

NEW ISSUE
BOOK-ENTRY

RATING: NOT RATED

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

**BOROUGH OF NORTH HALEDON
IN THE COUNTY OF PASSAIC, STATE OF NEW JERSEY**

\$9,724,386 BOND ANTICIPATION NOTES, SERIES 2026

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

**Dated: Date of Delivery
Maturity Date: June 17, 2027**

Coupon: ____%

Yield: ____%

CUSIP: 659538 ____

The Borough of North Haledon, in the County of Passaic, State of New Jersey (the "Borough") is offering \$9,724,386 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes") for sale to prospective purchasers.

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

The Notes are being issued to (i) refund, on a current basis, a \$7,986,921 principal portion of prior bond anticipation notes issued in the principal amount of \$8,259,721 on June 23, 2025 and maturing on June 22, 2026 (the "Prior Notes") (the remaining balance of the Prior Notes will be paid by the Borough with a budgetary appropriation in the amount of \$272,800), and (ii) temporarily finance various capital acquisitions and improvements in and by the Borough in the amount of \$1,737,465, including paying the costs associated with the issuance of the Notes.

One certificate for the aggregate principal amount of the Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as securities depository for the Notes. The Notes will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the books and records of DTC. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee. See "THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION" herein.

The Notes shall be dated and bear interest from their date of delivery, shall mature on June 17, 2027, shall bear interest at the rate of interest set forth above, payable at maturity, and interest shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. The Notes are not subject to redemption prior to maturity. Principal of and interest on the Notes will be paid to DTC by the Borough.

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

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

The Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Borough by Michael P. DeMarco, Esq., DeMarco & DeMarco, Esqs., North Haledon, New Jersey. It is anticipated that the Notes will be available for delivery through DTC on or about June 18, 2026.

BIDS FOR THE NOTES, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, WILL BE RECEIVED BY THE BOROUGH UNTIL 11:00 A.M., PREVAILING NEW JERSEY TIME, ON JUNE 9, 2026 VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC AT [HTTPS://NEWISSUE.MUNI.SPGLOBAL.COM](https://newissue.muni.spglobal.com), AND BY ELECTRONIC MAIL TO EVERETT M. JOHNSON, ESQ. AT EJOHNSON@WILENTZ.COM. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.

*Registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Borough does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

**BOROUGH OF NORTH HALEDON
IN THE COUNTY OF PASSAIC
STATE OF NEW JERSEY**

MAYOR

Randy George

BOROUGH COUNCIL

Rocco Luisi, Council President
Jacqueline Roscio
Donna Puglisi
Vince Parmese
George Pomianek
Bruce O. Iacobelli

CHIEF FINANCIAL OFFICER

Christopher Battaglia

CLERK

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North Haledon, New Jersey

BOROUGH AUDITOR

Wielkottz & Company, LLC
Pompton Lakes, New Jersey

BOND COUNSEL

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

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

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

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

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of, and exceptions to, statements made herein. This Official Statement should be read in its entirety.

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

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

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

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

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

\$9,724,386 BOND ANTICIPATION NOTES, SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of North Haledon (the "Borough"), in the County of Passaic (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$9,724,386 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes"). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer, and its distribution and use in connection with the marketing and sale of the Notes has been authorized by the Borough Council of the Borough.

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

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

THE NOTES

General Description

The Notes are general obligations of the Borough, and the full faith and credit of the Borough are pledged to the payment of the principal of and the interest on the Notes. The Notes are dated their date of delivery and will mature on June 17, 2027.

One certificate for the aggregate principal amount of the Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, which will act as securities depository for the Notes. The Notes will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof, or, as applicable, any odd denomination in excess thereof, through book entries made on the book and records of DTC. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry Note owner will receive a credit balance on the books of its nominee.

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

AUTHORIZATION OF THE NOTES

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

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

PURPOSE OF THE NOTES

The Notes are being issued to (i) refund, on a current basis, a \$7,986,921 principal portion of prior bond anticipation notes issued in the principal amount of \$8,259,721 on June 23, 2025 and maturing on June 22, 2026 (the "Prior Notes") (the remaining balance of the Prior Notes will be paid by the Borough with a budgetary appropriation in the amount of \$272,800), and (ii) temporarily finance various capital acquisitions and improvements in and by the Borough in the amount of \$1,737,465, including paying the costs associated with the issuance of the Notes.

The purposes for which the Notes are to be issued have been authorized by duly adopted, approved and published Bond Ordinances of the Borough, which Bond Ordinances are described in the following table by Ordinance Number, Description and Date of Final Adoption, and the Amount of Notes to be issued for such purposes. The Bond Ordinances are as follows:

Ordinance Number	Description and Date of Final Adoption	Amount
2-2021	Providing for 2021 Capital Improvement Program, finally adopted 4/21/21	\$ 1,226,687.00
17-2021	Providing for the purchase of property, finally adopted 8/31/21	\$ 46,400.00
23-2021	Providing for various storm related capital improvements, finally adopted 11/17/21	\$ 1,193,380.00
6-2022	Providing for 2022 Capital Improvement Program, finally adopted 3/16/22	\$ 1,267,140.00
10-2023	Providing for 2023 Capital Improvement Program, finally adopted 3/15/23	\$ 1,355,314.00
11-2024	Providing for 2024 Capital Improvements, finally adopted, 4/17/24	\$ 1,425,500.00
05-2025	Providing for 2025 Capital Acquisitions and Improvements, finally adopted 4/16/25	\$1,472,500.00

Ordinance Number	Description and Date of Final Adoption	Amount
05-2026	Providing for 2026 Capital Acquisitions and Improvements, finally adopted 3/18/26	\$1,737,465.00
		<u>\$9,724,386.00</u>

SECURITY FOR THE NOTES

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

RISK FACTORS

Climate

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

Cyber Security

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

NO DEFAULT

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

MARKET PROTECTION

The Borough does not anticipate issuing any additional bonds or notes in calendar year 2026.

THE DEPOSITORY TRUST COMPANY ("DTC") INFORMATION

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC

Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations concerning these matters.

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example,

Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

Discontinuance of Book-Entry System

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

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

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

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

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

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

Short Term Financing

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

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

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

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

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

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

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

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

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

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal

Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", which must be completed within six (6) months (June 30) after the close of the Borough's fiscal year (December 31), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Borough Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Borough Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles in the United States.

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

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

Investment of Municipal Funds

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

DEBT INFORMATION OF THE BOROUGH

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

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

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

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

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

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

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

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate

section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the “current” or operating budget.

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

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow “eligible” and “qualifying” municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Borough was eligible for local examination of its budget in 2026. The Borough adopted its 2026 budget in accordance with the procedures described under the heading entitled, “FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)”

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

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

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

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the “Cap Law” (the “Cap Law”). The Cap Law provides that the Borough shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year’s final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Borough may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Borough for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year’s final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored “CAP” banking to the Local Budget Law. Municipalities are permitted to appropriate available “CAP Bank” in either of the next two (2) succeeding years’ final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “CAP”.

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be

raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

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

Deferral of Current Expenses

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

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

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism for local units. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the immediately preceding fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A 40A:4-29 provides limits for the anticipation of

delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

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

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

$$\text{Total of Local, County, and School Levies} - \text{Anticipated Revenues} = \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes}$$

$$\frac{\text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes}}{\text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)}} = \text{Amount to be Raised by Taxation}$$

Anticipation of Miscellaneous Revenues

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

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

CAPITAL IMPROVEMENT PROGRAM

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

COVID-19 RISK FACTORS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-

19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the “Plan”). The Borough received \$878,692 in Federal Aid under the Plan, \$439,346 of which amount was received by the Borough in 2021 and \$439,346 was received in 2022. The deadline to commit the funds was December 31, 2024 and the deadline to spend said funds is December 31, 2026.

The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

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

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

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

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

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

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

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

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

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Corporation Counsel (as defined herein) for in rem foreclosures in order to acquire title to these properties.

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

Tax Appeals

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

TAX MATTERS

Federal Income Tax Treatment

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

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

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

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

Prospective Tax Law Changes

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

Other Tax Consequences

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

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

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

QUALIFIED OBLIGATIONS

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control

in any obligations of the Borough, including the Notes, and such Notes are authorized security for any and all public deposits.

RISK TO HOLDERS OF THE NOTES

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

Municipal Bankruptcy

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

The undertakings of the Borough should be considered with reference to 11 U.S.C. §101 *et seq.*, as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

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

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

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

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

default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

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

CERTIFICATES OF THE BOROUGH

Upon the delivery of the Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Borough, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Borough from that set forth in or contemplated by this Official Statement. In addition, the respective original purchasers of the Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Notes, and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the principal of or interest on the Notes, as applicable, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence nor boundaries of the Borough, nor the title of any of the said officers to their respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Christopher Battaglia, Chief Financial Officer Borough of North Haledon, 103 Overlook Avenue, North Haledon, New Jersey 07508, Telephone (973) 427-7793, Email: ChrisB@ttaglia.com or to the Borough's Bond Counsel; Everett M. Johnson, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, Telephone (732) 855-6149, Email: ejohnson@wilentz.com.

