

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2025

Oliwa & Company
Certified Public Accountants

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2025

Table of Contents

Part I

Independent Auditor's Report	<u>Pages</u> 1-4
<u>Financial Statements</u>	<u>Exhibit</u>
<u>Current Fund</u>	
Comparative Balance Sheet - Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1
Statement of Revenues - Regulatory Basis	A-2
Statement of Expenditures - Regulatory Basis	A-3
<u>Trust Fund</u>	
Comparative Balance Sheet - Regulatory Basis	B
<u>General Capital Fund</u>	
Comparative Balance Sheet - Regulatory Basis	C
Comparative Statement of Fund Balance - Regulatory Basis	C-1
<u>Water Utility Fund</u>	
Comparative Balance Sheet - Regulatory Basis	D
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	D-1
Comparative Statement of Fund Balance - Regulatory Basis	D-2
Statement of Revenues - Regulatory Basis	D-3
Statement of Expenditures - Regulatory Basis	D-4

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2025

Table of Contents

Part I
(Continued)

<u>Financial Statements</u>	<u>Exhibit</u>
<u>Sewer Utility Fund</u>	
Comparative Balance Sheet - Regulatory Basis	E
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	E-1
Comparative Statement of Fund Balance - Regulatory Basis	E-2
Statement of Revenues - Regulatory Basis	E-3
Statement of Expenditures - Regulatory Basis	E-4
<u>Electric Utility Fund</u>	
Comparative Balance Sheet - Regulatory Basis	F
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	F-1
Comparative Statement of Fund Balance - Regulatory Basis	F-2
Statement of Revenues - Regulatory Basis	F-3
Statement of Expenditures - Regulatory Basis	F-4
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet - Regulatory Basis	G
<u>Notes to Financial Statements</u>	<u>Pages</u> 5-38

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2025

Table of Contents

Part II

Supplementary Schedules

Schedule

Current Fund

Schedule of Cash	1-A
Schedule of Due from State of New Jersey (PL 1971, Ch. 20)	2-A
Schedule of Taxes Receivable and Analysis of Property Tax Levy	3-A
Schedule of Reserve for FEMA	4-A
Schedule of Revenue Accounts Receivable	5-A
Schedule of Accounts Payable	6-A
Schedule of Appropriation Reserves	7-A
Schedule of Due to Federal and State Grant Fund	8-A
Schedule of Encumbrances Payable	9-A
Schedule of Cash Advance - Magistrate	10-A
Schedule of County Taxes Payable	11-A
Schedule of Prepaid Taxes	12-A
Schedule of Tax Overpayments	13-A
Schedule of Local District School Tax Payable	14-A
Schedule of Due from Current Fund - Federal and State Grant Fund	15-A
Schedule of Grants Receivable - Federal and State Grant Fund	16-A
Schedule of Appropriated Reserves - Federal and State Grant Fund	17-A
Schedule of Unappropriated Reserves - Federal and State Grant Fund	18-A

Trust Fund

Schedule of Cash	1-B
Schedule of Due to State of New Jersey - Animal Control Fund	2-B
Schedule of Miscellaneous Reserves - Other Trust Fund	3-B
Schedule of Reserve for Animal Control Fund Expenditures	4-B
Schedule of Length of Service Award Program Fund Investments	5-B
Schedule of Reserve for Length of Service Award Program Fund	6-B

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2025

Table of Contents

Part II
(Continued)

Supplementary Schedules

Schedule

General Capital Fund

Schedule of Cash	1-C
Schedule of Analysis of General Capital Fund Cash	2-C
Schedule of Deferred Charges to Future Taxation - Funded	3-C
Schedule of Deferred Charges to Future Taxation - Unfunded	4-C
Schedule of Grants Receivable	5-C
Schedule of General Serial Bonds	6-C
Schedule of Bond Anticipation Notes	7-C
Schedule of Contracts Payable	8-C
Schedule of Improvement Authorizations	9-C
Schedule of Capital Improvement Fund	10-C
Schedule of Bonds and Notes Authorized but Not Issued	11-C

