

CITY OF SOMERS POINT

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

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

CITY OF SOMERS POINT

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CITY OF SOMERS POINT

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2025

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Somers Point
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Somers Point, as of December 31, 2025 and 2024, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Somers Point as of December 31, 2025 and 2024, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2025 and 2024, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2025 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Somers Point and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 City of Somers Point on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 City of Somers Point'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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services 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 an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, 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 the 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 City of Somers Point's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Somers Point's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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 opinions on the financial statements that collectively comprise the City of Somers Point's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 25-12 respectively, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2026, on our consideration of the City of Somers Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness 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 City of Somers Point's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

July 10, 2026

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EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 10,059,574.50	9,857,235.29
Cash - Collector	101,259.39	158,429.76
Cash - Change and Petty Cash	500.00	500.00
Total Cash	<u>10,161,333.89</u>	<u>10,016,165.05</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	<u>26,152.88</u>	<u>26,152.88</u>
Total Other Receivables	<u>26,152.88</u>	<u>26,152.88</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	631,988.47	560,392.99
Tax Title and Other Liens	336,631.74	334,797.13
Property Acquired for Taxes - at Assessed Valuation	19,412.00	19,412.00
Revenue Accounts Receivable	10,292.03	4,973.40
Interfund Receivable:		
General Capital	-	40,060.38
Animal Control Fund	9,015.48	6,360.96
Total Receivables and Other Assets	<u>1,007,339.72</u>	<u>965,996.86</u>
Deferred Charges:		
None	-	-
Total Deferred Charges	<u>-</u>	<u>-</u>
Total Regular Fund	<u>11,194,826.49</u>	<u>11,008,314.79</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	2,546,980.27	1,906,251.60
Due from Current Fund	<u>524,918.14</u>	<u>956,370.83</u>
Total Federal and State Grant Fund	<u>3,071,898.41</u>	<u>2,862,622.43</u>
Total Current Fund	<u>\$ 14,266,724.90</u>	<u>13,870,937.22</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,978,073.75	1,724,870.10
Reserve for Encumbrances	254,418.55	260,417.78
Accounts Payable	36,863.56	50,265.16
Prepaid Taxes	665,554.39	442,335.83
Overpaid Taxes	171,472.23	152,859.48
Local School Tax Payable	8.00	10.00
Regional School Tax Payable	73.38	73.40
Payroll Taxes Payable	1,715.12	5,034.12
County Added Tax Payable	27,166.37	15,747.73
Due to State:		
Marriage Licenses	300.00	375.00
CCO Fees	3,175.00	3,118.00
Interfund Payable:		
General Capital	52,892.90	-
Grant Fund	524,918.14	956,370.83
Sewer Operating	7,400.91	7,400.91
Sewer Capital	1,490,832.00	1,490,832.00
Other		
Reserve for Revaluation	90,658.60	90,658.60
Reserve for Hurricane Sandy	40,565.08	40,565.08
Reserve for National Opioid Settlement	84,358.14	-
Reserve for Demolition of Buildings	91,000.00	91,000.00
	<u>5,521,446.12</u>	<u>5,331,934.02</u>
Reserve for Receivables and Other Assets	1,007,339.72	965,996.86
Fund Balance	<u>4,666,040.65</u>	<u>4,710,383.91</u>
Total Regular Fund	<u>11,194,826.49</u>	<u>11,008,314.79</u>
Federal and State Grant Fund:		
Unappropriated Reserves	(0.00)	2,514.52
Appropriated Reserves	2,191,607.12	2,573,650.13
Encumbrances Payable	880,291.29	286,457.78
	<u>3,071,898.41</u>	<u>2,862,622.43</u>
Total Federal and State Grant Fund	<u>3,071,898.41</u>	<u>2,862,622.43</u>
Total Current Fund	<u>\$ 14,266,724.90</u>	<u>13,870,937.22</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
Revenue and Other Income Realized		
Fund Balance	\$ 3,415,000.00	2,800,000.00
Miscellaneous Revenue Anticipated	4,615,647.08	5,268,274.73
Receipts from Delinquent Taxes	605,017.44	555,776.50
Receipts from Current Taxes	42,171,567.27	40,249,069.98
Non Budget Revenue	414,025.50	396,237.87
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,472,234.96	1,561,108.82
Interfund Returned	40,060.38	395,759.00
Cancellation of Prior Year Liabilities	0.87	77,798.96
Total Income	<u>52,733,553.50</u>	<u>51,304,025.86</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	6,937,460.00	6,748,400.00
Other Expenses	6,531,028.00	6,098,220.00
Deferred Charges & Statutory Expenditures	2,172,000.00	2,079,600.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	199,588.00	195,788.00
Other Expenses	1,344,505.28	1,794,599.35
Capital Improvements	174,000.00	158,000.00
Debt Service	2,387,930.44	2,325,044.55
Deferred Charges	13,886.56	-
Local District School Tax	12,537,657.00	11,784,692.00
Regional District School Tax	9,309,073.00	8,716,327.00
County Tax	7,727,553.12	7,432,348.28
County Share of Added Tax	27,166.37	15,747.73
Refund of Prior Year Revenue	1,048.99	136,272.31
Total Expenditures	<u>49,362,896.76</u>	<u>47,485,039.22</u>
Excess in Revenue	<u>3,370,656.74</u>	<u>3,818,986.64</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
None	-	-
Total Adjustments	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>3,370,656.74</u>	<u>3,818,986.64</u>
Fund Balance January 1	<u>4,710,383.91</u>	<u>3,691,397.27</u>
	8,081,040.65	7,510,383.91
Decreased by:		
Utilization as Anticipated Revenue	<u>3,415,000.00</u>	<u>2,800,000.00</u>
Fund Balance December 31	\$ <u><u>4,666,040.65</u></u>	<u><u>4,710,383.91</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 3,415,000.00		3,415,000.00	-
Total Fund Balance Anticipated	3,415,000.00	-	3,415,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	23,000.00		24,420.00	1,420.00
Fees and Permits	45,000.00		88,798.00	43,798.00
Fines and Costs:				
Municipal Court	65,000.00		86,974.24	21,974.24
Interest and Costs on Taxes	80,000.00		140,323.25	60,323.25
Interest Earned on Investments	200,000.00		403,061.92	203,061.92
Fees and Permits - Chapter 115 Inspections	140,000.00		197,455.00	57,455.00
Cable TV Franchise Fee	45,000.00		47,338.61	2,338.61
Hotel Fee	200,000.00		159,065.40	(40,934.60)
Total Section A: Local Revenues	798,000.00	-	1,147,436.42	349,436.42
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	978,628.00		978,628.14	0.14
Total Section B: State Aid Without Offsetting Appropriations	978,628.00	-	978,628.14	0.14
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	255,000.00		409,264.00	154,264.00
Total Section C: Uniform Construction Code Fees	255,000.00	-	409,264.00	154,264.00

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Safe and Secure Communities Program	17,588.00		17,588.00	-
Body Armor Grant	2,513.65		2,513.65	-
Local Arts Program - Arts Commission	6,700.00		6,700.00	-
Clean Communities		36,256.08	36,256.08	-
Recycling Tonnage		11,213.55	11,213.55	-
NJ Department of Community Affairs				
Division of Housing and Community Resources				
Neighborhood Preservation Program				
Bayfront Preservation	125,000.00		125,000.00	-
Bay Avenue Repaving Project (LA-2024 LAIF)	900,000.00		900,000.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	1,051,801.65	47,469.63	1,099,271.28	-

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Bayview Court - PILOT	132,000.00		(391.96)
Shore Medical Center	228,000.00		(4,429.84)
Reserve for Debt Service	20,933.28		-
Shore Medical Donation	100,000.00		-
SP Preservation Pilot	465,000.00		39,935.76
Total Section G: Other Special Items	945,933.28	-	35,113.96
Total Miscellaneous Revenues:	4,029,362.93	47,469.63	538,814.52
Receipts from Delinquent Taxes	440,000.00		165,017.44
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	13,122,397.20		741,392.50
Total Amount to be Raised by Taxes for Support of of Municipal Budget	13,122,397.20	-	741,392.50
Budget Totals	21,006,760.13	47,469.63	1,445,224.46
Non- Budget Revenues:			
Other Non- Budget Revenues:	-		414,025.50
	\$ 21,006,760.13	47,469.63	1,859,249.96

The accompanying Notes to Financial Statements are an integral part of this statement

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	42,171,567.27
Less: Reserve for Tax Appeals Pending		<u>-</u>
Net Revenue from Collections		42,171,567.27
Allocated to:		
School, County and Other Taxes		<u>29,601,449.49</u>
Balance for Support of Municipal Budget Appropriations		12,570,117.78
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		<u>1,293,671.92</u>
Amount for Support of Municipal Budget Appropriations		<u><u>13,863,789.70</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collection	561,150.53	
Tax Title Lien Collections	<u>43,866.91</u>	
Total Receipts from Delinquent Taxes		<u><u>605,017.44</u></u>

Analysis of Non-Budget Revenue:

Tax Collector:		
Tax Collector Miscellaneous		7,016.00

Miscellaneous Revenue Not Anticipated:

Bingo and Raffle Licenses	800.00	
Vital Statistics	67,071.00	
Death Certificates	2,030.00	
Mercantile Licenses	48,940.00	
Planning & Zoning Board Fees	24,225.00	
Senior/Vet 2% Administrative Fee	1,049.02	
Search Fees	757.75	
Fishing Pier Lease	6,615.00	
Street Openings	8,800.00	
Cancellation of Tax Sale Premiums	13,900.00	
Insurance Dividends & Refunds	63,248.67	
Bayview Court Annual Service Charge	123,913.00	
Parking Fees - ParkMobile	509.50	
Library Rent	70,000.00	
Miscellaneous	<u>(24,849.44)</u>	
Total Treasurer		<u>407,009.50</u>

Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>414,025.50</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	\$ 69,000.00	69,000.00	68,500.00	-	500.00	
Other Expenses	89,000.00	89,000.00	85,997.44	1,049.75	1,952.81	
Veteran Events	1,500.00	1,500.00	1,500.00	-	-	
Department of General Administration						
Salaries and Wages	125,000.00	110,000.00	58,694.82	-	51,305.18	
Other Expenses	65,000.00	65,000.00	17,341.50	1,069.04	46,589.46	
Department of City Clerk						
Salaries and Wages	216,960.00	216,960.00	210,994.70	-	5,965.30	
Other Expenses	74,100.00	74,100.00	64,344.20	9,175.28	580.52	
Data Processing						
Other Expenses	150,000.00	115,000.00	68,813.22	7,688.95	38,497.83	
Department of Finance						
Salaries and Wages	99,400.00	99,400.00	79,397.35	-	20,002.65	
Other Expenses	72,000.00	72,000.00	37,360.45	4,867.48	29,772.07	
Annual Audit						
Other Expenses	49,000.00	49,000.00	48,000.00	-	1,000.00	
Department of Tax Assessment						
Salaries and Wages	25,000.00	25,000.00	20,384.67	-	4,615.33	
Other Expenses	105,000.00	105,000.00	78,484.25	2,329.79	24,185.96	
Department of Tax Collections						
Salaries and Wages	79,000.00	79,000.00	59,466.79	-	19,533.21	
Other Expenses	23,000.00	23,000.00	17,871.86	-	5,128.14	
Legal Services and Costs						
Other Expenses	275,000.00	325,000.00	277,073.65	-	47,926.35	
Municipal Prosecutor						
Other Expenses	25,000.00	25,000.00	14,625.00	-	10,375.00	
Engineering Services and Costs						
Other Expenses	20,000.00	20,000.00	12,068.50	-	7,931.50	
Public Buildings and Grounds						
Salaries and Wages	203,500.00	203,500.00	185,218.06	-	18,281.94	
Other Expenses	105,900.00	105,900.00	74,487.23	15,130.01	16,282.76	
Vehicle Maintenance	199,000.00	229,000.00	177,442.64	13,639.88	37,917.48	
Planning Board						
Salaries and Wages	24,100.00	24,100.00	22,902.45	-	1,197.55	
Other Expenses	24,400.00	24,400.00	10,909.86	2,218.02	11,272.12	
Zoning Board						
Salaries and Wages	24,100.00	24,100.00	16,491.80	-	7,608.20	
Other Expenses	17,500.00	17,500.00	7,110.75	2,218.02	8,171.23	

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY						
Department of Fire						
Salaries and Wages	42,200.00	42,200.00	40,146.57	-	2,053.43	
Other Expenses	195,600.00	195,600.00	85,686.98	73,114.47	36,798.55	
Department of the Police						
Salaries and Wages	3,704,000.00	3,689,000.00	3,664,193.60	-	24,806.40	
Other Expenses	255,750.00	255,750.00	150,524.36	10,844.00	94,381.64	
Department of Communications						
Salaries and Wages	450,000.00	450,000.00	416,431.02	-	33,568.98	
Other Expenses	21,500.00	21,500.00	635.00	185.00	20,680.00	
Department of Emergency Management						
Salaries and Wages	12,500.00	12,500.00	10,952.01	-	1,547.99	
Other Expenses	8,000.00	8,000.00	640.11	-	7,359.89	
Bureau of Fire Prevention						
Salaries and Wages	2,000.00	2,000.00	-	-	2,000.00	
Other Expenses	2,000.00	2,000.00	1,968.00	-	32.00	
Department of Zoning/Code Enforcement						
Salaries and Wages	59,600.00	59,600.00	56,647.97	-	2,952.03	
Other Expenses	23,000.00	23,000.00	4,662.50	2,218.02	16,119.48	
Demolitions	5,000.00	5,000.00	-	-	5,000.00	
Emergency Medical Services						
Other Expenses	60,000.00	60,000.00	42,000.00	-	18,000.00	
PUBLIC WORKS						
Department of Public Works						
Salaries and Wages	708,500.00	708,500.00	624,467.76	-	84,032.24	
Other Expenses	99,900.00	99,900.00	66,937.83	3,636.02	29,326.15	
Division of Sanitation						
Salaries and Wages	505,000.00	505,000.00	496,482.54	-	8,517.46	
Other Expenses	297,400.00	297,400.00	236,768.56	52,697.77	7,933.67	
Sanitation - Transfer Fees	330,000.00	330,000.00	279,884.66	2,002.30	48,113.04	
HEALTH AND WELFARE						
Animal Control Services						
Other Expenses	10,000.00	10,000.00	8,000.00	-	2,000.00	
RECREATION AND EDUCATION						
Department of Parks and Recreation Programs						
Salaries and Wages	30,000.00	30,000.00	16,374.57	-	13,625.43	
Other Expenses	65,000.00	65,000.00	28,424.34	5,221.73	31,353.93	