LITIGATION

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

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

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

The Borough has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Borough 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 MSRB's Electronic Municipal Market Access ("EMMA") website as required under its prior secondary market disclosure undertakings.

PREPARATION OF OFFICIAL STATEMENT

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

Wielkott & Company, LLC, Pompton Lakes, New Jersey, the Auditor to the Borough, has participated in the preparation of the information contained in Appendix A hereto, but has not verified the accuracy, completeness, or fairness thereof, and accordingly expresses no opinion or other assurances with respect thereto, but takes responsibility for the financial statements described below under the heading entitled "FINANCIAL STATEMENTS" and contained in Appendix B hereto.

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

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

UNDERWRITING

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

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

FINANCIAL STATEMENTS

The audited financial statements of the Borough for the years ending December 31, 2024 and December 31, 2023 are presented in Appendix B to this Official Statement. The financial statements referred to above have been audited by Wielkotsz & Company, LLC, Pompton Lakes, New Jersey, (the "Borough Auditor"), as stated in its Independent Auditor's Report, appearing in Appendix B hereto.

MISCELLANEOUS

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

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

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

**BOROUGH OF NORTH HALEDON,
IN THE COUNTY OF PASSAIC,
STATE OF NEW JERSEY**

**CHRISTOPHER BATTAGLIA,
Chief Financial Officer**

DATED: June _____, 2026

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APPENDIX A

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

APPENDIX A

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THE BOROUGH OF NORTH HALEDON

General Information

Originally, the Borough was part of a region known as Manchester Township. It kept this identity until 1901, at which time the Borough was incorporated as North Haledon.

The Borough is located on High Mountain in the easterly part of Passaic County, approximately 20 miles from midtown Manhattan, adjacent to the Bergen County communities of Franklin Lakes and Wyckoff, which are northwest and north, respectively, of the Borough.

The Borough has a land area of approximately 3.56 square miles. It is predominantly a residential community, approximately seventy percent developed. The median value of homes and the median family income are above the State and national levels. The residents of the Borough represent the professions, management and skilled trades.

Type of Government

The Borough is organized under the borough form of government.

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 tax levy. The Council, acting in committees, oversees the various departments and functions of the Borough Government.

Municipal Services

The Borough's Police Department is comprised of a Chief of Police and 24 full time officers and patrolmen. The all-volunteer Fire Department has 9 pieces of equipment manned by 32 volunteers. Both police and fire fighting training are provided by the Passaic County Fire and Police Academy. The Borough of North Haledon has entered into a Shared Services Agreement with the Paterson Fire Department, which provides ambulance service to its residents at no cost to the Borough or its residents.

Public Library

The Borough has a modern library building operated by an independent Board of Trustees, the members of which are appointed by the Borough Council. The library has a 30,000 volume lending library and a reference section.

Educational Facilities

The Borough's local school district (the "Local School District"), coterminous with the Borough, is a type II school district, an independent legal entity administered by a nine member Board of Education elected by the voters of the Local School District. The Local School District serves students in Kindergarten to eighth grade. The Local School District is authorized by law to issue debt for school purposes upon vote of the electorate. There is one public school in the Borough for grades K-4, and one middle school for grades 5-8, all on single session.

The high school students, grades 9-12, attend the Passaic County Manchester Regional High School (the “Regional School District”) in Haledon. The Regional School District is composed of the Boroughs of Prospect Park, Haledon and North Haledon. The Regional School District is governed by an elected nine member Board of Education, three of whom represent the Borough of Haledon, two of whom represent the Borough of Prospect Park and four of whom represent the Borough of North Haledon. The budget for the operation of the Regional School District is apportioned on the basis of tax ratables and pupil enrollment for each municipality. The Regional School District is authorized by law to issue debt for school purposes upon vote of the electorate. The Regional School District has no outstanding debt. There is at present \$14,245,000 principal amount of outstanding bonds for the Local School District. The Local School District has no plans to issue debt for the next several years.

On November 9, 2001, North Haledon filed a petition to allow the Commissioner of Education and his Board of Review to authorize a public referendum on the withdrawal of North Haledon from the Passaic County Manchester Regional High School District (“Regional District”). On February 8, 2002, the Board of Review granted that petition. The Regional District, Prospect Park and Haledon appealed the Board of Review’s decision but their applications for a stay failed. The referendum was held on September 24, 2002, and it passed by a wide margin. On December 17, 2002, the Commissioner of Education established July 1, 2003 as the effective withdrawal date. On May 15, 2003, the New Jersey Superior Court, Appellate Division, reversed the Board of Review’s decision and invalidated the results of the referendum. North Haledon filed an appeal to the New Jersey Supreme Court. The Supreme Court affirmed the Appellate Division’s decision, but also modified it and directed that the Commissioner of Education develop an equitable cost apportionment scheme for the Regional District in consultation with the constituent municipalities.

In response to the Supreme Court’s directive that the Commissioner of Education develop “an equitable cost apportionment scheme for the regional district,” the Commissioner issued his decision on January 18, 2005. (Haledon and Prospect Park had advocated that no change to the formula be made, unless it was an increase to North Haledon; North Haledon continued to pursue the restoration of funding based on per-pupil enrollment, rather than the equalized property valuation method imposed by legislation in 1975.) The Commissioner’s decision of 67% equalized valuation/33% per-pupil enrollment, which reduced the tax rate burdening North Haledon, was phased in, beginning for the 2006-07 school year. Municipal officials in North Haledon did not believe that the relief provided by the Commissioner created “an equitable cost apportionment scheme” in line with the Supreme Court’s directive and pursued further relief. On August 29, 2013, the Commissioner of Education changed the funding formula to 50% equalized valuation/50% per-pupil enrollment. Prospect Park and Haledon filed a motion to stay in opposition of the new formula; the motion to stay was denied on November 25, 2013. Prospect Park and Haledon are pursuing a legal challenge to the new formula.

North Haledon School District

The Local School District operates two (2) elementary schools. The Local School District’s staff includes approximately 104 employees, consisting of the following: Teachers - 81; Administrators - 8; Maintenance and Custodial - 3; Other - 12.

<u>Type and Name</u>	<u>Year of Additions</u>	<u>Total No. of Classrooms</u>	<u>Capacity</u>	<u>Present Enrollment</u>
Memorial School	1906, 1923, 1953, 2008	34	450	362
High Mountain School	1961, 1965, 2007	30	<u>369</u>	<u>246</u>
			<u>819</u>	<u>608</u>

Additional new construction is not contemplated.

Regional School District

The Regional School District’s staff includes approximately 131 employees, consisting of the following: Administrative - 9; Teachers - 84; Custodial - 7; Other - 31.

<u>Type and Name</u>	<u>Years of Construction, Additions</u>	<u>Total No. of Classrooms</u>	<u>Capacity</u>	<u>Present Enrollment</u>
				<u>Total</u>
Manchester Regional High School, Haledon, New Jersey	1959, 1972	50	684	817

Additional new construction is not contemplated.

Utilities

Natural gas and electricity are provided by Public Service Electric and Gas Company. Water service is provided by the Manchester Utilities Authority and the Hawthorne Water Department, with some residents also being serviced by privately operated individual wells. Cable TV service is also provided in the Borough.

Wastewater Collection System

The Borough completed construction of a sewage collection system in 1987 and is connected to the Passaic Valley Sewerage Commissioners (the “PVSC”) wastewater collection system. The Borough’s sewer system serves over 99% of the Borough. The less than 1% of residences not served use septic systems. All residences and businesses fronting on the Borough’s wastewater collection system must connect to the system. The PVSC impose sewer charges, paid on a quarterly basis, which are estimated for the current calendar year. At the end of each calendar year, the PVSC recalculates the charges to an actual basis, and the amount paid by the Borough is adjusted either by a credit advice from the PVSC or by additional payment by the Borough. The PVSC charges are included in the Borough’s budget, and raised as part of the ad valorem taxes since nearly all of the Borough’s residents are serviced by the Borough’s sewage collection facilities. Sewer charges are included with the quarterly property tax bills. Exempt property is billed once per year.

The following schedule shows the PVSC Annual Charges paid.

<u>Year</u>	<u>PVSC Annual Charges</u>
2025	\$596,283
2024	510,546
2023	475,465
2022	452,454
2021	435,273

Transportation

Bus and rail transportation are available within a few miles of the Borough. State Route 208, a divided highway two miles to the North, provides connections to State Routes 4 and 17, and Interstate Route 287 and the New York State Thruway. Interstate Route 80, three miles south of the Borough, provides connections to the Garden State Parkway, U.S. Route 46 and the New Jersey Turnpike.

RETIREMENT SYSTEMS

All full-time permanent or qualified Borough employees who began employment after 1944 must enroll in one or two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by the State. The Division of Pensions within the Treasury Department of the State is the Administrator of the funds with the benefit and contribution levels set by the State. The Borough is enrolled in the Public Employees' Retirement System and the Police and Firemen's Retirement System. The Borough is not delinquent with respect to its share of these pension systems' payments nor the Federal Social Security System's payments.

Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") includes approximately 34 permanent employees. PERS is evaluated every year.

Police and Firemen's Retirement System

Approximately 20 employees are covered under the Police and Firemen's Retirement System ("PFRS").

