

BOROUGH OF ALLENDALE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2025

BOROUGH OF ALLENDALE
BERGEN COUNTY, NEW JERSEY

PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2025

BOROUGH OF ALLENDALE

TABLE OF CONTENTS

Page

Part I – Report on Audit of Financial Statements and Supplementary Schedules

Independent Auditor's Report	1-3
-------------------------------------	-----

Financial Statements

Exhibits

A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-15
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	16
B-1	Statement of Revenues – Regulatory Basis – Municipal Open Space Preservation Trust Fund	17
B-2	Statement of Appropriations – Regulatory Basis – Municipal Open Space Preservation Trust Fund	17
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	18
C-1	Comparative Statements of Changes in Fund Balances – Regulatory Basis – General Capital Fund	19
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Fund	20-21
D-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Water Utility Operating Fund	22
D-2	Comparative Statements of Changes in Fund Balances-Regulatory Basis- Water Utility Capital Fund	23
D-3	Statement of Revenues – Regulatory Basis - Water Utility Operating Fund	23
D-4	Statement of Expenditures - Regulatory Basis - Water Utility Operating Fund – Not Applicable	24
E	Comparative Statements of General Fixed Asset Account Group – Regulatory Basis	25
	Notes to Financial Statements	26-62

Supplementary Schedules

Current Fund

A-4	Statement of Current Cash-Treasurer	63
A-5	Statement of Change Funds	64
A-6	Statement of Petty Cash Fund	64
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	64
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	65
A-9	Statement of Tax Title Liens	66
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	66
A-11	Statement of Revenue Accounts Receivable	67
A-12	Statement of 2024 Appropriation Reserves	68-69
A-13	Statement of Encumbrances Payable	70
A-14	Statement of Accounts Payable	70
A-15	Statement of Prepaid Taxes	71
A-16	Statement of Local District School Taxes	71

BOROUGH OF ALLENDALE

TABLE OF CONTENTS

Supplementary Schedules (Continued)

	<u>Current Fund (Continued)</u>	<u>Page</u>
A-17	Statement of Regional High School Tax	71
A-18	Statement of County Taxes Payable	72
A-19	Statement of Due to Municipal Open Space Trust Fund	72
A-20	Statement of Tax Overpayments	72
A-21	Statement of Reserve for Tax Appeals	73
A-22	Statement of State Fees Payable	73
A-23	Schedule of Grants Receivable – Current Fund	74
A-24	Schedule of Appropriated Reserves for Grants – Current Grant Fund	74
A-25	Schedule of Unappropriated Reserves for Grants – Current Fund	75
	<u>Trust Funds</u>	
B-3	Statement of Cash – Treasurer	76
B-4	Statement of Reserve for Animal License Expenditures – Animal Control Trust Fund	77
B-5	Statement of Due to State of New Jersey – Animal Control Trust Fund	77
B-6	Statement of Due to Current Fund – Animal Control Trust Fund	78
B-7	Statement of Reserve for Open Space Trust –Open Space Preservation Trust Fund	78
B-8	Statement of Reserve for Unemployment Insurance Benefits – Other Trust Fund	78
B-9	Statement of Miscellaneous Reserve – Other Trust Fund	79
B-10	Statement of Reserve for Payroll Salaries & Withholdings Payable – Other Trust Fund	80
B-11	Statement of Due from Current Fund – Other Trust Fund	80
	<u>General Capital Fund</u>	
C-2	Statement of General Capital Cash	81
C-3	Analysis of General Capital Cash	82
C-4	Statement of Deferred Charges to Future Taxation – Unfunded	83
C-5	Statement of Improvement Authorizations	84
C-6	Statement of Bond Anticipation Notes	85
C-7	Statement of Grant Receivables/Other Receivables	86
C-8	Statement of Capital Improvement Fund	87
C-9	Statement of Reserve for Municipal Improvements	87
C-10	Statement of Reserve for Debt Service	87
C-11	Statement of Contracts Payable	88
C-12	Statement of Reserve for Community Center	88
C-13	Statement of Deferred Charge – Cancelled Grants Receivables	88
C-14	Statement of Deferred Charge – Overexpenditure of Ordinance Appropriation	88
C-15	Statement of Bonds and Notes Authorized but not Issued	89

BOROUGH OF ALLENDALE

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Schedules (Continued)	
<u>Water Utility Fund</u>	
D-5	Statement of Cash - Treasurer 90
D-6	Statement of Reserve for Sale of Assets – Cost Reimbursement – Water Utility Operating Fund 91
D-7	Statement of Reserve for Sale of Assets – Water Utility Operating Fund 91
 <u>Part II – Government Auditing Standards</u>	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report 92-93
	Schedule of Expenditures of Federal Awards 94
	Schedule of Expenditures of State Financial Assistance 95
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance 96
	Schedule of Findings and Responses 97-100
 <u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>	
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund 101
	Comparative Statement of Operations and Changes in Fund Balance - Water Utility Operating Fund 102
	Comparative Schedule of Tax Rate Information 103
	Comparison of Tax Levies and Collection Currently 103
	Delinquent Taxes and Tax Title Liens 104
	Property Acquired by Tax Title Lien Liquidation 104
	Comparative Schedule of Fund Balances 104
	Officials in Office and Surety Bonds 105
	General Comments 106-107
	Recommendations 108



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Allendale
Allendale, New Jersey

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the Borough of Allendale, which comprise the balance sheets - regulatory basis of the various funds and account group as of December 31, 2025 and 2024, and 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 statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2025, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Allendale as of December 31, 2025 and 2024, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2025 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Allendale as of December 31, 2025 and 2024, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Allendale as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Allendale. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

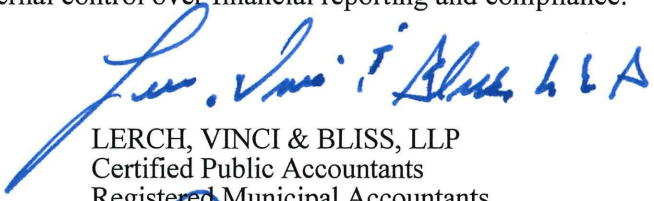
Other Information

Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

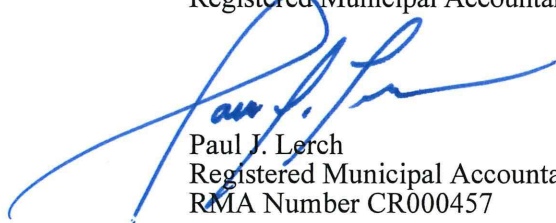
In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2026 on our consideration of the Borough of Allendale'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Allendale's 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 Allendale's internal control over financial reporting and compliance.



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR000457

Fair Lawn, New Jersey
May 27, 2026

BOROUGH OF ALLENDALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 AND 2024

ASSETS	<u>Reference</u>	<u>2025</u>	<u>2024</u>
Current Fund:			
Cash	A-4	\$ 8,390,745	\$ 8,274,094
Change Fund	A-5	400	400
Grant Receivable	A-23	<u>500</u>	<u>500</u>
		<u>8,391,645</u>	<u>8,274,994</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	216,093	197,220
Tax Title Liens	A-9	100,109	97,170
Property Acquired for Taxes-			
Assessed Valuation	A-10	4,900	4,900
Revenue Accounts Receivable	A-11	4,245	2,473
Due from Animal Control Trust Fund	B-6	<u>2,104</u>	<u>3,798</u>
		<u>327,451</u>	<u>305,561</u>
Total Assets		<u>\$ 8,719,096</u>	<u>\$ 8,580,555</u>

BOROUGH OF ALLENDALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2025 AND 2024

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2025</u>	<u>2024</u>
Current Fund:			
Appropriation Reserves	A-3,A-12	\$ 1,136,830	\$ 1,155,204
Due to State of New Jersey: Ch. 73, P.L. Senior Citizens and Veterans Deduction	A-7	7,934	8,184
Encumbrances Payable	A-13	370,120	344,049
Accounts Payable	A-14	3,944	
Prepaid Taxes	A-15	267,920	687,604
Due to Other Trust Fund	B-11	250,000	400,000
Due to Municipal Open Space Trust Fund	A-19	121	
Regional School Taxes Payable	A-17	137,293	
County Taxes Payable	A-18	7,288	11,706
State Fees Payable	A-22	16,589	9,936
Appropriated Reserve for Grants	A-24	153,534	144,348
Unappropriated Reserve for Grants	A-25	27,155	19,356
Reserve for Tax Appeals	A-21	958,576	913,008
		<u>3,337,304</u>	<u>3,693,395</u>
Reserve for Receivables	A	327,451	305,561
Fund Balance	A-1	<u>5,054,341</u>	<u>4,581,599</u>
		<u>\$ 8,719,096</u>	<u>\$ 8,580,555</u>

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>Reference</u>	<u>Year 2025</u>	<u>Year 2024</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,300,000	\$ 1,100,000
Miscellaneous Revenues Anticipated	A-2	4,549,894	4,236,554
Receipts from Delinquent Taxes	A-2	197,470	263,740
Receipts from Current Taxes	A-2	47,013,565	45,107,355
Non-Budget Revenue	A-2	147,695	337,249
Other Credits to Income			
Statutory Excess in Animal Control Fund	B-6	2,104	3,798
Unexpended Balance of Appropriation Reserves	A-12	689,133	838,228
Cancelled Accounts Payable	A		943
Interfunds Liquidated	A	<u>3,798</u>	<u>112,914</u>
Total Revenues and Other Income		53,903,659	52,000,781
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations			
Salaries and Wages	A-3	4,567,800	4,291,500
Other Expenses	A-3	9,087,769	8,772,630
Capital Improvements	A-3	1,670,000	1,000,000
Municipal Debt Service	A-3	184,007	
Deferred Charges and Statutory Expenditures-			
Municipal	A-3	1,357,299	1,995,371
Refund and Prior Year's Revenue	A-4	6,761	8,986
Interfund Advanced	A	2,104	3,798
Senior Citizens and Veterans Deductions Disallowed - Prior Year	A-8	250	250
Municipal Open Space Tax	A-19	116,349	108,479
Local District School Tax	A-16	18,634,419	18,120,639
Regional High School Tax	A-17	10,914,738	10,530,882
County Taxes including added Taxes	A-18	<u>5,589,421</u>	<u>5,107,281</u>
Total Expenditures		<u>52,130,917</u>	<u>49,939,816</u>
Excess Revenue Over Expenditures		1,772,742	2,060,965
Fund Balance, January 1,	A	<u>4,581,599</u>	<u>3,620,634</u>
		6,354,341	5,681,599
Decreased by:			
Fund Balance Utilized as Budget Revenue	A-1	<u>1,300,000</u>	<u>1,100,000</u>
Fund Balance, December 31,	A	<u>\$ 5,054,341</u>	<u>\$ 4,581,599</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALLENDALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Reference</u>	<u>Budget</u>	<u>Added by</u> <u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,300,000	-	\$ 1,300,000	-
MISCELLANEOUS REVENUES					
Licenses:					
Alcoholic beverages	A-11	12,500		12,500	
Fees and Permits	A-2	58,000		63,694	\$ 5,694
Fines and Costs:					
Municipal Court	A-11	30,000		30,708	708
Interest and Costs on Taxes	A-11	70,000		50,170	(19,830)
Interest on Investments an Deposits	A-11	300,000		502,837	202,837
Dues & Fees - Crestwood Lake	A-11	290,000		300,601	10,601
Ramsey Sewer Charges	A-11	280,000		303,206	23,206
Allendale Elementary School Contribution to Sewer Use	A-11	25,200		24,719	(481)
Northern Highlands Reg. H.S. Contribution to Sewer Use	A-11	41,400		40,610	(790)
Saddle River Sewer Payment	A-11	68,500		57,941	(10,559)
Garbage Collection	A-11	2,400		1,836	(564)
PILOT- 230 W. Crescent	A-11	144,000		150,689	6,689
PILOT- 220 W. Crescent	A-11	18,900		54,055	35,155
Cellular Tower Lease	A-11	385,000		463,157	78,157
Cable TV Franchise Fee	A-11	99,000		97,026	(1,974)
Litigation Settlement	A-11	850,000		850,000	-
Energy Receipts Tax	A-11	1,081,614		1,081,614	-
Uniform Construction Code Fees	A-11	240,000		402,922	162,922
Public and Private Revenues:					
Clean Communities Program- Reserve	A-25	17,782		17,782	
Body Armor Replacement Program - Reserve	A-25	1,574		1,574	
Other Special Items:					
Uniform Fire Safety Act	A-11	45,000	-	42,253	(2,747)
Total Miscellaneous Revenues	A-1	4,060,870	-	4,549,894	489,024
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	175,000	-	197,470	22,470
AMOUNT TO BE RAISED BY TAXATION:					
Local Tax for Municipal Purposes		11,114,779		11,542,411	427,632
Minimum Library Tax		816,227	-	816,227	-
Total Amount to be Raised by Taxation	A-2	11,931,006	-	12,358,638	427,632
Total General Revenues		\$17,466,876	\$ -	18,406,002	\$ 939,126
Non-Budget Revenue	A-1,-2			147,695	
				<u>\$18,553,697</u>	