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Department of Parks and Recreation Facilities						
Salaries and Wages	233,700.00	233,700.00	220,962.26	-	12,737.74	
Other Expenses	56,500.00	56,500.00	44,995.27	3,540.99	7,963.74	
Environmental Commission						
Other Expenses	2,000.00	2,000.00	1,700.77	104.29	194.94	
Economic Development and Advisory Commission						
Other Expenses	36,800.00	16,800.00	9,000.00	-	7,800.00	
Historic Preservation Commission						
Other Expenses	3,000.00	3,000.00	-	-	3,000.00	
Arts Commission						
Other Expenses	3,500.00	3,500.00	3,500.00	-	-	
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	167,000.00	167,000.00	151,841.21	-	15,158.79	
Other Expenses	22,600.00	22,600.00	13,227.21	15.30	9,357.49	
Public Defender (P.L. 1997, C.256)						
Other Expenses	16,000.00	16,000.00	10,900.00	2,100.00	3,000.00	
INSURANCE						
General Liability	221,500.00	221,500.00	174,063.82	-	47,436.18	
Workers Compensation Insurance	425,000.00	425,000.00	406,971.67	-	18,028.33	
Employee Group Health	1,981,778.00	1,966,778.00	1,695,475.81	-	271,302.19	
Surety Bond Premiums	1,000.00	1,000.00	-	-	1,000.00	
Health Waiver - Employee Opt Out	50,000.00	50,000.00	38,361.77	-	11,638.23	
Municipal Service Act						
Other Expenses	95,000.00	95,000.00	-	-	95,000.00	
Apartment Trash Collection						
Other Expenses	57,000.00	87,000.00	30,479.54	35,855.75	20,664.71	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Salaries and Wages	136,900.00	136,900.00	106,440.56	-	30,459.44	
Other Expenses	60,000.00	60,000.00	49,080.94	2,218.02	8,701.04	
UNCLASSIFIED						
Utility Expenses and Bulk Purchases						
Gasoline	70,000.00	70,000.00	65,921.01	-	4,078.99	
Diesel Fuel	55,000.00	55,000.00	48,653.17	-	6,346.83	
Fire Hydrant Water	150,000.00	150,000.00	147,323.88	-	2,676.12	
Electric	130,000.00	150,000.00	112,563.66	-	37,436.34	

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Street Lighting	170,000.00	170,000.00	145,268.44	-	24,731.56	
Telephone	100,000.00	100,000.00	77,880.72	403.49	21,715.79	
Natural Gas	35,000.00	35,000.00	30,861.98	-	4,138.02	
Water	80,000.00	80,000.00	41,299.01	-	38,700.99	
Fuel #2	1,000.00	1,000.00	-	-	1,000.00	
Waste Water	7,800.00	7,800.00	5,418.00	-	2,382.00	
Telecommunications Costs	22,000.00	22,000.00	20,409.90	875.18	714.92	
TOTAL OPERATIONS WITHIN "CAPS"	13,438,488.00	13,468,488.00	11,599,910.17	254,418.55	1,614,159.28	-
Contingent	-	-	-	-	-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	13,438,488.00	13,468,488.00	11,599,910.17	254,418.55	1,614,159.28	-
Detail:						
Salaries and Wages	6,967,460.00	6,937,460.00	6,565,352.48	-	372,107.52	-
Other Expenses	6,471,028.00	6,531,028.00	5,034,557.69	254,418.55	1,242,051.76	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	497,000.00	497,000.00	496,416.37	-	583.63	
Social Security System (O.A.S.I.)	561,000.00	531,000.00	473,541.22	-	57,458.78	
Police and Firemen's Retirement System	1,078,000.00	1,078,000.00	1,077,994.84	-	5.16	
Unemployment Compensation Insurance	50,000.00	50,000.00	-	-	50,000.00	
Defined Contribution Retirement Program	16,000.00	16,000.00	11,985.60	-	4,014.40	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,202,000.00	2,172,000.00	2,059,938.03	-	112,061.97	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	15,640,488.00	15,640,488.00	13,659,848.20	254,418.55	1,726,221.25	-

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Paid or		Expended		(Over expended)
	Budget	Budget After Modifications	Charged		Encumbered	Reserved	Unexpended Balance Cancelled
OPERATIONS - EXCLUDED FROM "CAPS"							
(A) Operations - Excluded from "CAPS"							
LOSAP	20,000.00	20,000.00	-		-	20,000.00	
Recycling Tax	12,000.00	12,000.00	10,969.50		-	1,030.50	
Employee Group Health	229,822.00	229,822.00	-		-	229,822.00	
	<u>261,822.00</u>	<u>261,822.00</u>	<u>10,969.50</u>		<u>-</u>	<u>250,852.50</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues							
Safe and Secure Communities Program							
State Share	17,588.00	17,588.00	17,588.00		-	-	
City Share	182,000.00	182,000.00	182,000.00		-	-	
Matching Funds	1,000.00	1,000.00				1,000.00	
Body Armor Grant	2,513.65	2,513.65	2,513.65		-	-	
Clean Communities		36,256.08	36,256.08		-	-	
Recycling Tonnage Grant		11,213.55	11,213.55		-	-	
Local Arts - Arts Commission	6,700.00	6,700.00	6,700.00		-	-	
NPP Bayfront Preservation	125,000.00	125,000.00	125,000.00		-	-	
Bay Avenue Repaving Project (LA-2024 LAIF)	900,000.00	900,000.00	900,000.00		-	-	
	<u>1,234,801.65</u>	<u>1,282,271.28</u>	<u>1,281,271.28</u>		<u>-</u>	<u>1,000.00</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues							
	1,496,623.65	1,544,093.28	1,292,240.78		-	251,852.50	-
Total Operations - Excluded from "CAPS"							
Detail:							
Salaries and Wages	199,588.00	199,588.00	199,588.00		-	-	-
Other Expenses	1,297,035.65	1,344,505.28	1,092,652.78		-	251,852.50	-

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Paid or	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Charged	Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	174,000.00	174,000.00	174,000.00	-	-	-
Public and Private Programs Offset by Revenues:						
None	-	-	-	-	-	-
Total Capital Improvements	174,000.00	174,000.00	174,000.00	-	-	-
(D) Debt Service						
Payment of Bond Principal	1,600,000.00	1,600,000.00	1,600,000.00	-	-	-
Payment of Bond Anticipation and Capital Notes	100,000.00	100,000.00	100,000.00	-	-	-
Interest on Bonds	486,150.00	486,150.00	486,150.00	-	-	-
Interest on Notes	201,940.00	201,940.00	201,780.44	-	-	159.56
Total Debt Service	2,388,090.00	2,388,090.00	2,387,930.44	-	-	159.56
(E) Deferred Charges						
Various Unfunded Improvement Authorizations	13,886.56	13,886.56	13,886.56	-	-	-
Total Deferred Charges	13,886.56	13,886.56	13,886.56	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	4,072,600.21	4,120,069.84	3,868,057.78	-	251,852.50	159.56
SUBTOTAL GENERAL APPROPRIATIONS	19,713,088.21	19,760,557.84	17,527,905.98	254,418.55	1,978,073.75	159.56
(M) Reserve for Uncollected Taxes	1,293,671.92	1,293,671.92	1,293,671.92	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 21,006,760.13	21,054,229.76	18,821,577.90	254,418.55	1,978,073.75	159.56
Budget		21,006,760.13			Cancelled	\$ 159.56
Appropriations by 40A-4-87		47,469.63			Overexpended	-
Emergency Appropriations		-				
	\$	21,054,229.76			\$	159.56
Reserve for Uncollected Taxes		1,293,671.92				
Federal and State Grants		1,281,271.28				
Deferred Charges		-				
Due to General Capital		100,000.00				
Disbursements		16,146,634.70				
		\$	18,821,577.90			

The accompanying Notes to Financial Statements are an integral part of this statement

EXHIBIT B - TRUST FUNDS

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**TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Animal Control Fund:		
Cash	\$ 14,086.39	12,860.76
	<u>14,086.39</u>	<u>12,860.76</u>
Length of Service Award Program		
Investment held for LOSAP	<u>257,337.67</u>	<u>267,401.49</u>
	<u>257,337.67</u>	<u>267,401.49</u>
Other Funds:		
Cash - Treasurer	2,054,641.44	1,835,178.86
Due from General Capital Fund	<u>350.00</u>	<u>350.00</u>
	<u>2,054,991.44</u>	<u>1,835,528.86</u>
	<u><u>2,326,415.50</u></u>	<u><u>2,115,791.11</u></u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Animal Control Fund:		
Due to Current Fund	9,015.48	6,360.96
Due to State of New Jersey	1.20	1.20
Reserve for Animal Control Fund Expenditures	<u>5,069.71</u>	<u>6,498.60</u>
	<u>14,086.39</u>	<u>12,860.76</u>
Length of Service Award Program		
Investment held for LOSAP	<u>257,337.67</u>	<u>267,401.49</u>
	<u>257,337.67</u>	<u>267,401.49</u>
Other Funds:		
Miscellaneous Reserves	<u>2,054,991.44</u>	<u>1,835,528.86</u>
	<u>2,054,991.44</u>	<u>1,835,528.86</u>
Total	\$ <u><u>2,326,415.50</u></u>	<u><u>2,115,791.11</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement

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EXHIBIT C - GENERAL CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash	\$ 4,171,000.73	3,230,073.16
Deferred Charges to Future Taxation -		
Funded	11,165,000.00	12,765,000.00
Unfunded	10,332,955.00	7,141,386.56
Due from Current Fund	52,892.90	-
	<u>25,721,848.63</u>	<u>23,136,459.72</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,530,821.91	1,783,614.46
Bond Anticipation Notes Payable	8,500,000.00	4,500,000.00
Serial Bonds Payable	11,165,000.00	12,765,000.00
Improvement Authorizations:		
Funded	260,212.95	337,151.17
Unfunded	4,062,792.62	3,573,399.68
Due to Current Fund	-	40,060.38
Due to Trust Fund	350.00	350.00
Reserve for Bequest - JFK Park	23,000.00	23,000.00
Reserve for Acquisition of Vehicle	10,000.00	10,000.00
Reserve for Debt Service	115,720.40	49,933.28
Capital Improvement Fund	5,805.00	5,805.00
Fund Balance	48,145.75	48,145.75
	<u>\$ 25,721,848.63</u>	<u>23,136,459.72</u>

There were bonds and notes authorized but not issued at December 31

2024	2,641,386.56
2025	1,832,955.00

The accompanying Notes to Financial Statements are an integral part of this statement

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
Beginning Balance January 1	\$ 48,145.75	48,145.75
Decreased by:		
Anticipated Revenue in Current Fund	-	-
Ending Balance December 31	\$ <u>48,145.75</u>	<u>48,145.75</u>

The accompanying Notes to Financial Statements are an integral part of this statement

EXHIBIT D - SEWER UTILITY

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**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Operating Fund:		
Cash and Investments	\$ 3,029,237.26	7,173,326.02
Change Fund	400.00	400.00
Due from Current Fund	7,400.91	7,400.91
Due from Sewer Capital	67,860.28	-
	<u>3,104,898.45</u>	<u>7,181,126.93</u>
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	118,788.99	86,217.04
Sewer Liens	7,170.02	6,010.38
	<u>125,959.01</u>	<u>92,227.42</u>
Deferred Charges:		
None	-	-
	<u>-</u>	<u>-</u>
Total of Operating Fund	<u>3,230,857.46</u>	<u>7,273,354.35</u>
Capital Fund:		
Cash - Treasurer	4,079,915.76	-
Due from Current Fund	1,490,832.00	1,490,832.00
Due from Sewer Operating Fund	-	4,166,414.15
Fixed Capital -		
Complete	9,475,727.42	9,475,727.42
Authorized and Uncompleted	16,842,350.00	15,236,750.00
Total of Capital Fund	<u>31,888,825.18</u>	<u>30,369,723.57</u>
Total Assets	<u>\$ 35,119,682.64</u>	<u>37,643,077.92</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 152,545.68	151,866.25
Encumbrances Payable	41,118.69	44,990.54
Accounts Payable	13,740.08	8,993.57
Sewer Rent Prepayments	13,437.14	8,426.13
Due to Sewer Capital	-	4,166,414.15
Accrued Interest on Bonds and Notes	57,829.17	67,681.94
	<u>278,670.76</u>	<u>4,448,372.58</u>
Reserve for Receivables	125,959.01	92,227.42
Fund Balance	2,826,227.69	2,732,754.35
Total of Operating Fund	<u>3,230,857.46</u>	<u>7,273,354.35</u>
Capital Fund:		
Encumbrances Payable	152,591.32	305,391.69
Due to Sewer Operating Fund	67,860.28	-
Improvement Authorizations		
Funded	164,586.16	202,302.41
Unfunded	9,673,684.12	8,510,172.99
Bond Anticipation Notes Payable	4,500,000.00	4,000,000.00
Serial Bonds Payable	4,400,000.00	4,905,000.00
NJEIT Bonds Payable	-	83,000.00
Reserve to Pay Debt	100,879.60	129,382.78
Reserves for Amortization	12,325,563.01	11,730,813.01
Deferred Reserve for Amortization	91,914.41	91,914.41
Fund Balance	411,746.28	411,746.28
Total of Capital Fund	<u>31,888,825.18</u>	<u>30,369,723.57</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 35,119,682.64</u>	<u>37,643,077.92</u>
There were Bonds and Notes Authorized But Not Issued at December 31,		
2024	3,901,750.00	
2025	5,000,600.00	

The accompanying Notes to Financial Statements are an integral part of this statement

**SEWER OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2025	2024
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 707,217.22	529,800.00
Rents	2,773,979.35	2,784,354.95
Reserve to Pay Debt	74,382.78	-
Miscellaneous	640,753.11	585,762.93
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	139,462.39	262,732.82
		-
Total Income	<u>4,335,794.85</u>	<u>4,162,650.70</u>
<u>Expenditures</u>		
Operations:		
Salaries and Wages	853,100.00	746,300.00
Other Expenses	547,500.00	525,300.00
Atlantic County Utility Authority	1,102,500.00	1,100,000.00
Debt Service	962,254.29	845,826.97
Deferred Charges and Statutory Expenditures	69,750.00	58,000.00
Total Expenditures	<u>3,535,104.29</u>	<u>3,275,426.97</u>
Excess in Revenues	800,690.56	887,223.73
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year	<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance	800,690.56	887,223.73
Fund Balance January 1	2,732,754.35	2,375,330.62
Decreased by:		
Utilization as Anticipated Revenue	707,217.22	529,800.00
Fund Balance December 31	<u>\$ 2,826,227.69</u>	<u>2,732,754.35</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2025</u>	<u>2024</u>
Balance January 1,	\$ 411,746.28	411,746.28
No Activity		
Balance December 31,	\$ <u>411,746.28</u>	<u>411,746.28</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Antic. Budget	Realized	Excess Or (Deficit)
Operating Surplus Anticipated	\$ 707,217.22	707,217.22	-
Rents - Sewer	2,780,000.00	2,773,979.35	(6,020.65)
Reserve for Debt Payments	74,382.78	74,382.78	-
	<u>\$ 3,561,600.00</u>	<u>3,555,579.35</u>	<u>(6,020.65)</u>

