

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 8, 2026

NEW ISSUE

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Borough, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Series 2026A Notes (as defined herein) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Series 2026A Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Series 2026A Notes is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Borough, interest on the Series 2026B Notes (as defined herein) is included in gross income of the owners of the Series 2026B Notes for federal income tax purposes under the Code. In addition, in the opinion of Bond Counsel to the Borough, under existing statutes, interest on the Notes (as defined herein) is not included in gross income under the New Jersey Gross Income Tax Act. See “Tax Matters” herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Notes for certain noteholders.

\$14,480,032 BOND ANTICIPATION NOTES
consisting of
\$12,355,032 BOND ANTICIPATION NOTES, SERIES 2026A
and
\$2,125,000 BOND ANTICIPATION NOTES, SERIES 2026B (FEDERALLY TAXABLE)
of the
BOROUGH OF WANAUKE
IN THE COUNTY OF PASSAIC
NEW JERSEY
(NOT BANK QUALIFIED)
(Non-callable)

<u>Series 2026A Notes</u>	<u>Series 2026B Notes</u>
Interest Rate: ____%	Interest Rate: ____%
Reoffered to Yield: ____%	Reoffered to Yield: ____%

Dated: September 29, 2026

Due: September 29, 2027

The \$14,480,032 Bond Anticipation Notes consisting of \$12,355,032 Bond Anticipation Notes, Series 2026A (the “Series 2026A Notes”) and \$2,125,000 Bond Anticipation Notes, Series 2026B (Federally Taxable) (the “Series 2026B Notes” and, together with the Series 2026A Notes, the “Notes”) of the Borough of Wanaque (the “Borough”) are payable at the maturity of the Notes upon presentation and surrender at the office of the Chief Financial Officer of the Borough of Wanaque, 579 Ringwood Avenue, Wanaque, New Jersey 07465, the paying agent. The Notes will be issued in the form of one certificate for the aggregate principal amount of the Notes of each series and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York, which will act as securities depository. See “DESCRIPTION OF THE NOTES – Book-Entry System” herein.

The Notes are issued to: (i) fund various capital improvements, including payment at maturity on September 30, 2026 of \$14,555,432 bond anticipation notes issued to finance certain of such projects; and (ii) pay for expenses incurred in connection with the issuance of the Notes. The interest payable at maturity on the prior notes will be paid by the Borough from funds on hand.

The Notes are not subject to redemption prior to maturity.

In the opinion of Bond Counsel to the Borough, the Notes constitute valid and legally binding obligations of the Borough and all the taxable property within the Borough is subject ultimately to the levy of ad valorem taxes for the payment of principal and interest on the Notes, without limitation as to rate or amount; provided, however, that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See “Noteholders’ Remedies in the Event of Default” and “Municipal Bankruptcy” herein.

The Notes are offered when, as and if issued and received by the purchasers and subject to approval of legality by Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Borough. Certain legal matters will be passed upon for the Borough by Anthony Fiorello, Esq., Totowa, New Jersey, Counsel to the Borough. Delivery of definitive Notes will be made on or about September 29, 2026.

This cover page contains certain information for quick reference only. It is not a summary of these issues. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Dated: September __, 2026

The Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction. This Preliminary Official Statement is “deemed final” by the Borough for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, except for any information permitted by such Rule to be omitted.

BOROUGH OF WANAQUE

Municipal Building
579 Ringwood Avenue
Wanaque, New Jersey 07465

MAYOR

DANIEL MAHLER
Term Expires December 31, 2026

BOROUGH COUNCIL

<u>MEMBER</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Thomas Balunis	Council President	December 31, 2027
Dominick Cortellessa	Councilperson	December 31, 2028
Edward Leonard	Councilperson	December 31, 2028
Donald Pasquariello	Councilperson	December 31, 2026
Robert Pettet	Councilperson	December 31, 2026
Robert Kronyak, Jr.	Councilperson	December 31, 2027

BOROUGH OFFICIALS

BOROUGH ADMINISTRATOR

Robert G. Hermansen

MUNICIPAL CLERK

Leena Abaza

CHIEF FINANCIAL OFFICER

Tiffany Rogers

CONSULTANTS AND ADVISORS

COUNSEL

Anthony Fiorello, Esq.
Anthony Fiorello, LLC
Totowa, New Jersey

AUDITOR

Wielkottz & Company, LLC
Pompton Lakes, New Jersey

BOND COUNSEL

Hawkins Delafield & Wood LLP
Newark, New Jersey

No dealer, broker, salesman or other person has been authorized by the Borough of Wanaque to give any information or to make any representations, other than those contained in this Official Statement, and if any is given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information which is set forth herein has been provided by the Borough of Wanaque and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Borough of Wanaque. References in this Official Statement to State of New Jersey statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Borough of Wanaque during normal business hours. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough of Wanaque since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE ORIGINAL PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL, IN THE OPEN MARKET, SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**OFFICIAL STATEMENT
OF THE
BOROUGH OF WANAQUE
IN THE COUNTY OF PASSAIC
NEW JERSEY
RELATING TO
\$14,480,032 BOND ANTICIPATION NOTES
consisting of
\$12,355,032 BOND ANTICIPATION NOTES, SERIES 2026A
and
\$2,125,000 BOND ANTICIPATION NOTES, SERIES 2026B (FEDERALLY TAXABLE)**

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by the Borough of Wanaque (the “Borough”) in the County of Passaic (the “County”), a public body corporate and politic of the State of New Jersey (the “State”), to provide certain information relating to the Borough and the \$14,480,032 Bond Anticipation Notes (the “Notes”), consisting of \$12,355,032 Bond Anticipation Notes, Series 2026A (the “Series 2026A Notes”) and \$2,125,000 Bond Anticipation Notes, Series 2026B (Federally Taxable) (the “Series 2026B Notes” and, together with the Series 2026A Notes, the “Notes”) including their general description, the purposes of the issue, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial and economic information on the Borough and other information pertinent to the Notes. This Official Statement should be read in its entirety in order to make an informed investment decision.

All financial and other information presented herein has been provided by the Borough from its records except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Borough. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

The Notes will be issued in such denominations as may be determined by the purchaser. Interest on the Notes is calculated on the basis of the 30 day month and a 360 day year. Both the principal and interest on the Notes will be payable in lawful money of the United States of America.

The Borough has never defaulted on the payment of its debt service according to available records.

The Notes will **not** be designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

MARKET PROTECTION

The Borough does not expect to issue any additional temporary debt within 90 days of the settlement date for the Notes. The Borough does not plan on selling permanent bonds for the balance of 2026.

AUTHORIZATIONS FOR THE NOTES

The Notes are authorized and are issued pursuant to the Laws of the State, including the Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the “Local Bond Law”). The Notes are authorized by various ordinances adopted by the Borough Council of the Borough and a resolution of the Borough Council adopted on August 10, 2026. The issuance of the Notes does not require voter approval through a referendum. 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 any person shall be barred from questioning the sale, execution, or delivery of the Notes by the Borough.

The following table sets forth the ordinance number, par amount authorized, purpose, and the par amount of Notes sold.

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Notes to be Issued</u>
Tax Exempt:		
General		
10-0-21	Various Improvements	\$734,660
10-0-23	Acquisition of Various Equipment	3,302,840
9-0-22	Acquisition of Lands	1,470,000
3-0-24	Radio Systems	546,250
7-0-24	Road Improvements	741,267
5-5-25	Various Improvements	2,652,909
Water		
8-0-21	Improvements to Water System	1,194,600
11-0-21	Various Improvements to Water System	287,500
8-0-24	Improvements to Water System	975,006
4-0-23	Improvements to Water System	100,000
5-6-25	Improvements to Water System	<u>350,000</u>
		<u>\$12,355,032</u>
Taxable:		
General		
11-0-23	Acquisition of Property	<u>\$2,125,000</u>

PURPOSE OF ISSUE

The Notes are issued to: (i) finance the costs of various capital projects including payment at maturity on September 30, 2026 of \$14,555,492 bond anticipation notes issued to finance certain of such projects and (ii) pay for expenses incurred in connection with the issuance of the Notes.

DESCRIPTION OF THE NOTES

Term

The Notes shall be dated and shall bear interest from September 29, 2026 and will mature in the amount and on the date set forth on the cover page of this Official Statement. Interest on the Notes is payable at maturity at the interest rates set forth on the cover page hereof.

Denomination and Place of Payment

The Notes will be issued in the denominations specified of \$5,000 and any \$5,000 increment thereafter, except, with respect to the Series 2026A Notes, for one necessary odd denomination. Principal of and interest on the Notes are payable at the principal office of the paying agent set forth on the cover page hereof.

Non-Callable Feature

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

Book-Entry System

The Depository Trust Company ("DTC") will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate for each series will be issued for the Notes and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the

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

Purchases of 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 each Bond (a "Beneficial Owner") is in turn to be recorded on the Direct Participants' 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 Participant 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 Participants 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 Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants 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.

Redemption notices shall be sent to DTC. If less than all of the Notes within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent to vote with respect to 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, redemption price 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 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 Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Paying Agent or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the Paying Agent, 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 Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Borough or the 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 shall apply: (i) the Notes may be exchanged for an equal aggregate principal amount of the Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Borough/Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Borough/Paying Agent for such purposes only upon the surrender thereof to the Borough/Paying Agent together with the duly executed assignment in form satisfactory to the Borough/Paying Agent; and (iii) for every exchange or registration of transfer of Notes, the Borough/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 each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date next preceding an Interest Payment Date.

SECURITY FOR THE NOTES

In the opinion of Bond Counsel, the Notes are valid and legally binding obligations of the Borough and all the taxable real property within the Borough is subject to the levy of ad valorem taxes for the ultimate payment of the principal of and interest on the Notes without limitation as to rate or amount; provided, however, that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. See "Noteholders' Remedies in the Event of Default" and "Municipal Bankruptcy" herein.

At the maturity date of the Notes, the Borough anticipates that the Notes will be paid from the proceeds of the sale of long-term bonds or from the proceeds of renewal notes. In the event that the Borough does not have market access for the sale of either long-term bonds or renewal notes, its ability to make timely payment of the principal of the Notes would be significantly impaired.

SEASONAL BORROWING

The Borough has not borrowed in anticipation of taxes, and has no plans to issue debt in this manner during 2026.

LONG TERM FINANCING

The Borough does not expect to issue bonds in 2026.

INVESTMENT OF BOROUGH FUNDS

Borough funds are invested strictly in accordance with the provisions of State law, in particular N.J.S.A. 40A:5-15.1. The Borough is not authorized and has not invested Borough funds in derivative products or reverse repurchase agreements.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Legal Framework

The Local Bond Law governs the issuance of bonds and notes by municipalities to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of such projects.

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to exceptions noted below, to an amount

equal to 3 ½% of its State equalized valuation basis. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements, and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. The Borough is within its 3-1/2% debt limit.

Exceptions to Debt Limit

Except for the funding of certain notes, the authorization of certain bonds for municipal utility purposes, if the utilities are self-liquidating, and certain formula allowances, the debt limit of the Borough may be exceeded with the approval of the Local Finance Board, Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Board"), a state regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the Borough to meet its obligations, or to provide essential services, or makes other statutory determinations, approval is granted. In regards to this financing, the Borough has not applied to the Board for an extension of credit.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. Pursuant to law, the Borough has deducted the full amount of outstanding school debt.

School Debt Limit

State law (N.J.S.A. 18A:14-2 et seq.) permits the authorization of debt of the Borough for purposes of the school district not in excess of its limit of 3% of the equalized valuation basis, except that debt of the Borough for purposes of the school district may be authorized in excess of such limit by using the available borrowing capacity of the Borough. If such debt is in excess of the remaining borrowing capacity of the Borough, the proposed debt authorization must be approved by the State Commissioner of Education, the Board, and a majority of voters of the school board.

Short Term Financing (N.J.S.A. 40A:2-8(a))

A local governmental unit 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 resolution so provides. Any such note is designated a "bond anticipation note". Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as the same may be amended and supplemented, creating such capital expenditures. Bond anticipation notes, which are full faith and credit obligations of the issuer, may be issued for a period not exceeding one year and may be renewed from time to time for a period that does not exceed one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original note, provided, however, no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes at least equal to the first legally payable installment of the bonds in anticipation of which these notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Assessment Bonds

Assessment bonds may be issued in annual serial installments with the first principal payment due within two years and the final principal payment due within twenty years of an issue's date. No principal payment may be larger than a prior year's principal payment.

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

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. The Board must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof, provided, however, that the issuance of refunding bonds to realize debt service savings on outstanding obligations does not require Board approval when authorized by conditions set forth in rules and regulations of the Board and upon a resolution adopted by a two-thirds vote of the full membership of the governing body of the local unit.

Tax Anticipation Notes (N.J.S.A. 40A:4-64)

The issuance of tax anticipation notes is limited in amount by law to collectively 30% of the tax levy plus 30% of realized miscellaneous revenues of the next preceding fiscal year and must be paid in full within 120 days of the close of a local

government unit's current fiscal year.

APPROPRIATION NOT REQUIRED FOR PAYMENTS ON DEBT

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. 40A:4-57 says "No officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose". N.J.S.A. 40A:2-4 states "The power and obligation of a local governmental unit to pay any and all bonds and notes issued by it pursuant to this Chapter, or any act of which this Chapter is a revision, shall be unlimited..."

STATUTORY REQUIREMENTS

Set forth below is a summary of various statutory requirements relevant to the Borough's budget process. This summary does not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

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

Under N.J.S.A. 40A:4-1 et seq., every local unit must adopt an operating budget in the form required by the New Jersey Division of Local Government Services. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division ("Director of Local Government Services") prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director of Local Government Services is required to review the adequacy of such appropriations. Among other restrictions, the Director of Local Government Services must 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 nondisbursement items. Anticipated tax revenue is limited to the same proportion as actual cash collections or to the total levy in the previous year, and the reserve amount must be factored into the budget to make up for the expected shortfall in actual collections. Anticipated nontax revenue is limited to the amount actually realized the previous year; the Director of Local Government Services is empowered to permit higher levels of anticipation, should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

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

The operating budgets of local units must be in balance, i.e., the total of anticipated revenue must equal the total appropriations. If, in any year, the Borough's expenditures exceed its realized revenue for that year, then such excess (deficit) must be raised in the succeeding year's budget.

The Borough is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted, not later than April 10 of the then current fiscal year. In the event the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the Director of Local Government Services shall transmit to the County Board a certificate setting forth the amount required for the operation of the Borough for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges, and changes in revenue, but excluding the amount to be raised by taxes for school purposes where required to be included in the Borough budget.

The certificate shall be prepared by using the revenue and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year, and (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year.

Appropriation "Caps"

Chapter 89 of the Pamphlet Laws of 1990 of New Jersey, extended and amended Chapter 203 of the Pamphlet Laws of 1986 of New Jersey and Chapter 68 of the Pamphlet Laws of 1976, of New Jersey (N.J.S.A. §40A:4-45.3), commonly referred to as the "CAP Law". The CAP Law places limits on county tax levies and municipal expenditures. This limitation is commonly referred to as a "CAP". The actual calculation of the "CAP" is somewhat complex and the actual "CAP" computations are

prepared by the Division and distributed to each municipality. In addition to the “CAP” increase in expenditures, other increases allowable include increases funded by increased service fees, proceeds from the sale of municipal assets and increased expenditures mandated by State and federal laws. Appropriations for items excluded from the “CAP” computation, including debt service requirements, may be set at any necessary level and are not subject to the “CAP”. The “CAP” may be exceeded if approved by referendum of the voters of the municipality.

In summary, in determining the “CAP” for each budget year, the prior year’s total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by 2.5% or the cost-of-living adjustment (the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce)(the “Cost-of-Living Adjustment”), whichever is less, thereby producing the basic “CAP”, which then may be increased by certain known increases in revenues and State or federal expenditures mandated after August 18, 1976. A municipality may, by the adoption of an ordinance, elect to increase its final appropriations by a percentage up to, but not to exceed 3.5%. A municipality may, by referendum, increase its final appropriations by a higher percentage rate.

Property Tax Levy Cap

Chapter 44 of the Pamphlet Laws of 2010 imposes restrictions upon the allowable annual increase in the tax levy. In general, municipalities will have their tax levies limited to a 2% increase. The tax levy is subject to certain adjustments, including the sum of new ratables. In addition, the following exclusions are added to the calculation of the adjusted tax levy: increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of 2% increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The law also authorizes a municipality to submit public questions to the voters for approval (by affirmative vote of at least 50%) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that “No 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 local governmental unit's 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 governmental unit.”

In addition, budget amendments must be approved by the Director of Local Government Services, except for federal and state grant-in-aid offsetting appropriations.

Real Estate Taxes

N.J.S.A. 40A:4-29 which governs the anticipation of delinquent tax collections, provides that: “The maximum that may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local governmental 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.”

N.J.S.A. 40A:4-41 provides with regard to current taxes that: “Receipts from the collection of taxes levied or to be levied in a municipality and payable in a 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 December 31 of such preceding fiscal year.”

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

The levy required to balance the budget, divided by the prior year's percentage of current tax collection (or lesser percent) levied, will equal the total taxes to be levied for the current Fiscal Year.

Deferral of Current Expenses

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the Borough Council. With minor exceptions set forth below, such appropriations must be included in full in the following year's budget.

Under the amended CAP law emergency resolutions aggregating less than 3% of the previous year's final current operating appropriations may be raised in the portion of the Borough's budget outside the CAP if approved by at least two-thirds of the members of the Council and the Director of Local Government Services. Emergency appropriations that aggregate more than 3% of the previous year's final current operating appropriations must be raised within the CAP. Emergency resolutions for debt service, capital improvements, the Borough's share of federal or state grants and other statutorily permitted items are outside the CAP.

The exceptions are certain enumerated quasi-capital projects such as ice and snow removal and repair of flood damage to streets, roads and bridges which may be amortized over three years and tax map preparation, revision of ordinances, and master plan preparation which may be amortized over five years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism over expenditure needs. Transfers between major appropriation accounts are prohibited by N.J.S.A. 40A:4-58, until the last two months of the year. However, no transfers may be made under this section from appropriations for contingent expenses, deferred charges, cash deficit of the preceding year, reserve for uncollected taxes, down payments, the capital improvement fund, or interest and redemption charges. Although budget transfers among subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

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 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 Fiscal Affairs Law

N.J.S.A. 40A:5-1 et seq. regulates the nonbudgetary financial activities of local governmental units. The Chief Financial Officer of every local unit must file annually with the Director of Local Government Services a verified statement of the financial condition of the local unit and all constituent boards, agencies and commissions.

An annual independent audit of the local governmental unit's accounts for the previous year must be performed by a New Jersey licensed Registered Municipal Accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of a local governmental unit's financial procedures and must be filed with the Director prior to June 1 of each year. A synopsis of the Audit Report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion. The entire annual audit report is filed with the Municipal Clerk and is available for review during business hours.