Retirement Benefit Payments

<u>Systems</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PERS	\$444,680	\$487,040	\$387,473	\$371,282	\$351,908
PFRS	1,391,827	1,150,183	902,550	869,445	906,028
OASI	<u>302,879</u>	<u>332,720</u>	<u>304,322</u>	<u>300,964</u>	<u>256,659</u>
TOTAL	<u>\$2,139,386</u>	<u>\$1,969,943</u>	<u>\$1,594,345</u>	<u>\$1,541,691</u>	<u>\$1,514,595</u>

Source: The Borough's budget and financial statements, audited and unaudited.

COLLECTIVE BARGAINING REPRESENTATION

Certain Borough employees are represented by bargaining agents which are shown below together with termination dates of current contracts.

<u>Employee Classification</u>	<u>Bargaining Representation</u>	<u>Termination Date</u>
Police Officers	Police Benevolent Association, Local 292	12/31/26
Police Dispatcher	Communication Workers of America	12/31/31
Department of Public Works	New Jersey Council #52, AFSCME, AAFL-CIO	12/31/26

TREND OF NEW CONSTRUCTION

<u>Year</u>	<u>Value</u> <u>New Construction</u>	<u>Value</u> <u>Alterations</u>	<u>Total</u>
2025	\$5,230,030	\$4,297,080	\$9,527,110
2024	5,835,398	4,714,098	10,549,496
2023	7,768,907	5,669,550	13,438,457
2022	6,586,340	4,439,731	11,026,071
2021	5,815,344	4,440,124	10,255,468

MAJOR REAL PROPERTY TAXPAYERS FOR 2026

<u>Taxpayer</u>	2026 Assessed Valuation
High Mountain Realty, LLC c/o Kennedy Constr.	\$7,840,000
535 Associations, LLC	4,366,100
1243 Belmont Ave. Corp.	4,013,100
Sicomac Realty, LLC & Rosehall Realty, LLC	3,800,000
High Mountain Realty Group, LLC	3,400,000
LIPT Belmont Ave Urban Renewal, LLC	3,005,400
Gene Bear Properties, LLC	2,720,000
NJTT Realty, LLC	2,548,100
895 Belmont Ave., LLC	2,349,000
Hofer Heights, LLC	<u>2,359,000</u>
 Total Assessed Valuation	 <u>\$36,400,700</u>
 Net Valuation Taxable	 \$1,194,715,150

NET ASSESSED AND EQUALIZED PROPERTY VALUATIONS

Real Property Net Assessed Valuation by Classification

<u>Classification</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Residential	\$1,123,697,000	\$1,123,697,000	\$1,121,562,100	\$1,119,880,000	\$1,117,936,600
Farm	582,350	582,350	582,350	582,350	582,350
Commercial	58,414,100	58,414,100	58,377,900	58,979,000	59,510,800
Industrial	4,557,300	4,557,300	4,557,300	4,557,300	4,557,300
Vacant	<u>7,464,400</u>	<u>7,464,400</u>	<u>7,115,900</u>	<u>7,445,200</u>	<u>7,907,400</u>
Total	<u>\$1,194,715,150</u>	<u>\$1,194,715,150</u>	<u>\$1,192,195,550</u>	<u>\$1,191,443,850</u>	<u>\$1,190,494,450</u>

Source: The Borough's tax duplicates for the year's shown.

Net Assessed and Equalized Property Valuations

<u>Net Assessed Valuation</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Real Property	\$1,194,715,150	\$1,192,195,550	\$1,191,443,850	\$1,190,494,450	\$1,188,640,250
Personal Tangible Property	<u>643</u>	<u>698</u>	<u>777</u>	<u>822</u>	<u>847</u>
Total Net Assessed Valuation	1,194,715,793	1,192,196,248	1,191,444,627	1,190,495,272	1,188,641,097
Percent Increase Over Previous Year	.02%	0.06%	0.08%	0.16%	0.17%
Equalized Valuation Ratio	64.25%	69.82%	77.72%	82.19%	84.70%
Equalized Valuation	1,861,373,131	\$1,709,287,219	\$1,534,673,115	\$1,454,192,188	\$1,409,458,855
Percent Increase (Decrease)	8.89%	11.38%	5.53%	3.17%	6.18%

LEVY AND COLLECTION OF TAXES

The levy and collection of taxes are based upon a calendar year. The Borough is the political entity responsible for the levying and collection of taxes on all taxable real property within its borders, including the tax levies for the County, the Local School District and the Regional School District.

Property taxes are based on an assessor's valuation of real property and are levied for a calendar year. The Borough completed a tax revaluation in 2012. The taxes for Borough, Local School District, Regional School District and County purposes are combined into one tax levy, which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purpose of the Local School District and the Regional School District cover the current calendar year. Turnover of tax monies by the Borough to a school district are based on school needs and are generally made on a periodic basis throughout the year. The Borough remits 100% of the County taxes, payable quarterly on the 15th days of February, May, August and November.

Tax bills for the second half of the current year's tax levy, and an estimate based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first days of August, November, February and May. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes are subject to tax sale as of July 1 following the year of levy, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to property.

The last all-inclusive tax sale of unpaid delinquent taxes and assessments was held by the Borough on July 16, 2025.

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

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Passaic County Tax Board on or before the first day of April of the current tax year for review. The Passaic County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Passaic County Tax Board, appeal may be made to the State Department of Taxation, Division of Tax Appeal, for a further hearing. State tax appeals tend to take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period.

**Tax Rate Apportionment
(Per \$100 of Assessed Valuation)**

<u>Year</u>	<u>Municipal</u>	<u>Library</u>	<u>County</u> ⁽¹⁾	<u>Local School</u>	<u>Regional High School</u>	<u>Tax Rate</u>
2025	1.108	0.052	0.751	1.101	0.175	3.187
2024	1.082	0.048	0.730	1.031	0.169	3.060
2023	0.996	0.043	0.718	1.006	0.196	2.959
2022	0.951	0.040	0.768	0.979	0.197	2.935
2021	0.926	0.039	0.783	0.963	0.194	2.905

(1) Includes County Open Space
Source: The Borough

Tax Levy Apportionment

<u>Year</u>	<u>Municipal</u>	<u>Library</u>	<u>County</u> ⁽¹⁾	<u>Local School</u> ⁽¹⁾	<u>Regional High School</u> ⁽¹⁾	<u>Tax Levy</u>
2025	\$13,242,931	\$618,520	\$8,966,369	\$13,153,990	\$2,087,133	\$38,068,943
2024	12,895,112	568,817	8,705,833	12,293,972	2,009,294	36,473,028
2023	11,871,522	510,591	8,547,506	11,985,932	2,338,923	35,254,474
2022	11,321,284	482,070	9,138,946	11,650,285	2,342,692	34,935,277
2021	11,013,405	466,991	9,295,820	11,445,267	2,301,436	34,522,919

(1) The Borough is required, under State statutes, to remit to the County, the Local School District and the Regional School District 100% of the respective tax levies.
Source: The Borough

Tax Collection Experience

<u>Year</u>	<u>Tax Levy</u> ⁽¹⁾	<u>Current Tax Levy Collection</u>	
		<u>Amount</u>	<u>Percent</u>
2025	\$38,125,394	\$37,816,873	99.19%
2024	36,550,403	36,167,756	98.95
2023	35,293,724	34,969,678	99.08
2022	34,997,656	34,618,941	98.91
2021	34,575,533	34,227,121	98.99

(1) Includes added and omitted taxes.
Source: The Borough's audited and unaudited financial statements.

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 Tax Levy</u>
2025	\$165,473	\$265,091	\$430,564	1.13%
2024	156,269	356,152	512,421	1.40
2023	147,432	301,503	448,935	1.27
2022	137,590	342,211	479,801	1.37
2021	199,094	324,676	523,770	1.51

Source: The Borough's audited and unaudited financial statements.

Foreclosed Property

<u>Year</u>	<u>Balance December 31,</u>
2025	\$43,900
2024	43,900
2023	43,900
2022	43,900
2021	43,900

Source: The Borough's audited and unaudited financial statements.

CURRENT FUND REVENUE SOURCES

<u>Year</u>	<u>Budget Appropriation</u>	<u>Revenue Surplus Appropriated</u>	<u>Miscellaneous Revenues Collected</u>	<u>Delinquent Taxes Collected</u>	<u>Tax Levy Realized</u>	<u>Reserve for Uncollected Taxes</u>
2025	\$18,557,695	\$1,160,000	\$3,261,531	\$355,007	\$14,062,646	\$465,000
2024	18,051,242	1,635,000	2,885,854	295,848	13,592,139	450,000
2023	17,121,008	1,450,000	3,103,744	340,651	12,522,864	435,000
2022	15,877,187	1,033,000	2,961,003	396,878	11,902,094	430,000
2021	15,185,661	1,218,734	1,965,674	348,558	11,587,325	415,000

CURRENT FUND BALANCES AND AMOUNTS UTILIZED IN SUCCEEDING YEAR'S BUDGET

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$2,652,384	\$
2024	1,160,724	1,160,000
2023	1,635,190	1,635,000
2022	2,153,870	1,450,000
2021	1,427,509	1,033,000

(1) Unaudited

STATE AID

<u>Year</u>	<u>Energy Receipts Tax</u>	<u>Consolidated Municipal Property Tax Relief</u>	<u>Other Aid Received</u>	<u>Total</u>
2025	\$605,700		\$1,128	\$606,828
2024	605,700		63,562	669,262
2023	602,700		32,351	635,051
2022	598,563		1,128	599,691
2021	598,563		1,128	599,691

DEBT INFORMATION

General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax levying local governmental units of the State. The statutory gross debt must include all debt authorized plus all debt issued which remains outstanding. Debt, bonds or notes, which has been refunded, and payment for which is made from escrowed U.S. Treasury securities or other permitted investments, is considered outstanding under State statutes until such outstanding debt has matured or has been called for redemption. However, any debt which is self-supporting or which is payable from other sources or debt issued for refunding purposes may be deducted from the statutory gross debt to arrive at the amount of statutory net debt. The statutory net debt figure is the amount to determine if a local governmental unit is within the limit of its statutory borrowing power. The debt incurring power is limited by State statute to 3.50% of a local governmental unit's statutory equalized valuation.