Analysis of Realized Revenue

Rents

Consumer Accounts Receivable \$ 2,773,979.35

Miscellaneous

Interest on Delinquent Rents	18,251.69	
Interest Earned	207,965.42	
Connection Fees	77,430.04	
Interest & Costs	716.66	
Egg Harbor Township Shared Service	319,240.00	
Miscellaneous	<u>17,149.30</u>	
		\$ <u>640,753.11</u>

The accompanying Notes to Financial Statements are an integral part of this statement

SEWER OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expendec			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATING						
Salaries and Wages	\$ 853,100.00	853,100.00	789,192.41	-	63,907.59	
Other Expenses	550,000.00	547,500.00	418,064.03	41,118.69	88,317.28	
ACUA - Share of Costs	1,100,000.00	1,102,500.00	1,102,179.19	-	320.81	
	<u>2,503,100.00</u>	<u>2,503,100.00</u>	<u>2,309,435.63</u>	<u>41,118.69</u>	<u>152,545.68</u>	<u>-</u>
DEBT SERVICE						
Payment on Bond Principa	505,000.00	505,000.00	505,000.00	-	-	-
Payment on Bond Anticipation Note	100.00	100.00	-	-	-	100.00
Interest on Bonds	200,500.00	200,500.00	191,693.75	-	-	8,806.25
Interest on Notes	196,000.00	196,000.00	178,410.54	-	-	17,589.46
NJEIT Loan - Principal	83,000.00	83,000.00	83,000.00	-	-	-
NJEIT Loan - Interest	4,150.00	4,150.00	4,150.00	-	-	-
	<u>988,750.00</u>	<u>988,750.00</u>	<u>962,254.29</u>	<u>-</u>	<u>-</u>	<u>26,495.71</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges	6,750.00	6,750.00	6,750.00	-	-	-
Various Unfunded Improvement Authorization						
Contribution to						
Social Security System (O.A.S.I.)	63,000.00	63,000.00	63,000.00	-	-	-
	<u>69,750.00</u>	<u>69,750.00</u>	<u>69,750.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,561,600.00</u>	<u>3,561,600.00</u>	<u>3,341,439.92</u>	<u>41,118.69</u>	<u>152,545.68</u>	<u>26,495.71</u>
\$						
		Accrued Interest \$ 374,254.29			Cancelled	26,495.71
		Deferred Charges 6,750.00			Overexpended	0.00
		Disbursed 2,960,435.63				<u>26,495.71</u>
		<u>\$ 3,341,439.92</u>				

The accompanying Notes to Financial Statements are an integral part of this statement

EXHIBIT E - GENERAL FIXED ASSETS

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GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2025</u>	<u>2024</u>
General Fixed Assets:		
Land and Improvements	\$ 8,367,676.50	8,367,676.50
Buildings and Improvements	6,635,566.06	6,579,471.90
Machinery and Equipment	11,808,866.79	10,860,607.54
Total General Fixed Assets	<u>26,812,109.35</u>	<u>25,807,755.94</u>
 Investment in General Fixed Assets	 <u>\$ 26,812,109.35</u>	 <u>25,807,755.94</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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NOTES TO FINANCIAL STATEMENTS

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Somers Point include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Somers Point, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

B. Description of Funds

The accounting policies of the City of Somers Point conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Somers Point accounts for its financial transactions through the following separate funds:

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

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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 the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

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

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$3,000 are capitalized. No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Sewer Utility Fund are 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.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes -- It is the policy of the City of Somers Point to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges -- The City operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in semi-annually installments on March 1, and September 1.

Interest on Delinquent Utility Charges -- It is the policy of the City to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the City of Somers Point to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

F. Recent Accounting Pronouncements Not Yet Effective

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, "Financial Reporting Model Improvements". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, will not have any significant effect on the City's financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, "Disclosure of Certain Capital Assets". This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, will not have any significant effect on the City's financial reporting.

In December 2025, the Governmental Accounting Standards Board (GASB) issued Statement No. 105, "Subsequent Events". This statement, which is effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter, may have as significant effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2025 and 2024 statutory budgets included a reserve for uncollected taxes in the amount of \$1,293,671.92 and \$1,230,033.72. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2025 and 2024 statutory budgets was \$3,415,000.00 and \$2,800,000.00. In addition, the City operates a self-liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the City. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2025 and 2024 utility budgets was \$707,217.22 and \$529,800.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2025 and 2024 calendar years:

Budget Category	2025	2024
<u>Current Fund</u>		
Data Processing		
Other Expenses	\$ (35,000.00)	-
Legal Services and Costs		
Other Expenses	50,000.00	-
Public Buildings and Grounds		
Vehicle Maintenance	30,000.00	30,000.00
Apartment Trash Collection		
Other Expenses	30,000.00	-
Employee Group Health Insurance	-	(64,000.00)
Unclassified:		
Electric	20,000.00	-
Telephone	-	30,000.00
Social Security System (OASI)	(30,000.00)	-
<u>Utility Operating Fund</u>		
None		-

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2025 and 2024, the following budget insertions were approved:

Budget Category		2025	2024
Recycling Tonnage Grant	\$	11,213.55	12,011.85
Clean Communities		36,256.08	36,555.29
NJDOT-Safe Routes to Schools		-	771,000.00
NJDOT-Reconstruction of Ambler Drive Phase I		-	343,785.00
NJDCA-NPP-Bayfront Preservation		-	37,500.00
National Opiods Settlement		-	42,272.57
Sustainable Communities Environmental Stewardship		-	5,000.00
Local Arts Program - Arts Commission		-	600.00

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2025 and 2024, City Council did not approve any emergency appropriations.

Note 3: INVESTMENTS

As of December 31, 2025 and 2024, the municipality had no investments, other than as noted below.

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The types of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the City can invest in any one issuer.

Investments – Length of Service Award Program (LOSAP)

As more fully described in Note 18, the City has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the City. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by MassMutual, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2025 and 2024 amounted to \$257,337.67 and \$267,401.49, respectively.

CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2025 and 2024, \$0 of the municipality's bank balance of \$23,707,598.42 and \$22,517,970.83 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2025 and 2024:

	Balance 12/31/2024	Additions	Retirements/ Adjustments	Balance 12/31/2025
Land and Improvements	\$ 8,367,676.50			8,367,676.50
Buildings and Improvements	6,579,471.90	56,094.16		6,635,566.06
Machinery and Equipment	10,860,607.54	1,011,344.00	(63,084.75)	11,808,866.79
	<u>\$ 25,807,755.94</u>	<u>1,067,438.16</u>	<u>(63,084.75)</u>	<u>26,812,109.35</u>

	Balance 12/31/2023	Additions	Retirements/ Adjustments	Balance 12/31/2024
Land and Improvements	\$ 8,367,676.50		-	8,367,676.50
Buildings and Improvements	6,497,980.95	-	81,490.95	6,579,471.90
Machinery and Equipment	10,785,301.29	184,574.23	(109,267.98)	10,860,607.54
	<u>\$ 25,650,958.74</u>	<u>184,574.23</u>	<u>(27,777.03)</u>	<u>25,807,755.94</u>

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/24	Issued	Retired	Balance 12/31/25
Bond Anticipation Notes payable:				
General	\$ 4,500,000.00	4,100,000.00	100,000.00	8,500,000.00
Utility	4,000,000.00	500,000.00		4,500,000.00
	<u>\$ 8,500,000.00</u>	<u>4,600,000.00</u>	<u>100,000.00</u>	<u>13,000,000.00</u>
	Balance 12/31/23	Issued	Retired	Balance 12/31/24
Bond Anticipation Notes payable:				
General	\$ 2,640,000.00	2,060,000.00	200,000.00	4,500,000.00
Utility	1,500,000.00	2,500,000.00		4,000,000.00
	<u>\$ 4,140,000.00</u>	<u>4,560,000.00</u>	<u>200,000.00</u>	<u>8,500,000.00</u>

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

The bond anticipation note is held by TD Securities (USA) LLC. and will mature on August 26, 2026, with interest payable at 3.75% per annum. It is the City's intent to issue permanent debt upon maturity of this bond anticipation note.

Note 7: LONG TERM DEBT

Long-term debt as of December 31, 2025 and 2024 consisted of the following:

	Balance 12/31/2024	Issued	Retired	Balance 12/31/2025	Amounts Due Within One Year
Bonds payable:					
General	\$ 12,765,000.00	-	1,600,000.00	11,165,000.00	1,685,000.00
Utility	4,988,000.00	-	588,000.00	4,400,000.00	545,000.00
Total	17,753,000.00	-	2,188,000.00	15,565,000.00	2,230,000.00
Other liabilities:					
Compensated Absences Payable	1,243,261.13	223,275.31	77,825.77	1,388,710.67	78,174.27
Total long-term liabilities	<u>\$ 18,996,261.13</u>	<u>223,275.31</u>	<u>2,265,825.77</u>	<u>16,953,710.67</u>	<u>2,308,174.27</u>
	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Amounts Due Within One Year
Bonds payable:					
General	\$ 14,260,000.00		1,495,000.00	12,765,000.00	1,600,000.00
Utility	5,546,000.00		558,000.00	4,988,000.00	588,000.00
Total	19,806,000.00	-	2,053,000.00	17,753,000.00	2,188,000.00
Other liabilities:					
Compensated Absences Payable	1,192,891.52	78,517.26	28,147.65	1,243,261.13	-
Total long-term liabilities	<u>\$ 20,998,891.52</u>	<u>78,517.26</u>	<u>2,081,147.65</u>	<u>18,996,261.13</u>	<u>2,188,000.00</u>

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the City:

\$12,030,000 General Improvement Bond dated 10/1/19 payable in annual installments through 10/1/2031. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. Bonds maturing on or after October 1, 2027, are redeemable at the option of the City, in whole or in part, on any date on or after October 1, 2026. The balance remaining as of December 31, 2025, was \$6,735,000.00.

\$5,935,000.00 General Improvement Bond dated 10/6/2022 payable in annual installments through 10/15/2032. Interest is paid semiannually at rates from 4.00% to 5.00% per annum. Bonds maturing on or after 10/15/2030 are redeemable at the option of the City, in whole or in part, on any date on or after October 15, 2029. The balance remaining as of December 31, 2025, was \$4,430,000.00.

Outstanding bonds whose principal and interest are paid from the Utility Operating Fund of the City:

\$910,000 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/25. Interest was paid semiannually at a rate of 5.00% per annum. The balance remaining as of December 31, 2025, was \$0.00. \$1,410,000.00 of bonds were originally anticipated to be issued however the project was complete and \$500,000.00 of the bonds were canceled. In May 2016, the City participated in the NJEIT refunding of this bond issue. As a result, the City was able to save a total of \$55,522.27 which consisted of \$37,000 of savings credit against the principal and \$18,522.27 of interest.

CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

\$2,970,000 General Improvement Bond dated 10/1/19 payable in annual installments through 10/1/2031. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. Bonds maturing on or after October 1, 2027, are redeemable at the option of the City, in whole or in part, on any date on or after October 1, 2026. The balance remaining as of December 31, 2025, was \$1,640,000.00.

\$3,400,000.00 Sewer Utility Bond dated 10/6/2022 payable in annual installments through 10/15/2034. Interest is paid semiannually at rates from 4.00% to 5.00% per annum. Bonds maturing on or after 10/15/2030 are redeemable at the option of the City, in whole or in part, on any date on or after October 15, 2029. The balance remaining as of December 31, 2025, was \$2,760,000.00.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$ 1,685,000.00	416,800.00	545,000.00	177,750.00	2,824,550.00
2027	1,720,000.00	343,750.00	555,000.00	153,400.00	2,772,150.00
2028	1,750,000.00	268,950.00	580,000.00	128,550.00	2,727,500.00
2029	1,810,000.00	192,650.00	600,000.00	102,550.00	2,705,200.00
2030	1,835,000.00	137,250.00	630,000.00	82,000.00	2,684,250.00
2030-2034	2,365,000.00	107,000.00	1,490,000.00	147,550.00	4,109,550.00
	<u>\$ 11,165,000.00</u>	<u>1,466,400.00</u>	<u>4,400,000.00</u>	<u>791,800.00</u>	<u>17,823,200.00</u>

As of December 31, 2025 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was 486,150.00 and to the utility budget was \$191,693.75.

<u>Summary of Municipal Debt</u>	<u>Year 2025</u>	<u>Year 2024</u>	<u>Year 2023</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 19,665,000.00	17,265,000.00	16,900,000.00
Sewer Utility - Bonds and Notes	8,900,000.00	8,988,000.00	7,046,000.00
Total Issued	<u>28,565,000.00</u>	<u>26,253,000.00</u>	<u>23,946,000.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	1,832,955.00	2,641,386.56	1,709,386.56
Sewer Utility - Bonds and Notes	500,600.00	3,901,750.00	4,891,750.00
Total Authorized But Not Issued	<u>2,333,555.00</u>	<u>6,543,136.56</u>	<u>6,601,136.56</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>30,898,555.00</u>	<u>32,796,136.56</u>	<u>30,547,136.56</u>
<u>Deductions:</u>			
Reserve for Payment of Bonds			
Self-Liquidating Debt	9,400,600.00	12,889,750.00	11,937,750.00
Total Deductions	<u>9,400,600.00</u>	<u>12,889,750.00</u>	<u>11,937,750.00</u>
Net Debt	<u>\$ 21,497,955.00</u>	<u>19,906,386.56</u>	<u>18,609,386.56</u>

CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.256%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 6,313,000.00	6,313,000.00	-
Regional School District Debt	10,726,894.46	10,726,894.46	-
Sewer Utility Debt	13,900,600.00	13,900,600.00	-
General Debt	21,497,955.00	-	21,497,955.00
	<u>\$ 52,438,449.46</u>	<u>30,940,494.46</u>	<u>21,497,955.00</u>

Net Debt \$21,497,955.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,856,251,261.67 = 1.158%.

The above information is in agreement with the Annual Debt Statement filed by the City of Somers Point.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 64,968,794.16
Net Debt	21,497,955.00
Remaining Borrowing Power	<u>\$ 43,470,839.16</u>

The City of Somers Point School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 8: LEASE OBLIGATIONS

Operating Leases:

The City is currently leasing six (7) copy machines, for various offices within City Hall, as well as a postage machine, all under operating leases. The term of each lease is 60 months and they will expire at various times during the years 2025 through 2029. The monthly payment for the leases range between \$82.32 and \$200.68.