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALLENDALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Reference</u>	<u>Realized</u>
Analysis of Realized Revenue		
Allocation of Current Tax Collections- Revenue from Collections	A-8	\$ 47,013,565
Less: Allocated to School, County Taxes and Municipal Open Space Taxes	A-16,A-17,A-18,A-19	<u>35,254,927</u>
		11,758,638
Add: Appropriation - Reserve for Uncollected Taxes	A-3	<u>600,000</u>
Amount for Support of Municipal Budget Appropriations	A-1,A-2	<u>\$ 12,358,638</u>
Fees and Permits - Other:		
Parking	A-11	\$ 30,146
Borough of Clerk	A-11	15,965
Board of Health	A-11	10,833
Planning Board/Board of Adjustment	A-11	<u>6,750</u>
	A-2	<u>\$ 63,694</u>
Non Budget Revenue		
Sale of Assets		\$ 36,264
Refunds of Prior Year Expenditures		46,723
PILOT Payment		10,650
Police Outside Duty Admin Fees		12,551
Sewer Connection Fees		10,083
Miscellaneous Refunds & Reimbursements		8,956
Gun Permits/Police Copies/Firearm Reg.		6,588
Raffles		760
Alarm Registration		665
Administrative Fee - Senior Citizens' and Veterans' Deductions		425
Address Lists/Duplicate Bills		430
DMV Inspections		600
Allendale Senior Housing Corp.		12,000
2024 Safety Program		<u>1,000</u>
	A-2,A-4	<u>\$ 147,695</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALLENDALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 90,000	\$ 91,500	\$ 91,500		
Other Expenses	115,000	115,000	100,728	\$ 14,272	
Mayor & Council					
Other Expenses	20,000	20,000	16,072	3,928	
Municipal Clerk					
Salaries & Wages	190,000	190,000	187,172	2,828	
Other Expenses	55,000	55,000	49,233	5,767	
Financial Administration					
Salaries & Wages	190,000	190,000	187,261	2,739	
Other Expenses	35,000	35,000	32,301	2,699	
Audit Services	60,000	60,000	3,902	56,098	
Collection of Taxes					
Salaries & Wages	78,000	78,000	76,735	1,265	
Other Expenses	17,000	17,000	11,557	5,443	
Assessment for Taxes					
Salaries & Wages	56,000	56,000	54,736	1,264	
Other Expenses	77,500	77,500	54,834	22,666	
Legal Services and Costs					
Other Expenses	250,000	285,000	230,132	54,868	
Engineering Services & Costs					
Other Expenses	115,000	115,000	73,736	41,264	
LAND USE ADMINISTRATION					
Planning Board					
Salaries & Wages	63,500	63,500	63,292	208	
Other Expenses	50,000	50,000	22,640	27,360	
INSURANCE					
Other Insurance - Liability	278,149	288,149	267,398	20,751	
Workers' Compensation Insurance	205,989	205,989	205,989		
Employee Group Health	1,572,680	1,572,680	1,457,040	115,640	
Health Benefit Waiver	45,000	51,000	50,113	887	
Unemployment Contribution	10,000	10,000	10,000		

BOROUGH OF ALLENDALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Police Dispatch/911					
Salaries & Wages	\$ 2,600,000	\$ 2,595,700	\$ 2,357,458	\$ 238,242	
Other Expenses	310,000	340,000	297,537	42,463	
Emergency Management Services					
Salaries and Wages	4,100	4,100	4,058	42	
Other Expenses	1,950	4,750	4,273	477	
First Aid Organization					
Other Expenses-Contribution	38,000	38,000	38,000		
Fire Department					
Other Expenses	132,000	132,000	111,543	20,457	
Fire Certification					
Other Expenses	500	500	500		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	22,200	22,200	20,000	2,200	
Other Expenses	13,350	13,350	6,323	7,027	
Municipal Prosecutor					
Salaries & Wages	6,700	6,700	6,534	166	
Municipal Court					
Salaries and Wages	16,600	16,600	16,480	120	
Other Expenses	6,500	6,500	5,392	1,108	
Public Defender					
Other Expenses	4,000	4,000	2,000	2,000	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	725,000	725,000	676,451	48,549	
Other Expenses	122,000	122,000	121,802	198	
Snow Removal					
Other Expenses	300,000	300,000	298,833	1,167	
Shade Tree Commission					
Other Expenses	33,000	33,000	32,830	170	
Sewer System					
Other Expenses	19,000	19,000	14,483	4,517	
Garbage and Trash Removal					
Other Expenses	820,000	840,000	819,899	20,101	
Recycling					
Salaries & Wages	2,000	2,000	2,000		
Other Expenses	100,000	54,000	23,510	30,490	

BOROUGH OF ALLENDALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Buildings and Grounds					
Other Expenses	\$ 194,000	\$ 194,000	\$ 194,000		
Health and Welfare:					
Board of Health					
Other Expenses	39,000	39,000	37,721	\$ 1,279	
RECREATION & EDUCATION					
Senior Citizens					
Other Expenses	5,000	5,000	5,000		
Animal Control					
Other Expenses	12,000	12,000	9,020	2,980	
Aid to Health Care Facilities (N.J.S.A. 44:5-2)					
Other Expense	6,000	6,000	6,000		
Municipal Alliance					
Other Expense	4,000	4,000	2,387	1,613	
Parks and Playgrounds					
Other Expense	54,000	54,000	53,859	141	
Crestwood Lake Public Swimming and Recreation Facility					
Salaries and Wages	200,000	180,000	178,318	1,682	
Other Expenses	160,000	160,000	159,999	1	
Community Center					
Salaries and Wages	30,000	30,000	19,198	10,802	
SALARY AND WAGE ADJUSTMENT	90,000	58,500		58,500	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	121,000	121,000	117,313	3,687	
Other Expenses	28,000	29,500	28,644	856	
Sub-Code Officials					
Zoning Officer/Property Maintenance					
Salaries & Wages	62,000	62,000	60,060	1,940	
Plumbing Inspector - Salaries & Wages	30,000	30,000	29,458	542	
Electrical Inspector - Salaries & Wages	28,000	28,000	26,780	1,220	
Fire Protection Inspector - Salaries & Wages	17,000	17,000	16,068	932	

BOROUGH OF ALLENDALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	\$ 135,000	\$ 155,000	\$ 131,237	\$ 23,763	
Street Lighting	125,000	125,000	115,508	9,492	
Telephone	68,000	68,000	47,967	20,033	
Water	20,000	20,000		20,000	
Natural Gas	60,000	60,000	51,233	8,767	
Gasoline	100,000	75,000	42,971	32,029	-
	<u>10,438,718</u>	<u>10,438,718</u>	<u>9,439,018</u>	<u>999,700</u>	<u>-</u>
Total Operations Within "CAPS"					
Contingent	30,000	30,000	4,000	26,000	-
	<u>10,468,718</u>	<u>10,468,718</u>	<u>9,443,018</u>	<u>1,025,700</u>	<u>-</u>
Total Operations including Contingent Within "CAPS"					
Detail:					
Salaries & Wages	4,622,100	4,567,800	4,190,872	376,928	
Other Expenses (Including Contingent)	5,846,618	5,900,918	5,252,146	648,772	-
	<u>11,826,017</u>	<u>11,826,017</u>	<u>10,766,773</u>	<u>1,059,244</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	350,000	350,000	321,724	28,276	
Police and Firemen's Retirement System	737,499	737,499	737,499		
Public Employees Retirement System	259,800	259,800	259,800		
Defined Contribution Retirement Plan	10,000	10,000	4,732	5,268	-
	<u>1,357,299</u>	<u>1,357,299</u>	<u>1,323,755</u>	<u>33,544</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"					
	<u>11,826,017</u>	<u>11,826,017</u>	<u>10,766,773</u>	<u>1,059,244</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"					
	<u>11,826,017</u>	<u>11,826,017</u>	<u>10,766,773</u>	<u>1,059,244</u>	<u>-</u>

BOROUGH OF ALLENDALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 816,227	\$ 816,227	\$ 816,227		
Employee Group Health	177,320	177,320	177,320		
Other Insurance - Liability	1,179	1,179	1,179		
Reserve for Tax Appeals	50,000	50,000	50,000		
Northwest Bergen County Sewerage Authority Share of Costs					
Other Expenses	2,009,269	2,009,269	2,009,269		
Borough of Waldwick - Well Baby					
Other Expenses	500	1,000	540	\$ 460	
Borough of Hohokus - Municipal Court					
Other Expenses	53,000	53,000	37,560	15,440	
Bergen County - 911 & Dispatch					
Other Expenses	60,000	59,500		59,500	
PUBLIC AND PRIVATE OFFSET BY REVENUES					
Clean Communities Grant	17,782	17,782	17,782		
Body Armor Replacement Program	<u>1,574</u>	<u>1,574</u>	<u>1,574</u>	-	-
Total Operations - Excluded from "CAPS"	<u>3,186,851</u>	<u>3,186,851</u>	<u>3,111,451</u>	<u>75,400</u>	-
Detail:					
Salaries and Wages	-	-	-		
Other Expenses	<u>3,186,851</u>	<u>3,186,851</u>	<u>3,111,451</u>	<u>75,400</u>	-
CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"					
Capital Improvement Fund	1,600,000	1,600,000	1,600,000		
Capital Improvement Project - Mural	<u>70,000</u>	<u>70,000</u>	<u>67,814</u>	<u>2,186</u>	-
Total Capital Improvements Excluded from "CAPS"	<u>1,670,000</u>	<u>1,670,000</u>	<u>1,667,814</u>	<u>2,186</u>	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Interest on Notes	<u>184,008</u>	<u>184,008</u>	<u>184,007</u>	-	\$ 1
Total Municipal Debt Service - Excluded from "CAPS"	<u>184,008</u>	<u>184,008</u>	<u>184,007</u>	-	1

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALLENDALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>\$ 5,040,859</u>	<u>\$ 5,040,859</u>	<u>\$ 4,963,272</u>	<u>\$ 77,586</u>	<u>\$ 1</u>
Subtotal General Appropriations	<u>16,866,876</u>	<u>16,866,876</u>	<u>15,730,045</u>	<u>1,136,830</u>	<u>1</u>
Reserve for Uncollected Taxes	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 17,466,876</u>	<u>\$ 17,466,876</u>	<u>\$ 16,330,045</u>	<u>\$ 1,136,830</u>	<u>\$ 1</u>

BOROUGH OF ALLENDALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-2	<u>\$ 17,466,876</u>	
Cash Disbursed	A-4		\$ 15,290,649
Encumbrances Payable	A-13		370,040
Transfer to Reserve for Tax Appeals	A-21		50,000
Transfer to Grants Appropriated	A-24		19,356
Reserve for Uncollected Taxes	A-2		<u>600,000</u>
			<u>\$ 16,330,045</u>

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALLENDALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2025 AND 2024