The following schedules set forth information on the amounts of debt authorized but unissued, debt issued and outstanding, the remaining borrowing capacity, and overlapping debt.

STATUTORY DEBT INFORMATION
As of December 31, 2025

School Purpose:	
Bonds and Notes Issued	\$7,900,000
Authorized/Unissued Debt	<u>7,900,000</u>
Total Gross Debt	<u>7,900,000</u>
Deductions	<u>7,900,000</u>
Net Debt for School Purposes	<u>0</u>
Municipal Purpose:	
Bonds and Notes Issued	14,857,256
Authorized/Unissued Debt	<u>456,952</u>
Total Gross Debt	<u>15,314,208</u>
Deductions	<u>1,004</u>
Net Debt for Municipal Purpose	<u>15,313,204</u>
Total Gross Statutory Debt	23,214,208
Total Statutory Deductions	<u>7,901,004</u>
Total Net Statutory Debt	<u><u>\$15,313,204</u></u>

STATUTORY BORROWING POWER
As of December 31, 2025

Statutory Equalized Valuation (1)	\$1,845,581,240
Statutory Borrowing Power (2)	64,595,343
Statutory Net Debt	<u>15,313,204</u>
Remaining Statutory Borrowing Power	<u>49,282,139</u>
Net Debt to Equalized Valuation	0.830%

(1) Average for the immediately preceding three years (2025, 2024 and 2023) as calculated by State.

(2) 3.50% of the statutory equalized valuation.

Source: The Borough.

**DIRECT AND OVERLAPPING DEBT
ISSUED AND OUTSTANDING
As of December 31, 2025**

	<u>Direct Debt</u>	<u>Overlapping Debt</u>
Direct Debt:		
Bonds and Notes	\$14,857,256	
Authorized Not Issued	<u>456,952</u>	
	<u>15,314,208</u>	
Overlapping Debt:		
School Districts		\$7,900,000
Passaic County (1)		6,024,876
Passaic County Utilities Authority (1)		<u>773,473</u>
		<u>14,698,349</u>
Total Direct Debt:		
Gross	15,314,208	
Deductions	<u>1,004</u>	
Net	<u>\$15,313,204</u>	
Total Overlapping Debt:		
Gross		14,698,349
Deductions		<u>7,900,000</u>
Net		<u>\$6,798,349</u>

(1) The Borough's net share of the County's debt is obtained by dividing the Borough's 2025 equalized valuation by the County's 2025 equalization as obtained from the County's abstract of ratables.

DEBT RATIOS

	<u>Direct Debt</u>		<u>Direct and Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Per Capital 2020 Census: 8,927	\$1,715	\$1,715	\$3,362	\$2,477
Equalized Valuation: 1,845,581,240	0.830%	0.830%	1.626%	1.198%

**PERMANENT DEBT ISSUED AND OUTSTANDING
(As of December 31, 2025)**

<u>Purpose</u>	<u>Interest Rate</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
General Serial Bonds of 2021	2.00-4.00%	03-15-21	03-15-34	<u>\$4,793,000</u>
Total Permanent Debt Issued and Outstanding				<u>\$4,793,000</u>

Source: The Borough's audited financial statements and the Borough.

**ANNUAL DEBT SERVICE REQUIREMENTS
FOR
OUTSTANDING BONDS**

<u>Calendar Year</u>	<u>General</u>	<u>Interest</u>	<u>Total</u>
2026	\$500,000.00	\$121,310.00	\$621,310.00
2027	500,000.00	101,310.00	601,310.00
2028	500,000.00	81,310.00	581,310.00
2029	545,000.00	63,135.00	608,135.00
2030	550,000.00	49,460.00	599,460.00
2031-2034	<u>2,198,000.00</u>	<u>87,860.00</u>	<u>2,285,860.00</u>
	<u>\$4,793,000.00</u>	<u>\$504,385.00</u>	<u>\$5,297,385.00</u>

APPENDIX B

**AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDING
DECEMBER 31, 2024 AND DECEMBER 31, 2023**

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WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of North Haledon
North Haledon, New Jersey 07508

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of North Haledon in the County of Passaic, as of December 31, 2024 and 2023, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. 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 North Haledon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.



As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of North Haledon on the basis of the financial reporting provisions 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 requirements of New Jersey.

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.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 16 of the financial statement, the Borough of North Haledon participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$967,386.96 and \$803,908.35 for 2024 and 2023, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2024 and 2023, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2024 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 North Haledon’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 the 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, 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'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of North Haledon's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.




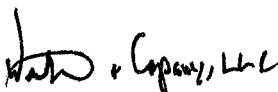
The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2025 on our consideration of the Borough of North Haledon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of North Haledon's internal control over financial reporting and compliance.


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. 413


WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 7, 2025



Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Current Fund:			
Cash	A-4	3,286,740.18	3,866,170.38
Change Fund	A-6	<u>425.00</u>	<u>425.00</u>
		<u>3,287,165.18</u>	<u>3,866,595.38</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	356,151.73	301,502.98
Property Acquired for Taxes - Assessed Valuation	A-10	43,900.00	43,900.00
Tax Title Liens	A-11	156,269.06	147,431.78
Revenue Accounts Receivable	A-12	145,024.75	171,403.77
Interfund Receivables:			
Other Trust Fund	A-13	10,394.55	3,810.14
Animal Control Trust Fund	A-13	<u>2,667.60</u>	<u>988.66</u>
		<u>714,407.69</u>	<u>669,037.33</u>
		<u>4,001,572.87</u>	<u>4,535,632.71</u>
Federal and State Grant Fund:			
Cash	A-5	115,549.76	150,636.12
Grants Receivable	A-21	<u>143,582.33</u>	<u>78,582.33</u>
		<u>259,132.09</u>	<u>229,218.45</u>
		<u>4,260,704.96</u>	<u>4,764,851.16</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	669,915.23	749,723.15
Encumbrances Payable	A-15	136,486.41	222,934.06
Prepaid Taxes	A-16	213,174.07	143,046.44
Local School Tax Payable	A-17	572,589.99	547,587.99
Regional School Tax Payable	A-18	7.83	8.83
County Taxes Payable	A-19		9,453.06
Due to State of New Jersey:			
Senior Citizens' and Veterans' Deduction	A-8	1,406.18	400.01
Marriage Surcharge	A-20	400.00	325.00
Building Surcharge	A-20	2,125.00	1,614.00
Lead Assistance	A-20	2,140.00	1,420.00
Due to County - PILOT	A-20	86,766.37	51,323.11
Reserve for:			
Tax Appeals	A-20	56,981.22	56,685.68
Municipal Relief Fund	A-20		62,433.76
L.O.S.A.P.	A-20	3,261.89	3,261.89
FEMA - Hurricane Ida	A-20	381,188.36	381,188.36
		<u>2,126,442.55</u>	<u>2,231,405.34</u>
Reserve for Receivables	Contra	714,407.69	669,037.33
Fund Balance	A-1	<u>1,160,722.63</u>	<u>1,635,190.04</u>
		<u>4,001,572.87</u>	<u>4,535,632.71</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	195,129.97	192,239.76
Unappropriated Reserve for Grants	A-23	64,002.12	36,978.69
		<u>259,132.09</u>	<u>229,218.45</u>
		<u><u>4,260,704.96</u></u>	<u><u>4,764,851.16</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	1,635,000.00	1,450,000.00
Miscellaneous Revenue Anticipated	A-2	2,885,853.13	3,103,633.08
Receipts from Delinquent Taxes	A-2	295,847.64	340,650.55
Receipts from Current Taxes	A-2	36,167,756.27	34,969,677.83
Non-Budget Revenue	A-2	328,350.03	299,350.41
Other Credits to Income:			
Interfunds Returned	A-13	4,798.80	
Statutory Excess in Dog Fund	A-13	2,667.60	624.60
Unexpended Balance of Appropriation Reserves	A-14	490,302.07	173,580.84
		<u>41,810,575.54</u>	<u>40,337,517.31</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	6,939,190.00	6,616,795.00
Other Expenses	A-3	6,384,218.41	6,388,380.10
Capital Improvement Fund	A-3	495,000.00	380,000.00
Municipal Debt Service	A-3	1,802,937.49	1,598,325.45
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,979,223.10	1,702,022.67
Interfund Advances	A-13	13,062.15	4,798.80
Local District School Tax	A-17	12,139,952.00	11,818,108.50
Regional High School Tax	A-18	2,174,108.50	2,340,807.50
County Taxes including Added Taxes	A-19	8,722,351.30	8,556,959.29
		<u>40,650,042.95</u>	<u>39,406,197.31</u>
Total Expenditures			