Capital Budget

In accordance with the Local Budget Law, each local governmental unit must adopt and annually revise a six-year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local governmental unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

FINANCIAL OPERATIONS

Basis of Accounting

The accounting policies of the Borough conform to the accounting principals applicable to local governmental units which have been prescribed by the Division. The following is a summary of the significant policies:

Basis of Accounting - 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 the State of New Jersey. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets - Property and equipment purchased throughout the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Current Fund

The Borough's finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund. The Borough operates on a January 1 to December 31 fiscal year.

General Expenditures

Expenditures are comprised of those made for general Borough purposes, certain expenditures made from restricted Federal, State and private grants, certain Federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general Borough purposes include payments made primarily in support of the Borough's various departments.

Tax Collection Procedure

A local governmental unit is the entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and the school district. The levying of taxes is for a fiscal year, which starts July 1 and ends June 30. The collection of taxes to support a local governmental unit's current budget requirement is based upon a calendar year, January 1 to December 31.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, local and regional school districts and a county cover the current calendar year. Turnover of the tax monies by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year. A municipality 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 calendar year and an estimate, based on 50% of the current fiscal year's tax levy, for the first half of the following calendar year are mailed annually in June and are due August and November in the current calendar year, and February and May of the following calendar year. 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 sales as of July 1 following the year of levy, in accordance with State statutes. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

NOTEHOLDERS' REMEDIES IN THE EVENT OF DEFAULT

Neither the Notes nor the proceedings with respect thereto specifically provide any remedies to the noteholders if the Borough defaults in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the noteholders upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Note, a noteholder could, among other things, seek to obtain a writ of mandamus from a court of competent

jurisdiction requiring the Borough to levy and collect a tax upon all taxable property within the Borough, without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Notes as the same shall come due. The mandamus remedy, however, may be impractical and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies. See the caption “Municipal Bankruptcy” herein.

MUNICIPAL BANKRUPTCY

Any county, municipality, school district or other political subdivision of the State has the power to file a petition with any United States court or courts in bankruptcy under the federal bankruptcy act for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided that the approval of the Municipal Finance Commission of New Jersey has been obtained. The powers of the Municipal Finance Commission of New Jersey have been vested in the New Jersey Local Finance Board.

Bankruptcy proceedings by the Borough could have adverse effects on the noteholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to those supplying goods and services to the Borough after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The federal bankruptcy act contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors, such as the holders of general obligation indebtedness or the Notes, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the federal bankruptcy act cannot be predicted and may be significantly affected by judicial interpretation.

The above references to the federal bankruptcy act are not to be construed as an indication that the Borough expects to resort to the provisions of the federal bankruptcy act or that, if it did, such action would be approved by the Municipal Finance Commission.

ABSENCE OF MATERIAL LITIGATION

To the knowledge of the Borough or the Borough Attorney, Anthony Fiorello, Esq., there is no litigation pending or threatened, restraining or enjoining the issuance or the delivery of the Notes now being offered for sale, or the levy or the 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 said Notes or for the levy or the collection of said taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any other present officers. A certificate to such effect will be executed by the Borough's Attorney and delivered to the original purchaser of the Notes at the closing. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters relating to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the Borough, whose approving opinions will be delivered with the Notes substantially in the forms as set forth in Appendix D. Certain legal matters will be passed upon for the Borough by its Attorney, Anthony Fiorello, Esq.

TAX MATTERS: SERIES 2026A NOTES

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Borough, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2026A Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Series 2026A Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Series 2026A Notes is included in the “adjusted financial statements income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Borough in connection with the Series 2026A Notes, and Bond Counsel has assumed compliance by the Borough with certain provisions and procedures set forth in the Arbitrage and Use of Proceeds Certificate of the Borough to be delivered in connection with the issuance of the Series 2026A Notes.

In addition, in the opinion of Bond Counsel to the Borough, under existing statutes, interest on the Series 2026A Notes is excluded from gross income under the New Jersey Gross Income Tax Act.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series 2026A Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series 2026A Notes.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2026A Notes in order that interest on the Series 2026A Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2026A Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2026A Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. By executing its Arbitrage and Use of Proceeds Certificate to be delivered concurrently with the delivery of the Series 2026A Notes, the Borough will certify that, to the extent it is empowered and allowed under applicable law, it will comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2026A Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2026A Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2026A Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2026A Notes.

The Series 2026A Notes are not taken into account (subject to certain limitations) in determining the portion of a financial institution's interest expense subject to the pro rata interest disallowance rule of Section 265(b) of the Code for costs of indebtedness incurred or continued to purchase or carry certain tax-exempt obligations. The Series 2026A Notes, however, are taken into account in the calculation of the amount of a financial institution's preference items under Section 291 of the Code.

Prospective owners of the Series 2026A Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2026A Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2026A Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2026A Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2026A Notes from gross income for federal income tax

purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Note Premium

In general, if an owner acquires a Series 2026A Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2026A Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that Series 2026A Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Series 2026A Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2026A Notes under federal or state law or otherwise prevent beneficial owners of the Series 2026A Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2026A Notes.

Prospective purchasers of the Series 2026A Notes should consult their own tax advisors regarding the foregoing matters.

TAX MATTERS: SERIES 2025B NOTES

Opinion of Bond Counsel

In the opinion of Bond Counsel to the Borough, interest on the Series 2026B Notes (i) is included in gross income for federal income tax purposes under the Code and (ii) under existing statutes, is not included in gross income under the New Jersey Gross Income Tax Act.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Series 2026B Notes by original purchasers of the Series 2026B Notes who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series 2026B Notes will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to U.S. holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series 2026B Notes as a position in a "hedge" or "straddle", U.S. holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Series 2026B Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file such statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series 2026B Notes at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

Holders of Series 2026B Notes should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2026B Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Note Premium

In general, if a Series 2026B Notes is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series 2026B Notes other than “qualified stated interest” (a “Taxable Premium Note”), that Taxable Premium Note will be subject to Section 171 of the Code, relating to note premium. In general, if the U.S. holder of a Taxable Premium Note elects to amortize the premium as “amortizable note premium” over the remaining term of the Taxable Premium Note, determined based on constant yield principles (in certain cases involving a Taxable Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such note), the amortizable premium is treated as an offset to interest income; the U.S. holder will make a corresponding adjustment to the U.S. holder's basis in the Taxable Premium Note. Any such election is generally irrevocable and applies to all debt instruments of the U.S. holder (other than tax-exempt notes) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. holder of a Taxable Premium Note may realize a taxable gain upon disposition of the Taxable Premium Note even though it is sold or redeemed for an amount less than or equal to the U.S. holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series 2026B Note, a U.S. holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. holder's adjusted tax basis in the Series 2026B Note.

The Borough may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2026B Notes to be deemed to be no longer outstanding (a “defeasance”). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2026B Notes subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the Series 2026B Notes with respect to payments of principal, payments of interest on a Series 2026B Notes and the proceeds of the sale of a Series 2026B Notes before maturity within the United States. Backup withholding may apply to holders of Series 2026B Notes under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term “U.S. Holder” means a beneficial owner of a Series 2026B Notes that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2026B Notes under state law and could affect the market price or marketability of the Series 2026B Notes.

Prospective purchasers of the Series 2026B Notes should consult their own tax advisors regarding the foregoing matters.

SECONDARY MARKET DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the Borough has undertaken to provide to the Municipal Securities Rulemaking Board (the “MSRB”), in a timely manner not in excess of 10 business days after the occurrence of the specified event, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”).

The Notices include notices of any of the following events with respect to the Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) note calls (other than mandatory sinking fund redemptions) if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Borough; (13) the consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Borough, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the Borough, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borough, any of which reflect financial difficulties.

The sole and exclusive remedy for breach or default under the undertaking to provide continuing disclosure described above is an action to compel specific performance of the undertaking of the Borough, and no person, including any holder of the Notes, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The undertaking may be amended or modified without consent of the holders of the Notes under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the Borough upon the delivery of the Notes will be on file at the office of the Borough Clerk.

The Borough has taken steps to ensure timely filings and has appointed Phoenix Advisors, a division of First Security Municipal Advisors, Inc., to serve as continuing disclosure agent.

CERTAIN 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.

PREPARATION OF OFFICIAL STATEMENT

Wielkottz & Company, LLC, Auditor for the Borough, has assisted in the preparation of this Official Statement with information obtained from Borough documents and from other sources, including publicly available sources, considered reliable, but Wielkottz & Company, LLC, does not make any warranty or other representation with respect to the accuracy and completeness of such information.

Wielkottz & Company, LLC takes responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report.

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

Hawkins Delafield & Wood LLP and Anthony Fiorello, Esq. have not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

LEGAL MATTERS

The delivery of the Notes will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Newark, New Jersey. Such opinion will accompany the Notes and will be to the effect that the Notes are valid and legally binding obligations of the Borough, and the Borough has the power and obligation to levy ad valorem taxes upon all taxable property of said Borough for the payment of the Notes and the interest thereon without limitation as to rate or amount.

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

UNDERWRITING

The Series 2026A Notes have been purchased from the Borough at a public sale by _____ at a price of \$ _____. The Series 2026A Notes are being offered for sale at the price or yield set forth on the cover of this Official Statement, which price or yield may be changed from time to time by the purchaser without notice.

The Series 2026B Notes have been purchased from the Borough at a public sale by _____ at a price of \$ _____. The Series 2026B Notes are being offered for sale at the price or yield set forth on the cover of this Official Statement, which price or yield may be changed from time to time by the purchaser without notice.

CLOSING CERTIFICATES

The purchasers will be furnished, at the time the Notes are delivered, certificates in form satisfactory to Bond Counsel evidencing (a) the proper execution and delivery of the Notes, (b) receipt and payment therefor, and (c) the absence of litigation now pending or, to the knowledge of the officers signing the Notes, threatened to restrain or enjoin the issuance or delivery of the Notes.

Upon request, the Borough will state in a certificate signed on its behalf by its Chief Financial Officer and delivered at the closing, that to such official's knowledge the descriptions and statements in this Official Statement, on the date of this Official Statement, are true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Additional information may be obtained from the Borough of Wanaque, Municipal Building, 579 Ringwood Avenue, Wanaque, New Jersey, 07465, attention: Ms. Tiffany Rogers, Chief Financial Officer or Mr. Robert Hermansen, Administrator (973-839-3000, ext. 7113).

MISCELLANEOUS

All summaries and explanations of provisions of laws, statutes or documents herein do not purport to summarize or describe all of the provisions thereof, and reference is made to said laws, statutes or documents for further information.

The economic, debt and other summaries which appear in Appendix A attached hereto have been prepared from publicly available sources of information described in said Appendix.

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchaser or holder 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 made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

The Borough of Wanaque,
in the County of Passaic, New Jersey

By: /s/ _____
Tiffany Rogers
Chief Financial Officer

APPENDIX A

**THE BOROUGH OF WANAQUE
CERTAIN
ECONOMIC, DEMOGRAPHIC
AND
DEBT INFORMATION**

APPENDIX A **TABLE OF CONTENTS**

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THE BOROUGH OF WANAQUE

General Information

Originally part of Pompton Township, the Borough was incorporated in 1918. The Borough covers an area of approximately 8.3 square miles in the northeast section of Passaic County, adjacent to Bergen County. New York City is about 35 miles southeast of the Borough. Paramus, in Bergen County with its myriad of shopping centers, is about 18 miles via roads connecting with Route 208, a four-lane divided highway. Wayne and Paterson to the south are approximately 10 and 13 miles respectively distant. Within the Borough's borders is part of the Wanaque Reservoir, the principal source of water for the North Jersey District Water Supply Commission. Of the Borough's area, approximately 40% is public. Of the remaining 60%, approximately 80% is developed and 20% undeveloped.

The Midvale section, in the Borough's northern part, experienced substantial residential development in the 1970's and 1980's. The Haskell area, in the Borough's southern portion, was developed after World War II and also contains most of the Borough's commercial and industrial businesses. Homes in the Midvale section have a value of \$316,000 to up to \$730,000, with the average resale to be estimated at \$325,000. Homes in the Haskell section are valued from \$323,000 to \$595,000, with average resale value of \$421,600.

Type of Government

The Mayor is the Borough's chief administrative officer, and is elected at large for a four-year term. The Council is composed of six members, each elected at large for three-year terms on a staggered basis. The Council President is appointed for a one-year term by a vote of the Council members.

Borough Officials

Administrator

The position of Administrator is by appointment by the Borough Council.

Mr. Robert G. Hermansen is the Borough Administrator.

Borough Clerk

Ms. Leena Abaza was appointed Borough Clerk on _____.

Chief Financial Officer

Ms. Tiffany Rogers is the Borough's Treasurer and Chief Financial Officer. Ms. Rogers has held this position since _____.

Tax Collector

Ann Smolen was appointed Tax Collector in 2010. Ms. Smolen is tenured. Her responsibilities include collection of water and sewer bills.

Municipal Services

Police

The Police Department consists of a Chief of Police, twenty-four uniformed officers, nine special police officers, three school guards, and thirteen non-uniformed employees/dispatchers.

Fire

The Volunteer Fire Department consists of a Fire Chief and sixty-five volunteer fire personnel. Fire apparatus includes one 105' ladder truck with pump, three pumps, one rescue truck, three cars and one ATV.

Public Works

The Department of Public Works maintain approximately 25 miles of roads, the Borough's storm drainage system, park system, other recreational facilities and the water/sewer (collection only) system infrastructure.

Health

The First Aid Squad, consisting of twenty volunteers and two first aid ambulances, is supported by donations from the Borough and citizens. Hospital services are available at Chilton Memorial Hospital, Pompton Plains, Valley Hospital, Ridgewood; St. Joseph's, Wayne; St. Joseph's Hospital and Medical Center, Paterson; and a major burn center, St. Barnabas Hospital in Livingston.

Recreation

The Borough has four parks and two playgrounds. Back Beach Park has two lighted fields for softball and soccer, a lighted tennis court, and a playground. The Park also has hiking trails which connect to Ramapo State Forest. Memorial Field has two lighted baseball fields, and is also used for football. Addice Park has two softball fields and a soccer field. Hagstrom Field has two baseball/softball fields. The Borough, Lakeland Regional High School and the Wanaque Board of Education jointly reconstructed fields at Addice Park and Wanaque School and entered into a joint use agreement, adding two fields.

Pulte Homes has constructed two baseball fields and a soccer field on property leased to the Borough now known as Hagstrom Field, as part of their municipal contribution for their development.

The Borough has a 10 year lease with St. Francis of Assisi church for partial use of the school building. This includes use of the gym, 3 classrooms and cafeteria which has been converted to a recreation center.

Free Public Library

The Borough's Free Public Library, supported by local property taxes, was constructed and donated to the Borough by the Wanaque Borough Women's Club.

Solid Waste

Gaeta Sanitation provides once per week solid waste pickup (twice per week from May 15 to September 15), with the cost included in Municipal taxes. Waste is disposed of at Waste Management, Hillsdale. The Borough has entered into a five year contract with Waste Management to accept solid waste at a level, firm fixed price per ton for the full five year contract.

TRANSPORTATION

Public transportation to New York City is available by the New Jersey Transit bus which travels regularly along Ringwood Avenue. There is also a bus park and ride in Ringwood, which is adjacent to the Borough. New Jersey Transit trains are within a 15 minute ride to Lincoln Park or Ramsey.

Interstate 287 is at the southern end of the Borough, which provides direct access to the New York State Thruway, Route 208/Route 4 (Hackensack, Bergen County, George Washington Bridge), Interstate 80 (Newark via I-280, Morristown, Delaware Water Gap), and Route 23 (New York City - Lincoln Tunnel via Routes 46 and 3, Wayne, Paterson and Passaic).

BUILDING PERMITS

Year	Permits Issued	Estimated Construction Cost
2025		\$
2024	396	6,677,330
2023	408	6,549,823
2022	400	8,317,695
2021	535	9,152,291
2020	379	3,378,017
2019	392	3,465,180
2018	414	4,924,018
2017	538	7,535,987
2016	575	11,051,683

Source: State of New Jersey State Data Center; and the Borough.

EDUCATIONAL FACILITIES

The Board of Education of the Borough of Wanaque (the "Board") operates as a Type II school district (the "District") which is coterminous with the Borough's borders. The legally registered voters in the District elect nine members to the Board on a staggered basis for a three year term, and vote annually on the District's budget.

The Board operates two schools as detailed below.

District Facilities

<u>School</u>	<u>Original Construction Date</u>	<u>Addition/ Renovation</u>	<u>Grades</u>	<u>Student Capacity</u>	<u>Student Enrollment</u>
Haskell Elementary	1917	1956,1963	K-8	469	375
Wanaque Elementary	1972		K-8	574	506
				1,043	881

The Board does not operate a Middle School. There are approximately 442 Wanaque students in grades 9-12 that attend the Lakeland Regional High School, located in the Borough, together with students from the Borough of Ringwood.

UTILITIES

Water Utility

The Water Utility is a self-supporting department which pays for its annual operation and maintenance expenses and the annual debt service on outstanding debt from service charges which are billed quarterly.

The utility has two water storage tanks of 1 million gallons and 750 thousand gallons capacity. The Water Utility completed replacing 13,000 feet of 12 inch water main in Ringwood Ave. The 80-100 old main, made of universal joint pipe, experienced many leaks and lost water. The Water Utility replaces 500-1,000 feet of water mains each year, along with service connections.

Water is supplied from artesian wells in three well fields, one located in Haskell (the principal supply), the second in Midvale and the third, the Meadowbrook field, is also in the Borough's northern section. Water is chlorinated at the well heads. The water distribution system is a 12-inch main loop with cross connections capable of simultaneous north and south pumping. The Borough's water distribution system is connected to the Borough of Ringwood's, the Pompton Lakes Municipal Utilities Authority's and the North Jersey District Water Supply Commission's water distribution systems for emergency back-up supply.

Pulte Homes constructed a 2 million gallon per day water pump station on property leased to the Borough of Wanaque from the North Jersey District Water Supply Commission. The Borough will utilize an existing contract with the Passaic Valley Water Commission for the purchase of up to one million gallons per day of water to supplement the Borough's needs. The pump station is being constructed to handle a greater volume should the need arise to purchase more water should there be a loss of one of the existing wells.

Customers

There are 3,355 metered connections serving approximately 4,800 customers.

A total of 95 residences (30 in the Borough's western portion, 20 in the northeastern portion and 45 in the southern portion) have their own water supply. The Water Utility serves approximately 60% of the Borough's land area. The principal area not serviced by water lines is that portion of the Borough to the west of the Wanaque Reservoir.

Wastewater Collection System

The Wanaque Borough Sewer Utility is responsible for the collection of all wastewater from residential, commercial and industrial properties in the Borough, except for those properties which are permitted to have septic systems.

Wastewater collected by the Sewer Utility is treated by the Wanaque Valley Regional Sewerage Authority (the "Regional Authority"). The Regional Authority has upgraded its wastewater treatment facility in 1995 from .7 million gallons per day ("MGD") to 1.25 million gallons per day. Wastewater conveyance facilities include a pumping station, force main, interceptor sewer lines, and an outfall line to the Wanaque River. The Utility has a portable generator for emergency back-up power supply for the pumping station.