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-3	\$ 8,125	\$ 10,530
		<u>8,125</u>	<u>10,530</u>
OTHER TRUST FUND			
Cash	B-3	1,679,829	1,249,705
Due from Current Fund	B-11	<u>250,000</u>	<u>400,000</u>
		<u>1,929,829</u>	<u>1,649,705</u>
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	451,101	322,649
Due from Current Fund	A-19	<u>121</u>	<u>-</u>
		<u>451,222</u>	<u>322,649</u>
Total Assets		<u>\$ 2,389,176</u>	<u>\$ 1,982,884</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Reserve for Dog Fund Expenditures	B-4	6,013	6,720
Due to State of New Jersey	B-5	8	12
Due to Current Fund	B-6	<u>2,104</u>	<u>3,798</u>
		<u>8,125</u>	<u>10,530</u>
OTHER TRUST FUND			
Reserve for Unemployment	B-8	38,440	75,624
Miscellaneous Reserves	B-9	1,843,860	1,537,615
Payroll Deductions Payable	B-10	<u>47,529</u>	<u>36,466</u>
		<u>1,929,829</u>	<u>1,649,705</u>
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Municipal Open Space Expenditures	B-7	<u>451,222</u>	<u>322,649</u>
Total Liabilities, Reserves and Fund Balance		<u>451,222</u>	<u>322,649</u>
		<u>\$ 2,389,176</u>	<u>\$ 1,982,884</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ALLENDALE
STATEMENT OF REVENUES - REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>2025 Budget</u>	<u>Realized in 2025</u>	<u>Variance</u>
Amount to be Raised by Taxation	\$ 116,228	\$ 116,349	\$ 121
Interest Income	<u>-</u>	<u>12,224</u>	<u>12,224</u>
	<u>\$ 116,228</u>	<u>\$ 128,573</u>	<u>\$ 12,345</u>
Reference	B-2	B-7	

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>2025 Budget</u>	<u>2025 Paid or Charged</u>	<u>Variance</u>
Reserved for Future Use	\$ 116,228	<u>-</u>	\$ 116,228
	<u>\$ 116,228</u>	<u>\$ -</u>	<u>\$ 116,228</u>
Reference	B-1	B-7	

BOROUGH OF ALLENDALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2025 AND 2024

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
OTHER ASSETS			
Cash	C-2,C-3	\$ 4,783,967	\$ 1,925,118
Grant Receivables	C-7	762,743	572,253
Deferred Charges to Future Taxation:			
Unfunded	C-4	5,302,460	5,856,075
Cancelled Grant Receivables	C-13	23,416	23,416
Overexpenditure of Ordinance Appropriation	C-14	<u>-</u>	<u>145,558</u>
 Total Assets		 <u>10,872,586</u>	 <u>8,522,420</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes Payable	C-6	\$ 5,758,000	\$ 4,613,000
Improvement Authorization			
Funded	C-5	445,224	441,449
Unfunded	C-5	909,521	927,591
Capital Improvement Fund	C-8	1,543,689	566,609
Contracts Payable	C-11	884,396	1,530,476
Reserve for:			
Municipal Improvements	C-9	1,754	1,754
Debt Service	C-10	4,721	4,721
Community Center	C-12	12,832	12,832
Grants Receivable	C-7	167,190	325,780
Fund Balance	C-1	<u>1,145,259</u>	<u>98,208</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 10,872,586</u>	 <u>\$ 8,522,420</u>

There were no bonds and notes authorized but not issued at December 31, 2025. There was \$1,687,500 of bonds and notes authorized but not issued at December 31, 2024. (Exhibit C-14).

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
Balance, January 1	C	\$ 98,208	\$ 90,227
Increased by:			
Transfer from Water Utility Capital Fund	D-2	1,042,387	
Premium on Sale of Bond Anticipation Notes	C-2	<u>4,664</u>	<u>7,981</u>
Balance, December 31	C	<u>\$ 1,145,259</u>	<u>\$ 98,208</u>

BOROUGH OF ALLENDALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2025 AND 2024

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
ASSETS			
Operating Fund:			
Cash	D-5	\$ 7,926,193	\$ 7,958,002
Total Operating Fund		\$ 7,926,193	\$ 7,958,002
Capital Fund:			
Cash	D-5	-	\$ 1,042,387
Total Capital Fund		-	1,042,387
Total Assets		\$ 7,926,193	\$ 9,000,389

**BOROUGH OF ALLENDALE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2025 AND 2024**

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Reserve for Sale of Assets - Cost Reimbursement	D-6	\$ 150,000	150,000
Reserve for Sale of Assets	D-7	<u>5,331,826</u>	<u>5,566,222</u>
		<u>5,481,826</u>	<u>5,716,222</u>
Fund Balance	D-1	<u>2,444,367</u>	<u>2,241,780</u>
Total Operating Fund		<u>\$ 7,926,193</u>	<u>\$ 7,958,002</u>
Capital Fund:			
Fund Balance	D-2	<u>-</u>	<u>\$ 1,042,387</u>
Total Capital Fund		<u>-</u>	<u>1,042,387</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 7,926,193</u></u>	<u><u>\$ 9,000,389</u></u>

There were no bonds and notes authorized but not issued on December 31, 2025 and 2024.

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
REVENUES AND OTHER INCOME			
Miscellaneous Revenue not Anticipated	D-3	\$ 202,607	257,430
Other Credits to Income:			
Unexpended Balance of Appropriations Reserves	D	<u>-</u>	<u>715</u>
Total Income		<u>202,607</u>	<u>258,145</u>
EXPENDITURES			
Refund and Prior Year's Revenue	D-5	<u>20</u>	<u>-</u>
Total Expenditures		<u>20</u>	<u>-</u>
Excess in Revenue		202,587	258,145
Fund Balance, January 1	D	<u>2,241,780</u>	<u>1,983,635</u>
		2,444,367	2,241,780
Decreased by:			
Utilized as Anticipated Revenue	D	<u>-</u>	<u>-</u>
Fund Balance, December 31	D	<u>\$ 2,444,367</u>	<u>\$ 2,241,780</u>

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
Balance, January 1,	D	\$1,042,387	\$ 1,042,387
Decreased by:			
Transfer to General Capital Fund	C-1	<u>1,042,387</u>	<u>-</u>
Balance, December 31,	D	<u>\$ -</u>	<u>\$ 1,042,387</u>

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ -	\$ -	\$ -
Budget Totals		<u>\$ -</u>	-	<u>\$ -</u>
Non-Budget Revenue			<u>202,607</u>	
			<u>\$ 202,607</u>	

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous:

Interest on Investments and Deposits

D-5

\$ 202,607

**BOROUGH OF ALLENDALE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOT APPLICABLE

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
GENERAL FIXED ASSETS		
Land	\$ 5,502,998	\$ 5,279,398
Land Improvements	2,008,904	1,908,756
Building and Building Improvements	12,320,051	11,619,243
Machinery and Equipment	<u>9,249,270</u>	<u>8,993,748</u>
	<u>\$ 29,081,223</u>	<u>\$ 27,801,145</u>
Investment in General Fixed Assets	<u>\$ 29,081,223</u>	<u>\$ 27,801,145</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Regulatory Basis of Accounting

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

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

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

Municipal Open Space Preservation Trust Fund - This fund is used to account for the resources which have accumulated from a dedicated tax to be used for the preservation of open space, recreation and farm land property.

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

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund. The Borough completed a sale of its water utility in 2022. The fund is being maintained to account for remaining funds held in escrow.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the water utility fund. The Borough's infrastructure is not reported in the account group.

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2024 balances to conform to the December 31, 2025 presentation.

Financial Statements – Regulatory Basis

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

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Utility Revenues/Receivables - Utility charges are levied quarterly based upon consumption and a standard facility charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

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

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

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

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, the Borough doesn't allow for the accumulation of sick and vacation days.

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

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

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

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

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized. General fixed assets acquired under capital financing agreements are capitalized at their acquisition cost. Intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs) are not capitalized.

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

General Fixed Assets are stated as follows:

Land and Buildings	Assessed Value 1985
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water utility fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets, including intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs), be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary funds as well as in the government-wide financial statements.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds (Except for Municipal Open Space Trust Fund)
General Capital Fund
Water Utility Capital Fund

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

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. The Borough Council did not increase the original budget during 2025 or 2024. The governing body did approve several budget transfers during 2025 and 2024.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2025 and 2024, the book value of the Borough's deposits were \$23,240,360 and \$20,782,885 and bank and brokerage firm balances of the Borough's deposits amounted to \$23,357,187 and \$21,129,304, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2025</u>	<u>2024</u>
Insured	\$ 20,399,074	\$ 17,926,250
Uninsured and Collateralized	<u>2,958,113</u>	<u>3,203,054</u>
	<u>\$ 23,357,187</u>	<u>\$ 21,129,304</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2025 and 2024, the Borough’s bank balances of \$2,958,113 and \$3,203,054 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2025</u>	<u>2024</u>
Uninsured and Collateralized		
Collateral held by Borough's agent in the Borough's name	\$ 2,904,841	\$ 3,139,237
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>53,272</u>	<u>63,817</u>
	<u>\$ 2,958,113</u>	<u>\$ 3,203,054</u>

B. Investments

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

As of December 31, 2025 and 2024 the Borough had no outstanding investments.

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2025 consisted of the following:

	<u>Current Fund</u>	<u>Water Utility Operating Fund</u>	<u>Total</u>
<u>2025</u>			
Property Taxes	\$ 216,093		\$ 216,093
Tax Title Liens	100,109		100,109
Utility Charges and Fees	-	-	-
	<u>\$ 316,202</u>	<u>\$ -</u>	<u>\$ 316,202</u>

In 2025, the Borough collected \$197,470 from delinquent taxes which represented 67% of the delinquent tax receivable at December 31, 2024. As discussed in Note 18, the Borough completed a sale of its water utility system during 2022, therefore no receivables exist as of December 31, 2025.

Receivables at December 31, 2024 consisted of the following:

	<u>Current Fund</u>	<u>Water Utility Operating Fund</u>	<u>Total</u>
<u>2024</u>			
Property Taxes	\$ 197,220		\$ 197,220
Tax Title Liens	97,170		97,170
Utility Charges and Fees	-	-	-
	<u>\$ 294,390</u>	<u>\$ -</u>	<u>\$ 294,390</u>

In 2024, the Borough collected \$263,740 from delinquent taxes which represented 74% of the delinquent tax receivable at December 31, 2023. As discussed in Note 18, the Borough completed a sale of its water utility system during 2022, therefore no receivables exist as of December 31, 2024.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2025</u>		<u>2024</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 2,104	\$ 250,121	\$ 3,798	\$ 400,000
Trust Fund:				
Animal Control Trust Fund		2,104		3,798
Other Trust Fund	250,000		400,000	
Open Space Trust Fund	<u>121</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 252,225</u>	<u>\$ 252,225</u>	<u>\$ 403,798</u>	<u>\$ 403,798</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues earned in on fund that are due to another fund.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding Budgets
<u>2025</u>			
General Capital Fund			
Cancelled Grant Receivable	\$ 23,416	\$ 23,416	
<u>2024</u>			
General Capital Fund			
Cancelled Grant Receivable	\$ 23,416		\$ 23,416
Overexpenditure of Ordinance Appropriation	145,558	\$ 145,558	

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 7 FUND BALANCES APPROPRIATED

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

	2025		2024	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,053,841	\$ 2,200,000	\$ 4,581,099	\$ 1,300,000
Non-Cash Surplus	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
	<u>\$ 5,054,341</u>	<u>\$ 2,200,000</u>	<u>\$ 4,581,599</u>	<u>\$ 1,300,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 2,444,367		\$ 2,241,780	
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,444,367</u>	<u>\$ -</u>	<u>\$ 2,241,780</u>	<u>\$ -</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2025 and 2024.