Water Utility Fund

Schedule of Cash	1-D
Schedule of Analysis of Water Utility Capital Fund Cash	2-D
Schedule of Consumer Accounts Receivable	3-D
Schedule of Fixed Capital	4-D
Schedule of Appropriation Reserves	5-D
Schedule of Encumbrances Payable	6-D
Schedule of Water Overpayments	7-D
Schedule of Accrued Interest Payable	8-D
Schedule of Serial Bonds	9-D
Schedule of Water Utility Bond Anticipation Notes	10-D
Schedule of New Jersey Environmental Infrastructure Loans Payable	11-D
Schedule of Capital Improvement Fund	12-D
Schedule of Improvement Authorizations	13-D
Schedule of Fixed Capital Authorized and Uncompleted	14-D

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2025

Table of Contents

Part II
(Continued)

Supplementary Schedules

Schedule

Water Utility Fund (continued)

Schedule of Bonds and Notes Authorized but Not Issued	15-D
Schedule of Reserve for Amortization	16-D
Schedule of Deferred Reserve for Amortization	17-D
Schedule of New Jersey Environmental Infrastructure Trust Loan	18-D
Schedule of New Jersey Environmental Infrastructure Fund Loan	19-D

Sewer Utility Fund

Schedule of Cash	1-E
Schedule of Analysis of Sewer Utility Capital Fund Cash	2-E
Schedule of Consumer Accounts Receivable	3-E
Schedule of Fixed Capital	4-E
Schedule of Fixed Capital Authorized and Uncompleted	5-E
Schedule of Appropriation Reserves	6-E
Schedule of Encumbrances Payable	7-E
Schedule of Accrued Interest Payable	8-E
Schedule of Sewer Overpayments	9-E
Schedule of Sewer Utility Serial Bonds	10-E
Schedule of Sewer Utility Bond Anticipation Notes	11-E
Schedule of Capital Improvement Fund	12-E
Schedule of Reserve for Amortization	13-E
Schedule of Improvement Authorizations	14-E
Schedule of Maturity - Refunding Bonds	15-E
Schedule of Maturity - Refunding Bonds	16-E
Schedule of Deferred Reserve for Amortization	17-E

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2025

Table of Contents

Part II
(Continued)

<u>Supplementary Schedules</u>	<u>Schedule</u>
 <u>Electric Utility Fund</u>	
Schedule of Cash	1-F
Schedule of Analysis of Electric Utility Capital Fund Cash	2-F
Schedule of Due from State of New Jersey - Lifeline Credits	3-F
Schedule of Consumer Accounts Receivable	4-F
Schedule of Fixed Capital	5-F
Schedule of Fixed Capital Authorized and Uncompleted	6-F
Schedule of Appropriation Reserves	7-F
Schedule of Encumbrances Payable	8-F
Schedule of Electric Overpayments	9-F
Schedule of Improvement Authorizations	10-F
Schedule of Capital Improvement Fund	11-F
Schedule of Reserve for Amortization	12-F
Schedule of Deferred Reserve for Amortization	13-F
Schedule of Bond Anticipation Notes	14-F
Schedule of Accrued Interest Payable	15-F
Schedule of Reserve to Pay Debt Service	16-F
Schedule of Bonds and Notes Authorized but Not Issued	17-F
 <u>General Fixed Assets Account Group</u>	
Schedule of Investment in General Fixed Assets	1-G

Part III

	<u>Pages</u>
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	39-40

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2025

Table of Contents

Part IV

Comments

Pages
41-49

Part V

Single Audit Section

Page(s)

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by
State of New Jersey Circular 25-12-OMB

50-52

Schedule of Expenditures of Federal Awards

53

Schedule of Expenditures of State Financial Assistance

54

Notes to Schedule of Expenditures of Federal Awards and Schedule
of Expenditures of State Financial Assistance