RETIREMENT SYSTEMS

All full-time permanent or qualified Borough employees who began employment after 1944 must enroll in one or two retirement systems; Public Employees Retirement System and Police and Firemen's Retirement System 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.

Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") includes approximately 39 full-time and part-time Borough employees. PERS is evaluated every year. Employee rates for contribution are normally determined by the rate applicable at the age of enrollment.

Police and Firemen's Retirement System

Approximately 26 Borough employees are covered under the Police and Firemen's Retirement System ("PFRS").

Retirement System Payments

<u>Fund</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Current Fund</u>					
PERS	\$288,176	\$278,751	\$286,312	\$277,245	\$296,118
PFRS	860,443	982,953	971,748	890,489	918,617
Social Security	<u>237,070</u>	<u>217,622</u>	<u>209,504</u>	<u>199,244</u>	<u>205,628</u>
	<u>1,385,689</u>	<u>1,479,326</u>	<u>1,467,564</u>	<u>1,366,978</u>	<u>1,420,363</u>
<u>Water Utility</u>					
Social Security	44,000	40,935	43,894	38,236	31,954
PERS	<u>72,044</u>	<u>92,917</u>	<u>103,228</u>	<u>79,850</u>	<u>40,380</u>
	<u>116,044</u>	<u>133,852</u>	<u>147,122</u>	<u>118,086</u>	<u>72,334</u>

Source: The Borough

LABOR RELATIONS

As of December 31, 2025, the Borough employed approximately 100 employees, of whom 40 employees are represented by two collective bargaining units. Blue and white collar employees are represented by Teamsters 11. The present five year contract expires December 31, 2029. The 24 uniformed police are represented by the Wanaque Police Association. The current five year contract expires December 31, 2029.

Employee Bargaining Units

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

<u>Classification</u>	<u>Representation</u>	<u>Date</u>
Police Officers	Fraternal Order of Police	12/31/29
Municipal Employees	Public Works, Water Office and Municipal Employees	12/31/29

FINANCIAL OPERATIONS

Basis of Accounting

The accounting policies of the Borough conform to the accounting principals applicable to local governmental units which have been prescribed by the Division. The following is a summary of the significant policies:

Basis of Accounting - 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 the State of New Jersey. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets- Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Current Fund

The Borough finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures are made by appropriations are paid from the Current Fund. The Borough operates on a January 1 to December 31, fiscal year.

General Expenditures

Expenditures are comprised of those made for general Borough purposes, certain expenditures made from restricted Federal, State and private grants, certain Federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general Borough purposes include payments made primarily in support of the Borough's various departments.

PROPOSED CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM FOR YEAR

In accordance with the Local Budget Law, each local unit must adopt and annually revise a one to six year capital program budget. The capital budget, when adopted, constitutes the planned appropriation of funds and sets forth the possible capital expenditures which the local governmental unit may contemplate over the next one to six years. The Capital Budget does not in itself confer any authorization to raise or expend funds, but is to be used as part of a local governmental unit's planning and management program. The following is a summary of the Borough's 2026 capital budget and improvement program by project.

Summary of Proposed Annual Funding Amounts

<u>Year</u>	<u>General Annual Funding Amount</u>	<u>Water Annual Funding Amount</u>
2026	\$350,000	\$-0-
2027	200,000	700,000
2028	300,000	700,000
2029	-	1,000,000
2030	-	1,000,000
2031		1,100,000
	<u>\$850,000</u>	<u>\$4,500,000</u>

2026 Budget Appropriations, Funding Sources and Amounts

<u>Project</u>	<u>Planned Funding Services</u>			<u>Debt Authorized</u>	<u>Future Years</u>
	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants in Aid and Other Funds</u>		
Various Improvements	<u>\$5,350,000</u>	<u>\$70,000</u>	<u>\$-0-</u>	<u>\$780,000</u>	<u>\$4,500,000</u>

Source: 2026 Adopted Budget.

CURRENT FUND REVENUE SOURCES

<u>Year</u>	<u>Budget Requirement (1)</u>	<u>Revenue Surplus Appropriated</u>	<u>Anticipated Revenues Collected (2)</u>	<u>Delinquent Taxes Collected</u>	<u>Tax Levy Collected</u>
2025	\$18,566,362	\$995,000	\$3,485,524	\$353,855	\$13,969,352
2024	16,568,707	995,000	3,301,115	378,011	12,941,797
2023	15,917,709	1,398,750	2,525,897	292,061	12,442,948
2022	15,213,183	998,750	2,585,956	313,496	11,917,438
2021	15,639,937	996,250	3,312,683	317,622	11,653,167

- (1) Current year's appropriation budget is limited to the Index Rate or a 3.5% increase over the immediately preceding year's final appropriations after giving effect to ratable growth or specified exemptions or emergencies. Includes reserve for uncollected taxes.
- (2) Reflects amount realized and non-budgeted revenue.

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

Current Fund			
<u>Year</u>	<u>Balance December 31</u>	<u>Amount</u>	<u>Percent</u>
2025	\$2,009,260	\$995,000	49.52%
2024	2,329,526	995,000	42.71
2023	2,331,773	995,000	42.67
2022	3,278,981	1,398,750	42.70
2021	3,165,486	998,750	31.55

Water Utility			
2025	\$213,034	\$184,445	86.58%
2024	230,919	151,863	51.64
2023	294,091	152,705	51.92
2022	367,676	186,664	50.77
2021	512,281	239,580	46.77

Sewer Utility			
2025	\$458,738	\$390,000	85.02%
2024	546,932	398,715	72.90
2023	210,078	98,074	46.68
2022	345,118	135,040	20.93
2021	142,991	40,000	27.97

Source: The Borough's audited financial statements.

TREND OF STATE AND FEDERAL AID

<u>Year</u>	<u>Energy Receipts Tax(1)</u>	<u>Other Aid</u>	<u>Federal Aid</u>	<u>Total</u>
2025	\$913,118	\$5,400	\$-0-	\$918,518
2024	913,118	99,521	-0-	1,012,639
2023	908,595	52,471	-0-	961,066
2022	902,358	4,385	-0-	906,743
2021	902,538	4,385	-0-	906,923

(1) Represents taxes received from public utilities in the State. The State keeps a portion of such taxes, and distributes the balance to local governmental units according to a formula. The amount of taxes distributed by the State to the local governmental units is not governed by law.

Source: Audited financial statements.

MAJOR REAL PROPERTY TAXPAYERS (1)

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>
North Jersey District Water Supply Commission	Water Supply	\$16,408,500
Wanaque Real Property (Convalescent Center)	Nursing Home	9,500,000
Omni 11 LLC (Nursing Home 25 Fifth Ave)	Nursing Home	6,500,000
Wanaque Building Assoc (4 Union Ave)	Food Store	6,200,000
3 rd Avenue Property Investment, LLC	Realty	5,135,700
Algonquin Gas c/o Duke Energy	Natural Gas Supply	4,494,900
1049 Ringwood Avenue, LLC	Realty	3,857,800
Shree Badha Shivan, LLC	Realty	3,645,000
Haskell Town Center LLC	Realty	2,697,300
Mountain Lakes Estates	Realty	2,625,000
Total Assessed Valuation		<u>\$61,064,200</u>

Proportion of Total 2024 Real Property Assessed Valuation of the Borough 5.47%

(1) Available information indicates that payment of taxes are current, and that none of the taxpayers shown have filed for bankruptcy under Chapter 11 of the Federal Bankruptcy Code.

Source: The Borough's Tax Duplicates.

TREND OF NET ASSESSED AND EQUALIZED PROPERTY VALUATIONS

Real Property Net Assessed Valuations by Classification and Land Use Analysis

<u>Classification</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Residential	\$989,030,000	\$991,382,100	\$990,830,200	\$990,442,400	\$990,271,800
Apartment	6,035,900	6,035,900	6,035,900	6,035,900	6,035,900
Farm	657,700	813,000	813,000	813,000	813,000
Commercial	67,245,300	68,671,000	71,172,200	70,467,200	70,783,100
Industrial	18,960,800	18,960,800	18,960,800	18,960,800	18,960,800
Vacant Land	28,627,800	28,716,100	28,325,400	28,958,100	28,709,300
Total	<u>\$1,110,557,500</u>	<u>\$1,114,578,900</u>	<u>\$1,116,137,500</u>	<u>\$1,115,677,400</u>	<u>\$1,115,573,900</u>

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

Net Assessed and Equalized Property Valuations

<u>Net Assessed Valuation</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Real Property (1)	\$1,110,557,500	\$1,114,578,900	\$1,116,137,500	\$1,115,677,400	\$1,115,573,900
Personal Tangible Property(2)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Net Assessed Valuation	1,110,557,500	1,114,578,900	1,116,137,500	1,115,677,400	1,115,573,900
Percent Increase/(Decrease) Over Previous Year	(.0036)%	(.0014)%	.004%	0.009%	(0.004)%
Equalized Valuation Ratio(3)	N/A	58.32%	63.94%	68.52%	74.95%
Equalized Valuation	N/A	1,915,286,821	1,749,540,364	1,631,934,874	1,495,536,595
Percent Increase/(Decrease) Over Previous Year	N/A	6.03%	7.21%	9.12%	6.90%

(1) Net Assessed valuation after deductions permitted under New Jersey Statutes.

(2) Composed of "machinery, implements and equipment" of telephone, telegraph and messenger systems.

(3) As equalized by the County.

Source: The County's Abstracts of Ratables for years shown.

LEVY AND COLLECTION OF TAXES As of December 31, for Years Shown

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 and the school districts. The levy and collection of taxes are based upon the Borough's Calendar Year. The Borough remits to the County 100% of its tax levy quarterly, on the 15th days of August and November of the current calendar year, and the 15th days of February and May of the following calendar year. Turnover of 100% of tax levies for school purposes are based on school needs and are generally made on a periodic basis throughout the year. Tax bills for the second half of the current calendar year's tax levy and an estimate based on 50% of the levy for the first half of the following calendar 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 the eleventh day of the eleventh month of the current tax year, 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 the property.

TAX RATE APPORTIONMENT (Per \$100 of Assessed Valuation)

<u>Year</u>	<u>Municipal(1)</u>	<u>County(2)</u>	<u>Local School</u>	<u>Regional School</u>	<u>Tax Rate</u>
2025	1.227	.828	1.617	.869	4.541
2024	1.127	.799	1.550	.837	4.313
2023	1.084	.815	1.497	.831	4.227
2022	1.023	.843	1.464	.808	4.138
2021	1.000	.828	1.438	.782	4.048

(1) Includes Municipal Open Space and Library.

(2) Includes County Open Space Tax.

Source: Audited Financial Statements.

APPORTIONMENT OF TAX LEVY

<u>Year</u>		<u>Municipal(1)</u>		<u>County(2)</u>		<u>Local School</u>		<u>Regional School</u>		<u>Tax Levy</u>
2025	\$	13,673,138	\$	9,227,734	\$	18,019,366	\$	9,685,345	\$	50,605,583
2024		12,576,613		8,910,310		17,302,788		9,344,009		48,133,720
2023		12,092,314		9,088,934		16,703,785		9,266,238		47,151,271
2022		11,418,887		9,392,746		16,328,340		9,018,145		46,158,118
2021		11,177,523		9,232,170		16,039,352		8,722,759		45,171,804

(1) Includes Municipal Open Space and Library.

(2) Includes County Open Space.

TAX COLLECTION EXPERIENCE

<u>Current Tax Levy Collection</u>					<u>Delinquent Taxes Collected</u>	<u>Total Taxes Collected</u>	<u>Percent of Current Tax Levy</u>
<u>Year</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>Percent</u>				
2025	\$ 50,645,844	\$ 50,124,335	98.97%	\$	353,855	\$ 50,478,190	99.67%
2024	48,191,272	47,725,321	99.03		378,011	48,103,332	99.82
2023	47,190,032	46,738,001	99.04		292,061	47,030,062	99.66
2022	46,187,681	45,851,566	99.27		313,496	46,165,062	99.95
2021	45,226,757	44,859,958	99.19		317,622	45,177,580	99.89

Source: Audited 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>% to Current Levy</u>
2025	\$	278,712	\$	441,278	\$	719,990	1.42%
2024		254,006		399,946		653,952	1.36
2023		235,071		398,101		633,172	1.34
2022		212,743		289,835		502,578	1.09
2021		187,538		321,225		508,763	1.13

Source: Audited Financial Statements.

FORECLOSED PROPERTY

<u>Year</u>	<u>Balance December 31</u>
2025	\$319,400
2024	319,400
2023	319,400
2022	319,400
2021	388,475

Source: The Borough's audited financial statements.

COMPARISON OF MUNICIPAL TAX LEVY TO ANNUAL DEBT SERVICE REQUIREMENT

<u>Year</u>	<u>Municipal Purpose Tax Levy</u>	<u>Debt Service Requirement</u>	<u>Percent of Debt Service To Tax Levy</u>
2025	\$12,923,742	\$1,938,244	15.00%
2024	12,464,999	1,918,153	15.39
2023	11,980,746	1,689,603	14.10
2022	11,307,330	1,676,391	14.82
2021	11,065,918	1,661,553	15.01

Source: The Borough's audited financial statements.

AUTHORIZED BUT UNISSUED DEBT
(As Of December 31, 2025)

<u>Purpose</u>	<u>Authorized Amount</u>
General Capital:	
Provision of Affordable Housing	\$1,140
2 nd Avenue Drainage System Improvements	22,100
Improvements of Back Beach Park	350,000
Acquisitioned Land	
	<u>373,240</u>
Water Capital:	
Various Water System Improvements	<u>-0-</u>
Sewer Capital:	
Various Sewer System Improvements	<u>418,000</u>
	<u><u>\$791,240</u></u>
Sewer Capital:	

TEMPORARY DEBT ISSUED AND OUTSTANDING
(As Of December 31, 2025)

Acquisition of Various Equipment	\$2,000,000
Various Improvements and Purposes	2,652,909
Acquisition of Property	2,125,000
Acquisition Public Safety Radio Equipment	546,250
Improvements to Various Roads	741,267
Various Improvements	760,000
General Capital:	
Acquisition of Various Equipment	1,325,000
Acquisition of Land	<u>1,470,000</u>
	<u>11,620,426</u>
Water Capital:	
Various Water System Improvements	1,210,000
Various Water System Improvements	300,000
Improvements to Water System	975,006
Improvements to Water System	100,000
Improvements to Water System	<u>350,000</u>
	<u>2,935,006</u>
	<u><u>\$14,555,432</u></u>

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
General Capital:				
General Bonds of 2015	2.25 to 3.25	2/26/15	2/1/35	\$6,930,000
General Refunding Bonds of 2015	3.0 to 4.0	2/26/15	2/1/27	580,000
Loan Payable Back Beach Phase 1	2.00	2/10/98	1/26/32	81,196
General Bonds of 2020	2.00	3/11/20	3/15/34	<u>3,410,000</u>
Total General Capital Debt				<u>11,001,196</u>
Water Utility:				
Water Refunding Bonds of 2015	3.0 to 4.0	2/1/15	2/1/27	317,000
Water Bonds of 2015	2.25 to 3.125	2/26/15	2/1/32	95,000
Water Bonds of 2020	2.00 to 2.25	3/11/20	3/15/34	1,955,000
NJEIT 2010	1.66 to 6.54	7/28/10	8/1/31	<u>1,124,000</u>
				<u>3,491,000</u>
Sewer Utility				
Revenue Bonds 2008A	4.77 to 5.16	9/16/08	12/1/28	<u>776,067</u>
Total Permanent Debt Issued and Outstanding				<u>\$15,268,263</u>

Source: The Borough.

STATUTORY DEBT INFORMATION
(As of December 31, 2025)

School Purpose:	
Bonds and Notes Issued	\$5,290,000
Authorized/Unissued Debt	-
Total School Purpose Debt	<u>5,290,000</u>
Deductions	<u>5,290,000</u>
Net Debt for School Purposes	<u>0</u>
Self-Liquidating Purpose:	
Bonds and Notes Issued (Water Utility)	6,426,006
Bonds and Notes Issued (Sewer Utility)	776,067
Authorized/Unissued Debt (Water Utility)	-
Authorized/Unissued Debt (Sewer Utility)	<u>418,000</u>
Total Self-Liquidating Purpose	<u>7,620,073</u>
Deductions	<u>7,620,073</u>
Net Debt for Self-Liquidating Purpose	<u>0</u>
Municipal Purpose:	
General Bonds, Notes & Loans	22,621,622
Authorized/Unissued Debt	<u>373,240</u>
Total Gross Municipal Debt	<u>22,994,862</u>
Deductions	<u>154</u>
Net Debt for Municipal Purpose	<u>22,994,708</u>
Total Gross Statutory Debt	35,904,935
Total Statutory Deductions	<u>12,910,227</u>
Total Net Statutory Debt	<u><u>\$22,994,708</u></u>

STATUTORY BORROWING POWER
(As of December 31, 2025)

Statutory Equalized Valuation (1)	\$1,902,393,164
Statutory Borrowing Power (2)	66,583,761
Statutory Net Debt	<u>22,994,708</u>
Remaining Statutory Borrowing Power	<u>43,589,053</u>
Net Debt to Equalized Valuation	1.209%

(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, Loans and Notes	\$22,621,622	
Authorized Not Issued	373,240	
Self-Liquidating Water Utility	6,426,006	
Self-Liquidating Sewer Utility	<u>1,194,067</u>	
	<u>30,614,935</u>	
Overlapping Debt:		
Local and Regional School District		\$5,290,000
Passaic County (1)		6,199,384
Passaic County Utilities Authority (1)		795,876
Self-Supporting:		
Wanaque Valley Regional Sewerage Authority		<u>6,068,171</u>
		<u>18,353,431</u>
Total Direct Debt:		
Gross	30,614,935	
Deductions	<u>7,620,227</u>	
Net	<u><u>\$22,994,708</u></u>	
Total Overlapping Debt:		
Gross		18,353,431
Deductions		<u>5,290,000</u>
Net		<u><u>\$13,063,431</u></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.
Source: The political entities shown.