	Balance January 1, <u>2025</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2025</u>
<u>2025</u>				
Land	\$ 5,279,398	\$ 223,600		\$ 5,502,998
Land Improvements	1,908,756	100,148		2,008,904
Buildings and Building Improvements	11,619,243	1,029,585	\$ 328,777	12,320,051
Machinery and Equipment	<u>8,993,748</u>	<u>452,364</u>	<u>196,842</u>	<u>9,249,270</u>
	<u>\$ 27,801,145</u>	<u>\$ 1,805,697</u>	<u>\$ 525,619</u>	<u>\$ 29,081,223</u>
	Balance January 1, <u>2024</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2024</u>
<u>2024</u>				
Land	\$ 4,567,598	\$ 711,800		\$ 5,279,398
Land Improvements	1,908,756	-		1,908,756
Buildings and Building Improvements	5,784,550	5,834,693		11,619,243
Machinery and Equipment	<u>8,529,442</u>	<u>644,746</u>	<u>\$ 180,440</u>	<u>8,993,748</u>
	<u>\$ 20,790,346</u>	<u>\$ 7,191,239</u>	<u>\$ 180,440</u>	<u>\$ 27,801,145</u>

B. Water Utility Fund Fixed Assets

As discussed in Note 18, during 2022, the Borough completed a sale of its water utility system, including Borough owned fixed assets.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2025</u>	<u>2024</u>
Issued		
General		
Bonds and Notes	\$ 5,758,000	\$ 4,613,000
	5,758,000	4,613,000
Less Funds Temporarily Held to Pay Bonds and Notes	<u>460,261</u>	<u>444,425</u>
Net Debt Issued	<u>5,297,739</u>	<u>4,168,575</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>-</u>	<u>1,687,500</u>
	<u>-</u>	<u>1,687,500</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 5,297,739</u>	<u>\$ 5,856,075</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of 0.215% and 0.261% at December 31, 2025 and 2024, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2025</u>			
Local School District Debt	\$ 350,000	\$ 350,000	
Regional School District Debt	2,776,765	2,776,765	
General Debt	<u>5,758,000</u>	<u>460,261</u>	<u>\$ 5,297,739</u>
Total	<u>\$ 8,884,765</u>	<u>\$ 3,587,026</u>	<u>\$ 5,297,739</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
Local School District Debt	\$ 685,000	\$ 685,000	
Regional School District Debt	3,034,055	3,034,055	
General Debt	<u>6,300,500</u>	<u>444,425</u>	<u>\$ 5,856,075</u>
Total	<u>\$ 10,019,555</u>	<u>\$ 4,163,480</u>	<u>\$ 5,856,075</u>

Statutory Borrowing Power

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

	<u>2025</u>	<u>2024</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 86,221,470	\$ 78,576,508
Less: Net Debt	<u>5,297,739</u>	<u>5,856,075</u>
Remaining Borrowing Power	<u>\$ 80,923,731</u>	<u>\$ 72,720,433</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Borough had no long term debt activity during 2025 or 2024.

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2025 and 2024 was as follows:

Bond Anticipation Notes

<u>2025</u>	Rate (%)	Maturity Date	Balance, January 1, <u>2025</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2025</u>
<u>General Capital Fund</u>						
	<u>Purpose</u>					
Various Public Improvements	3.50%	2/20/2026	\$ 823,000	\$ 280,600	\$ 823,000	\$ 280,600
Various Public Improvements	3.50%	2/20/2026	3,790,000	3,790,000	3,790,000	3,790,000
Various Public Improvements	3.50%	2/20/2026		1,187,400		1,187,400
Various Public Improvements	3.50%	2/20/2026	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total General Capital Fund			\$ 4,613,000	\$ 5,758,000	\$ 4,613,000	\$ 5,758,000

Bond Anticipation Notes

<u>2024</u>	Rate (%)	Maturity Date	Balance, January 1, <u>2024</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2024</u>
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various Public Improvements	4.00%	2/21/2025		\$ 823,000		\$ 823,000
Various Public Improvements	4.00%	2/21/2025	<u>-</u>	<u>3,790,000</u>	<u>-</u>	<u>3,790,000</u>
Total General Capital Fund			<u>\$ -</u>	<u>\$ 4,613,000</u>	<u>\$ -</u>	<u>\$ 4,613,000</u>

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are not allowed to accumulate unused vacation benefits, personal time, sick leave and compensation time in lieu of overtime over the life of their working careers.

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2025 and 2024 were as follows:

	Balance January 1, <u>2025</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2025</u>	Due Within <u>One Year</u>
<u>2025</u>					
Net Pension Liability - PERS (1)	\$ 2,952,427			\$ 2,952,427	
Net Pension Liability - PFRS (1)	5,505,813			5,505,813	
Net OPEB Liability (1)	<u>14,320,596</u>	<u>-</u>	<u>-</u>	<u>14,320,596</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 22,778,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,778,836</u>	<u>\$ -</u>

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

	Balance January 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>	Due Within <u>One Year</u>
<u>2024</u>					
Net Pension Liability - PERS	\$ 3,277,704		\$ 325,277	\$ 2,952,427	
Net Pension Liability - PFRS	6,383,813		878,000	5,505,813	
Net OPEB Liability	<u>12,502,398</u>	<u>\$ 1,818,198</u>	<u>-</u>	<u>14,320,596</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 22,163,915</u>	<u>\$ 1,818,198</u>	<u>\$ 1,203,277</u>	<u>\$ 22,778,836</u>	<u>\$ -</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

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, if applicable, vest after 25 years of service or under the disability provisions of PERS.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

Other Pension Funds

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

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

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2025 was not available and for June 30, 2024 is \$13.7 billion, and the plan fiduciary net position as a percentage of the total pension liability is 68.22% at June 30, 2024. The collective net pension liability of the participating employers for local PFRS at June 30, 2025 was not available and for June 30, 2024 is \$12.4 billion and the plan fiduciary net position as a percentage of total pension liability is 72.66% at June 30, 2024.

The total pension liabilities for the June 30, 2024 measurement date were determined based on actuarial valuations as of July 1, 2023 which were rolled forward to June 30, 2024.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2023 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2025 and 2024 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2025 and 2024 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2025, 2024 and 2023 were equal to the required contributions.

During the years ended December 31, 2025, 2024 and 2023 the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2025	\$ 737,499	\$ 259,800	\$ 4,732
2024	769,147	260,358	4,170
2023	774,535	240,792	4,573

BOROUGH OF ALLENDALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2024 for the measurement date of June 30, 2025 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2025 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer to the total contributions to the plan during the fiscal years ended June 30, 2024 and 2023. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due, based on statutory requirements.

Public Employees Retirement System (PERS)

At December 31, 2024, the Borough reported a liability of \$2,952,427, 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. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Borough's proportionate share was .02172 percent, which was a decrease of .00091 percent from its proportionate share measured as of June 30, 2023 of .02263 percent.

For the year ended December 31, 2024, the pension system has determined the Borough's pension expense to be \$246,961 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$260,358. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 59,143	\$ 9,447
Changes of Assumptions	3,668	40,374
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		164,534
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>115,655</u>	<u>36,839</u>
Total	<u>\$ 178,466</u>	<u>\$ 251,194</u>

BOROUGH OF ALLENDALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2024 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2025	\$ (107,172)
2026	117,764
2027	(44,990)
2028	(39,075)
2029	745
Thereafter	<u>-</u>
	<u>\$ (72,728)</u>

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2024 was based on the June 30, 2024 measurement date as determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2024</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Rate for All Future Years	2.75 - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

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 ALLENDALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2024, as reported for the year ended December 31, 2024, are summarized in the following table:

<u>Asset Class</u>	2024	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	7.10%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Investment Grade Credit	7.00%	5.37%
US Equity	28.00%	8.63%
Non-US Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
High Yield	4.50%	6.74%
Real Assets	3.00%	8.20%
Private Credit	8.00%	8.90%
Real Estate	8.00%	10.95%
Private Equity	13.00%	12.40%

Discount Rate

The discount rate used to measure the total pension liability for PERS 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 in determining the total pension liability.

BOROUGH OF ALLENDALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2024 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2024</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,923,050</u>	<u>\$ 2,952,427</u>	<u>\$ 2,126,433</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2024. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2024, the Borough reported a liability of \$5,505,813, 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. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Borough's proportionate share was .05331 percent, which was a decrease of .00447 percent from its proportionate share measured as of June 30, 2023 of .05778 percent.

BOROUGH OF ALLENDALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2024, the pension system has determined the Borough pension expense to be \$365,986 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$769,147. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 346,862	\$ 188,488
Changes of Assumptions	8,704	161,697
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		43,093
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>396,049</u>	<u>563,776</u>
Total	<u>\$ 751,615</u>	<u>\$ 957,054</u>

At December 31, 2024 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2025	(203,286)
2026	331,251
2027	(124,847)
2028	(144,588)
2029	(59,079)
Thereafter	<u>(4,890)</u>
	<u>\$ (205,439)</u>

BOROUGH OF ALLENDALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2024 was based on the June 30, 2024 measurement date as determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2024</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	
Rate for All Future Years	3.25%-16.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the Pub-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 (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 Retire 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 ALLENDALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2024, as reported for the year ended December 31, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>2024</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%
Cash Equivalents	2.00%	3.40%
U.S. Treasury Bond	7.00%	4.10%
Non-US Developed Large-Cap Equity	9.50%	6.70%
Non-US Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Small Cap Equity	1.50%	9.60%
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%
Private Debit/Credit	8.00%	9.10%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Equity	10.00%	10.00%

Discount Rate

The discount rate used to measure the total pension liability for PFRS 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 will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF ALLENDALE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2024 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>2024</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 7,866,582</u>	<u>\$ 5,505,813</u>	<u>\$ 3,539,810</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2024. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Special Funding Situation – PFRS

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

At December 31, 2024, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,085,459. For the year ended December 31, 2024, 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 \$124,873, which is equal to the actual contribution the State made on behalf of the Borough. At December 31, 2024 (measurement date June 30, 2024) the State's share of the PFRS net pension liability attributable to the Borough was .05331 percent, which was a decrease of .00447 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of .05778 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

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

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

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2024:

Active Plan Members	60,691
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>28,899</u>
Total	<u>89,590</u>
Contributing Employers	555
Contributing Nonemployers	1

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2025 was not available and for June 30, 2024 is \$17.9 billion, and the plan fiduciary net (deficit) as a percentage of the total OPEB liability is (0.89)% at June 30, 2024.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2023 which was rolled forward to June 30, 2024.

Actuarial Methods and Assumptions

In the July 1, 2023 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

The employers participating in the OPEB plan made contributions of \$399.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$62.8 million for fiscal year 2024.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2025, 2024 and 2023 were \$785,456, \$672,799 and \$497,499, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2025, 2024 and 2023 were \$86,368, \$67,513 and \$64,396, respectively.

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2025 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2025 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the plan members as an individual employer to the total plan members to the plan during the fiscal years ended June 30, 2024 and 2023. Employer allocation percentages have been rounded for presentation purposes.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2024, the Borough reported a liability of \$14,320,596 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2024 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2024. As of the measurement date of June 30, 2024 the Borough's proportionate share was .07997 percent, which was a decrease of .00334 percent from its proportionate share measured as of June 30, 2023 of .08331 percent.

For the year ended December 31, 2024, the Plan has determined the Borough's OPEB expense to be \$369,452 based on the actuarial valuation which is less than the actual contributions reported in the Borough's financial statements of \$672,799. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 725,237	\$ 2,426,402
Changes of Assumptions	2,394,133	2,377,129
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		6,482
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>3,741,023</u>	<u>1,009,522</u>
Total	<u>\$ 6,860,393</u>	<u>\$ 5,819,535</u>

At December 31, 2024 the amounts reported as deferred (benefit) outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2025	\$ (125,462)
2026	228,515
2027	447,482
2028	(33,141)
2029	110,125
Thereafter	<u>413,339</u>
	<u>\$ 1,040,858</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2024 was based on the June 30, 2024 measurement date as determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

2024

Salary Increases*

PERS:

Rate For All Future Years

2.75% to 6.55%

Based on Years of Service

PFRS:

Rate For All Future Years

3.25% to 16.25%

Based on Years of Service

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

Mortality Rates

Pre-retirement healthy mortality

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

Post-retirement healthy mortality

Post-retirement mortality rates for Chapter 330 retirees were based on the Pub-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates for other retirees is based on the Pub-2010 General classification headcount-weighted mortality table with fully generational improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality

Disabled retiree mortality rates for PERS future disabled retirees were based on the Pub-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for PFRS future disabled retirees were based on Pub-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality rates for Chapter 330 current retirees were based on the Pub-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled mortality rates for other current retirees were based on the Pub-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 7.50% and decreases to a 4.50% long-term trend rate after 9 years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in Fiscal Year 2027 and decreasing to 4.50% in Fiscal Year 2034. For HMO the trend is increasing to 23.58% in Fiscal Year 2027 and decreasing to 4.50% in Fiscal Year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after 9 years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2024 measurement date was 3.93%. 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 Discounts Rate

The following presents the Borough’s proportionate share of the net OPEB liability as of December 31, 2024 calculated using the discount rate of 3.93% as well as what the Borough’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.93% or 1-percentage-point higher 4.93% than the current rate:

	1% Decrease <u>2.93%</u>	Current Discount Rate <u>3.93%</u>	1% Increase <u>4.93%</u>
<u>2024</u>			
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>16,681,951</u>	\$ <u>14,320,596</u>	\$ <u>12,429,361</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2024. A sensitivity analysis specific to the Borough’s net OPEB liability was not provided by the Plan.