The total operating lease payments were \$14,083.83 in 2025 and \$8,265.72 in 2024.

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2024.

<u>Year</u>	<u>Operating</u>
2026	11,865.12
2027	11,449.92
2028	11,048.56
2029	1,218.94
2030	0.00
Total minimum lease payments	\$ <u>35,582.54</u>

Note 9: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2025 and 2024, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2026 and 2025 were as follows:

	<u>2026</u>	<u>2025</u>
Current Fund	\$ 3,500,000.00	3,415,000.00
Sewer Utility Fund	863,300.00	707,217.22

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the City to appropriate in the 2025 budget is \$4,666,040.65 for the current fund and \$2,826,227.69 for the utility fund.

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$12,537,657.00 and \$11,784,692.00 have been raised for the 2025 and 2024 calendar years, respectively and \$12,537,659.00 and \$11,800,858.00 was remitted to the school district leaving a balance due of \$8.00.

Regional High School Tax in the amounts of \$9,309,073.00 and \$8,716,327.00 have been raised for the 2025 and 2024 calendar years, respectively and \$9,309,073.02 and \$8,716,327.51 remitted to the school district leaving a \$73.38 balance payable.

Note 11: TAXES COLLECTED IN ADVANCE

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

	<u>Balance 12/31/2025</u>	<u>Balance 12/31/2024</u>
Prepaid Taxes	\$ 665,554.39	442,335.83
Cash Liability for Taxes Collected in Advance	\$ 665,554.39	442,335.83

Note 12: PENSION FUNDS

Description of Plans

Substantially all of the City's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of

**CITY OF SOMERS POINT
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Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008, under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq). The DCRP is a cost sharing multiple employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The City's contributions to PERS for the years ended December 31, 2025, 2024, and 2023 were \$496,416.37, \$507,456.00, and \$468,103.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The City's contributions to PFRS for the years ended December 31, 2025, 2024, and 2023 were \$1,077,994.84, \$1,008,629.00, and \$972,034.00.

The total payroll for the year ended December 31, 2025, 2024, and 2023 was \$7,868,566.61, \$7,303,415.33, and \$7,049,100.86. Payroll covered by PFRS was \$3,184,031.00, \$3,008,303.00, and \$2,910,126.00. Payroll covered by PERS was \$3,018,877.00, \$2,956,836.00, and \$2,867,287.00.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 13: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the City's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2024:

Public Employees' Retirement System

The City has a liability of \$4,951,638 for its proportionate share of the 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 that was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion would be 0.03644113620%, which would be a decrease of 4.02% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2025, the City would have recognized pension expense of \$46,087. At December 31, 2025, the City would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 99,190	(13,183)
Changes of assumptions	6,151	(56,338.00)
Changes in proportion	152,619	(353,021)
Net difference between projected and actual earnings on pension plan investments	-	(229,594)
Total	<u>\$ 257,960</u>	<u>(652,136)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	Year ended June 30,	
2025	\$	(1,264,142)
2026		1,675,537
2027		(482,266)
2028		(339,699)
2029		16,392
Total	\$	<u>(394,176)</u>

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

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 disable 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.

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real estate	8.00%	10.95%
Real assets	3.00%	8.20%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.10%

Discount Rate

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

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 6,024,143	4,951,638	4,039,776

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Police and Firemen's Retirement System

The City has a liability of \$8,027,642 for its proportionate share of the 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 July 1, 2023 that was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion would be 0.07773752%, which would be an increase of 2.60% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2025, the City would have recognized pension expense of \$342,333. At December 31, 2023, the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 505,735	\$ (274,822)
Changes of assumptions	12,690	(235,759.00)
Changes in proportion	801,676	(284,126)
Net difference between projected and actual earnings on pension plan investments		(62,831)
Total	<u>\$ 1,320,101</u>	<u>\$ (857,538)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2025	\$ (7,171,168)
2026	9,072,133
2027	(1,846,172)
2028	(677,358)
2029	1,001,532
Thereafter	83,596
Total	<u>\$ 462,563</u>

Actuarial Assumptions

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

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Inflation rate

Price	2.75%
Wage	3.25%

Salary increases: 3.25% - 16.25% (based on years of service)

Investment rate of return: 7.00%

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

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

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

Discount Rate

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

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 10,928,329.01	8,027,642.00	5,611,719.03

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2024 State special funding situation net pension liability amount of

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

\$2,035,866,994 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2024 State special funding situation pension expense of \$234,210,000 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2024. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the City was 0.07773752% for 2024. The net pension liability amount allocated to the City was \$1,582,633. For the fiscal year ending June 30, 2024 State special funding situation pension expense of \$182,069 is allocated to the City.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

Note 14: OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

1) retired on a disability pension;

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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 of coverage.

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2024 were \$4,833,833,875 and \$12,914,432,673, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2024 is as follows:

	June 30, 2024	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 17,748,257,548	17,183,330
Plan Fiduciary Net Position (Deficit)	(157,187,957)	(152,185)
Net OPEB Liability	\$ 17,905,445,505	17,335,515
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.89%	-0.89%

At June 30, 2024 the City's proportionate share of the Collective Net OPEB Liability was \$17,335,515. The State's proportionate share for the Special Funding Situation that is associated with the City is \$2,135,337. The City's proportion of the Collective Net OPEB Liability was 0.096817% which was a decrease from the prior year of 5.03%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.437870% which was an increase from the prior year of 762.08%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 17,335,515
State's proportionate share that is associated with the City	2,135,337
Total	\$ 19,470,852

For the Year ended June 30, 2024 the City's Total OPEB Expense/(Benefit) was \$662,251 and the State of New Jersey realized Total OPEB Expense/(Benefit) in the amount of \$(206,878) for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 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:

Salary increases*:

<u>PERS</u>	
Rate for all future years	2.75% to 6.55% based on years of service
<u>PFRS</u>	
Rate for all future years	3.25% to 16.25% based on years of service

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

Pre-Retirement Healthy Mortality:

PERS: Pub-2010 "General" classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

Post-Retirement Healthy Mortality

Chapter 330 Retirees: PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disable Retiree Mortality:

PERS Future Disabled Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS Future Disabled Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Chapter 330 Current Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Current Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.5% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases 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 nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

Discount Rate

The discount rate for June 30, 2024 was 3.93%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

		1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Collective				
Net OPEB Liability	\$	20,857,914,273	17,905,445,505	15,540,780,410
Proportionate Share				
Net OPEB Liability	\$	22,681,444	19,470,852	16,899,453

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

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

		1% Decrease	Healthcare cost Trend Rate	1% Increase
Collective				
Net OPEB Liability	\$	15,144,352,142	17,905,445,505	21,455,435,620
Proportionate Share				
Net OPEB Liability	\$	16,468,367	19,470,852	23,331,205

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 906,784,304	(3,033,798,337)	877,921	(2,937,233)
Changes of assumptions	2,993,451,517	(2,972,190,924)	2,898,170	(2,877,586)
Net difference between projected and actual earnings on OPEB plan investments	-	(8,105,194)		(7,847)
Changes in proportion and differences between contributions and proportionate share of contributions	-		5,859,350	(1,556,226)
Total	\$ 3,900,235,821	(6,014,094,455)	9,635,441	(7,378,892)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Collective Totals	Proportionate Share
2025	\$ (1,123,975,872.00)	1,199,846.85
2026	(483,903,543.00)	516,568.16
2027	(83,156,324.00)	88,769.57
2028	(443,334,965.00)	473,261.10
2029	(282,447,899.00)	301,513.79
Thereafter	302,959,969.00	(323,410.47)
Total	\$ (2,113,858,634.00)	2,256,549.00

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense (Benefit) related to specific liabilities of individual employers for the year ending June 30, 2023 are as follows:

Service cost	\$ 545,086,159
Interest on Total OPEB Liability	554,448,470
Expected Investment Return	5,026,265
Administrative Expenses	11,119,284
Changes of Benefit Terms	107,670,542
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(847,755,885)
Changes in Assumptions	(583,228,782)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	(1,033,536)
Total Collective OPEB Expense	\$ (208,667,483)

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Schedule of City's Share of Net OPEB Liability

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's Proportionate Share of Net OPEB Liability	0.096817%	0.101948%	0.086584%	0.881110%
City's Share of Net OPEB Liability	\$ 17,335,515	15,298,867	15,829,958	15,859,787
City's Covered Payroll	2,956,836	2,867,287	2,879,139	2,705,883
City's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	586.29%	533.57%	549.82%	586.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.89%	-0.79%	-0.36%	0.28%
		<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	\$	0.007145%	0.563350%	0.061798%
City's Share of Net OPEB Liability		10,850,702	7,631,179	9,681,657
City's Covered Payroll		2,874,668	2,749,853	2,739,512
City's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll		377.46%	277.51%	353.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		0.97%	1.97%	1.98%

Note 15: ACCRUED SICK AND VACATION BENEFITS

In accordance with Civil Service regulations, the City has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$1,388,710.67 in 2025 and \$1,243,261.13 in 2024. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the City's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. Although more days may be accrued, the final amount cannot exceed: 180 days for members of Police Mainland Local #77; \$20,000 for members of Teamsters Local #115; and contractual limitations for individuals with personal service contracts. The amount shown above represents the total number of days of unpaid compensation without taking the 180 day limitation into account. The policy of not reflecting the accrued benefit is not in agreement

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City does not accrue the liability.

Note 16: ECONOMIC DEPENDENCY

The City of Somers Point is not economically dependent on any one business or industry as a major source of tax revenue for the City.

Note 17: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The City maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2025 and 2024 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

New Jersey Unemployment Compensation Insurance – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the City 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 City is billed quarterly for amounts due to the State. The following is a summary of City contributions, employee contributions, reimbursements to the State for benefits and the ending balance of the City’s trust fund for the previous three years:

Calendar Year	City Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2024	\$ -	10,216.31	1,652.57	16,422.70	64,899.36
2023	-	11,596.69	2,575.87	116,531.07	69,453.18
2023	20,000.00	11,274.23	-	17,666.11	171,811.69

Note 18: LENGTH OF SERVICE AWARDS PROGRAM

During the year 2001 the voters of the City of Somers Point approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document.

Note 19: DEFERRED COMPENSATION

Employees of the City of Somers Point may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the City.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the City has an obligation of due care in selecting the third-party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

Note 20: CONTINGENT LIABILITIES

The City is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the City's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 21: INTERFUND BALANCES

During the most current calendar year ended December 31, 2025, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	Due From	Due To
Current Fund		
Federal and State Grant Fund	\$	524,918.14
Animal Control Fund	9,015.48	
General Capital Fund		52,892.90
Sewer Operating Fund		7,400.91
Sewer Capital Fund		1,490,832.00
 Federal and State Grant Fund		
Current Fund	524,918.14	
 Animal Control Fund		
Current Fund		9,015.48
 Trust Funds - Other		
General Capital	350.00	
 General Capital Fund		
Current Fund	52,892.90	
Trust Fund - Other		350.00
 Sewer Utility Operating Fund		
Current Fund	7,400.91	
Sewer Utility Capital Fund	67,860.28	
 Sewer Utility Capital Fund		
Current Fund	1,490,832.00	
Sewer Utility Operating Fund		67,860.28
	\$ <u>2,153,269.71</u>	<u>2,153,269.71</u>

Neither the Grant Fund nor the Sewer Utility Capital Fund have bank accounts. This has caused the interfunds to be created. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024**

Note 22: SUBSEQUENT EVENTS

Capital Ordinances

On May 28, 2026, City Council adopted bond ordinance #13-2026 which authorized a supplemental appropriation of \$1,500,000.00 for the acquisition and installation of a generator at the Pacific Avenue Pump Station. This capital ordinance increases the City's authorized debt by \$1,500,000.00. A down payment is not required since the purpose authorized in the ordinance is deemed self-liquidating and obligations are deductible from the gross debt of the City.

Other

The City has evaluated subsequent events through July 10, 2026, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S 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

To the Honorable Mayor and
Members of the City Council
City of Somers Point
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Somers Point, State of New Jersey, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 10, 2026, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Somers Point prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 statement. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

July 10, 2026



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE & NJ OMB 25-12

The Honorable Mayor and
Members of City Council
City of Somers Point
County of Atlantic, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of Somers Point's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and NJ OMB 25-12 that could have a direct and material effect on each of Somers Point's major federal and state programs for the year ended December 31, 2025. The City of Somers Point's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Somers Point complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance 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; the audit 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 NJ OMB 25-12. Our responsibilities under those standards, OMB Circular Uniform Guidance and NJ OMB 25-12 are further described in the Auditor's Responsibilities for the Audit of Compliance section of this report.

