims	<u>79,157</u>	<u>116,313</u>
	<u>95,482</u>	<u>135,805</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND		
(UNAUDITED)		
Reserve for LOSAP Benefits	<u>2,128,260</u>	<u>1,823,481</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 4,573,076</u>	<u>\$ 4,135,829</u>

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

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 7,077,848	\$ 843,137
Deferred Charges to Future Taxation		
Funded	30,435,000	37,340,000
Unfunded	39,250,000	31,819,000
Grant Receivables	209,685	
Due from Wood-Ridge Board of Education	<u>800,000</u>	<u>12,500,000</u>
 Total Assets	 <u>\$ 77,772,533</u>	 <u>\$ 82,502,137</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Due to Current Fund		\$ 1,177,563
Due to Other Trust Fund	\$ 56,815	
General Serial Bonds	30,435,000	37,340,000
Bond Anticipation Notes	15,700,000	9,200,000
Improvement Authorization		
Funded	1,119,827	11,814,403
Unfunded	4,517,450	20,516,464
Capital Improvement Fund	871,514	495,514
Contracts Payable	24,760,910	1,396,833
Reserve for Grants Receivable	209,685	
Miscellaneous Reserves	49,641	49,641
Fund Balance	<u>51,691</u>	<u>511,719</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 77,772,533</u>	 <u>\$ 82,502,137</u>

There were bonds and notes authorized but not issued on December 31, 2024 and 2023 of \$23,550,000 and \$22,619,000, respectively.

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

	<u>2024</u>	<u>2023</u>
Balance, January 1	\$ 511,719	\$ 21,810
Increased by:		
Grant Receipts for Funded Ordinance		548,047
Premium on Sale of Bonds and Notes	<u>86,735</u>	<u>141,862</u>
	<u>86,735</u>	<u>689,909</u>
	598,454	711,719
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>546,763</u>	<u>200,000</u>
Balance, December 31	<u>\$ 51,691</u>	<u>\$ 511,719</u>

**BOROUGH OF WOOD-RIDGE
BALANCE SHEET - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2023**

2023

ASSETS

Cash	\$ <u>1,134</u>
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LIABILITIES AND RESERVES

Reserve for Public Assistance Expenditures	\$ <u>1,134</u>
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**BOROUGH OF WOOD-RIDGE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Land and Land Improvements	\$ 18,569,380	\$ 17,195,478
Buildings and Building Improvements	57,276,146	36,077,617
Machinery and Equipment	<u>13,330,020</u>	<u>12,907,055</u>
	<u>\$ 89,175,546</u>	<u>\$ 66,180,150</u>
 INVESTMENT IN GENERAL FIXED ASSETS	 <u>\$ 89,175,546</u>	 <u>\$ 66,180,150</u>

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NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Wood-Ridge (the “Borough”) was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor’s appointments, and all executive authority which is not specifically provided to the Mayor, by State law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Wood-Ridge have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. However under the regulatory basis of accounting municipalities are required to follow GASB pronouncements with regard to disclosure requirements for notes to the financial statements.

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2023 balances to conform to the December 31, 2024 presentation.

Financial Statements – Regulatory Basis

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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

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

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

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

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

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Wood-Ridge has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years.

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

General Fixed Assets are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

No depreciation has been provided for in the financial statements.

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

GAAP requires that capital assets be recorded in the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. **Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund
Public Assistance Fund

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

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

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2024 and 2023, the book value of the Borough's deposits were \$28,910,498 and \$13,642,895 and bank and brokerage firm balances of the Borough's deposits amounted to \$29,220,563 and \$29,220,563 and \$16,255,848, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Insured	\$ 27,960,168	\$ 14,855,582
Uninsured and Collateralized	<u>1,260,395</u>	<u>1,400,266</u>
	<u>\$ 29,220,563</u>	<u>\$ 16,255,848</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2024 and 2023, the Borough’s bank balances of \$1,260,395 and \$1,400,266 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2024</u>	<u>2023</u>
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,260,395</u>	<u>\$ 1,400,266</u>
	<u>\$ 1,260,395</u>	<u>\$ 1,400,266</u>

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

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

	<u>Fair Value</u> <u>(Unaudited)</u>	
	<u>2024</u>	<u>2023</u>
Investment in Lincoln Financial (LOSAP)	\$ <u>2,068,289</u>	\$ <u>1,761,256</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2024 and 2023, \$2,068,289 and \$1,761,256 of the Borough’s investments were exposed to custodial credit risk as follows:

	<u>2024</u>	<u>2023</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>2,068,289</u>	\$ <u>1,761,256</u>

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

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

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

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

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

NOTE 4 TAXES RECEIVABLE

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

<u>Current</u>	<u>2024</u>	<u>2023</u>
Property Taxes	\$ 227,643	\$ 279,088
Tax Title Liens	<u>2,846</u>	<u>2,726</u>
	<u>\$ 230,489</u>	<u>\$ 281,814</u>

In 2024 and 2023, the Borough collected \$223,916 and \$443,513 from delinquent taxes.

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2024</u>		<u>2023</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund			\$ 1,177,563	
Other Trust Fund	\$ 56,815			\$ 700
Unemployment Insurance Trust Fund			700	
General Capital Fund	-	\$ 56,815	-	1,177,563
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 56,815</u>	<u>\$ 56,815</u>	<u>\$ 1,178,263</u>	<u>\$ 1,178,263</u>

The above balances are the result of expenditures being paid by one fund on behalf of another, revenue received in one fund but owed to another.

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

NOTE 6 FUND BALANCES APPROPRIATED

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

	<u>2024</u>			<u>2023</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>		<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund					
Cash Surplus	\$ 6,831,963	\$ 2,500,000	(A)	\$ 7,656,676	\$ 4,500,000
Non-Cash Surplus	-	-		-	-
	<u> </u>	<u> </u>		<u> </u>	<u> </u>
	<u>\$ 6,831,963</u>	<u>\$ 2,500,000</u>		<u>\$ 7,656,676</u>	<u>\$ 4,500,000</u>

(A) The above fund balance amount represents the surplus utilized in the 2025 Introduced Budget. The 2025 Municipal Budget has not been adopted as of the date of audit.

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 7 FIXED ASSETS

A. General Fixed Assets

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

	Balance December 31, <u>2023</u>	<u>Additions</u>	Adjustments/ <u>Retirements</u>	Balance, December 31, <u>2024</u>
Land and Land Improvements	\$ 17,195,478	\$ 1,373,902		\$ 18,569,380
Buildings and Building Improvements	36,077,617	21,198,529		57,276,146
Machinery and Equipment	<u>12,907,055</u>	<u>422,965</u>	<u>-</u>	<u>13,330,020</u>
	<u>\$ 66,180,150</u>	<u>\$ 22,995,396</u>	<u>\$ -</u>	<u>\$ 89,175,546</u>

	Balance December 31, <u>2022</u>	<u>Additions</u>	Adjustments/ <u>Retirements</u>	Balance, December 31, <u>2023</u>
Land and Land Improvements	\$ 17,195,478			\$ 17,195,478
Buildings and Building Improvements	35,893,954	\$ 183,663		36,077,617
Machinery and Equipment	<u>12,277,067</u>	<u>629,988</u>	<u>-</u>	<u>12,907,055</u>
	<u>\$ 65,366,499</u>	<u>\$ 813,651</u>	<u>\$ -</u>	<u>\$ 66,180,150</u>

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 8 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2024</u>	<u>2023</u>
Issued		
General		
Bonds and Notes	\$ 46,135,000	\$ 46,540,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>-</u>	<u>-</u>
Net Debt Issued	46,135,000	46,540,000
Authorized But Not Issued		
General		
Bonds and Notes	<u>23,550,000</u>	<u>22,619,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 69,685,000</u>	<u>\$ 69,159,000</u>

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of 2.969% and 3.083% at December 31, 2024 and 2023, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
General Debt	\$ 69,685,000	\$ 10,700,000	\$ 58,985,000
School Debt	<u>7,855,513</u>	<u>7,855,513</u>	<u>-</u>
Total	<u>\$ 77,540,513</u>	<u>\$ 18,555,513</u>	<u>\$ 58,985,000</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General Debt	\$ 69,159,000	\$ 13,205,000	\$ 55,954,000
School Debt	<u>8,670,513</u>	<u>8,670,513</u>	<u>-</u>
Total	<u>\$ 77,829,513</u>	<u>\$ 21,875,513</u>	<u>\$ 55,954,000</u>