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

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

	1% Decrease <u></u>	Healthcare Cost Trend Rates <u></u>	1% Increase <u></u>
<u>2024</u>			
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>12,112,301</u>	\$ <u>14,320,596</u>	\$ <u>17,159,843</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2024. A sensitivity analysis specific to the Borough’s net OPEB liability was not provided by the pension system.

OPEB Plan Fiduciary Net Position

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 13 RISK MANAGEMENT

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

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2025	\$ 10,000	\$ 6,547	\$ 56,028	\$ 38,440
2024	10,000	13,566	55,250	75,624
2023	NONE	6,552	7,760	103,405

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2025 and 2024. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2025 and 2024, the Borough reserved \$958,576 and \$913,008, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 14 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2025 and 2024, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2025 and 2024, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 TAX ABATEMENTS

For the years ended December 31, 2025 and 2024, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA") and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2025 and 2024 the Borough abated property taxes totaling \$313,743 and \$295,505, respectively, under the NJHMFA program. The Borough received \$215,394 and \$200,298 in PILOT payments under this program for the years ended December 31, 2025 and 2024, respectively.

NOTE 17 SALE OF WATER UTILITY

During 2021, the Borough solicited and received bids for the sale of the water system and has determined that the bid submitted by Suez Water New Jersey, Inc in the amount of \$18,000,000 was the highest responsible bid. On November 2, 2021, the voters of the Borough voted in favor of the sale of the system to Suez Water New Jersey, Inc. On March 24, 2022, the governing body approved a resolution authorizing the execution of an agreement of sale between the Borough and Suez Water New Jersey, Inc. for the sale of the Borough's water system. A portion of the proceeds was utilized to defease all temporary and permanent debt obligations of the Borough. On March 16, 2023, the Borough defeased all outstanding debt obligations. The Borough defeased \$10,923,815 in general debt obligations, inclusive of \$8,797,755 of Bond Anticipation Notes and \$1,990,000 in serial bonds, along with the respective interest of \$107,870 and \$28,190. The Borough defeased \$1,697,949 in water utility debt obligations, inclusive of \$268,806 of Bond Anticipation Notes and \$1,411,000 in serial bonds, along with the respective interest of \$3,992 and \$14,151. A reserve has been established for the remaining proceeds in the amount of \$5,331,826. As part of the contract of sale, \$2,904,841 of the sale proceeds, including interest earnings, remain on deposit with an escrow agent until all contract terms have been met.

**BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 18 SUBSEQUENT EVENTS

Bond Anticipation Notes

On February 19, 2026, the Borough issued Bond Anticipation Notes in the amount of \$6,350,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Piper Sandler & Co. at an interest rate of 3.25%. These notes, dated February 19, 2026 will mature on February 19, 2027.

CURRENT FUND

BOROUGH OF ALLENDALE
STATEMENT OF CURRENT CASH - TREASURER

Balance, January 1, 2025		\$	8,274,094
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	\$	147,695	
Due from State - Senior Citizen and Veteran Dedications		16,500	
Taxes Receivable		46,506,431	
Petty Cash		800	
Revenue Accounts Receivable		4,530,538	
Prepaid Taxes		267,920	
Tax Overpayments		30,924	
Unappropriated Reserves for Grants		27,155	
State Fees Payable		33,024	
Receipts from Animal Control Trust Fund		3,798	
			<u>51,564,785</u>
			59,838,879
Decreased by Disbursements:			
Current Year Budget Appropriations		15,290,649	
Appropriation Reserves		212,127	
Encumbrances Payable		344,049	
Petty Cash		800	
Tax Overpayments		30,924	
Refund Prior Year Revenue		6,761	
Payments to Municipal Open Space Trust Fund		116,228	
Payments to Other Trust Fund		400,000	
Local District School Taxes		18,634,419	
Regional High School Taxes		10,777,445	
County Taxes Payable		5,593,839	
Reserve for Tax Appeals		4,432	
Appropriated Reserves for Grants		10,090	
State Fees Payable		26,371	
			<u>51,448,134</u>
Balance, December 31, 2025		\$	<u>8,390,745</u>

**BOROUGH OF ALLENDALE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, 2025	Balance, December 31, 2025
Tax Collector	\$ 400	\$ 400
	<u>\$ 400</u>	<u>\$ 400</u>

STATEMENT OF PETTY CASH FUND

Increased by:	
Disbursed	\$ 800
Decreased by:	
Returned to Treasurer	<u>\$ 800</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2025	\$ 8,184
Increased by:	
Deductions Disallowed	\$ 4,500
Deductions Disallowed - Prior Year Taxes	250
Cash Receipts	<u>16,500</u>
	<u>21,250</u>
	29,434
Decreased by:	
Senior Citizen Deductions per Tax Billing	500
Veterans Deductions per Tax Billing	20,500
Veterans Deductions Allowed by Collector	<u>500</u>
	<u>21,500</u>
Balance, December 31, 2025	<u>\$ 7,934</u>

BOROUGH OF ALLENDALE
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance,</u> <u>January 1, 2025</u>	<u>Levy</u>	<u>Added</u> <u>Taxes</u>	Senior Citizens' and Veterans Deductions <u>Disallowed</u>	<u>Collected In</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Remitted</u> <u>or</u> <u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31, 2025</u>
					<u>2024</u>	<u>2025</u>				
2024	\$ 197,220			\$ 250		\$ 197,470				
2025	-	\$ 47,188,682	\$ 61,469	4,500	\$ 687,604	46,308,961	\$ 21,500	\$ 17,554	\$ 2,939	\$ 216,093
	<u>\$ 197,220</u>	<u>\$ 47,188,682</u>	<u>\$ 61,469</u>	<u>\$ 4,750</u>	<u>\$ 687,604</u>	<u>\$ 46,506,431</u>	<u>\$ 21,500</u>	<u>\$ 17,554</u>	<u>\$ 2,939</u>	<u>\$ 216,093</u>

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax	\$ 47,188,682
Added Taxes (54:4-63.1 et seq.)	<u>61,469</u>
	<u>\$ 47,250,151</u>

Tax Levy

Municipal Open Space Tax	\$ 116,228
Added Municipal Open Space Tax	121
Local District School Tax (Abstract)	18,634,419
Regional High School Tax	10,914,738
County Tax	5,342,724
County Open Space Tax	239,409
Added County Taxes	<u>7,288</u>
	35,254,927
Local Tax for Municipal Purposes	11,114,779
Minimum Library Tax	816,227
Add Additional Tax Levied	<u>64,218</u>
	11,995,224
	<u>\$ 47,250,151</u>

**BOROUGH OF ALLENDALE
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2025	\$ 97,170
Increased by:	
Transfer from Taxes Receivable	<u>2,939</u>
Balance, December 31, 2025	<u>\$ 100,109</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2025	<u>\$ 4,900</u>
Balance, December 31, 2025	<u>\$ 4,900</u>

BOROUGH OF ALLENDALE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, <u>January 1, 2025</u>	Accrued <u>in 2025</u>	Cash <u>Receipts</u>	Balance, <u>December 31, 2025</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 12,500	\$ 12,500	
Fees and Permits		15,965	15,965	
Planning Board/Board of Adjustment				
Fees and Permits		6,750	6,750	
Board of Health:				
Fees and Permits		10,833	10,833	
Parking				
Fees and Permits		30,146	30,146	
Municipal Court:				
Fines and Costs	\$ 2,473	32,480	30,708	\$ 4,245
Uniform Construction Code:				
Fees and Permits - Building		402,922	402,922	
Interest and Costs on Taxes		50,170	50,170	
Energy Receipts Taxes		1,081,614	1,081,614	
Interest on Investments and Deposits		502,837	502,837	
Cable TV Franchise Fees		97,026	97,026	
Cellular Tower Lease		463,157	463,157	
Uniform Fire Safety Act		42,253	42,253	
Garbage Collection		1,836	1,836	
PILOT - 230 Crescent		150,689	150,689	
PILOT - 220 Crescent		54,055	54,055	
Litigation Settlement		850,000	850,000	
Dues & Fees - Crestwood Lake		300,601	300,601	
Saddle River Sewer Payment	-	57,941	57,941	
Ramsey Sewer Charges		303,206	303,206	
Allendale El. School Contribution to Sewer Use		24,719	24,719	
North. High. Reg. HS Contribution to Sewer Use	-	40,610	40,610	-
	<u>\$ 2,473</u>	<u>\$ 4,532,310</u>	<u>\$ 4,530,538</u>	<u>\$ 4,245</u>

BOROUGH OF ALLENDALE
STATEMENT OF 2024 APPROPRIATION RESERVES

	Balance, January 1, 2025	Budget After Modification	Expended	Balance Lapsed
Salaries and Wages				
Administrative and Executive	\$ 15,746	\$ 15,746		\$ 15,746
Borough Clerk	481	481		481
Financial Administration	1,443	1,443		1,443
Collection of Taxes	500	500		500
Assessment of Taxes	358	358		358
Planning Board	143	143		143
Police	306,893	306,893	\$ 276,560	30,333
Emergency Management Services	60	60		60
Uniform Fire Safety Act - Fire Official	864	864		864
Municipal Prosecutor	56	56		56
Road Repairs and Maintenance	12,961	12,961	4,619	8,342
Crestwood Lake Swimming & Rec. Facility	33,916	33,916		33,916
Construction Code Official	2,727	2,727		2,727
Plumbing Inspector	1,060	1,060		1,060
Electric Inspector	1,900	1,900		1,900
Fire Subcode Official	832	832		832
Zoning Officer/Property Maintenance	689	689		689
Salary and Wage Adjustment	90,000	90,000		90,000
Other Expenses				
Administrative and Executive	6,725	6,725	4,519	2,206
Borough Clerk	4,324	4,324	461	3,863
Mayor and Council	4,435	4,435	100	4,335
Financial Administration	3,012	3,012	2,329	683
Annual Audit	41,546	41,546	41,546	-
Collection of Taxes	8,220	8,220	3,944	4,276
Assessment of Taxes	33,036	33,036	5,000	28,036
Legal Services and Costs	20,361	20,361	8,872	11,489
Engineering	31,755	31,755	6,475	25,280
Planning Board	24,229	24,229	3,434	20,795
Insurance				
Other Insurance Premiums	11,588	11,588	274	11,314
Group Insurance Plan for Employees	86,525	86,525	540	85,985
Health Benefit Waiver	10,560	10,560		10,560
Police	9,703	9,703	8,457	1,246
Emergency Management Services	166	166	34	132
Fire	14,740	14,740	6,830	7,910
Uniform Fire Safety Act - Fire Official	1,032	1,032	967	65
Municipal Court	2,593	2,593	640	1,953
Public Defender	800	800	-	800
Road Repairs and Maintenance	1,396	16,396	16,384	12

**BOROUGH OF ALLENDALE
STATEMENT OF 2023 APPROPRIATION RESERVES**

	Balance, January 1, 2025	Budget After Modification	Expended	Balance Lapsed
Other Expenses (Continued)				
Snow Removal	\$ 41,501	\$ 22,501	\$ 4,767	\$ 17,734
Shade Tree	2,352	2,352	2,300	52
Sewer System	8,441	8,441	3,017	5,424
Garbage and Trash Removal	33,154	33,154		33,154
Recycling	50,800	50,800	2,130	48,670
Public Buildings and Grounds	12,482	12,482	11,816	666
Board of Health	115	115		115
Animal Control	980	980		980
Municipal Alliance	2,998	2,998		2,998
Parks and Playgrounds	2,339	2,339	2,194	145
Crestwood Lake Swimming & Rec. Facility	1,307	5,307	3,828	1,479
Construction Official	5,875	5,875		5,875
Radio Equipment Maintenance	5,000	5,000		5,000
Electricity	16,075	16,075	15,063	1,012
Street Lighting	6,387	6,387	6,264	123
Telephone	8,870	8,870	87	8,783
Water	20,000	20,000		20,000
Natural Gas	27,172	27,172	8,634	18,538
Gasoline	56,261	56,261	3,617	52,644
Contingent	172	172		172
Social Security (O.A.S.I.)	47,891	47,891		47,891
Defined Contribution Retirement Plan	5,830	5,830	121	5,709
Borough of Waldwick - Well Baby	260	260	70	190
Bergen County - 911	22	22		22
Borough of Hohokus - Municipal Court	11,545	11,545	10,178	1,367
	<u>\$ 1,155,204</u>	<u>\$ 1,155,204</u>	<u>\$ 466,071</u>	<u>\$ 689,133</u>
Appropriation Reserves		<u>\$ 1,155,204</u>		
Cash Disbursed			\$ 212,127	
Transfer to Accounts Payable			3,944	
Due to Other Trust Fund			<u>250,000</u>	
			<u>\$ 466,071</u>	