We are required to be independent of the City of Somers Point and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the City of Somers Point's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its Federal and State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Somers Point's compliance based on our audit. 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*, the Uniform Guidance and NJ OMB 25-12 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Somers Point's compliance with the requirements of each major federal or state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Somers Point's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Somers Point's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 25-12, but not for the purpose of expressing an opinion on the effectiveness of the City of Somers Point's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 25-12.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular Uniform Guidance and NJ OMB 25-12. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

July 10, 2025

CITY OF SOMERS POINT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

Schedule A

<u>Federal Grantor / Pass-through Grantor Program</u>	<u>CFDA Number</u>	<u>Grant Period From To</u>	<u>Program or Award Amount</u>	<u>Unexpended Balance 12/31/24</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Adjustments</u>	<u>Unexpended Balance 12/31/25</u>
Small Cities	14.218	1/1/16 12/31/16	11,490.00	\$ 11,490.00	-	-	-	11,490.00
Total Community Development Block Grant				11,490.00	-	-	-	11,490.00
Department of Community Affairs								
National Opiod Settlement	93.788	1/1/23 12/31/23	22,943.68	22,943.68	-	-	(22,943.68)	-
National Opiod Settlement	93.788	1/1/24 12/31/24	42,272.57	42,272.57	-	-	(42,272.57)	-
Subtotal Department of Community Affairs				65,216.25	-	-	(65,216.25)	-
Total Federal Assistance				\$ 76,706.25	-	-	(65,216.25)	11,490.00

See Accompanying Notes to Schedules of Federal and State Financial Assistance

CITY OF SOMERS POINT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2025

Schedule B

State Grantor / Pass-Through Grantor / Program	State Account Number	Grant Period From To	Grant Award	Unexpended Balance 12/31/24	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustments	Unexpended Balance 12/31/25	Accumulated Expenditures
Department of Transportation:									
Reconstruction of New Jersey Avenue FY2024	6320-480-078-6320-xxx	1/1/2024 12/31/2025	368,175.00	368,175.00		341,086.30		27,088.70	341,086.30
Reconstruction of Ambler Road Phase I	6320-480-078-6320-xxx	1/1/2024 12/31/2025	343,785.00	343,785.00				343,785.00	-
Bay Avenue Paving Project	6320-480-078-6320-xxx	1/1/2024 12/31/2025	900,000.00		900,000.00			900,000.00	-
Safe Routes to Schools	6320-480-078-6320-xxx	1/1/2024 12/31/2025	771,000.00	771,000.00				771,000.00	-
Safe Streets - Shore Road Pedestrian Safety	6320-480-078-6320-xxx	1/1/2023 12/31/2024	861,000.00	861,000.00		861,000.00		-	861,000.00
Total Department of Transportation				2,343,960.00	900,000.00	1,202,086.30	-	2,041,873.70	1,463,726.30
Department of Community Affairs									
Division of Housing and Community Resources									
Neighborhood Preservation Program									
Bayfront Preservation-Phase II	N/A	1/1/2023 12/31/2023	125,000.00	31,068.88				31,068.88	93,931.12
Bayfront Preservation-Phase III	N/A	1/1/2024 12/31/2024	125,000.00	4,896.18				4,896.18	120,103.82
Bayfront Preservation-Phase IV	N/A	1/1/2025 12/31/2025	37,500.00	37,500.00			(37,500.00)	-	37,500.00
Bayfront Preservation-Phase IV	N/A	1/1/2025 12/31/2025	125,000.00		125,000.00	125,000.00		-	125,000.00
Total Department of Community Affairs				73,465.06	125,000.00	125,000.00	(37,500.00)	35,965.06	376,534.94
Department of Law and Public Safety:									
Safe and Secure Communities	100-066-1020-107	1/1/2025 12/31/2025	17,588.00	-	17,588.00	17,588.00		-	17,588.00
Body Armor Grant	1020-718-066-1020	1/1/2021 12/31/2021	2,341.48	752.09				752.09	1,589.39
Body Armor Grant	1020-718-066-1020	1/1/2022 12/31/2022	1,589.39	1,589.39				1,589.39	-
Body Armor Grant	1020-718-066-1020	1/1/2023 12/31/2023	2,111.52	2,111.52				2,111.52	-
Body Armor Grant	1020-718-066-1020	1/1/2024 12/31/2024	2,419.64	2,419.64				2,419.64	-
Body Armor Grant	1020-718-066-1020	1/1/2025 12/31/2025	2,513.65		2,513.65			2,513.65	-
Drunk Driving Enforcement	1110-101-030000-129040	7/1/2018 6/30/2019	18,854.87	1,775.97		873.60	7,619.28	8,521.65	10,333.22
Drunk Driving Enforcement	1110-101-030000-129040	1/1/2017 12/31/2017	10,428.10	120.00		120.00	2,348.56	2,348.56	8,079.54
Drunk Driving Enforcement	1110-101-030000-129040	1/1/2021 12/31/2021	9,337.16				9,337.16	9,337.16	-
Total Department of Law and Public Safety				8,768.61	20,101.65	18,581.60	19,305.00	29,593.66	37,590.15
New Jersey Arts Commission:									
Local Arts Development Program									
Arts Commission	N/A	1/1/2024 12/31/2024	5,200.00	-			350.00	350.00	4,850.00
Arts Commission	N/A	1/1/2025 12/31/2025	6,700.00	-	6,700.00	6,700.00		-	6,700.00
Total New Jersey Arts Commission				-	6,700.00	6,700.00	350.00	350.00	11,550.00
Department of Environmental Protection									
Clean Communities	4800-765-042-4900	1/1/2025 12/31/2025	36,256.08	-	36,256.08	36,256.08		-	36,256.08
Recycling Tonnage Grant	4830-752-050580-50	1/1/2024 12/31/2024	12,011.85	248.58		1,406.74	1,158.16	-	12,011.85
Recycling Tonnage Grant	4830-752-050580-50	1/1/2025 12/31/2025	11,213.55		11,213.55	10,029.00		1,184.55	10,029.00
Stormwater Assistance Grant	NA	1/1/2023 12/31/2023	25,000.00	20,725.00		15,875.00		4,850.00	20,150.00
Total Department of Environmental Protection				20,973.58	47,469.63	63,566.82	1,158.16	6,034.55	-
Total State Assistance				2,447,167.25	1,099,271.28	1,415,934.72	(16,686.84)	2,113,816.97	1,889,401.39
Total Federal and State and Local Assistance				2,523,873.50	1,099,271.28	1,415,934.72	(81,903.09)	2,125,306.97	

See Accompanying Notes to Schedules of Federal and State Financial Assistance

CITY OF SOMERS POINT
NOTES TO SCHEDULE OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2025

Note 1: GENERAL

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Somers Point, New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining the single audit threshold on major programs.

The City has elected not to use the 15% de minimis indirect cost rate.

Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements. Receipts from federal and state grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the City's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

		<u>Federal</u>	<u>State</u>	<u>Total</u>
Expenditure per Schedule of Expenditures of				
Federal Awards and State Financial Assistance	\$	-	1,415,934.72	1,415,934.72
Encumbrances, net		-	(593,833.51)	(593,833.51)
Other Adjustments/Cancellations			<u>(20,813.16)</u>	<u>(20,813.16)</u>
Expenditures reported in Basic Financial Statements	\$	<u>-</u>	<u>801,288.05</u>	<u>801,288.05</u>

Part I -- Summary of Auditor's Results

A) Type of auditor's report issued:		Adverse - GAAP unmodified regulatory basis			
B) Internal control over financial reporting:					
1) Material weakness(es) identified?		<u>X</u>	yes	<u></u>	no
2) Were significant deficiencies identified that were not considered to be material weaknesses?		<u></u>	yes	<u>X</u>	no
C) Noncompliance material to general-purpose financial statements noted?			yes	X	no

NOT APPLICABLE

- | | | | | | |
|----|---|-------|-----|-------|--------------|
| D) | Dollar threshold used to determine Type A programs: | _____ | | | |
| E) | Auditee qualified as low-risk auditee? | _____ | yes | _____ | no _____ n/a |
| F) | Type of auditor's report on compliance for major programs | _____ | | | |
| G) | Internal Control over compliance: | | | | |
| | 1) Material weakness(es) identified? | _____ | yes | _____ | no |
| | 2) Were significant deficiencies identified that were not considered to be material weaknesses? | _____ | yes | _____ | no |
| H) | Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance | _____ | yes | _____ | no |
| I) | Identification of major programs: | | | | |

Name of Federal Program or Cluster

[illegible]

Part 2 - Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>
Balance December 31, 2024	\$ 9,857,235.29
Increased by Receipts:	
Tax Collector	43,174,745.96
Revenue Accounts Receivable	3,355,119.27
Miscellaneous Revenue	407,009.50
Due from State - Senior Citizens and Veterans	52,451.01
Due from General Capital Fund	8,600,606.96
Due from Sewer Capital	4,545,879.60
Reserve for National Opioid Settlement	19,141.89
Due to State - Marriage Licenses	1,550.00
Due to State - CCO	25,505.00
Federal and State Receivables	418,528.96
	<u>60,600,538.15</u>
	70,457,773.44
Decreased by Disbursements:	
Current Year Appropriation	16,146,634.70
Prior Year Appropriations	504,970.40
Accounts Payable	21,484.12
Payroll Taxes Payable	3,319.00
County Taxes	7,727,553.12
Added & Omitted County Taxes	15,747.73
Local District School Taxes	12,537,659.00
Regional School Taxes	9,309,073.02
Refund of Tax Overpayments	5,320.32
Due to General Capital	8,586,720.40
Due to Sewer Capital	4,545,879.60
Due to State - Marriage Licenses	1,625.00
Due to State - CCO	25,448.00
Federal and State Disbursements	966,764.53
	<u>60,398,198.94</u>
Balance December 31, 2025	\$ <u><u>10,059,574.50</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2024		\$	158,429.76
Increased by Receipts:			
Prepaid Taxes	665,554.39		
Taxes Receivable	42,260,815.04		
Revenue Accounts Receivable	140,323.25		
Miscellaneous Revenue	7,016.00		
Tax Title and Other Liens	43,866.91		
			<u>43,117,575.59</u>
			43,276,005.35
Payments to Treasurer			<u>43,174,745.96</u>
Balance December 31, 2025		\$	<u><u>101,259.39</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2024	Current Year Levy	Added Taxes	Overpayments Created	Collections by Cash		Overpayments Applied	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2025
					2024	2025				
Arrears	\$	299.07				25.08	-	-	-	273.99
2024		560,093.92	-	-		561,125.45	-	(1,048.99)		17.46
		560,392.99	-	-	-	561,150.53	-	(1,048.99)	-	291.45
2025		42,700,425.85	150,013.50	184,042.61	442,335.83	41,753,164.51	160,109.54	2,868.48	44,306.58	631,697.02
	\$	42,700,425.85	150,013.50	184,042.61	442,335.83	42,314,315.04	160,109.54	1,819.49	44,306.58	631,988.47

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2024		\$	334,797.13
Increased by:			
Transfers from Taxes Receivable	44,306.58		
Establish 6% Year-End Penalty	1,345.66		
Interest and Costs Accrued by Sale	49.28		
			45,701.52
			380,498.65
Decreased by:			
Collections	43,866.91		
Other			
			43,866.91
Balance December 31, 2025		\$	<u><u>336,631.74</u></u>

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2024	Accrued in 2025	Collected by		Balance Dec. 31, 2025
			Collector	Treasurer	
Licenses:	\$				
Alcoholic Beverages		24,420.00		24,420.00	
Fees and Permits		88,798.00		88,798.00	
Municipal Court	4,973.40	92,292.87		86,974.24	
Interest and Costs on Taxes		140,323.25	140,323.25		10,292.03
Interest Earned on Investments		403,061.92		403,061.92	
Fees and Permits - Chapter 115 Inspections		197,455.00		197,455.00	
Cable Television Franchise Fees		47,338.61		47,338.61	
Hotel Fee		159,065.40		159,065.40	
Energy Receipts Tax		978,628.14		978,628.14	
Uniform Construction Code Fees		409,264.00		409,264.00	
Bayview Court - PILOT		131,608.04		131,608.04	
Somers Point Preservation PILOT		504,935.76		504,935.76	
Shore Medical Center Bed Fees		223,570.16		223,570.16	
Shore Medical Donation		100,000.00		100,000.00	
Miscellaneous Revenue Not Anticipated		414,025.50	7,016.00	407,009.50	
	<u>4,973.40</u>	<u>3,914,786.65</u>	<u>147,339.25</u>	<u>3,762,128.77</u>	<u>10,292.03</u>
			Cash	3,762,128.77	
			Non-Cash	-	
				<u>3,762,128.77</u>	

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2024	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
\$						
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	70.36	70.36	-	-	70.36	
Other Expenses	40,819.42	40,819.42	35,891.75	-	4,927.67	
Department of General Administration						
Salaries and Wages	20,999.94	20,999.94	-	-	20,999.94	
Other Expenses	2,091.19	2,091.19	1,195.91	550.00	345.28	
Department of City Clerk						
Salaries and Wages	32,928.23	32,928.23	-	-	32,928.23	
Other Expenses	12,518.03	12,518.03	7,509.41	3,876.42	1,132.20	
Data Processing						
Other Expenses	2,123.23	2,123.23	-	-	2,123.23	
Department of Finance						
Salaries and Wages	3,744.93	3,744.93	-	-	3,744.93	
Other Expenses	34,284.13	34,284.13	13,211.77	-	21,072.36	
Annual Audit						
Other Expenses	2,250.00	2,250.00	-	-	2,250.00	
Department of Tax Assessment						
Salaries and Wages	15,000.00	15,000.00	-	-	15,000.00	
Other Expenses	5,133.15	5,133.15	1,401.26	385.00	3,346.89	
Department of Tax Collection						
Salaries and Wages	17,865.90	17,865.90	-	-	17,865.90	
Other Expenses	2,747.47	2,747.47	769.10	-	1,978.37	
Legal Services and Costs						
Other Expenses	1,081.07	1,081.07	-	-	1,081.07	
Municipal Prosecutor						
Other Expenses	1,500.00	1,500.00	-	-	1,500.00	
Engineering Services and Costs						
Other Expenses	19,930.00	19,930.00	3,515.00	-	16,415.00	
Public Buildings and Grounds						
Salaries and Wages	27,772.44	27,772.44	-	-	27,772.44	
Other Expenses	20,892.91	20,892.91	13,224.06	-	7,668.85	
Vehicle Maintenance	28,739.81	28,739.81	23,212.62	-	5,527.19	
Planning Board						
Other Expenses	19,910.52	19,910.52	550.00	-	19,360.52	
Zoning Board						
Salaries and Wages	6,527.81	6,527.81	-	-	6,527.81	
Other Expenses	11,313.75	11,313.75	-	-	11,313.75	

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2024	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
PUBLIC SAFETY						
Department of Fire						
Other Expenses	28,403.63	53,403.63	43,794.45	401.80	9,207.38	
Department of Police						
Salaries and Wages	235,976.11	235,976.11	52,107.47	-	183,868.64	
Other Expenses	94,187.73	94,187.73	27,120.16	2,600.40	64,467.17	
Department of Communications						
Salaries and Wages	13,840.36	13,840.36	1,479.57	-	12,360.79	
Other Expenses	21,500.00	21,500.00	-	-	21,500.00	
Department of Emergency Management						
Salaries and Wages	2,500.00	2,500.00	-	-	2,500.00	
Other Expenses	5,630.39	5,630.39	40.01	-	5,590.38	
Bureau of Fire Prevention						
Salaries and Wages	2,000.00	2,000.00	-	-	2,000.00	
Department of Zoning/Code Enforcement						
Salaries and Wages	4,619.70	4,619.70	-	-	4,619.70	
Other Expenses	16,123.28	16,123.28	7,013.81	-	9,109.47	
Demolitions	5,000.00	5,000.00	-	-	5,000.00	
Emergency Medical Services						
Other Expenses	18,000.00	18,000.00	-	-	18,000.00	
PUBLIC WORKS						
Department of Public Works						
Salaries and Wages	29,058.83	29,058.83	1,063.41	-	27,995.42	
Other Expenses	13,719.89	13,719.89	11,304.21	-	2,415.68	
Division of Sanitation						
Salaries and Wages	63,095.10	63,095.10	-	-	63,095.10	
Other Expenses	53,755.98	53,755.98	19,108.62	-	34,647.36	
Sanitation - Transfer Fee	57,541.59	57,541.59	24,332.79	-	33,208.80	
HEALTH AND WELFARE						
Animal Control Services						
Other Expenses	1,200.00	1,200.00	800.00	-	400.00	
RECREATION AND EDUCATION						
Department of Parks and Recreation Programs						
Salaries and Wages	7,029.05	7,029.05	-	-	7,029.05	
Other Expenses	11,674.08	11,674.08	6,378.08	-	5,296.00	