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2024</u>	<u>2023</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 69,533,861 <u>58,985,000</u>	\$ 63,524,660 <u>55,954,000</u>
Remaining Borrowing Power	<u>\$ 10,548,861</u>	<u>\$ 7,570,660</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2024</u>	<u>2023</u>
\$7,210,000, 2014 Redevelopment Bonds, the Bonds were defeased in September 15, 2024		\$ 5,005,000
\$9,615,000, 2018 Bonds, due in annual installments of \$475,000 to \$850,000 through April 15, 2033, interest at 3.0%	\$ 6,890,000	7,365,000
\$9,800,000, 2021 Bonds, due in annual installments of \$500,000 to \$1,000,000 through February 1, 2034, interest at 1.0% to 1.50%	8,300,000	8,800,000
\$17,830,000, 2021 Bonds, due in annual installments of \$975,000 to \$1,615,000 through September 1, 2036, interest at 1.00% to 2.00%	<u>15,245,000</u>	<u>16,170,000</u>
	<u>\$ 30,435,000</u>	<u>\$ 37,340,000</u>

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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

Calendar Year	General		Total
	Principal	Interest	
2025	\$ 1,950,000	\$ 565,913	\$ 2,515,913
2026	2,025,000	536,913	2,561,913
2027	2,765,000	500,063	3,265,063
2028	2,850,000	455,338	3,305,338
2029	2,900,000	408,619	3,308,619
2030-2034	14,715,000	1,119,251	15,834,251
2035-2038	3,230,000	96,900	3,326,900
Total	<u>\$ 30,435,000</u>	<u>\$ 3,682,997</u>	<u>\$ 34,117,997</u>

Changes in Long-Term Municipal Debt

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

	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
General Capital Fund Serial Bonds Payable	<u>\$ 37,340,000</u>	<u>-</u>	<u>\$ 6,905,000</u>	<u>\$ 30,435,000</u>	<u>\$ 1,950,000</u>

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
General Capital Fund Serial Bonds Payable	<u>\$ 39,165,000</u>	<u>-</u>	<u>\$ 1,825,000</u>	<u>\$ 37,340,000</u>	<u>\$ 1,900,000</u>

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

<u>2024</u>				Balance, December 31, <u>2023</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2024</u>
<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>					
Highland Ave. Annex	3.75 %	5/16/2025			\$ 5,000,000		\$ 5,000,000
Parks and Open Space Improvements	3.75	5/16/2025			2,500,000		2,500,000
Acquisition of Vehicles and Equipment	4.50	4/1/2024	\$ 1,000,000		2,619,000	\$ 3,619,000	-
Acquisition of Athletic Complex	4.50	2/25/2025	8,200,000		8,200,000	8,200,000	8,200,000
Total			<u>\$ 9,200,000</u>		<u>\$ 18,319,000</u>	<u>\$ 11,819,000</u>	<u>\$ 15,700,000</u>
<u>2023</u>				Balance, December 31, <u>2022</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2023</u>
<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>					
Various Public Improvements	3.80 %	4/20/2023			\$ 4,750,000	\$ 4,750,000	
	3.00	1/19/2023	\$ 2,000,000			2,000,000	
Road Resurfacing Program	4.50	4/20/2023			1,425,000	1,425,000	
	2.60	8/11/2023	244,750			244,750	
Field Improvements	3.00	1/19/2023	5,383,532			5,383,532	
Acquisition of Vehicles and Equipment	4.50	4/1/2024	1,000,000		1,000,000	1,000,000	\$ 1,000,000
Acquisition of Athletic Complex	5.50	2/27/2024	8,200,000		8,676,000	8,676,000	8,200,000
Total			<u>\$ 16,828,282</u>		<u>\$ 15,851,000</u>	<u>\$ 23,479,282</u>	<u>\$ 9,200,000</u>

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Capital Commitment</u>	<u>Estimated Date of Completion</u>
<u>2024</u>		
Acquisition of Fire Truck	\$ 1,148,847	2025
Highland Ave. Elementary School Annex	17,792,134	2025
Town Square Park Improvements	668,473	2025
Radios	1,062,351	2025
<u>2023</u>		
Acquisition of Fire Truck	\$ 1,148,847	2025

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement. In addition, the PBA contract allows a police supervisor or patrolman with 25 years or more of service to a terminal leave of seven (7) or six (6) months, respectively, of pay provided that the separation is not based upon a disciplinary termination.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,817,651 and \$1,515,221 at December 31, 2024 and 2023, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024 and 2023, the Borough has reserved in the Other Trust Fund \$695,541, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