Borough of North Haledon, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Excess (Deficit) Revenue Over Expenditures		1,160,532.59	931,320.00
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year		<hr/>	<hr/>
Statutory Excess to Fund Balance		1,160,532.59	931,320.00
Fund Balance, January 1,	A	<u>1,635,190.04</u>	<u>2,153,870.04</u>
		2,795,722.63	3,085,190.04
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>1,635,000.00</u>	<u>1,450,000.00</u>
Fund Balance, December 31,	A	<u><u>1,160,722.63</u></u>	<u><u>1,635,190.04</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>1,635,000.00</u>	<u>1,635,000.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	11,000.00	11,000.00	
Other	A-2	5,000.00	5,439.00	439.00
Fees and Permits	A-2	148,000.00	162,298.72	14,298.72
Fines and Costs:				
Municipal Court	A-12	91,000.00	111,694.88	20,694.88
Interest and Costs on Taxes	A-4	77,000.00	70,818.44	(6,181.56)
Interest on Investments and Deposits	A-12	147,000.00	173,183.47	26,183.47
Exempt Sewer Use Charge	A-12	91,000.00	79,561.82	(11,438.18)
Energy Receipts Tax	A-12	605,700.00	605,700.02	0.02
Watershed Moratorium Aid	A-12	1,128.00	1,128.00	
Municipal Relief Fund	A-20	62,433.76	62,433.76	
Uniform Construction Code Fees	A-12	160,000.00	162,008.00	2,008.00
Uniform Fire Safety Act - Local	A-12	6,000.00	6,800.00	800.00
Cell Tower Lease	A-12	119,000.00	122,882.88	3,882.88
Clean Communities Program	A-21	19,557.31	19,557.31	
Stormwater Assistance Grant	A-21	15,000.00	15,000.00	
Local Recreational Improvement Grant	A-21	65,000.00	65,000.00	
Bullet Proof Vest Program	A-21	193.70	193.70	
Body Armor Replacement Fund	A-21	2,227.68	2,227.68	
Interlocal - Hawthorne Tax Collection	A-12	30,000.00	47,500.00	17,500.00
County of Passaic - Street Lighting	A-12	12,132.72	24,265.44	12,132.72
ECHS - School Resource Officer	A-12	50,000.00	50,000.00	
Mary Help Christians - School Resource Officer	A-12	40,000.00	40,000.00	
NHBoE - School Resource Officer	A-12	80,000.00	100,000.00	20,000.00
PILOT - 920 Belmont Avenue	A-12	384,750.00	545,523.64	160,773.64
PILOT - Belmont Estates	A-12	136,800.00	127,898.31	(8,901.69)
Sewer Connection Fees	A-12	205,000.00	205,000.00	
Payroll Service Reimbursement	A-12	12,000.00	12,000.00	
Uniform Fire Safety Act	A-12	14,000.00	14,348.75	348.75
General Capital Fund Balance	A-12	42,389.31	42,389.31	
Total Miscellaneous Revenues	A-1	<u>2,633,312.48</u>	<u>2,885,853.13</u>	<u>252,540.65</u>
Receipts from Delinquent Taxes	A-1/A-2	<u>319,000.00</u>	<u>295,847.64</u>	<u>(23,152.36)</u>
Subtotal General Revenues		<u>4,587,312.48</u>	<u>4,816,700.77</u>	<u>229,388.29</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2024

		<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Minimum Library Tax		12,895,112.03 568,817.00	13,023,321.97 568,817.00	128,209.94
Total Amount to be Raised by Taxes for Support of Budget	A-2	<u>13,463,929.03</u>	<u>13,592,138.97</u>	<u>128,209.94</u>
Budget Totals		18,051,241.51	18,408,839.74	357,598.23
Non-Budget Revenue	A-1/A-2		<u>328,350.03</u>	<u>328,350.03</u>
		<u>18,051,241.51</u>	<u>18,737,189.77</u>	<u>685,948.26</u>
Adopted Budget	A-3	17,986,241.51		
Appropriated by N.J.S. 40A:4-87	A-3	<u>65,000.00</u>		
		<u>18,051,241.51</u>		

Analysis of Realized Revenues

		<u>Ref.</u>	
Revenue from Collections	A-1/A-9		36,167,756.27
Allocated to School and County Taxes	A-9		<u>23,025,617.30</u>
Balance for Support of Municipal Budget Appropriations			13,142,138.97
Add : Appropriation - Reserve for Uncollected Taxes	A-3		<u>450,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u>13,592,138.97</u>
Receipts from Delinquent Taxes:			
Delinquent Taxes	A-9	<u>295,847.64</u>	
	A-2		<u>295,847.64</u>
Licenses - Other			
Clerk	A-12	2,120.00	
Registrar	A-12	144.00	
Board of Health	A-12	<u>3,175.00</u>	
	A-2		<u>5,439.00</u>
Fees and Permits - Other:			
Clerk	A-12	478.00	
Police	A-12	16,505.00	
Planning and Zoning	A-12	16,777.58	
Registrar	A-12	1,880.00	
Cable TV Fees	A-12	<u>126,658.14</u>	
	A-2		<u>162,298.72</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2024

Analysis of Non-budget Revenues

Ref.

Miscellaneous Revenues Not Anticipated:

Return Check Fee	140.00
Administration Costs - Police Outside Service	118,222.14
NJIIF Safety Award	1,000.00
Legal Settlement	75,000.00
Prior Year Void Checks	7,681.62
Recycling Revenue	18,924.00
Senior Citizens & Vets Administrative Payment	965.00
Sale of Assets	5,500.00
EV Charger	18,931.12
Library Reimbursement	69,281.70
Miscellaneous	<u>12,704.45</u>

A-2, A-4

328,350.03

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages		36,560.00	36,560.00	36,560.00		
Administrator		17,140.00	17,140.00	17,140.00		
Purchasing Agent		135,000.00	135,100.00	135,000.12	99.88	
Governing Body		367,780.00	377,780.00	377,365.90	414.10	
Municipal Clerk's Office						
Other Expenses		115,500.00	115,500.00	113,388.94	2,111.06	
Municipal Clerk's Office						
Elections		15,500.00	15,500.00	13,844.75	1,655.25	
Other Expenses						
Financial Administration						
Salaries and Wages		140,650.00	140,650.00	140,643.35	6.65	
Other Expenses		71,300.00	71,300.00	65,886.31	5,413.69	
Audit Services		55,000.00	55,000.00	50,000.00	5,000.00	
Collection of Taxes						
Salaries and Wages		124,390.00	137,390.00	136,478.38	911.62	
Other Expenses		17,500.00	17,500.00	10,820.07	6,679.93	
Assessment of Taxes						
Salaries and Wages		25,700.00	25,700.00	25,691.72	8.28	
Other Expenses		4,140.00	4,340.00	4,244.64	95.36	
Legal Services and Costs						
Other Expenses		40,000.00	46,800.00	46,800.00		
Engineering Services and Costs						
Other Expenses		74,000.00	74,000.00	74,000.00		

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Mayor's Wellness Campaign		39,610.00	39,610.00	29,551.00	10,059.00	
Salaries and Wages					500.00	
Other Expenses						
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board		8,560.00	8,660.00	8,576.29	83.71	
Salaries and Wages		6,420.00	6,420.00	5,424.14	995.86	
Other Expenses						
Land Use Administrator		1,700.00	1,700.00		1,700.00	
Salaries and Wages		20,000.00	22,000.00	21,740.00	260.00	
Preparation of Master Plan						
Insurance:						
Other Insurance Premiums		511,304.00	511,304.00	504,065.30	7,238.70	
Workers' Compensation Insurance		251,535.00	251,535.00	244,209.00	7,326.00	
Group Insurance Plan for Employees		1,110,000.00	1,110,000.00	1,063,368.33	46,631.67	
Group Insurance Waivers		20,000.00	20,000.00	15,000.00	5,000.00	
Public Safety:						
Police						
Salaries and Wages		3,890,130.00	3,920,130.00	3,912,734.32	7,395.68	
Other Expenses		241,900.00	241,900.00	212,361.12	29,538.88	
Emergency Management Services						
Salaries and Wages		16,700.00	16,700.00	16,688.88	11.12	
Other Expenses		1,000.00	1,000.00		1,000.00	
Fire						
Other Expenses		100,500.00	100,500.00	64,971.03	35,528.97	
Rent for Fire Department		8,500.00	8,500.00	8,500.00		