BOROUGH OF ALLENDALE
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2025		\$ 344,049
Increased by:		
Transfer from Current Appropriations	\$ 370,040	
Transfer from Appropriated - Grant Revenue	<u>80</u>	
		<u>370,120</u>
		714,169
Decreased by:		
Cash Disbursement		<u>344,049</u>
Balance, December 31, 2025		<u><u>\$ 370,120</u></u>

STATEMENT OF ACCOUNTS PAYABLE

Increased by:		
Transfer from Appropriation Reserves	<u>\$ 3,944</u>	
Balance, December 31, 2025		<u><u>\$ 3,944</u></u>

**BOROUGH OF ALLENDALE
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2025	\$ 687,604
Increased by:	
Cash Receipts - 2026 Taxes	<u>267,920</u>
	955,524
Decreased by:	
Applied to 2025 Taxes Receivable	<u>687,604</u>
Balance, December 31, 2025	<u><u>\$ 267,920</u></u>

EXHIBIT A-16

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Increased by:	
Levy Calendar Year, 2025	<u>\$ 18,634,419</u>
Decreased by:	
Payments	<u><u>\$ 18,634,419</u></u>

EXHIBIT A-17

STATEMENT OF REGIONAL HIGH SCHOOL TAX

Increased by:	
Levy Calendar Year, 2025	\$ 10,914,738
Decreased by:	
Payments	<u>10,777,445</u>
Balance, December 31, 2025	<u><u>\$ 137,293</u></u>

**BOROUGH OF ALLENDALE
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2025		\$	11,706
Increased by:			
2025 County Tax Levy	\$	5,342,724	
2025 County Open Space Tax Levy		239,409	
County Added and Omitted Taxes		<u>7,288</u>	
			<u>5,589,421</u>
			5,601,127
Decreased by:			
Payments			<u>5,593,839</u>
Balance, December 31, 2025		\$	<u><u>7,288</u></u>

EXHIBIT A-19

STATEMENT OF DUE TO MUNICIPAL OPEN SPACE TRUST FUND

Increased by:			
Tax Levy - 2025	\$	116,228	
Added and Omitted Taxes		<u>121</u>	
			\$ 116,349
Decreased by:			
Cash Disbursed			<u>116,228</u>
Balance, December 31, 2025		\$	<u><u>121</u></u>

EXHIBIT A-20

STATEMENT OF TAX OVERPAYMENTS

Increased by:			
Cash Receipts			\$ <u>30,924</u>
Decreased by:			
Cash Disbursements			\$ <u><u>30,924</u></u>

**BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, January 1, 2025	\$ 913,008
Increased by:	
Transfer from Current Year Appropriations	<u>50,000</u>
	963,008
Decreased by:	
Cash Disbursements	<u>4,432</u>
Balance, December 31, 2025	<u><u>\$ 958,576</u></u>

STATEMENT OF STATE FEES PAYABLE

	<u>Balance, January 1, 2025</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, December 31, 2025</u>
Construction- DCA	\$ 9,776	\$ 30,977	\$ 24,366	\$ 16,387
Parking Sales Tax	<u>160</u>	<u>2,047</u>	<u>2,005</u>	<u>202</u>
	<u><u>\$ 9,936</u></u>	<u><u>\$ 33,024</u></u>	<u><u>\$ 26,371</u></u>	<u><u>\$ 16,589</u></u>

**BOROUGH OF ALLENDALE
SCHEDULE OF GRANTS RECEIVABLE
CURRENT FUND**

<u>Grant</u>	Balance, <u>January 1, 2025</u>	Balance, <u>December 31, 2025</u>
State Grants:		
2024 BC Historic Grant	500	\$ 500
	<u>\$ 500</u>	<u>\$ 500</u>

**SCHEDULE OF APPROPRIATED RESERVES FOR GRANTS
CURRENT FUND**

<u>Grant</u>	Balance, <u>January 1, 2025</u>	Transfer From Current <u>Appropriations</u>	<u>Disbursements</u>	Balance, <u>December 31, 2025</u>
Drunk Driving Enforcement Fund	\$ 1,343		\$ 309	\$ 1,034
Recycling Grant	54,166			54,166
Clean Communities Grant	72,469	\$ 17,782	6,919	83,332
Body Armor Replacement Fund	(80)	1,574	1,492	2
2024 BC Historic Grant	1,450		1,450	
Stormwater Grant	15,000	-	-	15,000
	<u>\$ 144,348</u>	<u>\$ 19,356</u>	<u>\$ 10,170</u>	<u>\$ 153,534</u>
Cash Disbursed			\$ 10,090	
Encumbrances Payable			80	
			<u>\$ 10,170</u>	

BOROUGH OF ALLENDALE
SCHEDULE OF UNAPPROPRIATED RESERVES FOR GRANTS
CURRENT FUND

<u>Grant</u>	Balance, <u>January 1, 2025</u>	Realized as Budgeted <u>Revenue</u>	Cash <u>Receipts</u>	Balance, <u>December 31, 2025</u>
Body Armor Replacement Fund	\$ 1,574	\$ 1,574		
Sustainable NJ			\$ 2,000	\$ 2,000
Recycling Tonnage			7,518	7,518
Clean Communities	<u>17,782</u>	<u>17,782</u>	<u>17,637</u>	<u>17,637</u>
	<u>\$ 19,356</u>	<u>\$ 19,356</u>	<u>\$ 27,155</u>	<u>\$ 27,155</u>

TRUST FUNDS

**BOROUGH OF ALLENDALE
STATEMENT OF CASH - TREASURER**

	Animal Control <u>Fund</u>	Other Trust <u>Fund</u>	Municipal Open Space Preservation <u>Trust Fund</u>
Balance, January 1, 2025	\$ 10,530	\$ 1,249,705	\$ 322,649
Increased by Receipts:			
Animal License Fees - Borough Share	\$ 2,712		
Dog License Fees - State Share	366		
Miscellaneous Reserves		\$ 446,810	
Employee Contributions - Unemployment		6,547	
Budget Appropriation - Unemployment		10,000	
Municipal Open Space Tax Levy			\$ 116,228
Receipts from Current Fund		400,000	
Payroll Salaries and Withholdings		8,185,823	
Interest on Deposits	-	2,297	12,224
	<u>13,608</u>	<u>9,051,477</u>	<u>128,452</u>
	13,608	10,301,182	451,101
Decreased by:			
Reserve for Animal Expenditures	1,315		
State Share - Dog Licenses	370		
Miscellaneous Reserves		390,565	
Payroll Salaries and Withholdings		8,174,760	
Payments to Current Fund	3,798		
Reserve for Unemployment	-	56,028	-
	<u>5,483</u>	<u>8,621,353</u>	<u>-</u>
Balance, December 31, 2025	<u>\$ 8,125</u>	<u>\$ 1,679,829</u>	<u>\$ 451,101</u>

**BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR ANIMAL LICENSE EXPENDITURES
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2025		\$ 6,720
Increased by:		
Dog License Fees	\$ 2,612	
Cat License Fees	<u>100</u>	
		<u>2,712</u>
		9,432
Decreased by:		
Expenditures R.S. 4:19-1511	1,315	
Statutory Excess	<u>2,104</u>	
		<u>3,419</u>
Balance, December 31, 2025		<u><u>\$ 6,013</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2023	\$ 3,262
2024	<u>2,751</u>
	<u><u>\$ 6,013</u></u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2025	\$ 12
Increased by:	
State Fees Collected	<u>366</u>
	378
Decreased by:	
Payments to State of New Jersey	<u>370</u>
Balance, December 31, 2025	<u><u>\$ 8</u></u>

**BOROUGH OF ALLENDALE
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2025	\$ 3,798
Increased by:	
Statutory Excess	<u>2,104</u>
	5,902
Decreased by:	
Payments to Current Fund	<u>3,798</u>
Balance, December 31, 2025	<u><u>\$ 2,104</u></u>

**STATEMENT OF RESERVE FOR OPEN SPACE TRUST
OPEN SPACE PRESERVATION TRUST FUND**

Balance, January 1, 2025	\$ 322,649
Increased by:	
2025 Tax Levy	\$ 116,228
2025 Added Taxes	121
Interest Earned on Deposits	<u>12,224</u>
	<u>128,573</u>
Balance, December 31, 2025	<u><u>\$ 451,222</u></u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS
OTHER TRUST FUND**

Balance, January 1, 2025	\$ 75,624
Increased by:	
Budget Appropriation	\$ 10,000
Employee Contributions	6,547
Interest Earned on Deposits	<u>2,297</u>
	<u>18,844</u>
	94,468
Decreased by:	
Unemployment Insurance Benefit Claims	<u>56,028</u>
Balance, December 31, 2025	<u><u>\$ 38,440</u></u>

**BOROUGH OF ALLENDALE
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance <u>January 1, 2025</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>December 31, 2025</u>
Developers Escrow Administrator	\$ 16,128	\$ 10,408	\$ 5,201	\$ 21,335
Municipal Court - P.O.A.A.	190	114		304
Recycling	58,305	8,864	2,460	64,709
Escrow Deposits Payable	153,356	99,848	132,666	120,538
Vacant Property Escrow	16,000	1,000	7,000	10,000
Housing Trust	566,561	203,096	181,014	588,643
Rental Deposits	104,200			104,200
ATT Tower	13,059	467		13,526
Improvement and Beautification	27,193	4,537	15,615	16,115
9/11 Memorial	6,591			6,591
Police Donations	10,879	5,897	3,810	12,966
Orchard Commons Donation	4,488			4,488
Tax Sale Premiums	51,000	60,000		111,000
Flex Spending		15,738	10,755	4,983
Crestwood Cruisers	22,489	11,160	11,302	22,347
Storm Recovery	470,907	250,000	10,050	710,857
Police Outside Duty	7,993	20,898		28,891
Donations - Mural Project	8,276	4,783	10,692	2,367
	<u>\$ 1,537,615</u>	<u>\$ 696,810</u>	<u>\$ 390,565</u>	<u>\$ 1,843,860</u>
Cash Receipts		\$ 446,810		
Due from Current Fund		<u>250,000</u>		
		<u>\$ 696,810</u>		

BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR PAYROLL SALARIES & WITHHOLDINGS PAYABLE
OTHER TRUST FUND

Balance, January 1, 2025	\$ 36,466
Increased by:	
Cash Receipts	<u>8,185,823</u>
	8,222,289
Decreased by:	
Cash Disbursements	<u>8,174,760</u>
Balance, December 31, 2025	<u>\$ 47,529</u>

EXHIBIT B-11

STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND

Balance, January 1, 2025	\$ 400,000
Increased by:	
Transferred to Miscellaneous Reserves - Storm Recovery	<u>250,000</u>
Decreased by:	
Cash Receipts from Current Fund	<u>400,000</u>
Balance, December 31, 2025	<u>\$ 250,000</u>

GENERAL CAPITAL FUND

**BOROUGH OF ALLENDALE
STATEMENT OF GENERAL CAPITAL CASH**

Balance, January 1, 2025		\$	1,925,118
Increased by Receipts:			
Grant Proceeds	\$ 1,218,615		
Bond Anticipation Notes	1,687,400		
Premium on Sale of Bond Anticipation Notes	4,664		
Transfer from Water Utility Capital Fund	1,042,387		
Current Fund Bond and Appropriations Capital Improvement Fund	<u>1,600,000</u>		
			<u>5,553,066</u>
			7,478,184
Decreased by Disbursements:			
Bond Anticipation Notes	542,400		
Improvement Authorizations	621,341		
Contracts Payable	<u>1,530,476</u>		
			<u>2,694,217</u>
Balance, December 31, 2025		\$	<u><u>4,783,967</u></u>