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

		Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
Compensated Absences		\$ 1,515,221	\$ 302,430		\$ 1,817,651	\$ 381,413
Net OPEB Liability	(1)	14,476,358			14,476,358	
Net Pension Liability	(1)					
PFRS		11,086,414			11,086,414	
PERS		<u>4,342,243</u>	<u>-</u>	<u>-</u>	<u>4,342,243</u>	<u>-</u>
Total		<u>\$ 31,420,236</u>	<u>\$ 302,430</u>	<u>\$ -</u>	<u>\$ 31,722,666</u>	<u>\$ 381,413</u>

		Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
Compensated Absences		\$ 1,551,937		\$ 36,716	\$ 1,515,221	\$ 242,412
Net OPEB Liability		12,615,095	\$ 1,861,263		14,476,358	
Net Pension Liability						
PFRS		11,452,655		366,241	11,086,414	
PERS		<u>4,057,738</u>	<u>284,505</u>	<u>-</u>	<u>4,342,243</u>	<u>-</u>
Total		<u>\$ 29,677,425</u>	<u>\$ 2,145,768</u>	<u>\$ 402,957</u>	<u>\$ 31,420,236</u>	<u>\$ 242,412</u>

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

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

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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

Measurement Focus and Basis of Accounting

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Empower (formerly Prudential Retirement) is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

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

**BOROUGH OF WOOD-RIDGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

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

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	PFRS Early Retirement Incentive <u>Program</u>	<u>PERS</u>
2024	\$ 1,335,735		\$ 400,675
2023	1,301,270		339,068
2022	1,081,897	\$ 38,860	319,787

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

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

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2023 for the measurement date of June 30, 2024 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2024 is not presented in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2023, the Borough reported a liability of \$4,342,243 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough’s proportionate share was .02997 percent, which was an increase of .00309 percent from its proportionate share measured as of June 30, 2022 of .02688 percent.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2023, the pension system has determined the Borough's pension expense to be \$182,630, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$400,675. At December 31, 2023, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 41,517	\$ 17,750
Changes of Assumptions	9,539	263,159
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,997	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>608,213</u>	<u>91,897</u>
Total	<u>\$ 679,266</u>	<u>\$ 372,806</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2024	\$ (61,497)
2025	33,593
2026	258,533
2027	67,602
2028	8,229
Thereafter	<u>-</u>
	<u>\$ 306,460</u>

**BOROUGH OF WOOD-RIDGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

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

<u>2023</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 5,652,676	\$ 4,342,243	\$ 3,226,891

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

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2023, the Borough reported a liability of \$11,086,414, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2023, the Borough’s proportionate share was .10034 percent, which was an increase of .00029 percent from its proportionate share measured as of June 30, 2022 of .10005 percent.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2023, the pension system has determined the Borough pension expense to be \$776,914, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$1,335,735. At December 31, 2023, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 474,698	\$ 528,724
Changes of Assumptions	23,928	748,599
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	564,610	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>811,761</u>	<u>406,160</u>
Total	<u>\$ 1,874,997</u>	<u>\$ 1,683,483</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2024	(287,143)
2025	(363,816)
2026	712,788
2027	70,380
2028	55,933
Thereafter	<u>3,372</u>
	<u>\$ 191,514</u>

**BOROUGH OF WOOD-RIDGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

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

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

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

Mortality Rates

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

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

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

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

Discount Rate

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

**BOROUGH OF WOOD-RIDGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

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

<u>2023</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 15,446,977	\$ 11,086,414	\$ 7,455,107

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

Special Funding Situation – PFRS

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

At December 31, 2023, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,042,801. For the year ended December 31, 2023, the pension system has determined the State’s proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$232,364, which is less than the actual contribution the State made on behalf of the Borough of \$233,618. At December 31, 2023 (measurement date June 30, 2023) the State’s share of the PFRS net pension liability attributable to the Borough was .100034 percent, which was an increase of .00029 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of .10005 percent. The State’s proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough’s financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

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

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

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

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

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

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

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

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

Actuarial Methods and Assumptions

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2024, 2023 and 2022 were \$575,292, \$511,245 and \$419,117, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2024, 2023 and 2022 were \$34,748, \$32,360 and \$23,689, respectively.

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2023 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2024 is not presented in the notes to the financial statements.