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Fire Prevention Bureau - Life Hazard Use						
Salaries and Wages		8,540.00	8,540.00	8,540.00		
Other Expenses		500.00	2,300.00	2,266.00	34.00	
Fire Prevention Bureau - Uniform Fire Safety Code						
Salaries and Wages		6,000.00	6,000.00	4,429.58	1,570.42	
Municipal Prosecutor						
Salaries and Wages		20,960.00	20,960.00	18,378.42	2,581.58	
Municipal Court:						
Salaries and Wages		170,820.00	176,820.00	176,207.85	612.15	
Other Expenses		11,500.00	13,500.00	12,560.51	939.49	
Public Defender						
Salaries and Wages		2,100.00				
Public Works						
Road Repairs and Maintenance						
Salaries and Wages		1,170,210.00	1,094,110.00	1,065,074.94	29,035.06	
Other Expenses		146,300.00	171,300.00	165,889.32	5,410.68	
Snow Removal						
Other Expenses		12,000.00	12,000.00	7,000.00	5,000.00	
Sewer System						
Salaries and Wages		22,000.00	22,000.00	21,994.44	5.56	
Other Expenses		92,500.00	92,500.00	77,226.48	15,273.52	
Garbage and Trash Removal						
Other Expenses		520,000.00	520,000.00	412,499.97	107,500.03	

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Recycling Program		102,320.00	102,320.00	88,171.58	14,148.42	
Salaries and Wages		303,340.00	303,340.00	226,746.46	76,593.54	
Other Expenses						
Public Buildings and Grounds		146,800.00	183,800.00	180,536.94	3,263.06	
Other Expenses						
Health and Human Services:						
Board of Health		69,100.00	69,100.00	69,084.00	16.00	
Salaries and Wages		11,730.00	11,730.00	11,730.00		
Contractual		8,200.00	8,200.00	5,091.45	3,108.55	
Other Expenses						
Dog Regulation		15,000.00	15,000.00	15,000.00		
Other Expenses						
Parks and Recreation		11,300.00	11,300.00	5,957.29	5,342.71	
Recreation						
Other Expenses		6,530.00				
Senior Citizens' Transportation		288,000.00	288,000.00	267,121.20	20,878.80	
Other Expenses						
Landfill						
Solid Waste Disposal Costs		202,990.00	207,990.00	206,074.44	1,915.56	
Sub-Code Officials		4,610.00	7,410.00	7,127.16	282.84	
Construction Official						
Salaries and Wages						
Other Expenses						

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Zoning Enforcement Officer						
Salaries and Wages		1,570.00	1,570.00	1,570.00		
Other Expenses		100.00	100.00		100.00	
Fire Inspector						
Salaries and Wages		12,660.00	12,660.00	12,660.00		
Unclassified:						
Celebration of Public Events						
Other Expenses		79,000.00	82,000.00	82,000.00		
Salary and Wage Adjustments		8,500.00				
Accumulated Absences Retirement Fund		160,000.00	160,000.00	158,163.52	1,836.48	
Electricity		209,120.00	198,120.00	148,770.53	49,349.47	
Street Lighting		118,000.00	110,000.00	78,789.12	31,210.88	
Telephone		97,940.00	97,940.00	81,707.98	16,232.02	
Fire Hydrant		123,540.00	106,540.00	105,228.00	1,312.00	
Water		30,690.00	20,690.00	16,488.77	4,201.23	
Water Testing		2,760.00	2,760.00	490.00	2,270.00	
Fuel Oil		40,000.00	32,430.00	17,403.08	15,026.92	
Gasoline		120,000.00	120,000.00	77,007.74	42,992.26	
Contingent		20,000.00	20,000.00	15,849.01	4,150.99	
		<u>11,845,749.00</u>	<u>11,843,749.00</u>	<u>11,205,889.37</u>	<u>637,859.63</u>	

Total Operations within "CAPS"

Detail:

Salaries and Wages	A-1	6,761,690.00	6,739,190.00	6,666,778.73	72,411.27	
Other Expenses	A-1	5,084,059.00	5,104,559.00	4,539,110.64	565,448.36	

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		487,040.44	487,040.44	487,040.44		
Social Security System (O.A.S.I.)		332,000.00	327,000.00	322,719.62	4,280.38	
Police and Firemen's Retirement System of NJ		1,150,182.66	1,150,182.66	1,150,182.66		
Defined Contribution Retirement Plan		10,000.00	15,000.00	13,524.03	1,475.97	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,979,223.10	1,979,223.10	1,973,466.75	5,756.35	
Total General Appropriations for Municipal Purposes within "CAPS"		13,824,972.10	13,822,972.10	13,179,356.12	643,615.98	

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		568,818.00	568,818.00	568,818.00	10,000.00	
Emergency Services Volunteer Length of Service Award Program		10,000.00	10,000.00		840.00	
Preparation of COAH Application Plan (P.L. 1985, C.222)		15,000.00	17,000.00	16,160.00		
Passaic Valley Sewerage Commission Share of Costs		511,000.00	511,000.00	510,545.75	454.25	
Reserve for Tax Appeals		15,000.00	15,000.00		15,000.00	
Stormwater Management		25,000.00	25,000.00	25,000.00		
Interlocal Municipal Service Agreements						
County of Passaic - IT Services		18,730.00	18,730.00	18,725.00	5.00	
Borough of Hawthorne - Tax Collection		30,000.00	30,000.00	30,000.00		
County of Passaic - Street Lighting		12,132.72	12,132.72	12,132.72		
ECHS - School Resource Officer		50,000.00	50,000.00	50,000.00		
Mary Help Christians - School Resource Officer		40,000.00	40,000.00	40,000.00		
NHBoE - School Resource Officer		80,000.00	80,000.00	80,000.00		
Public and Private Programs Offset by Revenues						
Clean Communities Program		19,557.31	19,557.31	19,557.31		
Stormwater Assistance Grant		15,000.00	15,000.00	15,000.00		
Local Recreational Improvement Grant		65,000.00	65,000.00	65,000.00		
Bullet Proof Vest Program		193.70	193.70	193.70		
Body Armor Replacement Fund		2,227.68	2,227.68	2,227.68		
Total Operations - Excluded from "CAPS"		<u>1,477,659.41</u>	<u>1,479,659.41</u>	<u>1,453,360.16</u>	<u>26,299.25</u>	
Detail:						
Salaries & Wages	A-1	200,000.00	200,000.00	200,000.00		
Other Expenses	A-1	1,277,659.41	1,279,659.41	1,253,360.16	26,299.25	

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Capital Improvements:						
Capital Improvement Fund		475,000.00	475,000.00	475,000.00		
Road Improvements		20,000.00	20,000.00	20,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	495,000.00	495,000.00	495,000.00		
Municipal Debt Service:						
Payment of Bond Principal		1,250,000.00	1,250,000.00	1,250,000.00		
Payment of Bond Anticipation Notes		84,800.00	84,800.00	84,800.00		
Interest on Bonds		188,810.00	188,810.00	188,810.00		672.51
Interest on Notes		280,000.00	280,000.00	279,327.49		672.51
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,803,610.00	1,803,610.00	1,802,937.49		672.51
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		3,776,269.41	3,778,269.41	3,751,297.65	26,299.25	672.51

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2024

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Subtotal General Appropriations		17,601,241.51	17,601,241.51	16,930,653.77	669,915.23	672.51
Reserve for Uncollected Taxes		<u>450,000.00</u>	<u>450,000.00</u>	<u>450,000.00</u>		
Total General Appropriations		<u>18,051,241.51</u>	<u>18,051,241.51</u>	<u>17,380,653.77</u>	<u>669,915.23</u>	<u>672.51</u>
Adopted Budget	A-2		17,986,241.51			
Appropriated by (N.J.S. 40A:4-87)	A-2		<u>65,000.00</u>			
			<u>18,051,241.51</u>		A	
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			450,000.00		
Cash Disbursed	A-4			16,692,188.67		
Encumbrances Payable	A-15			136,486.41		
Reserve for Federal and State Grants	A-22			101,978.69		
				<u>17,380,653.77</u>		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Animal Control Trust Fund:			
Cash	B-1	<u>13,949.60</u>	<u>12,054.86</u>
		<u>13,949.60</u>	<u>12,054.86</u>
Other Trust Funds:			
Cash	B-1	<u>532,315.00</u>	<u>727,166.84</u>
		<u>532,315.00</u>	<u>727,166.84</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash in Plan	B-1	950,136.96	803,908.35
Contributions Receivable	B-8	<u>17,250.00</u>	<u> </u>
		<u>967,386.96</u>	<u>803,908.35</u>
		<u><u>1,513,651.56</u></u>	<u><u>1,543,130.05</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-2	11,268.80	11,051.20
Due to State of NJ	B-3	13.20	15.00
Interfund - Current Fund	B-4	<u>2,667.60</u>	<u>988.66</u>
		<u>13,949.60</u>	<u>12,054.86</u>
Other Trust Fund:			
Interfund - Current Fund	B-4	10,394.55	3,810.14
Interfund - Public Assistance Fund	B-4	14,579.62	14,579.62
Various Deposits and Reserves	B-5	506,284.03	693,792.57
Payroll Deductions Payable	B-6	<u>1,056.80</u>	<u>14,984.51</u>
		<u>532,315.00</u>	<u>727,166.84</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-7	<u>967,386.96</u>	<u>803,908.35</u>
		<u>1,513,651.56</u>	<u>1,543,130.05</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Cash	C-2/C-3	2,043,006.18	2,235,289.13
Various Receivables	C-4	2,281,085.69	2,572,280.69
Deferred Charges to Future Taxation:			
Funded	C-5	6,043,000.00	7,293,000.00
Unfunded	C-6	29,379,720.25	14,012,704.00
		<u>39,746,812.12</u>	<u>26,113,273.82</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	6,043,000.00	7,293,000.00
Bond Anticipation Notes	C-8	7,344,404.00	6,224,568.00
Improvement Authorizations:			
Funded	C-9	419,745.19	553,788.59
Unfunded	C-9	23,088,732.71	9,619,994.48
Capital Improvement Fund	C-10	747,906.39	61,406.39
Reserve for:			
NJIB Loan	C-12	278,271.00	278,271.00
Receivables - NJIB	C-12	1,590,633.00	1,590,633.00
Receivables	C-12	189,539.25	449,223.00
Fund Balance	C-1	44,580.58	42,389.36
		<u>39,746,812.12</u>	<u>26,113,273.82</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2024 and 2023 of \$22,295,000.00 and \$8,009,000.00 respectively per Exhibit C-13.