**BOROUGH OF ALLENDALE
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2025</u>
Fund Balance		\$ 1,145,259
Grant/Other Receivables		(595,553)
Capital Improvement Fund		1,543,689
Reserve for Municipal Improvements		1,754
Reserve for Debt Service		4,721
Reserve for Community Center		12,832
Contracts Payable		884,396
Excess Note Proceeds		455,540
Deferred Charge - Cancelled Grant Receivables		(23,416)
Ord.		
<u>No.</u>	<u>Improvement Authorization</u>	
15-18	Engineering for Capital Projects	3,609
17-05	Various Improvements	292
19-06	Various Improvements	42,972
20-08	Various Improvements	6,562
21-11	Various Public Improvements	44,965
22-07	Various Public Improvements	167,146
23-09	Various Public Improvements	174,442
23-14/24-11/25-01	Various Public Improvements	286,532
24-06	Various Public Improvements	481,439
25-01	Various Public Improvements	6,932
25-10	Various Public Improvements	139,854
		<u>\$ 4,783,967</u>

BOROUGH OF ALLENDALE
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance, January 1, 2025	2025 Authorizations	Grant Proceeds	Balance, December 31, 2025	Analysis of Balance, December 31, 2025		
						Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
23-09	Various Public Improvements	378,575		\$ 237,025	\$ 141,550	\$ 141,550		
23-14/24-11/25-01	Various Public Improvements	4,290,000	\$ 665,000	823,000	4,132,000	4,132,000		
24-06	Various Public Improvements	1,187,500	-	158,590	1,028,910	1,028,910	-	\$ -
		<u>\$ 5,856,075</u>	<u>\$ 665,000</u>	<u>\$ 1,218,615</u>	<u>\$ 5,302,460</u>	<u>\$ 5,302,460</u>	<u>\$ -</u>	<u>\$ -</u>
Bond Anticipation Notes						\$ 5,758,000		
Less: Excess Note Proceeds								
Ord. No. 23-09					\$ 139,050			
Ord. No. 23-14/24-11/25-01					158,000			
Ord. No. 24-06					158,490			
						<u>455,540</u>		
						<u>\$ 5,302,460</u>		
Improvement Authorizations Unfunded								\$ 909,521
Less: Unexpended Proceeds on Bond Anticipation Notes								
Ord. No. 23-09						\$ 141,550		
Ord. No. 23-14/24-11/25-01						286,532		
Ord. No. 24-06						481,439		
								<u>909,521</u>
								<u>\$ -</u>

BOROUGH OF ALLENDALE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	2025 Authorizations								
				Balance, January 1, 2025		Capital Improvement Fund	Grants	Deferred Charges Unfunded	Prior Year Def. Charge	Paid or Charged	Balance, December 31, 2025	
				Funded	Unfunded						Funded	Unfunded
General Improvements												
15-18	Engineering for Capital Projects	5/14/2015	35,000	\$ 3,609							\$ 3,609	
17-05	Various Improvements	3/23/2017	924,500	292							292	
19-06	Various Improvements	4/25/2019	1,142,500	64,657					\$ 21,685		42,972	
20-08	Various Improvements	4/16/2020	1,575,604	22,279	\$ 338					16,055	6,562	
21-11	Various Public Improvements	10/14/2021	810,000	81,674						36,709	44,965	
22-07	Various Public Improvements	7/21/2022	955,000	268,938						101,792	167,146	
23-09	Various Public Improvements	5/11/2023	1,390,500		215,990					41,548	32,892	
23-14/24-11/25-01	Various Public Improvements	10/26/2023	4,900,000			\$ 35,000		\$ 665,000	\$ 145,558	267,910		
24-06	Various Public Improvements	5/23/2024	1,636,200	-	711,263					229,824		
25-01	Various Public Improvements	2/13/2025	295,000			295,000				288,068	6,932	
25-10	Various Public Improvements	6/26/2025	642,000	-	-	292,920	\$ 349,080	-	-	502,146	139,854	
				\$ 441,449	\$ 927,591	\$ 622,920	\$ 349,080	\$ 665,000	\$ 145,558	\$ 1,505,737	\$ 445,224	
										Cash Disbursed	\$ 621,341	
										Contracts Payable	884,396	
											\$ 1,505,737	

BOROUGH OF ALLENDALE
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2025	Increased	Decreased	Balance, December 31, 2025
23-09	Various Public Improvements	2/22/2024	2/21/2025	2/20/2026	3.50 %		\$ 280,600		\$ 280,600
			2/22/2024	2/21/2025	4.00	\$ 823,000		\$ 823,000	
23-14/24-11	Various Public Improvements	2/22/2024	2/21/2025	2/20/2026	3.50		3,790,000		3,790,000
			2/22/2024	2/21/2025	4.00	3,790,000		3,790,000	
24-06	Various Public Improvements	2/21/2025	2/21/2025	2/20/2026	3.50		1,187,400		1,187,400
24-11	Various Public Improvements	2/21/2025	2/21/2025	2/20/2026	3.50	-	500,000	-	500,000
						<u>\$ 4,613,000</u>	<u>\$ 5,758,000</u>	<u>\$ 4,613,000</u>	<u>\$ 5,758,000</u>
					Renewals		\$ 4,070,600	\$ 4,070,600	
					Issued for Cash		1,687,400		
					Paid with Excess Proceeds		-	542,400	
							<u>\$ 5,758,000</u>	<u>\$ 4,613,000</u>	

BOROUGH OF ALLENDALE
STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES

	Balance, <u>January 1, 2025</u>	2025 Grant <u>Awards</u>	Cash <u>Receipts</u>	Balance, <u>December 31, 2025</u>	
New Jersey Department of Transportation (DOT)					
Ordinance 21-11 - Downtown/DeMercurio	\$ 171,473			\$ 171,473	(1)
Ordinance 24-06 - Streetscape Improvements	236,000		\$ 158,590	77,410	(2)
Ordinance 25-10 - Streetscape Improvements		\$ 304,080		304,080	(1)
American Rescue Plan					
Ordinance 25-10 - Firefighters Grant		45,000		45,000	(1)
Bergen County Open Space					
Ordinance 22-07 - Crestwood	75,000			75,000	(1)
Ordinance 24-06 - Improvements to Crestwood Lake	<u>89,780</u>	<u>-</u>	<u>-</u>	<u>89,780</u>	(2)
	<u>\$ 572,253</u>	<u>\$ 349,080</u>	<u>\$ 158,590</u>	<u>\$ 762,743</u>	
			Pledge to Ordinances	\$ 595,553	(1)
			Pledged to Reserve	<u>167,190</u>	(2)
				<u>\$ 762,743</u>	

**BOROUGH OF ALLENDALE
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2025	\$ 566,609
Increased by:	
2025 Budget Appropriation	<u>1,600,000</u>
	2,166,609
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>622,920</u>
Balance, December 31, 2025	<u>\$ 1,543,689</u>

EXHIBIT C-9

STATEMENT OF RESERVE FOR MUNICIPAL IMPROVEMENTS

Balance, January 1, 2025	\$ <u>1,754</u>
Balance, December 31, 2025	<u>\$ 1,754</u>

EXHIBIT C-10

STATEMENT OF RESERVE FOR DEBT SERVICE

Balance, January 1, 2025	\$ <u>4,721</u>
Balance, December 31, 2025	<u>\$ 4,721</u>

**BOROUGH OF ALLENDALE
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2025	\$ 1,530,476
Increased by:	
Contract Awards	<u>884,396</u>
	2,414,872
Decreased by:	
Cash Disbursements	<u>1,530,476</u>
Balance, December 31, 2025	<u>\$ 884,396</u>

STATEMENT OF RESERVE FOR COMMUNITY CENTER

Balance, January 1, 2025	<u>\$ 12,832</u>
Balance, December 31, 2025	<u>\$ 12,832</u>

STATEMENT OF DEFERRED CHARGE - CANCELLED GRANTS RECEIVABLES

Balance, January 1, 2025	<u>\$ 23,416</u>
Balance, December 31, 2025	<u>\$ 23,416</u>

STATEMENT OF DEFERRED CHARGE - OVEREXPENDITURE OF ORDINANCE APPROPRIATION

Balance, January 1, 2025	<u>\$ 145,558</u>
Decreased by:	
Funded by Improvement Authorization	<u>\$ 145,558</u>

BOROUGH OF ALLENDALE
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2025</u>	<u>2025 Authorizations</u>	<u>Grant Receipts</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2025</u>
23-14/24-11/25-01	Various Public Improvements	\$ 500,000	\$ 665,000	\$ 665,000	\$ 500,000	
24-06	Various Public Improvements	<u>1,187,500</u>	<u>-</u>	<u>100</u>	<u>1,187,400</u>	<u>-</u>
		<u>\$ 1,687,500</u>	<u>\$ 665,000</u>	<u>\$ 665,100</u>	<u>\$ 1,687,400</u>	<u>\$ -</u>

WATER UTILITY FUND

**BOROUGH OF ALLENDALE
STATEMENT OF CASH- TREASURER
WATER UTILITY FUND**

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2025	\$ 7,958,002	\$ 1,042,387
Increased by Receipts:		
Miscellaneous Revenue	\$ 202,607	
Interest on Funds Held in Escrow	<u>15,672</u>	<u>-</u>
	218,279	-
	8,176,281	1,042,387
Decreased by Disbursements:		
Refund of Prior Year Revenue	20	
Payments to General Capital Fund		\$ 1,042,387
Disbursements from Escrow Account	<u>250,068</u>	<u>-</u>
	250,088	1,042,387
Balance, December 31, 2025	<u>\$ 7,926,193</u>	<u>\$ -</u>
 Cash	 \$ 5,021,352	
Cash with Fiscal Agents	<u>2,904,841</u>	
	<u>\$ 7,926,193</u>	

**BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR SALE OF ASSETS - COST REIMBURSEMENT
WATER UTILITY OPERATING FUND**

Balance, January 1, 2025	\$ <u>150,000</u>
Balance, December 31, 2025	\$ <u><u>150,000</u></u>

**STATEMENT OF RESERVE FOR SALE OF ASSETS
WATER UTILITY OPERATING FUND**

Balance, January 1, 2025	\$ 5,566,222
Increased by:	
Interest Earned on Funds Held in Escrow	<u>15,672</u>
	5,581,894
Decreased by:	
Disbursed from Escrow Account	<u>250,068</u>
Balance, December 31, 2025	\$ <u><u>5,331,826</u></u>

**BOROUGH OF ALLENDALE
BERGEN COUNTY, NEW JERSEY**

PART II

**GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2025**



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Allendale
Allendale, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Allendale which comprise the balance sheets – regulatory basis of the various funds and account group as of December 31, 2025, and the related statements of operations and changes in fund balance – regulatory basis, statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year then ended and the related notes to the financial statements, and have issued our report thereon dated May 27, 2026. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting 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, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Allendale's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Allendale's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Allendale's internal control.