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: 11,317	\$2,705	\$2,032	\$4,327	\$3,186
Equalized Valuation: 1,902,393,164	1.609%	1.209%	2.574%	1.895%

APPENDIX B

**THE BOROUGH OF WANAQUE
SUMMARY OF
2026 ADOPTED BUDGET**

**BOROUGH OF WANAQUE
SUMMARY OF
2026 ADOPTED BUDGET**

Summary of General Revenues Anticipated:

Surplus	<u>\$995,000</u>
Miscellaneous Revenues:	
Local Revenues	738,600
State Aid Without Offsetting Appropriations	918,518
Dedicated Uniform Construction Code Fees	
Offset Without Appropriations	180,000
Special Items of General Revenue Anticipated With Prior Consent of Director of Local Government Services:	
Interlocal Service Agreements	52,100
Public and Private Revenues	65,321
Other Special Items	<u>1,352,799</u>
Total Miscellaneous Revenues	<u>3,307,338</u>
Delinquent Taxes Receipts	<u>350,000</u>
Sub-total General Revenues	<u>4,652,338</u>
Amount to be Raised for Support of Municipal Budget, Including Reserve for Uncollected Taxes	13,231,197
Municipal Library Tax	<u>682,827</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>13,914,024</u>
Total General Reserves	<u><u>\$18,566,362</u></u>

Summary of General Appropriations:

Within "CAPS":	
Operations:	
Salaries and Wages	5,775,538
Other Expenses	<u>6,472,480</u>
Sub-total	12,248,018
Deferred Charges and Statutory Expenditures	<u>1,504,470</u>
Total Operations Within "CAPS"	<u>13,752,488</u>
Excluded From "CAPS":	
Operations:	
Salaries and Wages	0
Other Expenses	1,455,440
Capital Improvements	0
Municipal Debt Service	2,049,700
Deferred Charges	<u>0</u>
Total General Appropriations Excluded From "CAPS"	<u>4,013,874</u>
Sub-total General Appropriations	17,766,362
Reserve for Uncollected Taxes	<u>800,000</u>
Total General Appropriations	<u><u>\$18,566,362</u></u>

Source: The Borough's 2026 Adopted Budget.

APPENDIX C

**EXCERPTS FROM
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2024
AND SELECTED FINANCIAL INFORMATION
FOR THE YEARS ENDED
DECEMBER 31, 2025-2021**



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Wanaque
Wanaque, New Jersey 07465

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 Wanaque in the County of Passaic, as of December 31, 2024 and 2023, the related statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and the statements 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 Wanaque 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 Wanaque, 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 Wanaque 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 17 of the financial statement, the Borough of Wanaque participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$2,567,545.78 and \$2,360,483.20 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, for 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 and changes in fund balance 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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 Wanaque’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 Wanaque'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 August 28, 2025 on our consideration of the Borough of Wanaque'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 Wanaque's internal control over financial reporting and compliance.



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



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

August 28, 2025

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	4,297,068.21	3,984,216.37
Change Fund	A-6	625.00	625.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	<u>10,808.87</u>	<u>8,558.87</u>
		<u>4,308,502.08</u>	<u>3,993,400.24</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	399,945.85	398,100.83
Tax Title Liens Receivable	A-9	254,006.00	235,071.41
Property Acquired for Taxes -			
Assessed Valuation	A-10	319,400.00	319,400.00
Revenue Accounts Receivable	A-11	10,138.15	15,813.09
Due from Passaic County	A-12	8,148.12	8,386.20
Interfund Receivables:			
Water Operating Fund	A-13	4,625.85	
Sewer Operating Fund	A-13	200,000.00	
Other Trust Fund	A-13		247,522.70
Escrow Trust	A-13	6,628.58	6,088.88
Flex Spending Trust	A-13	60.76	238.99
Payroll Fund	A-13	1,687.54	2,268.11
Federal and State Grant Fund	A-13	802,158.80	551,553.73
Assessment Trust	A-13	731.03	492.25
General Capital Fund	A-13		<u>11,820.96</u>
		<u>2,007,530.68</u>	<u>1,796,757.15</u>
		<u>6,316,032.76</u>	<u>5,790,157.39</u>
Federal and State Grant Fund:			
State Grants Receivable	A-21	1,658,288.98	1,578,736.02
Interfund - General Capital	A-24	<u>150,000.00</u>	
		<u>1,808,288.98</u>	<u>1,578,736.02</u>
Total Assets		<u><u>8,124,321.74</u></u>	<u><u>7,368,893.41</u></u>

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

Borough of Wanaque , 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	288,264.88	365,502.35
Encumbrances Payable	A-15	342,314.73	219,122.40
Prepaid Taxes	A-16	572,530.33	392,097.59
Interfunds Payable			
Other Trust Fund	A-13	100,018.23	
Open Space Trust Fund	A-13	121.23	71.82
Water Operating Fund	A-13		3,409.64
General Capital Fund	A-13	55,759.80	
Local School Tax Payable	A-17	179.00	177.00
Regional School Tax Payable	A-18	9,490.12	9,484.62
Tax Overpayments	A-20	2,461.50	2,461.51
Accounts Payable	A-20	63,357.46	14,210.24
Due to State of NJ:			
Marriage Surcharge	A-20	400.00	300.00
Building Surcharge	A-20	1,947.00	2,514.00
Reserve for:			
Revaluation / Tax Map	A-20	60,134.15	60,134.15
Municipal Relief Fund	A-20		94,121.04
Tax Appeals	A-20	60,999.94	60,999.94
Police Law Enforcement	A-20	56.64	56.64
Project D.A.R.E.	A-20	18,863.55	18,863.55
P.I.L.O.T. Service Charge	A-20	402,077.24	418,100.63
		<u>1,978,975.80</u>	<u>1,661,627.12</u>
Reserve for Receivables	Contra	2,007,530.68	1,796,757.15
Fund Balance	A-1	<u>2,329,526.28</u>	<u>2,331,773.12</u>
		<u>6,316,032.76</u>	<u>5,790,157.39</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	1,003,520.13	940,612.33
Unappropriated Reserve for Grants	A-23	2,610.05	26,580.51
Interfund - General Capital Fund	A-24		59,989.45
Interfund - Current Fund	A-24	802,158.80	551,553.73
		<u>1,808,288.98</u>	<u>1,578,736.02</u>
Total Liabilities, Reserves and Fund Balance		<u>8,124,321.74</u>	<u>7,368,893.41</u>

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

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	995,000.00	1,398,750.00
Miscellaneous Revenue Anticipated	A-2	3,006,551.95	2,252,868.37
Receipts from Delinquent Taxes	A-2	378,010.83	292,060.56
Receipts from Current Taxes	A-2	47,725,320.78	46,738,001.07
Non-Budget Revenue	A-2	298,950.75	273,916.69
Other Credits to Income:			
Interfunds Returned	A-13	694,985.62	353,779.43
Unexpended Balance of Appropriation Reserves	A-14	<u>214,663.89</u>	<u>54,067.70</u>
Total Revenues and Other Income		<u>53,313,483.82</u>	<u>51,363,443.82</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,220,443.32	4,990,036.20
Other Expenses	A-3	7,021,546.20	6,427,677.71
Capital Improvement Fund	A-3	5,000.00	404,000.00
Municipal Debt Service	A-3	1,909,646.27	1,689,603.48
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,508,564.24	1,524,997.40
Refund of Prior Years Revenue			200.00
Interfund Advances	A-13	1,015,892.56	819,985.62
Municipal Open Space	A-13	111,734.98	111,639.56
Local District School Tax	A-17	17,302,788.00	16,703,785.00
Regional High School Tax	A-18	9,305,123.50	9,142,191.50
County Taxes including Added Taxes	A-19	<u>8,919,991.59</u>	<u>9,094,785.26</u>
Total Expenditures		<u>52,320,730.66</u>	<u>50,908,901.73</u>

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		992,753.16	454,542.09
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		992,753.16	454,542.09
Fund Balance, January 1,	A	<u>2,331,773.12</u>	<u>3,275,981.03</u>
		3,324,526.28	3,730,523.12
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>995,000.00</u>	<u>1,398,750.00</u>
Fund Balance, December 31,	A	<u><u>2,329,526.28</u></u>	<u><u>2,331,773.12</u></u>

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

Borough of Wanaque , 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	995,000.00	995,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	18,400.00	24,200.00	5,800.00
Licenses - Other	A-2	8,375.00	5,846.00	(2,529.00)
Fees & Permits	A-2	17,350.00	22,867.09	5,517.09
Fines and Costs:				
Municipal Court	A-11	66,875.00	105,927.38	39,052.38
Interest and Costs on Taxes	A-5	80,000.00	95,441.66	15,441.66
Interest on Investments	A-11	115,000.00	250,017.64	135,017.64
Energy Receipts Tax	A-4	913,118.00	913,117.66	(0.34)
Garden State Trust PILOT	A-4	5,400.00	5,400.00	
Municipal Relief Fund	A-20	94,121.04	94,121.04	
Uniform Construction Code Fees	A-11	195,000.00	180,105.00	(14,895.00)
Interlocal Agreements				
Street Lighting Contract	A-12	8,386.20	8,386.20	
Clean Communities Program	A-21	52,286.78	52,286.78	
Bulletproof Vest Grant	A-21	1,279.00	1,279.00	
Distracted Driving Crackdown	A-21	7,000.00	7,000.00	
Local Recreation Improvement Grant	A-21	63,000.00	63,000.00	
Stigma Free Mini Grant	A-21	1,000.00	1,000.00	
National Opioids Settlement	A-21	4,337.60	4,337.60	
Municipal Alliance	A-21	16,552.96	16,552.96	
Alcohol Education and Rehabilitation Fund	A-21	3,800.10	3,800.10	
Body Armor Replacement Fund	A-21	2,099.70	2,099.70	
Drunk Driving Enforcement Fund	A-21	3,290.94	3,290.94	
Passaic County Park Development Grant	A-21	150,000.00	150,000.00	
Cable TV	A-11	47,617.00	47,617.00	
Uniform Fire Safety Act	A-11	20,875.00	21,977.28	1,102.28
Library Services	A-11	22,000.00	22,000.00	
Hotel Occupancy Fee	A-11	90,000.00	89,592.24	(407.76)
Social Services Rent	A-11	98,115.96	106,079.13	7,963.17
Cellular Tower Lease	A-11	260,000.00	280,781.43	20,781.43
Wanaque BOE Field Reimbursement	A-11	5,000.00	5,000.00	
General Capital Fund - Fund Balance	A-11	125,000.00	125,000.00	
Municipal Open Space Share of Debt Service	A-11	33,428.12	33,428.12	
Reserve for PILOT Service Charge	A-20	140,000.00	140,000.00	
Interfund Other Trust Fund	A-13	125,000.00	125,000.00	
Total Miscellaneous Revenues	A-1	2,793,708.40	3,006,551.95	212,843.55
Receipts from Delinquent Taxes	A-1/A-2	315,000.00	378,010.83	63,010.83
Subtotal General Revenues		4,103,708.40	4,379,562.78	275,854.38
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes		11,883,371.84	12,360,170.21	476,798.37
Minimum Library Tax		581,627.00	581,627.00	
Total Amount to be Raised by Taxes for Support of Budget	A-2	12,464,998.84	12,941,797.21	476,798.37
Budget Totals		16,568,707.24	17,321,359.99	752,652.75
Non-Budget Revenue	A-1/A-2		298,950.75	298,950.75
		16,568,707.24	17,620,310.74	1,051,603.50
Adopted Budget	A-3	16,311,763.57		
Appropriated by N.J.S. 40A:4-87	A-3	256,943.67		
		16,568,707.24		

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

Borough of Wanaque , N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2024

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	47,725,320.78
Allocated to School and County Taxes	A-8	<u>35,678,523.57</u>
Balance for Support of Municipal Budget Appropriations		12,046,797.21
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>895,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>12,941,797.21</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-2,A-8	374,612.71
Tax Title Liens	A-9	<u>3,398.12</u>
	A-2	<u><u>378,010.83</u></u>
Licenses - Other:		
Clerk	A-11	1,725.00
Board of Health / Registrar	A-11	<u>4,121.00</u>
	A-2	<u><u>5,846.00</u></u>
Fees & Permits		
Clerk	A-11	384.00
Police	A-11	13,411.09
Board of Health / Registrar	A-11	<u>9,072.00</u>
	A-2	<u><u>22,867.09</u></u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Tax Miscellaneous		225.96
Senior Citizen and Veterans Administrative Fee		1,713.03
Tilcon Agreement		250,000.00
PILOT Administration Fees		2,663.73
Developer Applications		15,200.00
Monsanto Settlement		17,414.03
Various Refunds and Miscellaneous		<u>11,734.00</u>
	A-2, A-4	<u><u>298,950.75</u></u>

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

Borough of Wanaque, 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>						
General Government Functions						
Administrative and Executive						
Salaries and Wages		170,150.85	175,650.85	175,589.39	61.46	
Other Expenses		22,000.00	22,000.00	21,475.14	524.86	
Mayor and Council						
Salaries and Wages		43,559.13	42,259.13	41,373.40	885.73	
Other Expenses		4,000.00	5,300.00	5,245.50	54.50	
Municipal Clerk						
Salaries and Wages		116,233.14	138,433.14	123,441.59	14,991.55	
Other Expenses		47,500.00	47,500.00	47,194.36	305.64	
Financial Administration:						
Salaries & Wages		147,590.39	155,290.39	155,195.13	95.26	
Other Expenses		5,200.00	6,700.00	5,025.33	1,674.67	
Data Processing		46,200.00	53,200.00	48,619.00	4,581.00	
Miscellaneous Other Expenses		46,270.00	46,270.00	46,270.00		
Collection of Taxes						
Salaries and Wages		89,000.00	89,000.00	89,000.00		
Other Expenses		4,500.00	4,500.00	3,879.00	621.00	
Assessment of Taxes						
Salaries and Wages		37,788.79	37,788.79	37,788.66	0.13	
Other Expenses		8,500.00	8,500.00	6,451.00	2,049.00	
Legal Services and Costs						
Other Expenses		185,750.00	185,750.00	185,562.95	187.05	
Engineering Services and Costs						
Other Expenses		75,000.00	60,000.00	37,709.85	22,290.15	
Annual Service Contracts		162,250.00	136,250.00	136,250.00		
Economic Development						
Other Expenses		34,500.00	34,500.00	33,000.00	1,500.00	

Borough of Wanaque, 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>						
Planning Board						
Other Expenses		4,600.00	4,600.00	3,747.83	852.17	
Board of Adjustment						
Other Expenses		5,900.00	5,900.00	3,875.00	2,025.00	
Affordable Housing						
Other Expenses		1,000.00	1,000.00		1,000.00	
Insurance:						
Other Insurance Premiums		238,005.00	230,505.00	230,505.00		
Workers Compensation Insurance		272,545.50	272,545.50	272,545.50		
Group Insurance for Employees		1,586,483.61	1,568,283.61	1,534,499.26	33,784.35	
Health Benefit Waiver		95,896.12	99,096.12	99,064.04	32.08	
Police						
Salaries and Wages		3,511,179.38	3,469,179.38	3,436,831.25	32,348.13	
Other Expenses		104,091.00	109,091.00	108,870.85	220.15	
Police Vehicles and Equipment		157,827.50	157,827.50	157,827.50		
Emergency Management Services:						
Salaries and Wages		16,852.63	17,452.63	17,445.03	7.60	
Other Expenses		4,050.00	4,050.00	3,107.78	942.22	
First Aid Organization Contribution		60,991.00	60,991.00	51,648.47	9,342.53	
Fire						
Miscellaneous Other Expenses		126,225.64	126,225.64	126,105.14	120.50	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		41,658.69	41,658.69	41,658.69		
Other Expenses		9,332.56	9,332.56	9,032.70	299.86	

Borough of Wanaque, 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>
Municipal Prosecutor						
Retainer		32,477.91	29,477.91	28,799.08	678.83	
Road Repair and Maintenance						
Salaries and Wages		544,116.11	566,116.11	564,860.79	1,255.32	
Other Expenses		195,225.00	195,225.00	191,828.86	3,396.14	
Garbage and Trash Removal						
Other Expenses		850,900.00	850,900.00	847,695.66	3,204.34	
Public Buildings and Grounds						
Other Expenses		195,000.00	240,000.00	226,668.55	13,331.45	
Vehicle Maintenance						
Other Expenses		200,000.00	190,000.00	175,790.09	14,209.91	
Municipal Services Act (P.L. 1993, CH. 6)						
Garbage and Trash Removal						
Other Expenses		20,000.00	20,000.00	17,985.23	2,014.77	
Board of Health						
Salaries and Wages		48,707.30	48,707.30	46,910.92	1,796.38	
Other Expenses		22,600.00	22,600.00	20,138.43	2,461.57	
Recreation						
Salaries and Wages		67,633.24	67,633.24	63,585.74	4,047.50	
Other Expenses		98,900.00	93,900.00	89,859.65	4,040.35	
Municipal Court:						
Salaries and Wages		184,738.00	184,738.00	173,803.04	10,934.96	
Other Expenses		7,750.00	7,750.00	6,844.25	905.75	
Public Defender						
Other Expenses		8,000.00	8,000.00	8,000.00		
Uniform Construction Code Officials						
Salaries and Wages		83,282.89	83,282.89	83,282.89		
Other Expenses		1,750.00	1,750.00	1,220.98	529.02	

Borough of Wanaque, 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>						
Electrical Inspector						
Salaries and Wages		16,027.50	16,027.50	16,027.50		
Plumbing Inspector						
Salaries and Wages		16,027.50	16,027.50	16,027.50		
Fire Sub-Code Official						
Salaries and Wages		18,144.87	18,144.87	18,144.87		
Zoning & property Maintenance						
Salaries and Wages		16,575.00	16,575.00	16,575.00		
Celebration of Public Events						
Other Expenses		42,500.00	38,300.00	38,115.16	184.84	
Street Lighting		50,483.16	50,483.16	41,883.16	8,600.00	
Telephone		23,600.00	23,600.00	23,160.99	439.01	
Gasoline		75,000.00	75,000.00	66,191.40	8,808.60	
Natural Gas		13,500.00	22,500.00	22,500.00		
Electricity		165,000.00	165,000.00	165,000.00		
Landfill/Solid Waste Disposal Costs:						
Solid Waste Disposal		470,000.00	430,000.00	394,073.21	35,926.79	
Total Operations within "CAPS"		10,950,569.41	10,908,369.41	10,660,807.29	247,562.12	
Detail:						
Salaries and Wages	A-1	5,201,743.32	5,213,443.32	5,146,340.47	67,102.85	
Other Expenses	A-1	5,748,826.09	5,694,926.09	5,514,466.82	180,459.27	

Borough of Wanaque, 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>
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employee Retirement System		278,751.00	278,751.00	278,751.00		
Social Security System (O.A.S.I.)		180,240.24	218,240.24	217,622.37	617.87	
Police and Firemen's Retirement System of NJ		982,953.00	982,953.00	982,953.00		
Unemployment Compensation		5,000.00	5,000.00	5,000.00		
Defined Contribution Retirement Plan		7,800.00	12,000.00	11,915.11	84.89	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,454,744.24	1,496,944.24	1,496,241.48	702.76	
Total General Appropriations for Municipal Purposes within "CAPS"		12,405,313.65	12,405,313.65	12,157,048.77	248,264.88	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		581,627.00	581,627.00	581,627.00		
Reserve for Tax Appeals		40,000.00	40,000.00		40,000.00	
Emergency Services Volunteer Length of Service Award Program		60,000.00	60,000.00	60,000.00		
Interlocal Municipal Service Agreements:						
Borough of Bloomingdale:						
Animal Control Services		39,478.00	39,478.00	39,478.00		
Vegetative Waste Disposal		112,200.00	112,200.00	112,200.00		
Passaic County:						
Health Services		121,317.05	121,317.05	121,317.05		
Street Lighting		8,116.84	8,116.84	8,116.84		