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Balance - January 1,	C	42,389.36	80,045.81
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-2	<u>44,580.53</u>	<u>42,389.31</u>
Decreased by:			
Anticipated as 2024 Revenue	C-2	<u>42,389.31</u>	<u>80,045.76</u>
Balance - December 31,	C,C-3	<u>44,580.58</u>	<u>42,389.36</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.
Balance Sheet - Regulatory Basis
Public Assistance Fund
December 31, 2024
With Comparative Figures for 2023

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Interfund - Other Trust Fund		<u>14,579.62</u>	<u>14,579.62</u>
		<u>14,579.62</u>	<u>14,579.62</u>
<u>Liabilities</u>			
Reserve for Public Assistance		<u>14,579.62</u>	<u>14,579.62</u>
		<u>14,579.62</u>	<u>14,579.62</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon , N.J.
Comparative Balance Sheet - Regulatory Basis
Board of Recreation Commission
December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Cash	G-1	<u>101,669.59</u>	<u>90,328.47</u>
 <u>Liabilities and Reserves</u>			
Reserve for Recreation	G-2	<u>101,669.59</u>	<u>90,328.47</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon , N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2024</u>	<u>2023</u>
<u>General Fixed Assets:</u>		
Land	6,714,057.49	6,714,057.49
Buildings	1,242,461.00	1,242,461.00
Improvements Other Than Buildings	819,895.53	819,895.53
Machinery and Equipment	<u>11,524,822.78</u>	<u>11,231,341.62</u>
	<u><u>20,301,236.80</u></u>	<u><u>20,007,755.64</u></u>
Investment in Fixed Assets	<u><u>20,301,236.80</u></u>	<u><u>20,007,755.64</u></u>

See accompanying notes to financial statements.

BOROUGH OF NORTH HALEDON, N. J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The financial statements of the Borough of North Haledon have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is another comprehensive basis of accounting other than generally accepted accounting principles. 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 the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of North Haledon (the "Borough") operates under a Mayor/Council form of government. 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 has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. The financial statements contained herein include only those boards, bodies, officers or commissions as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

Payroll Fund - Receipts and disbursements of payroll withholdings that the Borough collects on behalf of various agencies as their agents.

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

Recreation Commission - Account for the operations of the recreation programs administered by the Recreation Commission.

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. Effective July 1, 2001 the Passaic County Board of Social Services was authorized to administrate all public assistance services for the residents of the Borough of North Haledon.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of North Haledon. 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 for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - 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. 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 June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the fiscal year taxes are levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes 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, reduced by an allowance for doubtful accounts.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Miscellaneous Revenues - 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.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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 for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

- General Capital Fund
- Trust Fund
- Public Assistance Fund
- Recreation

The governing body shall introduce and approve the annual budget not later than March 29, of the fiscal year. The budget shall be adopted not later than April 30, 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. 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.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

During 2024, the Borough Council increased the budget by \$65,000. The increase was funded by additional grants allotted the Borough. In addition, several budget transfers were approved by the Governing Body.

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 canceled 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, which should be recognized when due.

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

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

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

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market 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.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of North Haledon has developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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 drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations 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 or notes to the financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

Recent Accounting Pronouncements

The following GASB statement became effective for the fiscal year ended December 31, 2024:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of the regulatory basis of accounting described in note 1, this Statement will have no impact on the financial statements of the Borough.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Borough.

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its' effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

C. Basic Financial Statements

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

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodian 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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2024, \$-0- of the Borough's bank balance of \$6,308,694.45 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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. However, New Jersey Statutes 40A:5-15.1(a) limit the length of time for most investments to 397 days.

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BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limit municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2024 and 2023 amounted to \$950,136.96 and \$803,908.35, respectively.

Unaudited Investments (continued)

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Fixed Income	\$175,673.83	\$172,159.77
Growth and Income	306,655.13	246,015.76
Index Funds	410,485.17	335,594.19
All Others	<u>57,322.83</u>	<u>50,138.63</u>
Total	<u>\$950,136.96</u>	<u>\$803,908.35</u>

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2024 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$7,293,000.0	\$	\$1,250,000.00	\$6,043,000.00	\$1,250,000.00
Compensated Absences Payable	<u>1,364,012.67</u>	<u>186,990.13</u>	<u>293,249.14</u>	<u>1,257,753.66</u>	<u> </u>
	<u>\$8,657,012.67</u>	<u>\$186,990.13</u>	<u>\$1,543,249.14</u>	<u>\$7,300,753.66</u>	<u>\$1,250,000.00</u>

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. 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, must be paid off within ten years and five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT AND OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Issued:			
General Bonds and Notes	<u>\$13,387,404.00</u>	<u>\$13,517,568.00</u>	<u>\$13,248,660.00</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes:	<u>22,295,000.00</u>	<u>8,009,000.00</u>	<u>2,257,000.00</u>
Total Bonds and Notes Issued and Authorized But Not Issued	35,682,404.00	21,526,568.00	15,505,660.00
Less: Deductions	<u>20,537,954.75</u>	<u>499,135.00</u>	<u>41,220.00</u>
Net Debt	<u>\$15,144,449.25</u>	<u>\$21,027,433.00</u>	<u>\$15,464,440.00</u>

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of .892%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$9,225,000.00	\$9,225,000.00	\$0.00
General Debt	<u>15,682,404.00</u>	<u>537,954.75</u>	<u>15,144,449.25</u>
	<u>\$24,907,404.00</u>	<u>\$9,762,954.75</u>	<u>\$15,144,449.25</u>

Net Debt \$15,144,449.25 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,697,927,181.67 = .892%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3 ½% of Equalized Valuation Basis (Municipal)	\$59,427,451.36
Net Debt	<u>15,144,449.25</u>
Remaining Borrowing Power	<u>\$44,283,002.11</u>

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

The Borough's long term debt consisted of the following at December 31, 2024:

Paid by Current Fund:

	<u>Amount Outstanding</u>
General Serial Bonds of 2015 with an interest rate of 1.00% to 3.25% issued March 15, 2015, due through March 15, 2025	\$750,000.00
General Serial Bonds of 2021 with an interest rate of 2.00% to 4.00% issued March 16, 2021, due through March 15, 2034	<u>5,293,000.00</u>
	<u>\$6,043,000.00</u>

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING**

Calendar <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$1,250,000.00	\$152,560.00	\$1,402,560.00
2026	500,000.00	121,310.00	621,310.00
2027	500,000.00	101,310.00	601,310.00
2028	500,000.00	81,310.00	581,310.00
2029	545,000.00	63,135.00	608,135.00
2030-2034	<u>2,748,000.00</u>	<u>137,320.00</u>	<u>2,885,320.00</u>
	<u>\$6,043,000.00</u>	<u>\$656,945.00</u>	<u>\$6,699,945.00</u>

At December 31, 2024, the Borough had authorized but not issued debt of \$22,295,000.00.

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2024, the Borough had \$7,344,404.00 in outstanding bond anticipation notes maturing on June 24, 2025 at an interest rate of 4.50%.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2024.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
TD Securities	\$0.00	\$7,344,404	\$	\$7,344,404.00
BNY Mellon	<u>6,224,568.00</u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$6,224,568.00</u>	<u>\$7,344,404.00</u>	<u>\$6,224,568.00</u>	<u>\$7,344,404.00</u>

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the Borough did not have any deferred charges on the balance sheets of any of the various funds.

NOTE 6. LOCAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District.