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

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

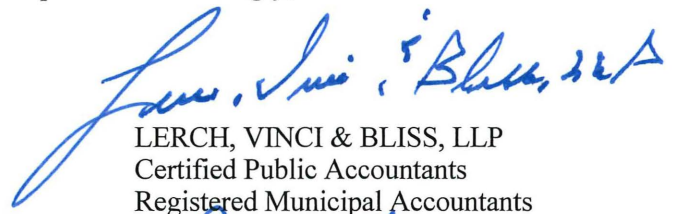
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Allendale's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

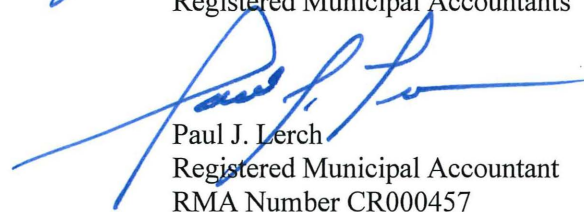
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Allendale in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

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



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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR000457

Fair Lawn, New Jersey
May 27, 2026

BOROUGH OF ALLENDALE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>CFDA</u>	<u>Grant</u>	<u>Grant</u>	<u>2025</u>	<u>Balance,</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Adjustments/</u>	<u>Balance,</u>	<u>Cumulative</u>
	<u>Number</u>	<u>Year</u>	<u>Award</u>	<u>Receipts</u>	<u>January 1, 2025</u>	<u>Realized</u>		<u>Cancellations</u>	<u>December 31, 2025</u>	<u>Expenditures</u>
U.S. Department of Treasury										
(Passed Through State Dept. of Community Affairs)										
Coronavirus State and Local Fiscal Recovery Funds										
Firefighter Grant	21.027	2025	\$ 45,000			\$ 45,000			\$ 45,000	
U.S. Department of Housing and Urban Development										
Community Project Funding Grant										
Construction of Community Center				\$ 823,000	-	\$ 823,000	\$ 823,000	-	-	\$ 823,000
					\$ -	\$ 868,000	\$ 823,000	\$ -	\$ 45,000	

94

Note: This schedule is not subject to Single Audit in accordance with U.S. Uniform Guidance.

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF ALLENDALE
SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2025</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment/ Cancellations</u>	<u>Balance, December 31, 2025</u>	<u>Cumulative Expenditures</u>
Department of Environmental Protection										
Clean Communities Grant	4900-765-004	2026	\$ 17,637	\$ 17,637						
		2025	17,782			\$ 17,782			\$ 17,782	
		2024	15,656		\$ 15,656				15,656	
		2023	13,958		13,958				13,958	
		2022	13,705		13,705				13,705	
		2021	12,879		12,879				12,879	
		2020	14,284		14,284		\$ 4,932		9,352	\$ 4,932
		2019	12,797		1,987		1,987			12,797
Recycling Tonnage Grant	4910-100-224	2025	7,518	7,518						
		2024	19,890		19,890				19,890	
		2023	8,048		8,048				8,048	
		2022	7,361		7,361				7,361	
		2021	9,607		9,607				9,607	
		2020	8,459		8,459				8,459	
		2019	7,725		801				801	6,924
Stormwater Assistance Grant		2024	15,000		15,000				15,000	
Div. of Highway Traffic Safety										
Drunk Driving Enforcement Fund	6400-100-078	2019	6,243		1,343		309		1,034	5,209
Department of Transportation - Local Municipal Aid										
DOT - Ord. 24-06	480-078-6320	2024	236,000	158,590	9,547		9,547			236,000
DOT - Ord. 25-10	480-078-6320	2025	304,080			304,080	304,080			304,080
Dept. of Law and Public Safety										
Body Armor Replacement	066-1020-718-001	2025	1,574	1,574		1,574	1,492	\$ (80)	2	
Body Armor Replacement	066-1020-718-001	2024	229		(80)	-	-	80	-	229
					<u>\$ 152,445</u>	<u>\$ 323,436</u>	<u>\$ 322,347</u>	<u>\$ -</u>	<u>\$ 153,534</u>	

Note: This schedule is not subject to Single Audit in accordance with New Jersey OMB 25-12.

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF ALLENDALE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2025**

NOTE 1 REPORTING ENTITY

The Borough of Allendale (the "Borough") received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough's Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 25-12 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the 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 regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough's summary of significant accounting policies are described in Note 1 to the Borough's Financial Statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund		\$ 19,356	\$ 19,356
General Fund	\$ 868,000	304,080	1,172,080
	<u>\$ 868,000</u>	<u>\$ 323,436</u>	<u>\$ 1,191,436</u>

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

NOTE 6 DE MINIMIS INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**BOROUGH OF ALLENDALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements	Unmodified-Regulatory Basis
---	-----------------------------

Internal control over financial reporting:

1) Material weakness(es) identified _____ yes X no

2) Significant deficiency(ies) that are not considered to be material weakness(es)?	yes	X	none reported
---	-----	---	---------------

Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards Section

Not Applicable

State Awards Section

Not Applicable

**BOROUGH OF ALLENDALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

There are none.

**BOROUGH OF ALLENDALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Part 3 – Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF ALLENDALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF ALLENDALE
BERGEN COUNTY, NEW JERSEY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND

	<u>Year 2025</u>			<u>Year 2024</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 1,300,000	2.41 %	\$	1,100,000	2.12 %
Miscellaneous - From Other Than Local					
Property Tax Levies	4,697,589	8.72		4,573,803	8.81
Collection of Delinquent Taxes and Tax Title Liens	197,470	0.37		263,740	0.51
Collection of Current Tax Levy	47,013,565	87.21		45,107,355	86.73
Other Credits	<u>695,035</u>	<u>1.29</u>		<u>955,883</u>	<u>1.84</u>
Total Income	<u>53,903,659</u>	<u>100.00 %</u>		<u>52,000,781</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	16,866,875	32.35 %		16,059,501	32.17 %
Local School Taxes	18,634,419	35.75		18,120,639	36.28
Regional School Taxes	10,914,738	20.94		10,530,882	21.09
County Taxes	5,589,421	10.72		5,107,281	10.23
Municipal Open Space Taxes	116,349	0.22		108,479	0.22
Other Expenditures	<u>9,115</u>	<u>0.02</u>		<u>13,034</u>	<u>0.03</u>
Total Expenditures	<u>52,130,917</u>	<u>100.00 %</u>		<u>49,939,816</u>	<u>100.00 %</u>
Excess in Revenue	1,772,742			2,060,965	
Fund Balance, January 1	<u>4,581,599</u>			<u>3,620,634</u>	
	6,354,341			5,681,599	
Less Utilization as Anticipated Revenue	<u>1,300,000</u>			<u>1,100,000</u>	
Fund Balance, December 31	<u>\$ 5,054,341</u>			<u>\$ 4,581,599</u>	

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
WATER UTILITY OPERATING FUND

	<u>Year 2025</u>			<u>Year 2024</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED						
Miscellaneous - From Other Than Water Rents	\$ 202,607	100.00	%	\$ 258,145	100.00	
Total Income	<u>202,607</u>	<u>100.00</u>	%	<u>258,145</u>	<u>100.00</u>	%
EXPENDITURES						
Refund and Prior Year's Revenue	<u>20</u>	<u>100.00</u>	%	<u>-</u>	<u>-</u>	
Total Expenditures	<u>20</u>	<u>100.00</u>	%	<u>-</u>	<u>-</u>	%
Excess in Revenue	<u>202,587</u>			<u>258,145</u>		
Statutory Excess to Surplus	202,587			258,145		
Fund Balance, January 1	<u>2,241,780</u>			<u>1,983,635</u>		
	2,444,367			2,241,780		
Decreased by:						
Utilized in Water Operating Budget	<u>-</u>			<u>-</u>		
Fund Balance, December 31	<u>\$ 2,444,367</u>			<u>\$ 2,241,780</u>		

**BROUGH OF ALLENDALE
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Tax Rate</u>	\$ <u>2.109</u>	\$ <u>2.109</u>	\$ <u>2.199</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Including Municipal Library)	\$ 0.513	\$ 0.545	\$ 0.572
Municipal Open Space	0.004	0.004	0.005
County (Including Open Space)	0.241	0.237	0.243
District School	0.802	0.837	0.859
Regional School	0.470	0.486	0.520
<u>Assessed Valuation</u>			
2025	\$ <u>2,324,565,600</u>		
2024		\$ <u>2,165,626,800</u>	
2023			\$ <u>2,035,931,500</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2025	\$ 47,250,151	\$ 47,013,565	99.50%
2024	45,777,245	45,507,355	99.41%
2023	44,837,740	44,425,558	99.08%

BOROUGH OF ALLENDALE
DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31</u>		Amount of Delinquent Taxes		Amount of Tax Title Liens		Total Delinquent	Percentage of Tax Levy
2025	\$	216,093	\$	100,109	\$	316,202	0.67%
2024		197,220		97,170		294,390	0.64%
2023		263,490		94,217		357,707	0.80%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2024 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2025	\$4,900
2024	4,900
2023	4,900

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	Balance, <u>December 31st</u>	Utilized in Budget of <u>Succeeding Year</u>
<u>Current Fund</u>	2025	\$ 5,054,341	\$ 2,200,000
	2024	4,581,599	1,300,000
	2023	3,620,634	1,100,000
 <u>Water Utility Operating Fund</u>	2025	\$ 2,444,367	\$-0-
	2024	2,241,780	\$-0-
	2023	1,983,635	\$-0-

BOROUGH OF ALLENDALE
OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Amy Wilczynski	Mayor	None
Elizabeth Homan	Council President	None
Joseph Daloisio	Council Member	None
Susanne Lovisolo	Council Member	None
Edward O'Connell	Council Member	None
Matthew O'Toole	Council Member	None
Tyler Yaccarino	Council Member	None
Alison Altano	Borough Administrator/Chief Financial Officer	\$1,000,000
Linda Cervino	Borough Clerk	None
Raymond Wiss	Borough Attorney	None
Gina Wittmaack	Tax Collector	1,000,000
Angela M. Mattiace	Tax Assessor	None
Christopher Botta	Municipal Court Judge	1,000,000
Rosemarie Novelli-Salyer	Municipal Court Administrator	1,000,000
Michael T. Dillon	Police Chief/Emergency Management Coordinator	None
Kevin Todd	Fire Official	None
Greg Andersen	Fire Chief	None
Andrew Agugliaro	DPW Superintendent	None
Michael Vreeland	Borough Engineer	None
Hansel Asmar	Health Officer	None
Joe Citro	Purchasing Agent	None

BOROUGH OF ALLENDALE
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Prior Year Unresolved

Our audit of the municipal court indicated numerous tickets in excess of six (6) months in age have been assigned to police officers but have not been issued. It is recommended that tickets assigned in excess of six (6) months in age which have not been issued be recalled and reassigned.

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$44,000, except by contract or agreement. As of July 1, 2025 such statutory threshold was increased to \$53,000.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year.

The minutes indicate bids were requested by public advertising for the following items:

- Grandstand Parking Lot Resurfacing
- Lease and Associated Work – Cell Tower Space
- Streetscape Project – Phase VII
- Renovations to Memorial Park Walkways Phase I

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. The Borough does maintain an accumulation of cost by vendor. Disbursements were reviewed to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any instances where expenditures exceeded the bid threshold of \$44,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held in December 2017.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years.

<u>Year</u>	<u>Number of Liens</u>
2024	4
2023	4
2022	4

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**BOROUGH OF ALLENDALE
LETTER OF COMMENTS AND RECOMMENDATIONS**

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 6, 2025 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Allendale that it does hereby fix the rate of interest to be charged for the non-payment of taxes or assessments to be eight (8%) per annum on the first \$1,500 delinquency and 18 percent (18%) per annum on any amount in excess of \$1,500 from the date of delinquency(s) to date of payment, providing however, that payments made during the first ten days of delinquency shall not be subject to interest charges."

SUGGESTION TO MANAGEMENT

Continued efforts be made to issue purchase orders prior to the provision of good and services and to obtain quotes, where applicable.

APPRECIATION

We desire to express our appreciation to the Borough Administrator and other Borough Staff who assisted us during the course of our audit.

**BOROUGH OF ALLENDALE
RECOMMENDATIONS**

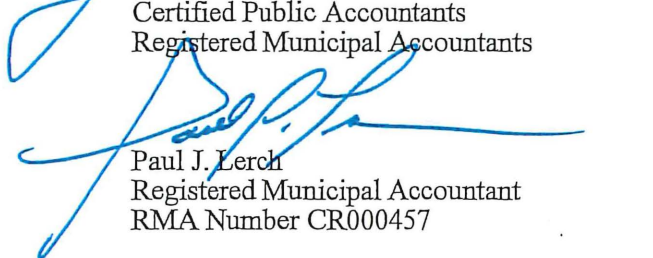
It is recommended that:

- * 1. With respect to the municipal court, tickets assigned in excess of six (6) months in age which have not been issued be recalled and reassigned.

Status of Prior Years' Audit Findings/Recommendations

Corrective action has been taken on all prior year recommendations, other than the one denoted with an asterisk above.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.


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

Paul J. Lerch
Registered Municipal Accountant
RMA Number CR000457