Borough of Wanaque, 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>
Interlocal Municipal Service Agreements: (cont.)						
Borough of Ringwood						
Construction Code Official		55,160.00	55,160.00	55,160.00		
Borough of Pompton Lakes						
Dispatch Services		11,074.14	11,074.14	11,074.14		
Public and Private Programs Offset by Revenues						
Clean Communities Program		52,286.78	52,286.78	52,286.78		
Bulletproof Vest Grant		1,279.00	1,279.00	1,279.00		
Distracted Driving Crackdown		7,000.00	7,000.00	7,000.00		
Local Recreation Improvement Grant		63,000.00	63,000.00	63,000.00		
Stigma Free Mini Grant		1,000.00	1,000.00	1,000.00		
National Opioids Settlement		4,337.60	4,337.60	4,337.60		
Municipal Alliance		16,552.96	16,552.96	16,552.96		
Alcohol Education and Rehabilitation Fund		3,800.10	3,800.10	3,800.10		
Body Armor Replacement Fund		2,099.70	2,099.70	2,099.70		
Drunk Driving Enforcement Fund		3,290.94	3,290.94	3,290.94		
Passaic County Park Development Grant		150,000.00	150,000.00	150,000.00		
Total Operations - Excluded from "CAPS"		1,333,620.11	1,333,620.11	1,293,620.11	40,000.00	
Detail:						
Salaries & Wages	A-1	7,000.00	7,000.00	7,000.00		
Other Expenses	A-1	1,326,620.11	1,326,620.11	1,286,620.11	40,000.00	
Capital Improvements:						
Capital Improvement Fund		5,000.00	5,000.00	5,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	5,000.00	5,000.00	5,000.00		

Borough of Wanaque, 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>
Municipal Debt Service:						
Payment of Bond Principal		1,385,000.00	1,385,000.00	1,385,000.00		
Interest on Bonds		371,095.00	371,095.00	371,095.00		
Interest on Notes		148,675.00	148,675.00	140,168.53		8,506.47
Green Trust Loan Program:						
Loan Repayments for Principal and Interest		13,383.48	13,383.48	13,382.74		0.74
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,918,153.48	1,918,153.48	1,909,646.27		8,507.21
Deferred Charges:						
Deferred Charges to Future Tax-Unfunded						
Ord 19-0-99 Provision on Affordable Housing		11,620.00	11,620.00	11,620.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	11,620.00	11,620.00	11,620.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		3,268,393.59	3,268,393.59	3,219,886.38	40,000.00	8,507.21

Borough of Wanaque, 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		15,673,707.24	15,673,707.24	15,376,935.15	288,264.88	8,507.21
Reserve for Uncollected Taxes		895,000.00	895,000.00	895,000.00		
Total General Appropriations		16,568,707.24	16,568,707.24	16,271,935.15	288,264.88	8,507.21
Adopted Budget Appropriated by (N.J.S. 40A:4-87)	A-2 A-2		16,311,763.57 256,943.67		A	
Analysis of Paid or Charged						
Reserve for Uncollected Taxes	A-2			895,000.00		
Cash Disbursed	A-4			14,729,973.34		
Encumbrances Payable	A-15			342,314.73		
Reserve for Federal and State Grants	A-23			304,647.08		
				16,271,935.15		

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

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Assessment Trust Fund			
Cash	B-2, B-3	24,587.01	24,348.23
		<u>24,587.01</u>	<u>24,348.23</u>
Animal Control Trust Fund:			
Cash	B-2	13,808.67	1,047.23
Due to State Department of Health	B-6	6.60	
		<u>13,815.27</u>	<u>1,047.23</u>
Other Trust Funds:			
Cash	B-2	1,373,775.35	1,748,886.74
Interfund - Current Fund - Other Trust	B-4	100,018.23	
Intrafund - Payroll Fund - Other Trust	B-9		5,055.88
		<u>1,473,793.58</u>	<u>1,753,942.62</u>
Open Space Trust			
Cash	B-2	452,338.91	461,157.13
Interfund - Current Fund	B-4	121.23	71.82
		<u>452,460.14</u>	<u>461,228.95</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash in Plan	B-2	2,546,020.78	2,311,033.20
Contributions Receivable	B-13	21,525.00	49,450.00
		<u>2,567,545.78</u>	<u>2,360,483.20</u>
Total Assets		<u>4,532,201.78</u>	<u>4,601,050.23</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>Ref.</u>	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Trust Fund			
Interfund - Current Fund	B-4	731.03	492.25
Fund Balance	B-1	23,855.98	23,855.98
		<u>24,587.01</u>	<u>24,348.23</u>
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-5	13,815.27	1,034.63
Due to State Department of Health	B-6		12.60
		<u>13,815.27</u>	<u>1,047.23</u>
Other Trust Fund:			
Interfund - Current Fund - Escrow	B-4	6,628.58	6,088.88
Interfund - Current Fund - Payroll Fund	B-4	1,687.54	2,268.11
Interfund - Current Fund - Other Trust	B-4		247,522.70
Interfund - Current Fund - Flex Spending	B-4	60.76	238.99
Various Reserves	B-7	1,366,697.81	1,420,065.53
Reserve for Recreation	B-10	98,718.89	72,702.53
Intrafund - Other Trust Fund - Payroll	B-12		5,055.88
		<u>1,473,793.58</u>	<u>1,753,942.62</u>
Open Space Trust Fund:			
Reserve for Open Space Expenditures	B-8	452,460.14	461,228.95
		<u>452,460.14</u>	<u>461,228.95</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-14	2,567,545.78	2,360,483.20
		<u>2,567,545.78</u>	<u>2,360,483.20</u>
Total Liabilities, Reserves and Fund Balances		<u>4,532,201.78</u>	<u>4,601,050.23</u>

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

Borough of Wanaque, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

Assessment Trust Fund

December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Balance - January 1,	B	<u>23,855.98</u>	<u>23,855.98</u>
Balance - December 31,	B	<u>23,855.98</u>	<u>23,855.98</u>

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

Borough of Wanaque , 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	2,398,806.28	4,079,481.75
Various Grants Receivable	C-4	1,106,272.00	
Deferred Charges to Future Taxation:			
Funded	C-5	12,416,781.27	13,813,138.48
Deferred Charges to Future Taxation:			
Unfunded	C-6	8,990,756.98	7,714,859.98
Interfund - Current Fund	C-14	55,759.80	
Interfund - Water Capital Fund	C-14	513,473.85	
Interfund - Grant Fund	C-14		59,989.45
Total Assets		<u>25,481,850.18</u>	<u>25,667,469.66</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	12,324,000.00	13,709,000.00
Bond Anticipation Notes	C-8	4,842,517.00	2,510,000.00
Loan Payable - NJDEP Green Trust	C-9	92,781.27	104,138.48
Improvement Authorizations:			
Funded	C-10	964,456.92	575,421.36
Unfunded	C-10	5,879,515.08	7,414,873.05
Capital Improvement Fund	C-11	317,110.73	340,860.73
Down Payment on Improvements	C-12	15,000.00	15,000.00
Reserve for:			
Debt Service	C-13	153.53	153.53
Bond Issue Costs	C-13	66.51	66.51
Special Needs Housing	C-13	795,859.00	795,859.00
Interfund - Current Fund	C-14		11,820.96
Interfund - Grant Fund	C-14	150,000.00	
Interfund - Water Capital Fund	C-14		7,263.10
Fund Balance	C-1	<u>100,390.14</u>	<u>183,012.94</u>
Total Liabilities, Reserves and Fund Balance		<u>25,481,850.18</u>	<u>25,667,469.66</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2024 and 2023
of \$4,148,239.98 and \$5,204,859.98 respectively per Exhibit C-15.

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

Borough of Wanaque, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund		December 31,	
	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Balance - January 1,	C	183,012.94	252.08
Increased by:			
Canceled Funded Improvement Authorizations			220,687.76
Premium on Sale of Bond Anticipation Notes	C-2	<u>42,377.20</u>	<u>12,073.10</u>
		42,377.20	232,760.86
		225,390.14	233,012.94
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2	<u>125,000.00</u>	
Canceled Grants Receivable		<u>125,000.00</u>	<u>50,000.00</u>
		100,390.14	183,012.94
Balance - December 31,	C,C-3	<u>100,390.14</u>	<u>183,012.94</u>

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

Borough of Wanaque, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	371,961.49	590,250.96
Change Fund	D-6	100.00	100.00
Interfund - Sewer Operating Fund	D-9	143,928.06	16,421.74
Interfund - Current Fund	D-9		3,409.64
Interfund - Water Utility Capital Fund	D-9	9,051.82	30,561.93
		<u>525,041.37</u>	<u>640,744.27</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-10	219,915.98	213,506.32
Water Liens Receivable	D-11	500.70	500.70
		<u>220,416.68</u>	<u>214,007.02</u>
Total Operating Fund		<u>745,458.05</u>	<u>854,751.29</u>
Capital Fund:			
Cash	D-5/D-8	1,972,335.58	684,572.24
Fixed Capital	D-12	13,609,865.16	14,819,865.16
Fixed Capital Authorized and Uncompleted	D-13	3,596,117.50	1,411,111.50
Interfund - General Capital Fund	D-24		7,263.10
Total Capital Fund		<u>19,178,318.24</u>	<u>16,922,812.00</u>
Total Assets		<u>19,923,776.29</u>	<u>17,777,563.29</u>

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

Borough of Wanaque, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Interfund - Current Fund	D-9	4,625.85	
Appropriation Reserve	D-4/D-14	29,546.37	76,692.70
Encumbrances Payable	D-15	26,604.23	30,514.46
Accrued Interest on Bonds	D-16	52,699.31	58,799.31
Security Deposits Payable	D-17	375.00	375.00
Reserve for Water Improvement Escrow	D-18	49,721.38	49,721.38
Reserve for Legal Settlement	D-26	130,550.30	130,550.30
		<u>294,122.44</u>	<u>346,653.15</u>
Reserve for Receivables	Contra	220,416.68	214,007.02
Fund Balance	D-1	230,918.93	294,091.12
Total Operating Fund		<u>745,458.05</u>	<u>854,751.29</u>
Capital Fund:			
Serial Bonds Payable	D-19	3,806,000.00	4,176,000.00
Bond Anticipation Notes	D-20	2,485,006.00	1,510,000.00
Improvement Authorizations:			
Funded	D-21	367,721.29	518,653.29
Unfunded	D-21	1,114,765.29	204,316.94
Capital Improvement Fund	D-22	34,946.22	29,946.22
Reserve for Amortization	D-23	9,803,865.16	9,433,865.16
Interfund - Water Utility Operating Fund	D-24	9,051.82	30,561.93
Interfund - General Capital Fund	D-24	513,473.85	
Reserve for Deferred Amortization	D-25	1,011,111.50	1,011,111.50
Down Payment on Improvements	D-27	10,000.00	
Fund Balance	D-2	22,377.11	8,356.96
Total Capital Fund		<u>19,178,318.24</u>	<u>16,922,812.00</u>
Total Liabilities, Reserves and Fund Balances		<u>19,923,776.29</u>	<u>17,777,563.29</u>

The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

There was authorized but not issued debt at December 31, 2024 and 2023 of \$100,000.00 and \$100,000.00 respectively per Exhibit D-28.

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

Borough of Wanaque, N.J.

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

Water Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	152,704.61	186,664.35
Rents	D-3	1,854,121.57	1,870,171.23
Miscellaneous Revenue	D-3	53,293.99	30,498.31
PCIA Interest Rebate	D-3	41,299.21	66,357.26
Water Capital Fund Surplus	D-3	7,500.00	5,000.00
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-14	10,988.88	52,211.73
Total Income		<u>2,119,908.26</u>	<u>2,210,902.88</u>
Expenditures:			
Operating	D-4	1,301,256.41	1,401,167.91
Capital Improvements	D-4	15,000.00	10,000.00
Debt Service	D-4	578,868.36	534,783.92
Deferred Charges and			
Statutory Expenditures	D-4	135,251.07	147,121.89
Refund of Prior Year Revenue			4,750.00
Total Expenditures		<u>2,030,375.84</u>	<u>2,097,823.72</u>
Excess in Revenue over Expenditures		89,532.42	113,079.16
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			
Statutory Excess to Surplus		89,532.42	113,079.16
Fund Balance - January 1,	D	<u>294,091.12</u>	<u>367,676.31</u>
		383,623.54	480,755.47
Decreased by:			
Utilized as Anticipated Revenue		<u>152,704.61</u>	<u>186,664.35</u>
Fund Balance - December 31,	D	<u><u>230,918.93</u></u>	<u><u>294,091.12</u></u>

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

Borough of Wanaque, N.J.

Comparative Statement of Capital Surplus - Regulatory Basis

Water Capital Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Balance - January 1,	D	8,356.96	6,093.86
Increased by:			
Premium on Sale of Bond Anticipation Notes	D-5	21,520.15	7,263.10
Funded Improvement Authorizations Canceled		<u>21,520.15</u>	<u>881,111.50</u>
			<u>888,374.60</u>
		29,877.11	894,468.46
Decreased by:			
Appropriated to Budget Revenue	D-5	7,500.00	5,000.00
Improvement Authorizations		<u>7,500.00</u>	<u>881,111.50</u>
			<u>886,111.50</u>
Balance - December 31,	D	<u><u>22,377.11</u></u>	<u><u>8,356.96</u></u>

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

Borough of Wanaque, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	152,704.61	152,704.61	
Rents	D-1,D-7	1,870,171.23	1,854,121.57	(16,049.66)
Water Capital Surplus	D-1, D-5	7,500.00	7,500.00	
PCIA Interest Rebate	D-1, D-5		41,299.21	41,299.21
Miscellaneous	D-1		53,293.99	53,293.99
Budget Totals		<u>2,030,375.84</u>	<u>2,108,919.38</u>	<u>78,543.54</u>
		D-4		

Analysis Realized Revenues

Miscellaneous:

Interest on Deposits	38,249.54
Late Interest Charge	6,244.45
Connection Fee	<u>8,800.00</u>
D-5	<u>53,293.99</u>

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

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2024

	Ref.	Appropriated		Expended	Reserved
		Budget	Budget After Modification	Paid or Charged	
Operating:					
Salaries and Wages		553,386.58	553,386.58	551,469.90	1,916.68
Other Expenses		672,869.83	672,869.83	654,473.14	18,396.69
Purchase of Water		75,000.00	75,000.00	67,164.01	7,835.99
Total Operating	D-1	1,301,256.41	1,301,256.41	1,273,107.05	28,149.36
Capital Improvements:					
Capital Improvement Fund		5,000.00	5,000.00	5,000.00	
Down Payments on Improvements		10,000.00	10,000.00	10,000.00	
Total Capital Improvements	D-1	15,000.00	15,000.00	15,000.00	
Debt Service:					
Payment of Bond Principal		370,000.00	370,000.00	370,000.00	
Interest on Bonds		144,693.36	144,693.36	144,693.36	
Interest on Notes		64,175.00	64,175.00	64,175.00	
Total Debt Service	D-1	578,868.36	578,868.36	578,868.36	
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		92,917.00	92,917.00	92,917.00	
Social Security System (O.A.S.I.)		42,334.07	42,334.07	40,937.06	1,397.01
Total Deferred Charges and Statutory Expenditures	D-1	135,251.07	135,251.07	133,854.06	1,397.01
		<u>2,030,375.84</u>	<u>2,030,375.84</u>	<u>2,000,829.47</u>	<u>29,546.37</u>
		D-3			D
			Ref.		
Cash Disbursed		D-5	1,829,531.88		
Encumbrances Payable		D-15	26,604.23		
Interest on Bonds		D-16	144,693.36		
			<u>2,000,829.47</u>		

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

Borough of Wanaque, N.J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Operating Fund:			
Cash	E-4	766,833.66	38,479.37
Interfund - Sewer Utility Capital Fund	E-8	<u>745,897.26</u>	<u>202,993.19</u>
		<u>1,512,730.92</u>	<u>241,472.56</u>
Receivables with Full Reserves:			
Consumers Account Receivable	E-9	482,651.54	513,843.48
Prepaid Expenses	E-21	<u>42,375.00</u>	<u>42,375.00</u>
		<u>525,026.54</u>	<u>556,218.48</u>
Deferred Charges:			
Deficit in Operations	E-1	<u> </u>	<u>105,911.58</u>
Total Operating Fund		<u>2,037,757.46</u>	<u>903,602.62</u>
Capital Fund:			
Cash	E-5/E-7	1,575,588.30	1,462,684.23
Fixed Capital	E-10	13,950,048.73	13,950,048.73
Fixed Capital Authorized and Uncompleted	E-11	1,350,000.00	1,350,000.00
Due from Passaic County - Community Development Block Grant	E-19	<u>1,794.41</u>	<u>1,794.41</u>
Total Capital Fund		<u>16,877,431.44</u>	<u>16,764,527.37</u>
Total Assets		<u><u>18,915,188.90</u></u>	<u><u>17,668,129.99</u></u>

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

Borough of Wanaque, N.J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2024</u>	<u>2023</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Interfund - Current Fund	E-8	200,000.00	
Interfund - Water Operating Fund	E-8	143,928.06	16,421.74
Appropriation Reserve	E-4/E-12	2,092.10	442.65
Encumbrances Payable	E-13	505,643.06	7,634.72
Reserve for Sewer Improvement Escrow	E-14	23,000.00	23,000.00
Reserve for O&M Requirement	E-14	57,000.00	57,000.00
Accrued Interest on Bonds	E-15	34,135.20	32,807.25
		<u>965,798.42</u>	<u>137,306.36</u>
Reserve for Receivables	Contra	525,026.54	556,218.48
Fund Balance	E-1	<u>546,932.50</u>	<u>210,077.78</u>
Total Operating Fund		<u>2,037,757.46</u>	<u>903,602.62</u>
Capital Fund:			
Serial Bonds Payable	E-16	1,086,444.45	1,417,769.45
Improvement Authorizations:			
Funded	E-17	175,115.38	175,115.38
Unfunded	E-17	418,000.00	418,000.00
Reserve for Amortization	E-18	13,416,209.28	13,084,884.28
Interfund - Sewer Utility Operating Fund	E-20	745,897.26	202,993.19
Bond & Debt Service Reserve Fund	E-22	249,926.30	439,926.30
Deferred Reserve for Amortization	E-23	379,395.00	379,395.00
Fund Balance	E-2	<u>406,443.77</u>	<u>646,443.77</u>
Total Capital Fund		<u>16,877,431.44</u>	<u>16,764,527.37</u>
Total Liabilities, Reserves and Fund Balances		<u>18,915,188.90</u>	<u>17,668,129.99</u>

The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

There was authorized but not issued debt at December 31, 2024 and 2023 of \$418,000.00 and \$418,000.00 respectively per Exhibit E-24.

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

Borough of Wanaque, N.J.