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

At December 31, 2023, the Borough reported a liability of \$14,476,358, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2023 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2023. As of the measurement date of June 30, 2023 the Borough's proportionate share was .09646 percent, which was an increase of .01835 percent from its proportionate share measured as of June 30, 2022 of .07811 percent.

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

For the year ended December 31, 2023, the Plan has determined the Borough's OPEB expense to be \$495,782, based on the actuarial valuation which is less than the actual contributions reported in the Borough's financial statements of \$511,245. At December 31, 2023, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 667,575	\$ 3,931,306
Changes of Assumptions	1,875,232	4,092,003
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		2,389
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>6,572,164</u>	<u>415,733</u>
Total	<u>\$ 9,114,971</u>	<u>\$ 8,441,431</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2024	\$ (385,845)
2025	(37,691)
2026	267,649
2027	522,019
2028	187,893
Thereafter	<u>119,515</u>
	<u>\$ 673,540</u>

**BOROUGH OF WOOD-RIDGE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

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

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

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

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

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

Mortality Rates

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

Health Care Trends

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

Discount Rate

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

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

<u>2023</u>	<u>1% Decrease 2.65%</u>	<u>Current Discount Rate 3.65%</u>	<u>1% Increase 4.65%</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 16,768,237</u>	<u>\$ 14,476,358</u>	<u>\$ 12,632,895</u>

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

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

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

<u>2023</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 12,303,201</u>	<u>\$ 14,476,358</u>	<u>\$ 17,258,663</u>

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

Special Funding Situation

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation (Continued)

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

At December 31, 2023, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$0. For the year ended December 31, 2023 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$0. At December 31, 2023, (measurement date June 30, 2023), the State's share of the OPEB liability attributable to the Borough was 0 percent, which remained the same from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of 0 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits. These on-behalf contributions have not been reported in the Borough's financial statements.

OPEB Plan Fiduciary Net Position

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

NOTE 13 RISK MANAGEMENT

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

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

The Borough is also a member of the Bergen County Municipal Employee Benefits Fund (BMED). This fund is an insured and self-administered group established for the sole purpose of providing medical, dental and prescription insurance coverage to the employees of member municipalities. The Borough utilizes BMED for dental insurance coverage only. The BMED is a risk-sharing public entity pool. The BMED coverage amounts are on file with the Borough.

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

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

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 13 RISK MANAGEMENT (Continued)

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

<u>Year Ended December 31</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 5,000	\$ 12,058	\$ 54,214	\$ 79,157
2023	10,000	14,173	29,671	116,313
2022	10,000	30,589	31,498	104,957

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2024 and 2023, the Borough reserved \$517,101 and \$512,401, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2024 and 2023, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Wood-Ridge Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on June 13, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Wood-Ridge approved the adoption of the Plan at the general election held on November 7, 2000.

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

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

For 2024 and 2023 the state permitted maximum contribution amounts of \$2,091 and \$2,023, respectively. The Borough's maximum contributions were \$2,001 and \$1,935 for 2024 and 2023, respectively. The total Borough contributions were \$59,971 and \$62,225 for 2024 and 2023, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 17 TAX ABATEMENTS

For the years ended December 31, 2024 and 2023, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long-Term Tax Exemption Law (the “LTTE Law”) and the Five-Year Exemption and Abatement Law (the “FYEA”).

The Long-Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being “in need of redevelopment”. These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area “in need of redevelopment”. Upon adopting the planning board’s recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project.

On September 4, 2008, the Borough of Wood-Ridge entered into a financial agreement with Wood-Ridge Urban Renewal, LLC. The agreement is for a redevelopment project on the parcel of land designated as Block 320 Lot 1.01, and a portion of Block 320 Lot 3. The project area is approximately 6.7 acres.

The Borough agreed that the project area shall be exempt from real property taxation from the date of the agreement to and through the date that is thirty years from the date of substantial completion. In consideration of the Borough granting the exemption, Wood-Ridge Urban Renewal, LLC shall make annual service charge payments to the Borough.