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2024	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
Department of Parks and Recreation Facilities						
Salaries and Wages	18,725.12	18,725.12	-	-	18,725.12	
Other Expenses	7,047.32	7,047.32	350.00	-	6,697.32	
Environmental Commission						
Other Expenses	1,776.67	1,776.67	663.96	-	1,112.71	
Economic Development and Advisory Commission						
Other Expenses	10,607.04	10,607.04	2,900.00	-	7,707.04	
Historic Preservation Commission						
Other Expenses	2,496.00	2,496.00	-	-	2,496.00	
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	33,207.29	33,207.29	-	-	33,207.29	
Other Expenses	11,606.48	11,606.48	404.30	268.90	10,933.28	
Public Defender (P.L. 1997, C.256)						
Other Expenses	1,900.00	1,900.00	-	-	1,900.00	
INSURANCE						
General Liability	21,943.31	21,943.31	-	-	21,943.31	
Workers Compensation Insurance	21,327.54	21,327.54	-	-	21,327.54	
Employee Group Health	325,783.81	300,783.81	3,173.15	-	297,610.66	
Surety Bond Premiums	1,000.00	1,000.00	-	-	1,000.00	
Health Waiver - Employee Opt Out	11,779.36	11,779.36	-	-	11,779.36	
Municipal Services Act						
Other Expenses	81,863.40	81,863.40	67,182.58	-	14,680.82	
Apartment Trash Collection						
Other Expenses	57,000.00	57,000.00	57,000.00	-	-	
STATE UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	1,194.00	1,194.00	-	-	1,194.00	
Other Expenses	1,684.90	1,684.90	370.03	-	1,314.87	
UNCLASSIFIED						
Gasoline	10,097.66	10,097.66	2,700.30	-	7,397.36	
Diesel Fuel	16,568.82	16,568.82	4,116.35	-	12,452.47	
Fire Hydrant Water	41,338.05	41,338.05	17,562.93	-	23,775.12	
Electric	56,122.52	56,122.52	8,612.96	-	47,509.56	

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2024	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
Street Lighting	46,081.04	46,081.04	15,169.00	-	30,912.04	
Telephone	26,378.63	26,378.63	18,923.13	-	7,455.50	
Natural Gas	7,568.86	7,568.86	-	-	7,568.86	
Water	13,891.78	13,891.78	-	-	13,891.78	
Fuel #2	1,000.00	1,000.00	-	-	1,000.00	
Waste Water	2,396.00	2,396.00	-	-	2,396.00	
Telecommunications Costs	2,582.88	2,582.88	418.25	-	2,164.63	
Contingent	1,000.00	1,000.00			1,000.00	
STATUTORY EXPENDITURES						
Contribution to						
Public Employees' Retirement System	544.00	544.00	-	-	544.00	
Social Security System (O.A.S.I.)	84,375.50	84,375.50	-	-	84,375.50	
Police and Firemen's Retirement System	371.00	371.00	-	-	371.00	
Unemployment Compensation Insurance	20,000.00	20,000.00	-	-	20,000.00	
Defined Contribution Retirement Plan	2,018.39	2,018.39	-	-	2,018.39	
OPERATIONS EXCLUDED FROM "CAPS"						
LOSAP	20,000.00	20,000.00	10,400.00	-	9,600.00	
Recycling Tax	1,030.50	1,030.50	-	-	1,030.50	
Employee Group Health	5,880.00	5,880.00	-	-	5,880.00	
	<u>\$ 1,985,287.88</u>	<u>1,985,287.88</u>	<u>504,970.40</u>	<u>8,082.52</u>	<u>1,472,234.96</u>	<u>-</u>
Reserves	1,724,870.10		Accounts Payable	8,082.52		
Encumbrances	<u>260,417.78</u>		Res for Demolition	-		
	<u>1,985,287.88</u>			<u>8,082.52</u>		

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2024		
School Tax Payable	\$ 10.00	
School Tax Deferred	<u>-</u>	10.00
Increased by:		
Levy - Calender Year January 1, 2025 to December 31, 2025		<u>12,537,657.00</u>
		12,537,667.00
Decreased by:		
Payments	<u>12,537,659.00</u>	<u>12,537,659.00</u>
Balance December 31, 2025		
School Tax Payable	<u>8.00</u>	<u>8.00</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		12,537,659.00
Tax Payable Ending		<u>8.00</u>
		12,537,667.00
Less: Tax Payable Beginning		<u>10.00</u>
Amount charged to Current Year Operations		<u><u>\$ 12,537,657.00</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX**

Balance December 31, 2024		
School Tax Payable	\$	73.40
School Tax Deferred		<u>-</u>
		\$ 73.40
Increased by:		
Levy - Calender Year January 1, 2025 to December 31, 2025		<u>9,309,073.00</u>
		9,309,146.40
Decreased by:		
Payments		<u>9,309,073.02</u>
Balance December 31, 2025		
School Tax Payable		<u>73.38</u>
		<u>73.38</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		9,309,073.02
Tax Payable Ending		<u>73.38</u>
		9,309,146.40
Less: Tax Payable Beginning		<u>73.40</u>
Amount charged to Current Year Operations		<u>\$ 9,309,073.00</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2024</u>	<u>Transferred From 2025 Revenues</u>	<u>Received</u>	<u>Cancelled/ Adjustments</u>	<u>Balance Dec. 31, 2025</u>
FEDERAL GRANTS:					
None	\$				-
Total Federal	-	-	-	-	-
STATE GRANTS:					
Safe and Secure Program	1,481.60	17,588.00	19,069.60		-
Clean Communities	-	36,256.08	36,256.08		-
Recycling Tonnage Grant	-	11,213.55	11,213.55		-
Body Armor Fund	-	2,513.65	2,513.65		-
NJ Department of Transportation					
Safe Routes to School Program	771,000.00				771,000.00
Safe Streets to Route 9 - 2023	215,250.00				215,250.00
Reconstruction of Ambler Road Phase I	343,785.00				343,785.00
Reconstruction of Ocean Avenue - Phase II	65,410.00				65,410.00
Reconstruction of New Jersey Avenue FY2024	368,175.00		255,814.73		112,360.27
Bay Avenue Paving Project (LA-2024 LAIF)		900,000.00			900,000.00
NJ Department of Community Affairs					
Division of Housing and Community Resources					
Neighborhood Preservation Program					
Bayfront Preservation - 2023 (Phase II)	12,500.00		12,500.00		-
Bayfront Preservation - 2024 (Phase III)	112,500.00		112,500.00		-
Bayfront Preservation - 2025 (Phase V)	-	125,000.00	-		125,000.00
NJ Department of Environmental Protection					
Stormwater Assistance Grant	10,000.00				10,000.00
Local Arts - Arts Commission 2023	1,150.00		1,150.00		-
Local Arts - Arts Commission 2025	-	6,700.00	5,025.00		1,675.00
Total State	1,901,251.60	1,099,271.28	456,042.61	-	2,544,480.27

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance Dec. 31, 2024</u>	<u>Transferred From 0 Revenues</u>	<u>Received</u>	<u>Cancelled/ Adjustments</u>	<u>Balance Dec. 31, 2025</u>
LOCAL GRANTS:					
Sustainable Communities - DeFeo Lane Project	5,000.00		2,500.00		2,500.00
Total Local	<u>5,000.00</u>	<u>-</u>	<u>2,500.00</u>	<u>-</u>	<u>2,500.00</u>
	<u>\$ 1,906,251.60</u>	<u>1,099,271.28</u>	<u>458,542.61</u>	<u>-</u>	<u>2,546,980.27</u>
		Cash	456,028.96		
		Unappropriated Reserves	<u>2,513.65</u>		
			<u>\$ 458,542.61</u>		

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2024		2025	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2025
	Appropriated	Reserve for Encumbrances	Appropriations				
FEDERAL GRANTS:							
Small Cities	\$ 11,490.00						11,490.00
National Optiod Settlement	65,216.25					65,216.25	-
	<u>76,706.25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,216.25</u>	<u>11,490.00</u>
Total Federal							
STATE GRANTS:							
NJ Department of Transportation							
Safe Streets to Transit - Shore Road	861,000.00			583,435.01	277,564.99		-
Safe Routes to Schools	771,000.00						771,000.00
Reconstruction of Ocean Avenue - Phase II	-	261,640.00			261,640.00		-
Reconstruction of New Jersey Avenue FY2024	368,175.00				341,086.30		27,088.70
Reconstruction of Ambler Road Phase I	343,785.00						343,785.00
Bay Avenue Paving Project (LA-2024 LAIF)			900,000.00				900,000.00
NJ Department of Community Affairs							
Division of Housing and Community Resources							
Neighborhood Preservation Program							
Bayfront Preservation - Phase II	31,068.88						31,068.88
Bayfront Preservation - Phase III	4,896.18						4,896.18
Bayfront Preservation - Phase IV	37,500.00					37,500.00	-
Bayfront Preservation - 2025 (Phase V)			125,000.00	125,000.00			-
Body Armor - 2020	752.09						752.09
Body Armor - 2022	1,589.39						1,589.39
Body Armor - 2023	2,111.52						2,111.52
Body Armor - 2024	2,419.64		2,513.65				2,419.64
Body Armor - 2025							2,513.65
Drunk Driving Enforcement Fund - 2019	1,775.97	7,619.28		873.60			8,521.65
Drunk Driving Enforcement - 2017	120.00	2,348.56		120.00			2,348.56
Drunk Driving Enforcement - 2021	-	9,337.16					9,337.16
Safe and Secure Communities	-		17,588.00	17,588.00			-
New Jersey Department of Environmental Protection							
Stormwater Assistance Grant	20,725.00			15,875.00			4,850.00
Clean Communities - 2024	0.00	4,004.62		4,004.62			0.00
Clean Communities - 2025			36,256.08	36,256.08			-
Recycling Tonnage Grant - 2023	-						-
Recycling Tonnage Grant - 2024	248.58	1,158.16		1,406.74			(0.00)
Recycling Tonnage Grant - 2025			11,213.55	10,029.00			1,184.55

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2024		2025 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2025
	Appropriated	Reserve for Encumbrances					
Local Arts Development Program							
Arts Commission - 2024	-	350.00					350.00
Arts Commission - 2025			6,700.00	6,700.00			-
Total State	<u>2,447,167.25</u>	<u>286,457.78</u>	<u>1,099,271.28</u>	<u>801,288.05</u>	<u>880,291.29</u>	<u>37,500.00</u>	<u>2,113,816.97</u>
LOCAL GRANTS:							
Comcast Cable Technology Grant	10,848.67						10,848.67
Safe and Secure Communities	16,505.48		182,000.00	160,476.48			38,029.00
Sustainable Communities							
Environmental Stewardship	8.45			5,000.00			8.45
DeFeo Lane Project	5,000.00						-
City of Long Beach vs Monsanto Co. Settlement	17,414.03						17,414.03
Total Local	<u>49,776.63</u>	<u>-</u>	<u>182,000.00</u>	<u>165,476.48</u>	<u>-</u>	<u>-</u>	<u>66,300.15</u>
	<u>\$ 2,573,650.13</u>	<u>286,457.78</u>	<u>1,281,271.28</u>	<u>966,764.53</u>	<u>880,291.29</u>	<u>102,716.25</u>	<u>2,191,607.12</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2024</u>	<u>Transferred To 2025 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2025</u>
FEDERAL GRANTS:					
American Rescue Plan	\$ 0.87		-	0.87	(0.00)
National Opioid Settlement					-
Total Federal	<u>0.87</u>	<u>-</u>	<u>-</u>	<u>0.87</u>	<u>(0.00)</u>
STATE GRANTS:					
Body Armor	2,513.65	2,513.65			-
Total State	<u>2,513.65</u>	<u>2,513.65</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>2,514.52</u>	<u>2,513.65</u>	<u>-</u>	<u>0.87</u>	<u>(0.00)</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Animal Control	Other
Balance December 31, 2024	\$ 12,860.76	1,835,178.86
Increased by Receipts:		
Dog License Fees 2025	1,708.60	
Due to State of New Jersey	245.40	
Interest Earned	317.23	
Miscellaneous Trust Reserves		1,377,472.73
	<u>2,271.23</u>	<u>1,377,472.73</u>
	15,131.99	3,212,651.59
Decreased by Disbursements		
Due to State of New Jersey	245.40	
Expenditures under N.J.S. 4:19-15:11	800.20	
Miscellaneous Trust Reserves		1,158,010.15
	<u>1,045.60</u>	<u>1,158,010.15</u>
Balance December 31, 2025	\$ <u>14,086.39</u>	<u>2,054,641.44</u>

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TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Balance December 31, 2024		\$ 6,498.60
Increased by:		
Dog & Cat License Fees Collected	\$ 1,708.60	
Interest Earned	<u>317.23</u>	
		<u>2,025.83</u>
		8,524.43
Decreased by:		
Statutory Excess Due to Current Fund	2,654.52	
Expenditures under N.J.S. 4:19-15:11		
Dog Fund Disbursements	<u>800.20</u>	
		<u>3,454.72</u>
Balance December 31, 2025		\$ <u><u>5,069.71</u></u>

License Fees Collected:

Year		Amount
2024	\$	2,147.60
2023		<u>2,922.11</u>
	\$	<u><u>5,069.71</u></u>

See Accompanying Auditor's Report

TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2024		\$ 6,360.96
Increased by:		
Statutory Excess	\$ <u>2,654.52</u>	<u>2,654.52</u>
Balance December 31, 2025		\$ <u><u>9,015.48</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH

Balance December 31, 2024		\$ 1.20
Increased by:		
2025 State License Fees	\$ <u>245.40</u>	<u>245.40</u>
		246.60
Decreased by:		
Disbursements to the State		
Current Year	244.20	
Prior Year	<u>1.20</u>	<u>245.40</u>
Balance December 31, 2025		\$ <u><u>1.20</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Balance 12/31/24	Increased by		Decreased by		Balance 12/31/25
		Receipts	Due from Current Fund	Disbursements	Due to Current	
<u>Reserve</u>						
Affordable Housing	\$ 594,177.46	139,024.78		53,890.48		679,311.76
Arts Commission	31,216.89	8,225.09		2,498.87		36,943.11
Bayfest	44,659.39	44,805.00		36,388.62		53,075.77
Boat Ramp Gate Fees	17,851.96	11,615.54		180.00		29,287.50
Credit Card Processing Fees	1,165.73	2,500.17		2,837.91		827.99
Escrow	526,502.63	378,901.91		343,178.46		562,226.08
Fire Safety Penalty Monies	6,850.00	11,446.41				18,296.41
Historic District Parking	8,000.00					8,000.00
Law Enforcement Trust	43,085.89	31,614.12				74,700.01
Lead Hazard Fees	1,700.00	600.00				2,300.00
Police Off Duty	198,511.27	274,994.84		236,045.30		237,460.81
Parking Offense Adjudication Act	822.00	216.00				1,038.00
Recreation	21,367.90	20,460.70		8,295.09		33,533.51
Recycling	29,671.50	1,895.80				31,567.30
Street Openings	21,293.05	17,650.00		18,750.00		20,193.05
Tax Sale Premiums	219,200.01	156,925.69		190,800.00		185,325.70
Tax Title Lien Redemptions	-	264,727.80		248,722.72		16,005.08
Unemployment Trust	69,453.18	11,868.88		16,422.70		64,899.36
	<u>\$ 1,835,528.86</u>	<u>1,377,472.73</u>	<u>-</u>	<u>1,158,010.15</u>	<u>-</u>	<u>2,054,991.44</u>

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**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2024		\$	3,230,073.16
Increased by:			
Receipts	4,360,720.40		
			4,360,720.40
			7,590,793.56
Decreased by:			
Disbursements	3,419,792.83		
			3,419,792.83
Balance December 31, 2025		\$	<u><u>4,171,000.73</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2024	Receipts		Disbursements		Transfers		Balance Dec. 31, 2025
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 48,145.75							48,145.75
Capital Improvements Fund	5,805.00	174,000.00				174,000.00		5,805.00
Encumbrances Payable	1,783,614.46			-		1,783,614.46	1,530,821.91	1,530,821.91
Due to/from Current Fund	40,060.38				100,000.00	13,886.56	20,933.28	(52,892.90)
Due to/from Trust Fund	350.00							350.00
Reserve for Bequest - JFK Park	23,000.00							23,000.00
Reserve for the Acquisition of Vehicle	10,000.00							10,000.00
Reserve for Debt Service	49,933.28	86,720.40				20,933.28		115,720.40
Improvement Authorizations:								
25-14 Dredging	53,630.30							53,630.30
6-17 Various Improvements	1,386.14			1,386.14				-
4-18 Various Improvements	5,285.60			3,215.60				2,070.00
13-18 Launch Avenue Bulkhead and Other								
General Improvements	(268,602.65)			-			2,000.00	(266,602.65)
4-19 Various Improvements	8,447.26			10,219.58		-	26,982.67	25,210.35
3-20 Various Improvements	(180,288.18)			39,802.30		23,269.00	64,764.71	(178,594.77)
9-21 Various Improvements	510,548.07			77,556.07		282,476.71	57,864.44	208,379.73
12-22 Various Improvements	(429,217.83)			16,719.28		146,255.09	79,946.36	(512,245.84)
15-23 Various Improvements	1,583,575.57			546,706.10		36,214.56	526,713.57	1,527,368.48
14-24 Various Improvements	(15,599.99)		1,800,000.00	1,790,830.28		878,383.75	1,039,229.27	154,415.25
7-2025 Various Improvements			2,300,000.00	833,357.48		164,222.80	174,000.00	1,476,419.72
	\$ 3,230,073.16	260,720.40	4,100,000.00	3,319,792.83	100,000.00	3,523,256.21	3,523,256.21	4,171,000.73

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2024		\$ 5,805.00
Increased by:		
2025 Budget Appropriation	174,000.00	
		174,000.00
		179,805.00
Decreased by:		
Improvement Authorization Funding	174,000.00	
		174,000.00
Balance December 31, 2025		\$ <u><u>5,805.00</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2024		\$	12,765,000.00
Decreased by:			
2025 Budget Appropriations:			
General Serial Bonds	1,600,000.00		
			1,600,000.00
Balance December 31, 2025		\$	<u>11,165,000.00</u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord #	Improvement Description	Balance Dec. 31, 2024	2025 Authorizations	Raised in 2025 Budget	Transferred to Deferred Taxation - Funded	Cancelled	Balance Dec. 31, 2025	Analysis of Balance		
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
13-18	Launch Avenue Bulkhead and Other General Improvements	\$ 572,321.56				(2,000.00)	570,321.56		126,424.21	443,897.35
4-19	Various Improvements	5,000.00				(4,821.56)	178.44		178.44	
3-2020	Various Improvements	195,000.00		100,000.00		(5,000.00)	90,000.00	90,000.00	-	
9-2021	Various Improvements	815.00				(815.00)	-		-	
12-2022	Various Improvements	811,250.00				(1,250.00)	810,000.00	810,000.00	-	-
15-2023	Various Improvements	2,565,000.00					2,565,000.00	2,565,000.00	-	-
14-2024	Various Improvements	2,992,000.00					2,992,000.00	2,735,000.00		257,000.00
7-2025	Various Improvements		3,305,455.00				3,305,455.00	2,300,000.00		1,005,455.00
		<u>\$ 7,141,386.56</u>	<u>3,305,455.00</u>	<u>100,000.00</u>	<u>-</u>	<u>(13,886.56)</u>	<u>10,332,955.00</u>	<u>8,500,000.00</u>	<u>126,602.65</u>	<u>1,706,352.35</u>
Improvement Authorizations Unfunded Less: Unexpended Proceeds of Bond 25-2014 53,630.30 4-2019 4,821.56 3-2020 71,405.23 9-2021 208,379.73 15-2023 387,368.48 14-2024 154,415.25 7-2025 1,476,419.72										
										<u>2,356,440.27</u>
										<u>1,706,352.35</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Paid or Charged	Current Year Encumbrances	Balance December 31, 2025	
				Balance December 31, 2024	Other Funding	Deferred Charges to Future Taxation				Funded	Unfunded
25-14	Dredging	9/11/2014	325,000.00	53,630.30							53,630.30
6-17	Various Improvements	4/13/2017	1,550,000.00	1,386.14				1,386.14		0.00	
4-18	Various General Improvements	5/24/2018	2,250,000.00	5,285.60				3,215.60		2,070.00	
13-18	Launch Avenue Bulkhead and Other General Improvements	9/13/2018	750,000.00				443,897.35				443,897.35
4-19	Various Improvements	5/9/2019	5,332,500.00	8,447.26				10,219.58		20,388.79	4,821.56
3-20	Various Improvements	6/11/2020	2,900,000.00				74,711.82	39,802.30	23,269.00		71,405.23
9-21	Various Improvements	6/24/2021	1,857,700.00				511,363.07	77,556.07	282,476.71		208,379.73
12-22	Various Improvements	6/23/2022	3,055,000.00	322,032.17				16,719.28	146,255.09	237,754.16	
15-23	Various Improvements	6/22/2023	2,700,000.00				443,575.57	546,706.10	36,214.56		387,368.48
14-2024	Various Improvements	6/27/2024	3,150,000.00	2,041,400.01				1,790,830.28	878,383.75		411,415.25
7-2025	Various Improvements	4/10/2025	3,479,455.00						164,222.80		2,481,874.72
			\$	337,151.17	174,000.00	3,305,455.00	3,305,455.00	833,357.48	1,530,821.91	260,212.95	4,062,792.62
					174,000.00	3,305,455.00	3,305,455.00	3,319,792.83			

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
			Date	Amount					
General Improvements	10/1/2019	12,030,000	10/1/2026	1,120,000.00	4.00%	7,800,000.00		1,065,000.00	6,735,000.00
			10/1/2027	1,120,000.00	4.00%				
			10/1/2028	1,120,000.00	4.00%				
			10/1/2029	1,170,000.00	2.00%				
			10/1/2030	1,170,000.00	2.00%				
			10/1/2031	1,035,000.00	2.00%				
General Improvements	10/15/2022	5,935,000	10/15/2026	565,000.00	5.00%	4,965,000.00		535,000.00	4,430,000.00
			10/15/2027	600,000.00	5.00%				
			10/15/2028	630,000.00	5.00%				
			10/15/2029	640,000.00	5.00%				
			10/15/2030	665,000.00	5.00%				
			10/15/2031	670,000.00	5.00%				
			10/15/2032	660,000.00	4.00%				
						\$ 12,765,000.00	-	1,600,000.00	11,165,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
Various General Improvements	3-2020	250,000.00	12/1/2023	8/27/2025	8/26/2026	3.750%	190,000.00		100,000.00	90,000.00
Various General Improvements	12-2022	750,000.00	12/1/2023	8/27/2025	8/26/2026	3.750%	750,000.00			750,000.00
Various General Improvements	12-2022	60,000.00	8/29/2024	8/27/2025	8/26/2026	3.750%	60,000.00			60,000.00
Various General Improvements	15-2023	1,500,000.00	12/1/2023	8/27/2025	8/26/2026	3.750%	2,565,000.00			2,565,000.00
Various General Improvements	14-2024	2,992,000.00	8/29/2024	8/27/2025	8/26/2026	3.750%	935,000.00			935,000.00
Various General Improvements	14-2024	1,800,000.00	8/27/2025	8/27/2025	8/26/2026	3.750%		1,800,000.00		1,800,000.00
Various General Improvements	7-2025	2,300,000.00	8/27/2025	8/27/2025	8/26/2026	3.750%		2,300,000.00		2,300,000.00
							<u>\$ 4,500,000.00</u>	<u>4,100,000.00</u>	<u>100,000.00</u>	<u>8,500,000.00</u>

GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2024	2025 Authorizations	Cancelled	Debt Issued	Balance Dec. 31, 2025
13-18	Launch Avenue Bulkhead and Other General Improvements	\$ 572,500.00		2,000.00		570,500.00
4-19	Various General Improvements	4,821.56		4,821.56		-
3-2020	Various General Improvements	5,000.00		5,000.00		-
9-2021	Various General Improvements	815.00		815.00		-
12-2022	Various General Improvements	1,250.00		1,250.00		-
14-2024	Various General Improvements	2,057,000.00			1,800,000.00	257,000.00
7-2025	Various General Improvements		3,305,455.00		2,300,000.00	1,005,455.00
		<u>\$ 2,641,386.56</u>	<u>3,305,455.00</u>	<u>13,886.56</u>	<u>4,100,000.00</u>	<u>1,832,955.00</u>

**SEWER OPERATING FUND
SCHEDULE OF CASH - TREASURER**

	<u>Operating</u>	
Balance as of December 31, 2024	\$ 7,173,326.02	
Increased by Receipts:		
Sewer Rents Receivable	\$ 2,778,990.36	
Miscellaneous Revenue Not Anticipated	640,753.11	
Due to Sewer Capital	5,091,759.20	
	<u>8,511,502.67</u>	
		15,684,828.69
Decreased by Disbursements:		
2025 Appropriations	2,960,435.63	
2024 Appropriation Reserves	52,647.89	
Accrued Interest	384,107.06	
Due from Sewer Capital	9,258,400.85	
	<u>12,655,591.43</u>	
Balance as of December 31, 2025	\$ <u><u>3,029,237.26</u></u>	

See Accompanying Auditor's Report

**SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Receipts		Disbursements		Transfers ---		Balance Dec. 31, 2025
	Debt	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance							
Encumbrances Payable							411,746.28
Due from Current Fund					305,391.69	152,591.32	152,591.32
Due to Sewer Utility Operating Fund		13,547,831.04		8,835,309.79	552,629.60	74,382.78	(1,490,832.00)
Reserve for Debt Service		129,382.78			74,382.78	45,879.60	67,860.28
							100,879.60
Improvement Authorizations:							
Ordinance							
Number							
14-15 Various Sewer Capital Improvements			14,567.37				2,754.33
8-16 Various Sewer Capital Improvements			219.92				0.00
5-17 Various Sewer Capital Improvements			692.25				-
5-18 Various Sewer Capital Improvements			1,215.00		35,687.46	32,382.96	(200,550.00)
5-19 Various Sewer Capital Improvements			43,174.00		35,756.25	41,906.25	164,586.16
4-20 Various Sewer Capital Improvements							843,084.38
10-21 Various Sewer Capital Improvements			109,664.96		70,077.94	119,187.94	112,421.31
13-22 Various Sewer Capital Improvements			48,387.30		6,347.17	36,235.54	417,239.20
16-23 Various Sewer Capital Improvements			33,100.00			-	2,390,099.81
15-24 Various Sewer Capital Improvements			89,206.50		4,722.50	82,429.00	900,413.28
8-2025 Various Sewer Capital Improvements			292,378.19		-	500,000.00	207,621.81
		13,547,831.04	632,605.49	8,835,309.79	1,084,995.39	1,084,995.39	4,079,915.76
\$							

See Accompanying Auditor's Report

**SEWER OPERATING FUND
SCHEDULE OF SEWER CONSUMER ACCOUNTS RECEIVABLE**

Balance as of December 31, 2024		\$ 86,217.04
Increased by:		
Utility Rents Levied	\$ 2,807,710.94	
Prepayments & Overpayments Created	<u>13,437.14</u>	
		<u>2,821,148.08</u>
		2,907,365.12
Decreased by:		
Collections	2,778,990.36	
Prepayments & Overpayments Applied	8,426.13	
Transferred to Liens	<u>1,159.64</u>	
		<u>2,788,576.13</u>
Balance as of December 31, 2025		\$ <u><u>118,788.99</u></u>

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**SEWER OPERATING FUND
SCHEDULE OF SEWER LIENS**

Balance as of December 31, 2024		\$ 6,010.38
Increase by:		
Transferred from Consumer Receivables	\$ 1,159.64	
Interest and Cost on Sale	<u>-</u>	
		<u>1,159.64</u>
Balance as of December 31, 2025		\$ <u><u>7,170.02</u></u>

SEWER CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Account	Balance Dec. 31, 2024	Additions By Budget Capital Outlay	Balance Dec. 31, 2025
Sewer System Improvements	\$ 9,475,727.42	-	9,475,727.42
	\$ 9,475,727.42	-	9,475,727.42