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

Sewer Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Revenue and Other Income Realized:			
Surplus Anticipated	E-3	98,074.47	135,039.99
Rents	E-3	4,521,780.16	4,262,452.67
Sewer Capital Fund Balance	E-3	240,000.00	35,000.00
Reserve for Debt Service	E-3	190,000.00	65,000.00
Miscellaneous Anticipated	E-3	389,157.47	221,633.14
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-12	8,077.37	1,141.25
Total Income		<u>5,447,089.47</u>	<u>4,720,267.05</u>
Expenditures:			
Operating	E-4	4,179,920.75	4,079,672.50
Debt Service	E-4	726,327.95	721,842.45
Deferred Charges	E-4	105,911.58	
Refund of Prior Year Revenue			24,663.68
Total Expenditures		<u>5,012,160.28</u>	<u>4,826,178.63</u>
Excess in Revenue over Expenditures		434,929.19	
Deficit in Revenue over Expenditures			(105,911.58)
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			
Operating Deficit to be Raised in Budget of			
Succeeding Year	E		<u>(105,911.58)</u>
Statutory Excess to Surplus		434,929.19	
Fund Balance - January 1,	E	<u>210,077.78</u>	<u>345,117.77</u>
		645,006.97	345,117.77
Decreased by:			
Utilized as Anticipated Revenue		<u>98,074.47</u>	<u>135,039.99</u>
Fund Balance - December 31,	E	<u>546,932.50</u>	<u>210,077.78</u>

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

Borough of Wanaque, N.J.

Comparative Statement of Capital Surplus - Regulatory Basis

Sewer Capital Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2024</u>	<u>2023</u>
Balance - January 1,	E	646,443.77	681,443.77
Decreased by:			
Appropriated to Budget Revenue	E-4	<u>240,000.00</u>	<u>35,000.00</u>
Balance - December 31,	E	<u><u>406,443.77</u></u>	<u><u>646,443.77</u></u>

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

Borough of Wanaque, N.J.

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2024

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	E-1	98,074.47	98,074.47	
Rents	E-1,E-9	4,262,452.67	4,521,780.16	259,327.49
Sewer Capital Fund Balance	E-1,E-5	240,000.00	240,000.00	
Reserve for Debt Service	E-1,E-5	190,000.00	190,000.00	
Miscellaneous	E-1	<u>221,633.14</u>	<u>389,157.47</u>	<u>167,524.33</u>
Budget Totals		<u>5,012,160.28</u> E-4	<u>5,439,012.10</u>	<u>426,851.82</u>

Analysis Realized Revenues

Miscellaneous:

Interest on Deposits	129,375.12
Late Interest Charge	13,972.48
Connection Fees	<u>245,809.87</u>
E-5	<u>389,157.47</u>

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

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2024

	Ref.	Appropriated		Expended	Reserved
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	
Operating:					
Other Expenses		140,152.50	140,152.50	138,080.40	2,072.10
Interlocal WVRSA		<u>4,039,768.25</u>	<u>4,039,768.25</u>	<u>4,039,748.25</u>	<u>20.00</u>
Total Operating	E-1	<u>4,179,920.75</u>	<u>4,179,920.75</u>	<u>4,177,828.65</u>	<u>2,092.10</u>
Debt Service:					
Payment of Bond Principal		331,325.00	331,325.00	331,325.00	
Interest on Bonds		<u>395,002.95</u>	<u>395,002.95</u>	<u>395,002.95</u>	
Total Debt Service	E-1	<u>726,327.95</u>	<u>726,327.95</u>	<u>726,327.95</u>	
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Deficit in Operations in Prior Years		<u>105,911.58</u>	<u>105,911.58</u>	<u>105,911.58</u>	
Total Deferred Charges and Statutory Expenditures	E-1	<u>105,911.58</u>	<u>105,911.58</u>	<u>105,911.58</u>	
		<u>5,012,160.28</u>	<u>5,012,160.28</u>	<u>5,010,068.18</u>	<u>2,092.10</u>
			E-3		E
			Ref.		
Deficit in Operations			E-1	105,911.58	
Cash Disbursed			E-5	4,003,510.59	
Encumbrances Payable			E-13	505,643.06	
Interest on Bonds			E-15	<u>395,002.95</u>	
				<u>5,010,068.18</u>	

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

Borough of Wanaque, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2024</u>	<u>2023</u>
<u>General Fixed Assets:</u>		
Land	5,931,300.00	5,931,300.00
Buildings	8,922,100.00	8,922,100.00
Machinery and Equipment	<u>7,147,391.00</u>	<u>6,665,879.00</u>
	<u>22,000,791.00</u>	<u>21,519,279.00</u>
Investment in Fixed Assets	<u>22,000,791.00</u>	<u>21,519,279.00</u>

See accompanying notes to financial statements.

BOROUGH OF WANAQUE, 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 accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of Wanaque 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 a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 Wanaque (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 NJS 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 WANAQUE, 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 Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

Assessment Trust Fund - This fund is used to account for receivables arising from assessments for benefits accruing from local improvements. It also deals with indebtedness or other obligations arising from the transfer from capital fund of the liability of such indebtedness.

Open Space Trust Fund - This fund is used to account for dedicated municipal funds resulting from the open space taxes.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

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.

BOROUGH OF WANAQUE, 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, (continued)

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

Sewer Operating and Sewer Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned sewer utility.

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, 2010, the Borough transferred administration of the general assistance program to Passaic County Board of Social Services.

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 Wanaque. 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 accounting principles generally accepted in the United States of America (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 April first

BOROUGH OF WANAQUE, 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, (continued)

Basis of Accounting, (continued)

in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a 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.

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 and Water Operating 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 and water operating 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 Funds

Water Capital Fund
Sewer Capital Fund

BOROUGH OF WANAQUE, 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, (continued)

Basis of Accounting, (continued)

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. During 2024, the Borough Council increased the budget by \$256,943.67. This 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.

BOROUGH OF WANAQUE, 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, (continued)

Basis of Accounting, (continued)

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.

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.

BOROUGH OF WANAQUE, 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, (continued)

Basis of Accounting, (continued)

General Fixed Assets - The Borough of Wanaque has developed during the year 1999 a fixed asset 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.

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.

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 has not been presented in all statements and notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

BOROUGH OF WANAQUE, 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, (continued)

Basis of Accounting, (continued)

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.

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.

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

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

Recent Accounting Pronouncements, (continued)

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.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough'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 \$14,523,883.02 was exposed to custodial credit risk.

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

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

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) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits 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 17, 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 VALIC, 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 \$2,546,020.78 and \$2,311,033.20, respectively.

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

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

Unaudited Investments, (continued)

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

	<u>2024</u>	<u>2023</u>
Growth Funds	\$375,568.26	\$326,746.44
Fixed Income	804,217.13	766,763.14
Index Funds	808,695.22	710,364.85
Value Funds	262,219.13	279,960.71
All Others	<u>295,321.04</u>	<u>227,198.06</u>
Total	<u>\$2,546,020.78</u>	<u>\$2,311,033.20</u>

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	\$13,709,000.00	\$	\$1,385,000.00	\$12,324,000.00	\$1,404,000.00
Water Utility	4,176,000.00		370,000.00	3,806,000.00	315,000.00
Sewer Utility	1,417,769.45		331,325.00	1,086,444.45	310,377.60
Other Liabilities:					
Compensated Absences Payable	727,305.06	153,834.40	120,551.60	760,587.86	
Green Trust Loan	<u>104,138.48</u>		<u>11,357.21</u>	<u>92,781.27</u>	<u>11,585.48</u>
	<u>\$20,134,212.99</u>	<u>\$153,834.40</u>	<u>\$2,218,233.81</u>	<u>\$18,069,813.58</u>	<u>\$2,040,963.08</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.

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

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>
<u>Issued:</u>			
General Bonds, Notes and Loans	\$17,259,298.27	\$16,323,138.48	\$15,089,271.91
Water Utility - Bonds, Notes and Loans	6,291,006.00	5,686,000.00	4,551,000.00
Sewer Utility - Bonds, Notes and Loans	<u>1,086,444.45</u>	<u>1,417,769.45</u>	<u>1,766,191.85</u>
Total Issued	<u>24,636,748.72</u>	<u>23,426,907.93</u>	<u>21,406,463.76</u>
 Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
General	<u>153.53</u>	<u>153.53</u>	<u>153.53</u>
Net Debt Issued	<u>24,636,595.19</u>	<u>23,426,754.40</u>	<u>21,406,310.23</u>
 <u>Authorized But Not Issued</u>			
General Bonds and Notes	4,148,239.98	5,204,859.98	2,276,479.98
Water Bonds and Notes	100,000.00	100,000.00	1,510,000.00
Sewer Bonds and Notes	<u>418,000.00</u>	<u>418,000.00</u>	<u>418,000.00</u>
Total Authorized But Not Issued	<u>4,666,239.98</u>	<u>5,722,859.98</u>	<u>3,786,479.98</u>
 Less Deductions:			
Self Liquidating	<u>7,895,450.45</u>	<u>6,413,912.75</u>	<u>8,245,191.35</u>
 Net Bonds and Notes Issued and Authorized But Not Issued	 <u>\$21,407,384.72</u>	 <u>\$22,735,701.63</u>	 <u>\$16,947,598.86</u>

BOROUGH OF WANAQUE, 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 STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.215%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$6,140,000.00	\$6,140,000.00	\$0.00
Regional High School District Debt	0.00	0.00	0.00
Water Utility Debt	6,391,006.00	6,391,006.00	0.00
Sewer Utility Debt	1,504,444.45	1,504,444.45	0.00
General Debt	<u>21,407,538.25</u>	<u>153.53</u>	<u>21,407,384.72</u>
	<u>\$35,442,988.70</u>	<u>\$14,035,603.98</u>	<u>\$21,407,384.72</u>

Net Debt \$21,407,384.72 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,762,265,819.33 equals 1.215%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$61,679,303.68
Net Debt	<u>21,407,384.72</u>
Remaining Borrowing Power	<u>\$40,271,918.96</u>

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

NOTE 3. MUNICIPAL DEBT, (continued)

CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY
PER N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year		\$2,108,919.38
Deductions:		
Operating and Maintenance Cost	\$1,436,507.48	
Debt Service per Water Account	<u>578,868.36</u>	
Total Deductions		<u>2,015,375.84</u>
Excess in Revenue		<u>\$93,543.54</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE", SEWER UTILITY
PER N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year		\$5,439,012.10
Deductions:		
Operating and Maintenance Cost	\$4,179,920.75	
Debt Service per Sewer Account	<u>726,327.95</u>	
Total Deductions		<u>4,906,248.70</u>
Excess in Revenue		<u>\$532,763.40</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "Deficit", then the utility debt is not deductible to the extent of twenty times such deficit amount or the total debt service, whichever is smaller.

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

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

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>Paid by Current Fund</u>	<u>Debt Outstanding</u>
Ringwood Avenue Sidewalk Bonds of 2015 with an interest rate of 2.25%-3.00% issued February 26, 2015 due in installments through February 1, 2025	\$69,000.00
General Serial Bonds - General Improvement Bonds of 2015 with an interest rate of 2.25%-3.25% issued February 26, 2015, due in installments through February 1, 2035	7,555,000.00
General Refunding Bonds of 2015 with an interest rate of 3.00%-4.00% issued February 26, 2015, due in installments through February 1, 2027	1,090,000.00
General Serial Bonds - General Improvement Bonds of 2020 with an interest rate of 2% issued March 11, 2020, due in installments through March 15, 2034	3,610,000.00
Loan Payable - Green Trust Loan - State of New Jersey dated April 26, 2012 with an interest rate of 2.00% payable in semiannual installments through January 26, 2032	<u>92,781.27</u>
Total Current Fund	<u>\$12,416,781.27</u>
<u>Paid by Water Utility Fund</u>	
Water Loan Program Bonds of 2010 with an interest rate of 1.66%-6.54% issued July 28, 2010, due in installments through August 1, 2031	\$1,249,000.00
Water Serial Bonds - Water Utility Bonds of 2015 with an interest rate of 2.25%-3.125% issued February 26, 2015, due in installments through February 1, 2032	367,000.00
Water Refunding Bonds of 2015 with an interest rate of 3.00%-4.00% issued February 26, 2015, due in installments through February 1, 2027	140,000.00
Water Serial Bonds - Water Utility Bonds of 2020 with an interest rate of 2.00%-2.25% issued March 11, 2020, due in installments through March 15, 2040	<u>2,050,000.00</u>
Total Water Utility Fund	<u>\$3,806,000.00</u>
<u>Paid By Sewer Utility Fund</u>	
Sewer Revenue Bonds - Series 2008A with an interest rate of 4.77%-5.16% issued September 16, 2008, due in installments through December 1, 2028	<u>1,086,444.45</u>
Total Sewer Utility Fund	<u>\$1,086,444.45</u>

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

NOTE 3. MUNICIPAL DEBT, (continued)

General Capital, Water Capital and Sewer 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 and/or Water and Sewer Utility Revenues.

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital	<u>\$4,148,239.98</u>
Water Capital	<u>100,000.00</u>
Sewer Capital	<u>418,000.00</u>

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

Calendar Year	General	
	<u>Principal</u>	<u>Interest</u>
2025	\$1,404,000.00	\$327,160.00
2026	1,325,000.00	283,300.00
2027	1,195,000.00	245,650.00
2028	1,100,000.00	214,750.00
2029	1,100,000.00	185,750.00
2030-2034	5,500,000.00	489,375.00
2035	<u>700,000.00</u>	<u>11,375.00</u>
	<u>\$12,324,000.00</u>	<u>\$1,757,360.00</u>

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

NOTE 3. MUNICIPAL DEBT, (continued)

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING, (continued)**

Calendar Year	<u>Water Utility</u>		<u>Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$315,000.00	\$136,440.85	\$310,377.60	\$409,622.40
2026	315,000.00	124,228.35	292,435.20	427,564.80
2027	430,000.00	110,403.35	274,687.20	445,312.80
2028	380,000.00	92,223.35	208,944.45	376,055.55
2029	380,000.00	75,043.35		
2030-2034	1,166,000.00	162,643.58		
2035-2039	680,000.00	52,187.50		
2040	<u>140,000.00</u>	<u>1,575.00</u>		
	<u>\$3,806,000.00</u>	<u>\$754,745.33</u>	<u>\$1,086,444.45</u>	<u>\$1,658,555.55</u>

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR GREEN TRUST LOAN DEBT OUTSTANDING**

Calendar Year	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$11,585.48	\$1,797.98
2026	11,818.36	1,565.12
2027	12,055.90	1,327.56
2028	12,298.23	1,085.25
2029	12,545.42	838.05
2030-2032	<u>32,477.88</u>	<u>980.79</u>
	<u>\$92,781.27</u>	<u>\$7,594.75</u>

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

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 \$4,842,517.00 in outstanding general capital bond anticipation notes and \$2,485,006.00 in outstanding, water capital bond anticipation notes, maturing on December 18, 2025 at an interest rate of 4.00%.

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, LLC	\$	\$7,327,523.00	\$	\$7,327,523.00
PSC (Piper Sandler)	<u>4,020,000.00</u>		<u>4,020,000.00</u>	
	<u>\$4,020,000.00</u>	<u>\$7,327,523.00</u>	<u>\$4,020,000.00</u>	<u>\$7,327,523.00</u>

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

NOTE 5. LOAN AGREEMENTS

The Borough has entered into a loan agreement with the State of New Jersey for Memorial Field Lighting Replacement. The loan is payable in 39 semiannual payments from the date of the final consummation of the loan. The funds have been provided through the Green Trust Program. The loan of \$215,226.58 is at an interest rate of 2.00% under loan number 1613-08-031. Drawdowns of the \$215,226.58 loan were initiated in 2012. Installment payments of principal and interest on this loan are due on January 26 and July 26 of each year.

NOTE 6. 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 charged on the balance sheets of any of the various funds.

NOTE 7. LOCAL AND REGIONAL HIGH 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 Regional High School Tax balances and deferrals are as follows:

	<u>Regional High School Taxes</u>	
	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Balance of Tax	\$4,681,494.62	\$4,642,603.62
Deferred	<u>4,672,004.50</u>	<u>4,633,119.00</u>
Taxes Payable	<u>\$9,490.12</u>	<u>\$9,484.62</u>

Local school taxes have been raised on a calendar year basis and there is no deferred liability at December 31, 2024.

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

NOTE 8. 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:

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

Service retirement benefits of 1/55th 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 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

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

NOTE 8. PENSION PLANS, (continued)

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

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:

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

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

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

NOTE 8. 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 Wanaque opted for this deferral in the amount of \$315,277.00.

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

NOTE 8. 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 except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS.

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	\$358,915.00	\$946,713.00	\$
2023	376,945.00	936,010.00	12,134.24
2022	344,004.00	853,349.00	7,603.68

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 WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2024 and 2023
(continued)

NOTE 8. 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 \$3,469,218 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 July 1, 2023 which was rolled forward to June 30, 2024. 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 .0255314010 percent, which was a decrease of .0013228960 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Borough recognized pension expense of \$358,915.

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	\$69,495	\$9,236
Changes of assumptions	4,310	39,472
Net difference between projected and actual earnings on pension plan investments		160,858
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>57,974</u>	<u>478,452</u>
Total	<u>\$131,779</u>	<u>\$688,018</u>

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

NOTE 8. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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	(\$147,295)
2026	113,972
2027	(65,571)
2028	(37,853)
2029	985

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, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2024 and June 30, 2023 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	.0255314010%	.0268542970%

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

NOTE 8. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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%

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.

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

NOTE 8. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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:

<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%	3.37%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

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

NOTE 8. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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.

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	\$4,609,738	\$3,469,218	\$2,498,642

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.

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

NOTE 8. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2024, the Borough had a liability of \$6,150,886 for its proportionate share of the PFRS 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 July 1, 2023 which was rolled forward to June 30, 2024. 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 .0595635145 percent, which was a decrease of .0115536901 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Borough recognized pension expense of \$946,713.

At June 30, 2024 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	\$387,501	\$210,572
Changes of assumptions	9,723	180,641
Net difference between projected and actual earnings on pension plan investments		48,142
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u> </u>	<u>1,674,756</u>
Total	<u>\$397,224</u>	<u>\$2,114,111</u>

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

NOTE 8. PENSION PLANS, (continued)

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

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

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	(\$297,935)
2026	343,291
2027	(86,162)
2028	(40,011)
2029	35,595
Thereafter	3,092

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 6.09, 6.16, 6.22, 6.17, 5.90 and 5.92 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, 2024 and June 30, 2023 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Collective deferred outflows of resources	\$1,350,388,724	\$1,753,080,638
Collective deferred inflows of resources	1,421,121,200	1,966,439,601
Collective net pension liability	10,326,599,453	13,084,649,602
Borough's Proportion	.0595635145%	.0711172046%

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

NOTE 8. PENSION PLANS, (continued)

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

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

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 actuarial assumptions:

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

Mortality Rates

Employee mortality rates were based on the PubS-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

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.

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

NOTE 8. PENSION PLANS, (continued)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

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

NOTE 8. PENSION PLANS, (continued)

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

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

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.

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	\$8,788,247	\$6,150,886	\$3,954,541

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

NOTE 8. PENSION PLANS, (continued)

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

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

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, 2024 and 2023, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,212,634 and \$1,447,852, respectively. For the years ended June 30, 2024 and 2023, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$139,504 and \$164,690, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$139,504 and \$165,578, 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.