The annual service charge, which includes the land taxes and PILOT, is billed quarterly and is due February 1, May 1, August 1 and November 1 as follows:

	Annual Service <u>Charge</u>	Prepayment Credit <u>Applied</u>	Net <u>Payment Due</u>
2025	\$ 1,265,850	\$ (11,667)	\$ 1,254,183
2026	1,288,423	(134)	1,288,289
2027	1,319,545		1,319,545
2028	1,349,602		1,349,602
2029	1,392,840		1,392,840
2030	1,429,579		1,429,579
2031	1,461,948		1,461,948
2032	1,495,125		1,495,125
2033	1,529,132		1,529,132
2034	1,578,283		1,578,283
2035	1,619,946		1,619,946
2036	1,656,568		1,656,568
2037	1,694,105		1,694,105
2038	1,732,581		1,732,581
2039	1,788,457		1,788,457
2040	1,835,704		1,835,704
2041	1,877,138		1,877,138
2042	1,919,608		1,919,608
2043	<u>783,870</u>	<u>-</u>	<u>783,870</u>
	<u>\$ 29,018,304</u>	<u>\$ (11,801)</u>	<u>\$ 29,006,503</u>

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 17 TAX ABATEMENTS (Continued)

For the years ended December 31, 2024 and 2023 the Borough abated property taxes totaling \$ 436,578 and \$450,640, respectively under the LTTE program. The Borough received \$ 810,166 and \$777,409 in PILOT payments under this program for the years ended December 31, 2024 and 2023, respectively.

In addition to the above PILOT revenue, the Borough also received land taxes of \$ 362,258 and \$356,825 in 2024 and 2023, respectively. This revenue is shared with the local school district and the county government according to the normal equalization formula for ad valorem taxes. Additionally, Wood-Ridge Development LLC has made significant financial contributions to the Borough's educational and athletic facilities since the inception of the redevelopment project.

The Five-Year Exemption and Abatement Law (NJSA 40: 21et.seq.) generally concerns rehabilitation of particular buildings and structures, with an abatement period that lasts no more than five years. These "short-term" property tax abatements can be structured as reduced property tax bills that exclude all or part of improvement value or as payments in lieu of taxes (PILOTs). Procedurally, a municipality must first adopt an ordinance invoking its five-year abatement authority and setting forth application procedures. This ordinance, referred to as the general ordinance, defines the eligibility criteria, which may include types of structures, types of permissible improvements, as well as qualifying geographic zones or similar designations. An applicant must satisfy all of the criteria stipulated in the statute and general ordinance to be entitled to approval. Applications for individual short-term abatements are presented to the local governing body and must include a general description of the project, plans demonstrating the structure of the project, a statement of reasons for seeking the abatement, claimed benefits to be realized by the applicant if the application is approved, and a statement of taxes currently being assessed and taxes to be paid during the period of the abatement. The application is approved by an ordinance authorizing execution of a tax agreement. If during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the property tax which would have otherwise been payable for each year shall become due and payable from the property owner as if no exemption and abatement had been granted. For the years ended December 31, 2024 and 2023 the Borough abated property taxes totaling \$ 1,228,356 and \$1,702,291, respectively under the FYEA program.

NOTE 18 SUBSEQUENT EVENTS

Bond Anticipation Notes

The Borough issued \$8,000,000 of bond anticipation notes to temporarily finance expenditures related to various capital projects. The Borough have awarded the sale of said notes to BNY Mellon Capital Markets, LLC at an interest rate of 3.75%. These notes dated February 24, 2025 will mature on February 23, 2026.

The Borough issued \$7,000,000 of bond anticipation notes to temporarily finance expenditures related to redevelopment capital projects. The Borough awarded the sale of said notes to Spencer Savings Bank at an interest rate of 4.45%. These notes dated April 8, 2025 matured on April 22, 2025.

The Borough issued \$22,500,000 of bond anticipation notes to temporarily finance expenditures related to various capital projects. The Borough have awarded the sale of said notes to Jefferies, LLC at an interest rate of 4.00%. These notes dated May 15, 2025 will mature on May 14, 2026.

Debt Authorized

On April 16, 2025 the Borough adopted a bond ordinance authorizing the issuance of \$1,425,000 in bonds or bond anticipation notes to fund various capital improvements and acquisition of equipment.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2026

Borough Council of the
Borough of Wood-Ridge, in the
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of Wood-Ridge, in the County of Bergen, New Jersey (the "Borough"), in connection with the issuance by the Borough of its \$22,500,000 Bond Anticipation Notes, consisting of the \$20,000,000 Redevelopment Bond Anticipation Note and the \$2,500,000 Open Space Bond Anticipation Note (together, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

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

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

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

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

Very truly yours,

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