See Accompanying Auditor's Report

SEWER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2024	Deferred Charge to Future Revenue	Balance Dec. 31, 2025
		Date	Amount			
8-12	Various Sewer Capital Improvements	05/10/12	\$ 309,000	\$ 309,000.00		309,000.00
14-12	Various Sewer Capital Improvements	07/26/12	300,000	300,000.00		300,000.00
17-14	Various Sewer Capital Improvements	05/08/14	500,000	500,000.00		500,000.00
14-15	Various Sewer Capital Improvements	04/16/15	500,000	500,000.00		500,000.00
8-16	Various Sewer Capital Improvements	06/09/16	500,000	500,000.00		500,000.00
5-17	Various Sewer Capital Improvements	4/13/17	410,000	410,000.00		410,000.00
5-18	Various Sewer Capital Improvements	5/24/18	810,000	810,000.00		810,000.00
5-19	Various Sewer Capital Improvements	5/9/19	626,000	626,000.00		626,000.00
4-20	Various Sewer Capital Improvements	6/11/2020	1,075,000	1,075,000.00		1,075,000.00
10-21	Various Sewer Capital Improvements	6/24/2021	1,321,750	1,321,750.00		1,321,750.00
13-22	Various Sewer Capital Improvements	6/23/2022	1,458,000	1,458,000.00		1,458,000.00
16-23	Various Sewer Capital Improvements	6/22/2023	1,617,000	1,617,000.00		1,617,000.00
20-23	Stormwater Utility Capital Improvements	8/24/2023	4,300,000	4,300,000.00		4,300,000.00
15-24	Various Sewer Capital Improvements	6/27/2024	1,510,000	1,510,000.00		1,510,000.00
8-2025	Various Sewer Capital Improvements	4/10/2025	1,605,000		1,605,600.00	1,605,600.00
			\$	15,236,750.00	1,605,600.00	16,842,350.00

See Accompanying Auditor's Report

**SEWER OPERATING FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES**

	Balance Dec. 31, 2024	Balance After Transfers	Paid Or Charged	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 26,773.61	26,773.61	474.89	26,298.72	
Other Expenses	90,013.18	90,013.18	56,919.51	33,093.67	
ACMUA - Treatment Costs	80,070.00	80,070.00	-	80,070.00	
	<u>\$ 196,856.79</u>	<u>196,856.79</u>	<u>57,394.40</u>	<u>139,462.39</u>	<u>-</u>

See Accompanying Auditor's Report

**SEWER OPERATING UTILITY FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES - ANALYSIS OF BALANCE -
DECEMBER 31, 2025**

Balance as of December 31, 2024	\$ 67,681.94
Increased by:	
Accrued interest charged to 2025 budget appropriation - Interest on bonds and notes	<u>374,254.29</u>
	441,936.23
Decreased by:	
Disbursements	<u>384,107.06</u>
Balance as of December 31, 2025	<u>\$ 57,829.17</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2025

Description	Principal Outstanding Dec. 31, 2025	Interest Rate	From	To	# of Days	Amount
2019 Refunding Issue	1,640,000.00	3.25%	10/01/25	12/31/25	90	12,600.00
2022 Sewer Bonds	2,760,000.00	5.00%	10/15/25	12/31/25	75	26,531.25
Bond Anticipation Notes	4,500,000.00	3.75%	12/01/25	12/31/25	40	18,697.92
						<u>\$ 57,829.17</u>

**SEWER CAPITAL UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord Number	Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2024		2025 Authorizations		Prior Year Encumbrances	Paid Or Charged	Current Year Encumbrances	Balance Dec. 31, 2025	
				Funded	Unfunded	Down Payment Or Capital Improv. Fund	Deferred Charges To Future Revenue				Funded	Unfunded
14-15	Various Sewer Capital Improvements	04/16/15	500,000.00	\$	17,321.70				14,567.37			2,754.33
8-16	Various Sewer Capital Improvements	08/09/16	500,000.00		219.92				219.92			0.00
5-17	Various Sewer Capital Improvements	4/13/17	410,000.00	692.25					692.25		-	
5-18	Various Sewer Capital Improvements	05/24/18	810,000.00		13,969.50			26,382.96	1,215.00	35,687.46		3,450.00
5-19	Various Sewer Capital Improvements	5/9/19	626,000.00	201,610.16				41,906.25	43,174.00	35,756.25	164,586.16	
4-20	Various Sewer Capital Improvements	6/11/2020	1,075,000.00		918,084.38							918,084.38
10-21	Various Sewer Capital Improvements	6/24/2021	1,321,750.00		173,726.27			118,437.94	109,664.96	70,077.94		112,421.31
13-22	Various Sewer Capital Improvements	6/23/2022	1,458,000.00		624,738.13			36,235.54	48,387.30	6,347.17		606,239.20
16-23	Various Sewer Capital Improvements	06/22/23	1,617,000.00		1,040,199.81			-				1,040,199.81
20-23	Stormwater Utility Capital Improvements	08/24/23	4,300,000.00		4,300,000.00				33,100.00			4,266,900.00
15-2024	Various Sewer Capital Improvements	6/27/2024	1,510,000.00		1,421,913.28			82,429.00	89,206.50	4,722.50		1,410,413.28
8-2025	Various Sewer Capital Improvements	04/10/25	1,605,600.00				1,605,600.00		292,378.19			1,313,221.81
			\$	202,302.41	8,510,172.99	-	1,605,600.00	305,391.69	632,605.49	152,591.32	164,586.16	9,673,684.12

See Accompanying Auditor's Report

SEWER CAPITAL UTILITY FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Purpose	Date of Original Issue	Date of Issue	Date of Maturity	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
16-2023 Various Sewer Improvements	12/11/2023	8/27/2025	8/26/2026	1,500,000	3.75% \$	1,500,000.00			1,500,000.00
20-2023 Various Sewer Improvements	8/29/2024	8/27/2025	8/26/2026	1,500,000	3.75%	1,500,000.00			1,500,000.00
15-2024 Various Sewer Improvements	8/29/2024	8/27/2025	8/26/2026	1,000,000	3.75%	1,000,000.00			1,000,000.00
08-2025 Various Sewer Improvements	8/27/2025	8/27/2025	8/26/2026	500,000	3.75%		500,000.00		500,000.00
						<u>\$ 4,000,000.00</u>	<u>500,000.00</u>	<u>-</u>	<u>4,500,000.00</u>

SEWER CAPITAL UTILITY FUND
STATEMENT OF SEWER SERIAL BONDS PAYABLE

Purpose	Date Of Issue	Original Issue	Maturities of Bonds		Int. Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
			Date	Amount					
Sewer Utility Bonds	10/01/19	2,970,000.00	10/01/26	290,000.00	4.00%	1,910,000.00		270,000.00	1,640,000.00
			10/01/27	290,000.00	4.00%				
			10/01/28	300,000.00	4.00%				
			10/01/29	315,000.00	2.00%				
			10/01/30	335,000.00	2.00%				
			10/01/31	110,000.00	2.00%				
Sewer Utility Bonds	10/15/22	3,400,000.00	10/15/26	255,000.00	5.00%	2,995,000.00		235,000.00	2,760,000.00
			10/15/27	265,000.00	5.00%				
			10/15/28	280,000.00	5.00%				
			10/15/29	285,000.00	5.00%				
			10/15/30	295,000.00	5.00%				
			10/15/31	315,000.00	5.00%				
			10/15/32	335,000.00	4.00%				
			10/15/33	350,000.00	4.00%				
			10/15/34	380,000.00	4.00%				
						\$ 4,905,000.00			
							-	505,000.00	4,400,000.00

See Accompanying Auditor's Report

**SEWER CAPITAL UTILITY FUND
SCHEDULE OF NJEIT LOANS PAYABLE**

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding		Int. Rate	Balance Dec. 31, 2024	Decreased	Balance Dec. 31, 2025
			Date	Amount				
Series B 2010	12/02/10	910,000.00	08/01/25	83,000.00	5.00%	83,000.00	83,000.00	0.00
						\$ 83,000.00	83,000.00	0.00
						Paid in Cash	83,000.00	
							<u>83,000.00</u>	

**SEWER CAPITAL UTILITY FUND
SCHEDULE OF RESERVE FOR AMORTIZATION**

Balance as of December 31, 2024		\$ 11,730,813.01
Increased by:		
Capital Outlay:		
NJ EIT Bonds Payable	83,000.00	
Serial Bonds Paid by Operating Budget	505,000.00	
Budget Appropriation -		
Costs of Improvement Authorizations		
Ordinance # 05-18 and # 10-21	<u>6,750.00</u>	
		<u>594,750.00</u>
Balance as of December 31, 2025		\$ <u><u>12,325,563.01</u></u>

See Accompanying Auditor's Report

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2024	Paid in Operating Budget Bond	Balance Dec. 31, 2025
8-12	Various Sewer Capital Improvements	05/10/12	\$ 41,794.65		41,794.65
14-12	Various Sewer Capital Improvements	07/26/12	25,119.76		25,119.76
17-14	Various Sewer Capital Improvements	05/08/14	25,000.00		25,000.00
			<u>\$ 91,914.41</u>	<u>-</u>	<u>91,914.41</u>

SEWER CAPITAL UTILITY FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2024	2025 Authorization	Debt Issued	Canceled by Budget Appropriation	Balance Dec. 31, 2025
5-18	Various Sewer Capital Improvements	\$ 210,000.00			6,000.00	204,000.00
4-20	Various Sewer Capital Improvements	75,000.00				75,000.00
10-21	Various Sewer Capital Improvements	750.00			750.00	-
13-22	Various Sewer Capital Improvement	189,000.00				189,000.00
16-23	Various Sewer Capital Improvement	117,000.00				117,000.00
20-23	Stormwater Utility Capital Improvements	2,800,000.00				2,800,000.00
15-24	Various Sewer Capital Improvement	510,000.00				510,000.00
8-25	Various Sewer Capital Improvement		1,605,600.00	500,000.00		1,105,600.00
		<u>\$ 3,901,750.00</u>	<u>1,605,600.00</u>	<u>500,000.00</u>	<u>6,750.00</u>	<u>5,000,600.00</u>

CITY OF SOMERS POINT

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

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GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 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 \$53,000 except by contract or agreement."

The governing body of the City has the responsibility of determining whether the expenditures in any category will exceed \$53,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Council's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of \$53,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

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

- 2025 Emergency Repairs and Miscellaneous Maintenance
- 2025 Road Program
- Reconstruction of New Jersey Avenue
- Gateway Theater Roof Replacement

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 nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of a municipality to fix the rate of interest to be charged for the nonpayment of taxes of assessments and sewer charges;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Somers Point, County of Atlantic, State of New Jersey, that:

1. In the event that payments of taxes or assessments and sewer charges are not paid on the due date, but are paid within a period of ten (10) days in the case of taxes, or thirty (30) days in the case of assessments and sewer charges, the Tax Collector is hereby authorized to charge no interest on all such delinquent payments.
2. In the event that payment of taxes or assessments and sewer charges are not paid within ten (10) days in the case of taxes, or thirty (30) in the case of assessments and sewer charges,, the Tax Collector is hereby authorized to charge interest at the rate of eight percent per annum on the first \$1,500 of the delinquency and 18 percent per annum on any amount in excess of \$1,500 to be calculated from the date the tax or assessment was payable until the date of actual payment.
3. N.J.S.A. 54:6-67 specifically provides that a governing body may fix a penalty to be charged to a taxpayer where there is a tax and/or other municipal charge delinquency in excess of \$10,000 at the end of any calendar year on a given parcel of real estate; and
4. That a penalty equal to six (6) percent per annum of any delinquency in taxes and other municipal charges on a given parcel of real property shall be and hereby imposed where the delinquency exceeds \$10,000 at the end of each calendar year.

This Resolution shall take effect January 1, 2025.

It appears from an examination of the collector's records that interest on delinquent taxes was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The 2025 tax sale was held on October 17, 2025 and was complete.

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>
2025	17
2024	17
2023	16

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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charts and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type:</u>	<u>Number Mailed</u>
Payment of 2025 and 2026 Taxes	25
Payment of 2025 and 2026 Utility Bills	25
Delinquent Taxes	5
Delinquent Utility	5
Tax Title Liens	3

As of the date of this audit report, all verifications have not been returned. No problems were noted with the verifications that have been returned related to property taxes, utilities or municipal court.

Deposit of Municipal Funds

N.J.S. 40A:5-15 states, "All municipal funds shall be deposited within 48 hours upon receipt."

Our examination has revealed that municipal funds were deposited within the mandated time.

Comparison of Tax Levies and Collections 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.

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<u>Year</u>	<u>Current Fund</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2025	\$ 42,850,439.35	42,171,567.27	98.42%
2024	40,823,143.41	40,249,069.98	98.59%
2023	40,162,155.29	39,519,982.68	98.40%
2022	38,021,947.49	37,690,315.48	99.13%
2021	37,241,711.94	36,946,168.60	99.21%

Comparative Schedule of Tax Rate Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	\$ 3.722	3.58	3.470	3.341	3.291
Apportionment of Tax Rate:					
Municipal	1.144	1.124	1.109	1.025	1.008
County	0.674	0.653	0.638	0.585	0.555
Local School	1.093	1.034	0.980	0.982	0.985
Regional School	0.811	0.765	0.743	0.749	0.743
Assessed Valuation	\$ 1,147,244,100	1,139,176,100.00	1,146,402,500.00	1,134,603,933	1,130,903,733

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2025	\$ 336,631.74	631,988.47	968,620.21	2.26%
2024	334,797.13	560,392.99	895,190.12	2.19%
2023	303,798.08	504,671.82	808,469.90	2.01%
2022	273,808.94	442,102.23	715,911.17	1.88%
2021	217,359.43	353,827.22	571,186.65	1.53%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2025	\$ 19,412.00
2024	19,412.00
2023	19,412.00
2022	19,412.00
2021	19,412.00

Sewer Utility Service Charges

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years.

<u>Year</u>	<u>Balance End of Year</u>		<u>Billings</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>		
2025	\$ 118,788.99	7,170.02	2,807,710.94	2,773,979.35
2024	86,217.04	6,010.38	2,789,928.56	2,784,354.95
2023	80,836.43	5,817.38	2,762,868.12	2,782,559.46
2022	100,912.77	5,432.38	2,735,710.00	2,758,021.80
2021	123,608.57	5,048.38	2,750,801.00	2,763,036.63

Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in budget of Succeeding Year</u>	<u>Percentage of Fund Balance Utilized</u>
<u>Current Fund</u>			
2025	\$ 4,666,040.65	3,500,000.00	75.01%
2024	4,710,383.91	3,415,000.00	72.50%
2023	3,691,397.27	2,800,000.00	75.85%
2022	2,821,388.90	2,700,000.00	95.70%
2021	2,866,350.67	2,685,000.00	93.67%
<u>Sewer Utility Operating Fund</u>			
2025	\$ 2,826,227.69	863,300.00	30.55%
2024	2,732,754.35	707,217.22	25.88%
2023	2,375,330.62	529,800.00	22.30%
2022	2,167,780.57	283,897.68	13.10%
2021	1,998,098.30	114,100.00	5.71%

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STATUS OF PRIOR YEAR RECOMMENDATIONS

No prior year recommendations.

RECOMMENDATIONS

NONE

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

July 10, 2026