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.

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 8, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

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

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

Total OPEB Liability

The following other post employment 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 post employment benefit information is available.

At June 30, 2023, the Borough had a liability of \$13,489,378 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2023 the Borough's proportion was .089890 percent.

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

For the year ended December 31, 2024, the Borough recognized OPEB expense of \$653,297.45. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$622,061	\$3,663,274
Changes of assumptions	1,747,381	3,813,015
Net difference between projected and actual earnings on OPEB plan investments		2,226
Changes in proportion	<u>5,278,973</u>	<u>291,248</u>
Total	<u>\$7,648,415</u>	<u>\$7,769,763</u>

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

Year ended June 30:	
2024	(\$1,530,362)
2025	(1,253,463)
2026	(678,102)
2027	(317,870)
2028	(641,635)
Thereafter	(687,643)

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 7.89, 7.82, 7.82, 7.87, 8.05 and 8.14 years for 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

Actual Assumptions and Other Inputs

The total OPEB 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. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Salary increases*:

Public Employees' Retirement System (PERS)

Rate for all future years

2.75% to 6.55%
based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years

3.25% to 16.25%
based on years of service

Mortality:

PERS

Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

PFRS

Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30 2023, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2023		
	1% Decrease <u>2.65%</u>	At Current Discount Rate <u>3.65%</u>	1% Increase <u>4.65%</u>
Borough's proportionate share of Net OPEB liability	\$15,625,000	\$13,489,378	\$11,771,600

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

The following presents the Borough's proportionate share of the net OPEB liability as of June 30 2023, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2023		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate	1% <u>Increase</u>
Borough's proportionate share of Net OPEB liability	\$11,464,384	\$13,489,378	\$16,081,989

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

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 outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

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 \$1,240,547 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is (\$224,935).

NOTE 10. FUND BALANCES

Fund balances as of December 31, 2024 and 2023 that have been anticipated as revenue in the 2025 and 2024 budgets is as follows:

	<u>2025</u>	<u>2024</u>
Current Fund	\$995,000.00	\$995,000.00
Water Operating Fund	151,863.06	152,704.61
Sewer Operating Fund	398,715.20	98,074.47

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

NOTE 11. FIXED ASSETS

The following is a summary of changes in the General Fixed Asset Account Group for the year 2024:

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Land	\$5,931,300.00	\$	\$	\$5,931,300.00
Buildings	8,922,100.00			8,922,100.00
Machinery and Equipment	<u>6,665,879.00</u>	<u>114,865.00</u>	<u>105,939.00</u>	<u>7,147,391.00</u>
	<u>\$21,991,865.00</u>	<u>\$114,865.00</u>	<u>\$105,939.00</u>	<u>\$22,000,791.00</u>

NOTE 12. ACCRUED SICK AND VACATION BENEFITS

The Borough permits all 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 approximates \$760,587.86 as of December 31, 2024. The Division of Local Government Services, Department of Community Affairs, State of New Jersey does not allow this amount to be reported either as an expenditure or liability.

NOTE 13. DUE TO/FROM OTHER FUNDS

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

\$4,625.85	Due to Current Fund from Water Operating Fund for Current Fund receipts deposited in Water Operating Fund.
6,628.58	Due to Current Fund from Escrow Trust for interest earned.
60.76	Due to Current Fund from Flex Spending Trust for excess funds.
1,687.54	Due to Current Fund from Payroll Fund for excess deposit.
802,158.80	Due to Current Fund from Grant Fund for grant disbursements paid by Current Fund.
731.03	Due to Current Fund from Assessment Trust Fund for Current Fund receipts deposited in Assessment Trust Fund.
200,000.00	Due to Current Fund from Sewer Operating Fund for short term loan.
150,000.00	Due to Grant Fund from General Capital Fund for grant receipts deposited in General Capital Fund.
100,018.23	Due to Other Trust Fund from Current Fund for Other Trust Fund receipts deposited in Current Fund.
121.23	Due to Open Space Trust from Current Fund for Open Space Trust receipts deposited in Current Fund.

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

NOTE 13. DUE TO/FROM OTHER FUNDS, (continued)

\$55,759.80	Due to Water Operating Fund from Current Fund for Water Operating Fund receipts deposited in Current Fund.
513,473.85	Due to General Capital Fund from Water Capital Fund for General Capital receipts deposited in Water Capital Fund.
143,928.06	Due to Water Operating Fund from Sewer Operating Fund for Water Operating Fund receipts deposited in Sewer Operating Fund.
9,051.82	Due to Water Operating Fund from Water Capital Fund for water operating receipts deposited in water capital.
<u>745,897.26</u>	Due to Sewer Operating Fund from Sewer Capital Fund for Sewer Operating Fund receipts deposited in Sewer Capital Fund.
<u>\$2,734,142.81</u>	

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

NOTE 14. LEASES

The Borough entered into lease agreements for the purchase of assorted Police equipment for \$209,005.53. The balance remaining at December 31, 2024 was \$59,802.86.

Principal and interest payments are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2025	\$35,153.57	\$30,889.95	\$4,263.62
2026	12,963.96	10,828.78	2,135.18
2027	11,267.32	9,993.95	1,273.37
2028	<u>8,450.49</u>	<u>8,090.18</u>	<u>360.31</u>
	<u>\$67,835.34</u>	<u>\$59,802.86</u>	<u>\$8,032.48</u>

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

NOTE 15. 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 Wanaque 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 Wanaque 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.

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:

Year Ended	Borough	Interest	Employee	Amount	Ending
<u>Dec. 31,</u>	<u>Contribution</u>	<u>Earnings</u>	<u>Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2024	\$5,000.00	\$3,251.68	\$9,952.86	\$18,864.89	\$121,706.04
2023		2,290.59	9,491.95	12,572.97	122,366.39
2022		1,230.87	8,594.77	3,139.39	123,156.82

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

NOTE 15. RISK MANAGEMENT, (continued)

The Borough of Wanaque 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.

NOTE 16. 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:

	Balance <u>Dec 31, 2024</u>	Balance <u>Dec 31, 2023</u>
Prepaid Taxes	<u>\$572,530.33</u>	<u>\$392,097.59</u>
Cash Liability for Taxes Collected in Advance	<u>\$572,530.33</u>	<u>\$392,097.59</u>

NOTE 17. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On March 21, 2002, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company (VALIC). 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.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$100 per year of active emergency service and the maximum contribution for each active volunteer member shall be \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

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.

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

NOTE 17. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

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.

NOTE 18. DISSOLUTION OF WANAQUE BOROUGH SEWERAGE AUTHORITY

On September 14, 2009, the Borough of Wanaque passed Ordinance number 15-0-09 which dissolved the Wanaque Borough Sewerage Authority effective December 31, 2009. As of January 1, 2010, all assets, liabilities and equity of the Authority were transferred to the Borough of Wanaque.

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by Borough Counsel that the Borough is involved in several suits that are either covered by insurance or not material to the financial statements.

NOTE 20. 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 Wanaque is \$1,231,111.54 which will be available for use until December 31, 2024.

NOTE 21. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through August 28, 2025, the date which the financial statements were available to be issued and no items were noted for disclosure.

**BOROUGH OF WANAQUE
COMPARATIVE BALANCE SHEET
CURRENT FUND**

	(Unaudited) 2025	2024	2023	2022	2021
ASSETS					
Current Fund:					
Cash	4,963,993.75	4,297,068.21	3,994,216.37	5,917,920.45	5,464,275.64
Change Fund	625.00	625.00	625.00	625.00	625.00
Due from State of New Jersey:					
NJDEP	8,558.87	10,808.87	8,558.87	8,558.87	8,308.87
Senior Citizen and Veteran Deductions					
	<u>4,973,177.62</u>	<u>4,308,502.08</u>	<u>3,993,400.24</u>	<u>5,927,104.32</u>	<u>5,473,209.51</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Taxes Receivable	441,277.95	399,945.85	398,100.83	289,835.44	321,224.77
Tax Title Liens Receivable	278,711.55	254,006.00	235,071.41	212,743.11	187,537.73
Property Acquired for Taxes - Assessed Valuation	319,400.00	319,400.00	319,400.00	319,400.00	319,400.00
Revenue Accounts Receivable	30,498.67	10,138.15	15,813.09	28,804.39	19,109.69
Due from Passaic County	8,175.12	8,148.12	8,386.20		
Interfund Receivables:					
Animal Control Trust Fund		200,000.00			31.67
Sewer Operating Fund	1,801.97		247,522.70	2,774.97	2,365.55
Other Trust fund	37,821.77	1,687.54	2,268.11	7,833.53	3,861.31
Payroll Fund	1,111,560.31	802,158.80	551,553.73	342,832.46	108,370.54
Federal and State Grant Fund		4,625.85			
Water Operating Fund	13,858.20	7,420.37	6,820.12	338.47	189.05
Assessment Trust/Other Trust			11,820.96		40,418.82
General Capital					
	<u>2,243,105.54</u>	<u>2,007,530.68</u>	<u>1,796,757.15</u>	<u>1,204,562.37</u>	<u>1,002,509.13</u>
	<u>7,216,283.16</u>	<u>6,316,032.76</u>	<u>5,790,157.39</u>	<u>7,131,666.69</u>	<u>6,475,718.64</u>
Federal and State Grant Fund:					
State Grants Receivable	2,368,288.98	1,658,288.98	1,578,736.02	1,817,183.06	1,431,783.06
Interfund Receivables	150,000.00	150,000.00			
	<u>2,518,288.98</u>	<u>1,808,288.98</u>	<u>1,578,736.02</u>	<u>1,817,183.06</u>	<u>1,431,783.06</u>
	<u>9,734,572.14</u>	<u>8,124,321.74</u>	<u>7,368,893.41</u>	<u>8,948,849.75</u>	<u>7,907,501.70</u>
Total Assets					

**BOROUGH OF WANAQUE
COMPARATIVE BALANCE SHEET
CURRENT FUND**

	(Unaudited) 2025	2024	2023	2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>					
Current Fund:					
Appropriation Reserves	606,501.37	288,264.88	365,502.35	274,789.09	465,222.70
Encumbrances Payable	176,778.73	342,314.73	219,122.40	302,539.51	241,879.30
Prepaid Taxes	221,773.50	572,530.33	392,097.59	188,593.27	181,235.23
Local School Tax Payable	179.00	179.00	177.00	181.00	181.00
Regional School Tax Payable	9,490.12	9,490.12	9,484.62	9,488.12	
County Taxes Payable	6,006.38				
Accounts Payable	63,857.07	63,357.46	14,210.24		3,879.50
Due to Passaic County - Court Fines					600.00
Interfunds Payable:					
Recreation Trust Fund					
Animal Control Trust	393.00				
Other Trust Fund		100,018.23		166,312.26	54,374.00
Open Space Trust	73.20	121.23	71.82	111,618.40	111,726.46
Federal and State Grant Fund					
General Capital Fund	1,484,663.22	55,759.80	3,409.64	343,427.57	615,555.77
Water Operating Fund	2,703.29			14,832.75	
Assessment Trust					
Water Capital Fund				615,555.73	
Due to NJ Elks				19,859.61	
Tax Overpayments	12,807.92	2,461.50	2,461.51	2,988.10	3,572.00
Due to State of New Jersey:					
Marriage Surcharge	425.00	400.00	300.00		
Building Surcharge	2,091.00	1,947.00	2,514.00	980.00	3,711.00
Reserve for:					
P.I.L.O.T. Service Charge	280,523.33	402,077.24	418,100.63	412,833.08	510,927.09
Revaluation / Tax Map	60,134.15	60,134.15	60,134.15	60,134.15	60,134.15
Police Law Enforcement	56.64	56.64	56.64	56.64	56.64
Project D.A.R.E.	18,863.55	18,863.55	18,863.55	18,863.55	18,863.55
Municipal Relief Fund			94,121.04	47,070.52	
Tax Appeals	60,999.94	60,999.94	60,999.94	60,999.94	35,805.26
	3,008,320.41	1,978,975.80	1,661,627.12	2,651,123.29	2,307,723.65
Reserve for Receivables	2,243,105.54	2,007,530.68	1,796,757.15	1,204,562.37	1,002,509.13
Fund Balance	1,964,857.21	2,329,526.28	2,331,773.12	3,275,981.03	3,165,485.86
	7,216,283.16	6,316,032.76	5,790,157.39	7,131,666.69	6,475,718.64
Federal and State Grant Fund:					
Appropriated Reserve for Grants	1,406,728.67	1,003,520.13	940,612.33	1,447,672.18	1,294,561.33
Unappropriated Reserve for Grants		2,610.05	26,580.51	26,678.42	28,851.19
Interfund - General Capital			59,989.45		
Interfund - Current Fund	1,111,560.31	802,158.80	551,553.73	342,832.46	108,370.54
	2,518,288.98	1,808,288.98	1,578,736.02	1,817,183.06	1,431,783.06
	9,734,572.14	8,124,321.74	7,368,893.41	8,948,849.75	7,907,501.70
Total Liabilities, Reserves and Fund Balance					

BOROUGH OF WANAQUE
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND

	(Unaudited) 2025	2024	2023	2022	2021
Revenues and Other Income:					
Fund Balance Utilized	995,000.00	995,000.00	1,398,750.00	998,750.00	996,750.00
Miscellaneous Revenue Anticipated	3,496,951.87	3,006,551.95	2,252,868.37	2,585,956.31	3,312,682.62
Receipts from Delinquent Taxes	353,855.29	378,010.83	292,060.56	313,496.39	317,622.36
Receipts from Current Taxes	50,127,334.95	47,725,320.78	46,738,001.07	45,851,566.21	44,859,957.69
Non-Budget Revenue	55,401.84	298,950.75	273,916.69	161,013.09	284,475.71
Other Credits to Income:					
Interfunds Returned	1,015,892.56	694,985.62	353,779.43	155,236.94	336,506.64
Canceled Grant Reserves					
Unexpended Balance of Appropriation Reserves	224,431.37	214,663.89	54,067.70	382,759.21	475,726.08
Cancelled Liabilities					
Total Revenues and Other Income	56,268,867.88	53,313,483.82	51,363,443.82	50,448,778.15	50,583,721.10
Expenditures:					
Budget and Emergency Appropriations:					
Operations:					
Salaries and Wages	5,835,065.00	5,220,443.32	4,990,036.20	4,968,315.31	5,065,431.64
Other Expenses	8,061,161.33	7,021,546.20	6,427,677.71	5,841,480.08	5,978,230.95
Capital Improvement Fund	300,000.00	5,000.00	404,000.00	410,600.00	598,150.00
Municipal Debt Service	1,938,244.48	1,909,646.27	1,689,603.48	1,676,390.98	1,661,553.48
Deferred Charges and Statutory Expenditures - Municipal	1,409,719.00	1,508,564.24	1,524,997.40	1,394,535.29	1,427,285.24
Interfund Advances	1,165,042.25	1,015,892.56	819,985.62	353,779.43	155,236.94
Municipal Open Space	111,531.09	111,734.98	111,639.56	111,618.40	111,726.46
Local District School Tax	18,019,366.00	17,302,788.00	16,703,785.00	16,328,340.00	16,039,352.00
Regional High School Tax	9,514,677.00	9,305,123.50	9,142,191.50	8,856,587.12	8,727,564.38
County Taxes including Added Taxes	9,233,739.96	8,919,991.59	9,094,785.26	9,397,886.37	9,242,239.56
Cancelled Grants Receivables					
Prior Year Revenue Refunded	46,990.84		200.00		653.33
Total Expenditures	55,635,536.95	52,320,730.66	50,908,901.73	49,339,532.98	49,007,423.98

BOROUGH OF WANAQUE
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND

	(Unaudited) 2025	2024	2023	2022	2021
Excess (Deficit) Revenue Over Expenditures	633,330.93	992,753.16	454,542.09	1,109,245.17	1,576,297.12
Adjustment to Income Before Fund Balance					
Expenditures Included above which are by Statute Deferred					
Charges to Budget of Succeeding Year					
Statutory Excess to Fund Balance	633,330.93	992,753.16	454,542.09	1,109,245.17	1,576,297.12
Fund Balance - January 1,	<u>2,329,526.28</u>	<u>2,331,773.12</u>	<u>3,275,981.03</u>	<u>3,165,485.86</u>	<u>2,585,938.74</u>
	2,962,857.21	3,324,526.28	3,730,523.12	4,274,731.03	4,162,235.86
Decreased by:					
Fund Balance Utilized as Budget Revenue	<u>995,000.00</u>	<u>995,000.00</u>	<u>1,398,750.00</u>	<u>998,750.00</u>	<u>996,750.00</u>
Fund Balance - December 31,	<u><u>1,967,857.21</u></u>	<u><u>2,329,526.28</u></u>	<u><u>2,331,773.12</u></u>	<u><u>3,275,981.03</u></u>	<u><u>3,165,485.86</u></u>

**BOROUGH OF WANAUKE
COMPARATIVE BALANCE SHEET
GENERAL CAPITAL FUND**

	(Unaudited) 2025	2024	2023	2022	2021
<u>ASSETS</u>					
Cash	3,828,331.32	2,398,806.28	4,079,481.75	1,345,083.92	2,026,862.52
Various Grants Receivable	1,097,612.77	1,106,272.00		55,001.00	176,251.00
Deferred Charges to Future Taxation - Funded	11,001,195.79	12,416,781.27	13,813,138.48	15,089,271.91	16,315,185.97
Deferred Charges to Future Taxation - Unfunded	11,993,665.98	8,990,756.98	7,714,859.98	2,276,479.98	818,099.98
Interfund - Current Fund	1,484,663.22	55,759.80		343,427.57	
Interfund - Grant Fund			59,989.45		
Interfund - Water Capital Fund	1,488,479.85	513,473.85		100,000.00	
Interfund - Other Trust Fund					
Total Assets	30,893,948.93	25,481,850.18	25,667,469.66	19,209,264.38	19,336,399.47
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Interfund - Current Fund			11,820.96		40,418.82
Interfund - Water Capital Fund			7,263.10		
Interfund-Grant Fund	150,000.00	150,000.00			
General Serial Bonds	10,920,000.00	12,324,000.00	13,709,000.00	14,974,000.00	16,189,000.00
Bond Anticipation Notes	11,620,426.00	4,842,517.00	2,510,000.00		
Loan Payable - NJDEP Green Trust	81,195.79	92,781.27	104,138.48	115,271.91	126,185.97
Improvement Authorizations:					
Funded	983,636.25	964,456.92	575,421.36	1,052,559.65	1,124,664.83
Unfunded	5,917,602.08	5,879,515.08	7,414,873.05	2,019,240.97	760,000.00
Capital Improvement Fund	407,708.73	317,110.73	340,860.73	236,860.73	284,798.73
Down Payment on Improvements	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Reserve for:					
Bond Issue Costs	66.51	66.51	66.51	66.51	66.51
Debt Service	153.53	153.53	153.53	153.53	153.53
Special Needs Housing	795,859.00	795,859.00	795,859.00	795,859.00	795,859.00
Interfund - Water Capital Fund					
Fund Balance	2,301.04	100,390.14	183,012.94	252.08	252.08
Total Liabilities, Reserves and Fund Balance	30,893,948.93	25,481,850.18	25,667,469.66	19,209,264.38	19,336,399.47