The calculation of the Local District School Tax and the Regional High School Tax balances and deferrals are as follows:

	<u>Local District School Taxes</u>		<u>Regional High School Taxes</u>	
	Balance December 31, <u>2024</u>	Balance December 31, <u>2023</u>	Balance December 31, <u>2024</u>	Balance December 31, <u>2023</u>
Balance of Tax	\$6,719,575.99	\$6,540,553.99	\$1,004,654.83	\$1,169,470.33
Deferred	<u>6,146,986.00</u>	<u>5,992,966.00</u>	<u>1,004,647.00</u>	<u>1,169,461.50</u>
Tax Payable	<u>\$572,589.99</u>	<u>\$547,587.99</u>	<u>\$7.83</u>	<u>\$8.83</u>

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. 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 Tiers 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS), (continued)

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

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 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% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012. The Borough of North Haledon opted for this deferral in the amount of \$231,199.00.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2024	\$476,800.00	\$1,124,059.00	\$13,524.03
2023	423,331.00	1,034,514.00	8,536.93
2022	360,894.00	842,975.00	8,671.48

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS)

At June 30, 2024, the Borough had a liability of \$4,338,712 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2024, the Borough's proportion was .0319303640 percent, which was a decrease of .0037441796 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Borough recognized pension expense of \$476,800.

At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$86,912	\$11,551
Changes of assumptions	5,390	49,365
Net difference between projected and actual earnings on pension plan investments		201,174
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>466,436</u>	<u>456,615</u>
Total	<u>\$558,738</u>	<u>\$718,705</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$(184,211)
2026	142,537
2027	(84,005)
2028	(47,341)
2029	1,232

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years for 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Collective deferred outflows of resources	\$1,079,580,780	\$1,080,204,730
Collective deferred inflows of resources	1,611,322,898	1,780,216,457
Collective net pension liability	13,588,045,796	14,484,374,047
Borough's Proportion	.0319303640%	.0356745436%

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Mortality Rates

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return, (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$5,765,006	\$4,338,712	\$3,124,880

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

The following PFRS pension information is as of June 30, 2023 which is the latest information available. This information is eighteen months prior to December 31, 2024. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

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BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2023, the Borough had a liability of \$9,329,532 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 that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2023, the Borough's proportion was .0844394594 percent, which was an increase of .0048953163 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2024, the Borough recognized pension expense of \$1,124,059. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$399,472	\$444,936
Changes of assumptions	20,136	629,967
Net difference between projected and actual earnings on pension plan investments	475,135	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>1,509,806</u>	<u>499,079</u>
Total	<u>\$2,404,549</u>	<u>\$1,573,982</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2023) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$(363,073)
2025	(348,433)
2026	560,593
2027	(48,215)
2028	17,209
Thereafter	1,760

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6.16, 6.22, 6.17, 5.90, 5.92 and 5.73 years for 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,753,080,638	\$2,163,793,985
Collective deferred inflows of resources	1,966,439,601	2,805,919,493
Collective net pension liability	13,084,649,602	13,483,472,009
Borough's Proportion	.0844394594%	.0795441431%

Actuarial Assumptions

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

Inflation Rate:	2.75%
Salary Increases:	
Through all Future Years	3.25-16.25% (based on years of service)
Thereafter	Not Applicable
Investment Rate of Return	7.00%

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

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 a 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

Long-Term Rate of Return

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

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Long-Term Rate of Return, (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be 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 to determine the total pension liability.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

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

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

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$12,999,070	\$9,329,533	\$6,273,685

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 June 30, 2023 and 2022, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,719,075 and \$1,620,406, respectively. For the years ended June 30, 2023 and 2022, 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 \$195,541 and \$186,952, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$196,596 and \$201,733, respectively. 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.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's Retirement System (PFRS), (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 7, the Borough does not provide post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan. However, benefits are provided as described below:

The following other postemployment benefit information is as of June 30, 2023 which is the latest information available. This information is eighteen months prior to December 31, 2024. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current other postemployment benefit information is available.

Special Funding Situation PFRS

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

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

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

At December 31, 2024, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$5,671,033 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$(1,028,269).

NOTE 9. FUND BALANCES APPROPRIATED

Fund balances at December 31, 2024 and 2023 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Current Fund	<u>\$1,160,000.00</u>	<u>\$1,635,000.00</u>

NOTE 10. FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2024.

	<u>Dec. 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2024</u>
Land	\$6,714,057.49	\$	\$	\$6,714,057.49
Improvements	819,895.53			819,895.53
Buildings	1,242,461.00			1,242,461.00
Machinery and Equipment	<u>11,231,341.62</u>	<u>322,026.16</u>	<u>28,545.00</u>	<u>11,524,822.78</u>
	<u>\$20,007,755.64</u>	<u>\$322,026.16</u>	<u>\$28,545.00</u>	<u>\$20,301,236.80</u>

NOTE 11. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,257,753.66. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's Budget in the year in which it is used.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 12. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2024 consist of the following:

\$2,667.60	Due to Current Fund from Animal Control Trust Fund for statutory excess and interest.
10,394.55	Due to Current Fund from Other Trust Fund for Current Fund receipts deposited in Other Trust Fund.
<u>14,579.62</u>	Due to Public Assistance Trust Fund from Other Trust Fund for Public Assistance cash deposited in Other Trust Fund.
<u>\$27,641.77</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2020 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of North Haledon is a member of the North Jersey Intergovernmental Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability, property and workers' compensation insurance coverage for member municipalities. The Borough of North Haledon pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 13. RISK MANAGEMENT, (continued)

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be issued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Financial statements for the Funds are available at the office of the Funds' Administrator, Inservco, Inc.

New Jersey Unemployment Compensation Insurance - 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 expendable trust fund for the current and previous two years:

<u>Year Ended</u> <u>Dec. 31,</u>	<u>Interest</u> <u>Earnings</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2024	\$0.36	\$9,137.85	\$10,223.28	\$33,742.00
2023	11.33	9,545.87	12,504.77	34,827.07
2022	843.38	8,731.56	8,550.07	37,774.64

The Borough of North Haledon continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 14. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2024</u>	<u>Balance</u> <u>Dec 31, 2023</u>
Prepaid Taxes	\$213,174.07	\$143,046.44
Cash Liability for Taxes Collected in Advance	<u>\$213,174.07</u>	<u>\$143,046.44</u>

NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On December 12, 2002, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150.00 to each eligible volunteer who accumulates a minimum of 100 service points based on criteria established by Borough Ordinance No. 12-2001. The Borough's contribution shall be included in the current year's budget.

The amount of the contribution for 2024 was not known at time of audit.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2024 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 16. LEASE PURCHASE AGREEMENT

Through Ordinance #16-2024, the Borough authorized the execution and delivery of a Lease Purchase Agreement with the Passaic County Improvement Authority relating to the issuance of County Guaranteed Lease Revenue Bonds for the Acquisition of Property. In order to finance the acquisition, the County will issue bonds in the amount not to exceed \$20,000,000. The Authority will use the proceeds from the sale and issuance of the Bonds to acquire the project and simultaneously enter into a lease purchase agreement with the Borough.

NOTE 17. CONTINGENT LIABILITIES

We are advised by Borough Counsel that the Borough is involved in several legal suits, none of which appear to be material.

NOTE 18. OTHER MATTERS

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Borough of North Haledon was \$878,692.52 which has been fully expended as of December 31, 2023.

NOTE 19. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through July 7, 2025, the date which the financial statements were available to be issued and no items were noted for disclosure.

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APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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WILENTZ
—ATTORNEYS AT LAW—

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

June __, 2026

Mayor and Borough Council
of the Borough of North Haledon
North Haledon, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Borough Council of the Borough of North Haledon, in the County of Passaic, a municipal corporation organized and existing under the laws of the State of New Jersey (the "Borough"), and other proofs submitted to us relative to the authorization, issuance, sale, execution and delivery of the \$9,724,386 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes") of the Borough. The Notes are dated June 18, 2026, mature June 17, 2027, and bear interest at the rate of _____ hundredths per centum (_____%) per annum.

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

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

The Notes are being issued to (i) refund, on a current basis, a \$7,986,921 principal portion of prior bond anticipation notes issued in the principal amount of \$8,259,721 on June 23, 2025 and maturing on June 22, 2026 (the “Prior Notes”) (the remaining balance of the Prior Notes will be paid by the Borough with a budgetary appropriation in the amount of \$272,800), and (ii) temporarily finance various capital acquisitions and improvements in and by the Borough in the amount of \$1,737,465, including paying the costs associated with the issuance of the Notes..

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

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

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

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

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

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

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

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

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

Very truly yours,

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APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

I, CHRISTOPHER BATTAGLIA, Chief Financial Officer of the Borough of North Haledon, in the County of Passaic (the "Borough"), a municipal corporation organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY in connection with the issuance of not to exceed \$9,724,386 aggregate principal amount of Bond Anticipation Notes, Series 2026 (the "Notes"), dated June 18, 2026 and maturing June 17, 2027, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Borough will provide notice (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a Portable Document File (PDF file) to www.emma.msrb.org, of any of the following events with respect to the Notes and/or the Borough herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, 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 rights of security holders, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Borough; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the Borough other than in the ordinary course of business, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Noteholders, if material; or (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties (collectively, the "Listed Events").

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

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

of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Notes, the Borough shall file a Notice of each such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) business days.

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

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

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

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

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

**BOROUGH OF NORTH HALEDON,
IN THE COUNTY OF PASSAIC,
STATE OF NEW JERSEY**

**CHRISTOPHER BATTAGLIA,
Chief Financial Officer**

**Acknowledged and Accepted by:
PHOENIX ADVISORS, a division of First Security
Municipal Advisors, Inc.,
as Dissemination Agent**

Authorized Signatory