**BOROUGH OF WANAQUE
STATEMENT OF FUND BALANCE
GENERAL CAPITAL FUND**

	(Unaudited) 2025	2024	2023	2022	2021
Balance - January 1, 2012	100,390.14	183,012.94	252.08	252.08	8,052.08
Increased by:					
Canceled Funded Improvement Authorizations	47,410.90	42,377.20	220,687.76		
Premium on Sale of Bonds/Notes			12,073.10		
	147,801.04	225,390.14	233,012.94	252.08	8,052.08
Decreased by:					
Appropriated to Finance Improvement Authorizations					
Canceled Grant	145,500.00	125,000.00	50,000.00		7,800.00
Payment to Current Fund as Anticipated Revenue					
	145,500.00	125,000.00	50,000.00	-	7,800.00
Balance - December 31, 2012	2,301.04	100,390.14	183,012.94	252.08	252.08

**BOROUGH OF WANAQUE
COMPARATIVE BALANCE SHEET
WATER UTILITY FUND**

	(Unaudited) 2025	2024	2023	2022	2021
<u>ASSETS</u>					
Operating Fund:					
Cash	645,450.37	371,961.49	590,250.96	747,384.28	522,951.25
Change Fund	100.00	100.00	100.00	100.00	100.00
Interfund - Current Fund	2,703.29		3,409.64	14,832.75	
Interfund - Assessment Trust Fund				331.78	331.78
Interfund - Sewer Operating Fund		143,928.06	16,421.74		299,278.55
Interfund - Water Utility Capital Fund		9,051.82	30,561.93	545.06	2,599.42
	<u>648,253.66</u>	<u>525,041.37</u>	<u>640,744.27</u>	<u>763,193.87</u>	<u>825,261.00</u>
Receivables with Full Reserves:					
Water Liens Receivable	500.70	500.70	500.70	500.70	
Consumers Account Receivable	197,786.31	219,915.98	213,506.32	222,881.15	230,817.96
	<u>846,540.67</u>	<u>745,458.05</u>	<u>854,751.29</u>	<u>986,575.72</u>	<u>1,056,078.96</u>
Total Operating Fund					
Capital Fund:					
Cash	1,614,166.11	1,972,335.58	684,572.24	643,366.13	135,354.48
Fixed Capital	13,609,865.16	13,609,865.16	14,819,865.16	12,059,865.16	12,059,865.16
Fixed Capital Authorized and Uncompleted	4,696,117.50	3,596,117.50	1,411,111.50	4,291,111.50	4,291,111.50
Interfund - General Capital Fund			7,263.10		
Interfund - Sewer Operating Fund	600,000.00				
Interfund - Water Utility Operating Fund	10,705.43				
Interfund - Current Fund				615,555.73	615,555.77
Grants Receivable					615,555.73
	<u>20,530,854.20</u>	<u>19,178,318.24</u>	<u>16,922,812.00</u>	<u>17,609,898.52</u>	<u>17,717,442.64</u>
Total Capital Fund					
Total Assets	<u>21,377,394.87</u>	<u>19,923,776.29</u>	<u>17,777,563.29</u>	<u>18,596,474.24</u>	<u>18,773,521.60</u>

**BOROUGH OF WANAQUE
COMPARATIVE BALANCE SHEET
WATER UTILITY FUND**

	(Unaudited) 2025	2024	2023	2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Operating Fund:					
Interfund - Current Fund		4,625.85			
Interfund - Sewer Operating Fund	113,765.77			15,678.85	
Interfund - Water Utility Capital Fund	10,705.43				
Interfund - General Capital Fund					
Appropriation Reserve	24,870.50	29,546.37	76,692.70	90,275.37	50,425.31
Encumbrances Payable	57,382.50	26,604.23	30,514.46	43,980.41	10,459.07
Accrued Interest on Bonds and Notes	47,848.60	52,699.31	58,799.31	64,936.25	71,449.29
Security Deposits Payable	375.00	375.00	375.00	375.00	375.00
Reserve for Water Improvement Escrow	49,721.38	49,721.38	49,721.38	49,721.38	49,721.38
Reserve for Legal Settlement	130,550.30	130,550.30	130,550.30	130,550.30	130,550.30
Water Rent Overpayments					
	435,219.48	294,122.44	346,653.15	395,517.56	312,980.35
Reserve for Receivables	198,287.01	220,416.68	214,007.02	223,381.85	230,817.96
Fund Balance	213,034.18	230,918.93	294,091.12	367,676.31	512,280.65
Total Operating Fund	846,540.67	745,458.05	854,751.29	986,575.72	1,056,078.96
Capital Fund:					
Serial Bonds Payable	3,491,000.00	3,806,000.00	4,176,000.00	4,551,000.00	4,946,000.00
Bond Anticipation Notes	2,935,006.00	2,485,006.00	1,510,000.00		
Improvement Authorizations:					
Funded					
Unfunded					
Capital Improvement Fund	61,793.30	367,721.29	518,653.29	1,347,893.98	1,347,893.98
Down Payment on Improvements	1,318,685.67	1,114,765.29	204,316.94	1,284,442.74	1,484,932.50
Interfund - Water Utility Operating Fund	33,946.22	34,946.22	29,946.22	29,946.22	29,946.22
Interfund - General Capital Fund		10,000.00			
Reserve for Amortization	1,488,479.85	9,051.82	30,561.93	545.06	2,599.42
Reserve for Deferred Amortization	10,118,865.16	513,473.85	9,433,865.16	100,000.00	8,413,865.16
Fund Balance	1,047,111.50	1,011,111.50	1,011,111.50	1,481,111.50	1,481,111.50
	35,966.50	22,377.11	8,356.96	6,093.86	11,093.86
Total Capital Fund	20,530,854.20	19,178,318.24	16,922,812.00	17,609,898.52	17,717,442.64
Total Liabilities, Reserves and Fund Balances	21,377,394.87	19,923,776.29	17,777,563.29	18,596,474.24	18,773,521.60

BOROUGH OF WANAUKE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
WATER UTILITY FUND

	(Unaudited) 2025	2024	2023	2022	2021
Revenue and Other Income Realized:					
Surplus Anticipated	151,863.06	152,704.61	186,664.35	239,579.58	150,625.97
Rents	1,847,100.21	1,854,121.57	1,870,171.23	1,901,409.37	1,798,800.75
Miscellaneous not Anticipated	75,073.81	53,293.99	30,498.31	14,598.18	4,412.34
Interlocal Service Agreement - WBSA					110,000.00
PCIA Interest Rebate	37,608.64	41,299.21	66,357.26		48,453.16
Water Capital Fund Surplus		7,500.00	5,000.00	5,000.00	10,000.00
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	44,366.65	10,988.88	52,211.73	26,221.60	107,425.55
Total Income	<u>2,156,012.37</u>	<u>2,119,908.26</u>	<u>2,210,902.88</u>	<u>2,186,808.73</u>	<u>2,229,717.77</u>
Expenditures:					
Operating	1,335,000.00	1,301,256.41	1,401,167.91	1,385,027.38	1,462,001.20
Capital Improvements	25,000.00	15,000.00	10,000.00	10,000.00	10,000.00
Debt Service	545,990.06	578,868.36	534,783.92	570,017.13	595,795.91
Refund of Prior Year Revenue			4,750.00		
Deferred Charges and Statutory Expenditures	116,044.00	135,251.07	147,121.89	126,788.98	77,607.76
Total Expenditures	<u>2,022,034.06</u>	<u>2,030,375.84</u>	<u>2,097,823.72</u>	<u>2,091,833.49</u>	<u>2,145,404.87</u>
Excess in Revenue over Expenditures	133,978.31	89,532.42	113,079.16	94,975.24	84,312.90
Expenditures Included Above Which are by Statute					
Deferred Charges to Budget of Succeeding Years					
Statutory Excess to Surplus	133,978.31	89,532.42	113,079.16	94,975.24	84,312.90
Fund Balance - January 1,	<u>230,918.93</u>	<u>294,091.12</u>	<u>367,676.31</u>	<u>512,280.65</u>	<u>578,593.72</u>
	364,897.24	383,623.54	480,755.47	607,255.89	662,906.62
Decreased by:					
Utilized as Anticipated Revenue	151,863.06	152,704.61	186,664.35	239,579.58	150,625.97
Fund Balance - December 31,	<u><u>213,034.18</u></u>	<u><u>230,918.93</u></u>	<u><u>294,091.12</u></u>	<u><u>367,676.31</u></u>	<u><u>512,280.65</u></u>

**BOROUGH OF WANAQUE
COMPARATIVE BALANCE SHEET
SEWER UTILITY FUND**

	(Unaudited) 2025	2024	2023	2022	2021
<u>ASSETS</u>					
Operating Fund:					
Cash	813,697.78	766,833.66	38,479.37	460,430.95	254,485.99
Interfund - Sewer Capital Fund	842,470.29	745,897.26	202,993.19		271,363.30
Interfund - Water Operating Fund	113,765.77			15,678.85	
	<u>1,769,933.84</u>	<u>1,512,730.92</u>	<u>241,472.56</u>	<u>476,109.80</u>	<u>525,849.29</u>
Receivables with Full Reserves:					
Consumer Account Receivable	509,418.52	482,651.54	513,843.48	443,139.58	524,757.60
Prepaid Expenses	42,375.00	42,375.00	42,375.00	42,375.00	42,375.00
	<u>551,793.52</u>	<u>525,026.54</u>	<u>556,218.48</u>	<u>485,514.58</u>	<u>567,132.60</u>
Deferred Charges:					
Operating Deficit			105,911.58		
Total Operating Fund	<u>2,321,727.36</u>	<u>2,037,757.46</u>	<u>903,602.62</u>	<u>961,624.38</u>	<u>1,092,981.89</u>
Capital Fund:					
Cash	1,672,161.33	1,575,588.30	1,462,684.23	1,359,691.04	2,077,021.16
Fixed Capital	13,950,048.73	13,950,048.73	13,950,048.73	13,950,048.73	13,950,048.73
Fixed Capital Authorized and Uncompleted	1,350,000.00	1,350,000.00	1,350,000.00	1,350,000.00	1,350,000.00
Due from Passaic County - CDBG	1,794.41	1,794.41	1,794.41	1,794.41	1,794.41
Interfund - Sewer Utility Operating Fund					
Total Capital Fund	<u>16,974,004.47</u>	<u>16,877,431.44</u>	<u>16,764,527.37</u>	<u>16,661,534.18</u>	<u>17,378,864.30</u>
Total Assets	<u><u>19,295,731.83</u></u>	<u><u>18,915,188.90</u></u>	<u><u>17,668,129.99</u></u>	<u><u>17,623,158.56</u></u>	<u><u>18,471,846.19</u></u>

**BOROUGH OF WANAQUE
COMPARATIVE BALANCE SHEET
SEWER UTILITY FUND**

(Unaudited)	2025	2024	2023	2022	2021
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Interfund - Water Operating Fund		143,928.06	16,421.74		299,278.55
Interfund - Water Utility Capital Fund	600,000.00				
Interfund-Current Fund		200,000.00			
Appropriation Reserve	220,119.59	2,092.10	442.65	13,669.44	2,911.67
Encumbrances Payable	375,445.75	505,643.06	7,634.72	6,357.79	667.65
Sewer Overpayments					
Reserve for Sewer Improvement Escrow	23,000.00	23,000.00	23,000.00	23,000.00	23,000.00
Reserve for O&M Requirement	57,000.00	57,000.00	57,000.00	57,000.00	57,000.00
Accrued Interest on Bonds	35,630.40	34,135.20	32,807.25	30,964.80	
	<u>1,311,195.74</u>	<u>965,798.42</u>	<u>137,306.36</u>	<u>130,992.03</u>	<u>382,857.87</u>
Reserve for Receivables	551,793.52	525,026.54	556,218.48	485,514.58	567,132.60
Fund Balance	<u>458,738.10</u>	<u>546,932.50</u>	<u>210,077.78</u>	<u>345,117.77</u>	<u>142,991.42</u>
Total Operating Fund	<u>2,321,727.36</u>	<u>2,037,757.46</u>	<u>903,602.62</u>	<u>961,624.38</u>	<u>1,092,981.89</u>
Capital Fund:					
Serial Bonds Payable	776,066.85	1,086,444.45	1,417,769.45	1,766,191.85	2,137,261.35
Improvement Authorizations:					
Funded	175,115.38	175,115.38	175,115.38	175,115.38	231,403.18
Unfunded	418,000.00	418,000.00	418,000.00	418,000.00	418,000.00
Reserve for Amortization	13,726,586.88	13,416,209.28	13,084,884.28	12,736,461.88	12,365,392.38
Bond & Debt Service Reserve Fund	249,926.30	249,926.30	439,926.30	504,926.30	654,926.30
Deferred Reserve for Amortization	379,395.00	379,395.00	379,395.00	379,395.00	379,395.00
Interfund - Sewer Operating Fund	842,470.29	745,897.26	202,993.19		271,363.30
Fund Balance	<u>406,443.77</u>	<u>406,443.77</u>	<u>646,443.77</u>	<u>681,443.77</u>	<u>921,122.79</u>
Total Capital Fund	<u>16,974,004.47</u>	<u>16,877,431.44</u>	<u>16,764,527.37</u>	<u>16,661,534.18</u>	<u>17,378,864.30</u>
Total Liabilities, Reserves and Fund Balances	<u>19,295,731.83</u>	<u>18,915,188.90</u>	<u>17,668,129.99</u>	<u>17,623,158.56</u>	<u>18,471,846.19</u>

**BOROUGH OF WANAQUE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
SEWER UTILITY FUND**

	(Unaudited) 2025	2024	2023	2022	2021
Revenue and Other Income Realized:					
Surplus Anticipated	398,715.20	98,074.47	135,039.99	40,000.00	10,000.00
Rents	4,758,129.32	4,521,780.16	4,262,452.67	4,405,610.54	4,241,731.93
Sewer Capital Fund Balance		240,000.00	35,000.00	239,679.02	404,125.80
Reserve for Debt Services		190,000.00	65,000.00	150,000.00	115,000.00
Miscellaneous Anticipated	271,387.82	389,157.47	221,633.14	160,864.42	86,028.85
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	2,783.66	8,077.37	1,141.25	3,411.67	32,277.98
Total Income	5,431,016.00	5,447,089.47	4,720,267.05	4,999,565.65	4,889,164.56
Expenditures:					
Operating	4,399,000.00	4,179,920.75	4,079,672.50	4,001,474.50	4,047,370.75
Deferred Charges		105,911.58			34,560.75
Debt Service	721,495.20	726,327.95	721,842.25	755,964.80	699,062.50
Refund of Prior Year Revenue			24,663.68		
Total Expenditures	5,120,495.20	5,012,160.28	4,826,178.43	4,757,439.30	4,780,994.00
Excess in Revenue over Expenditures	310,520.80	434,929.19	(105,911.38)	242,126.35	108,170.56
Deficit in Revenue over Expenditures					
Expenditures Included Above Which are by Statute					
Deferred Charges to Budget of Succeeding Years					
Statutory Excess to Surplus	310,520.80	434,929.19	-	242,126.35	108,170.56
Fund Balance - January 1,	546,932.50	210,077.78	345,117.77	142,991.42	44,820.86
	857,453.30	645,006.97	345,117.77	385,117.77	152,991.42
Decreased by:					
Utilized as Anticipated Revenue	398,715.20	98,074.47	135,039.99	40,000.00	10,000.00
Fund Balance - December 31,	458,738.10	546,932.50	210,077.78	345,117.77	142,991.42

APPENDIX D

PROPOSED FORMS OF BOND COUNSEL OPINIONS

HAWKINS

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ONE GATEWAY CENTER, 24TH FLOOR, NEWARK, NJ 07102
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MEGAN I. SARTOR
NILES B. MURPHY
RYANN K. MCANDREWS
AARON BONDAR*
MOSHIUR RAHMAN†

*ADMITTED IN NY ONLY
†ADMITTED IN PA ONLY

September 29, 2026

Borough Council of The
Borough of Wanaque, in the
County of Passaic, New Jersey

Ladies and Gentlemen:

We have acted as bond counsel to The Borough of Wanaque, a municipal corporation of the State of New Jersey, situate in the County of Passaic (the “Borough”), and have examined a record of proceedings relating to the issuance by the Borough of a Bond Anticipation Note in the denomination of \$12,335,032 (the “Note”). The Note is dated September 29, 2026, matures on September 29, 2027, bears interest at the rate of _____ per centum (___%) per annum payable at maturity, is issued in registered form, is transferable as therein provided, and is issued pursuant to the Local Bond Law of the State of New Jersey, and by virtue of a bond ordinance or ordinances of the Borough and a resolution of its governing body adopted August 10, 2026.

The Note is a temporary obligation issued in anticipation of the issuance of bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the Borough delivered in connection with the issuance of the Note which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the Borough has certified that, to the extent it is empowered and allowed under applicable law, it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Note is excludable from gross income under Section 103 of the Code. In rendering this opinion, we have assumed that the Borough will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

In our opinion the Note is a valid and legally binding obligation of the Borough, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Note is issued but, if not so paid, payable ultimately from ad valorem taxes which may be levied upon all the taxable property within the Borough without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Note may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

In our opinion, under existing statutes and court decisions, interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in our opinion, under existing statutes, interest on the Note is not included in gross income under the New Jersey Gross Income Tax Act.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Borough other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchaser of the Note.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We have examined the executed Note above described, and, in our opinion, the form of the Note and its execution are regular and proper.

Very truly yours,

HAWKINS

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*ADMITTED IN NY ONLY
†ADMITTED IN PA ONLY

September 29, 2026

Borough Council of The
Borough of Wanaque, in the
County of Passaic, New Jersey

Ladies and Gentlemen:

We have acted as bond counsel to The Borough of Wanaque, a municipal corporation of the State of New Jersey, situate in the County of Passaic (the “Borough”), and have examined a record of proceedings relating to the issuance by the Borough of a Bond Anticipation Note (Federally Taxable) in the denomination of \$2,125,000 (the “Note”). The Note is dated September 29, 2026, matures on September 29, 2027, bears interest at the rate of _____ per centum (___%) per annum payable at maturity, is issued in registered form, is transferable as therein provided, and is issued pursuant to the Local Bond Law of the State of New Jersey, and by virtue of a bond ordinance or ordinances of the Borough.

The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion the Note is a valid and legally binding obligation of the Borough, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Note is issued but, if not so paid, payable ultimately from ad valorem taxes which may be levied upon all the taxable property within the Borough without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Note may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

In addition, in our opinion, under existing statutes, interest on the Note is not included in gross income under the New Jersey Gross Income Tax Act.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Borough other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchaser of the Note.

Borough Council of the
Borough of Wanaque, in the
County of Passaic, New Jersey

2.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We have examined the executed Note above described, and, in our opinion, the form of the Note and its execution are regular and proper.

Very truly yours,