55

Schedule of Findings and Questioned Costs

56-57

Schedule of Prior Year Audit Findings

58

Part VI

Comments and Recommendations

Page
59

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

PART I

INDEPENDENT AUDITOR'S REPORTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the Borough Council
Borough of Lavallette
County of Ocean
Lavallette, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and the general fixed assets account group of the Borough of Lavallette, County of Ocean, State of New Jersey (the "Borough") as of December 31, 2025 and 2024, the related statements of operations and change in fund balance - regulatory basis for the years then ended, the related statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the 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 Borough's basic financial statements listed as financial statement exhibits in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the Current Fund, General Capital Fund, Water Utility Fund, Sewer Utility Fund, Electric Utility Fund and the General Fixed Assets Account Group of the Borough as of December 31, 2025 and 2024, the statements of operations and change in fund balance - regulatory basis for the years then ended, the statements of fund balance - regulatory basis for the years then ended, and the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the individual funds for the year ended December 31, 2025 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified, Qualified and Adverse Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the balance sheet - regulatory basis of the Trust Fund of the Borough as of December 31, 2025 and 2024 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Opinions (continued)

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the Basis for Unmodified, Qualified and Adverse Opinions section of our report, 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 the Borough as of December 31, 2025 and 2024, or the results its operations and the changes in fund balance for the years then ended.

Basis for Unmodified, Qualified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, 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 unmodified, qualified and adverse audit opinions.

Matter Giving Rise to Qualified Opinion on Regulatory Basis of Accounting

The financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 36.97% and 36.25% of the assets, and the liabilities and reserves of the Borough's Trust Fund as of December 31, 2025 and 2024, respectively.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of 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 the Division of Local Government Services, Department of Community Affairs, State 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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 misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

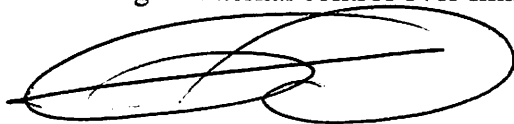
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements - regulatory basis that collectively comprise the Borough's basic financial statements. The supplementary schedules as listed in the table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, and the schedule of expenditures of state financial assistance as required by State of New Jersey Circular 25-12-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid 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, except for the LOSAP Fund supplementary schedules, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2026, on our consideration of the Borough'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 of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



Robert S. Oliwa
Certified Public Accountant
Registered Municipal Accountant #414

Oliwa & Company

Freehold, New Jersey
August 31, 2026

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Cash and Cash Equivalents:			
Cash	1-A	\$7,495,140.97	\$7,642,811.59
Change Funds		400.00	300.00
Due from State of New Jersey (PL 1971, Ch.20)	2-A	6,202.58	8,827.58
		<u>7,501,743.55</u>	<u>7,651,939.17</u>
 Receivables and Other Assets with Full Reserves:			
Cash Advance - Magistrate	10-A	100.00	100.00
Delinquent Property Taxes Receivable	3-A	145,610.66	122,011.67
Revenue Accounts Receivable	5-A	3,831.12	2,324.32
Due from Federal and State Grant Fund	8-A	251,671.32	14,014.94
	A	<u>401,213.10</u>	<u>138,450.93</u>
		<u>7,902,956.65</u>	<u>7,790,390.10</u>
 Federal and State Grant Fund:			
Grants Receivable	16-A	1,150,507.40	2,609,798.65
		<u>\$9,053,464.05</u>	<u>\$10,400,188.75</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,7-A	\$424,548.51	\$411,298.04
Encumbrances Payable	9-A	267,790.38	271,332.64
Accounts Payable	6-A	10,886.50	2,256.50
County Taxes Payable	11-A	61,165.97	60,039.69
Prepaid Taxes	12-A	281,352.02	239,577.43
Tax Overpayments	13-A	14,312.63	12,278.64
Local District School Tax Payable	14-A	1,471,831.72	1,477,817.22
Prepaid Beach Badges		149,660.00	197,390.00
Reserve for Hurricane Sandy		11,703.74	11,703.74
Reserve for FEMA	4-A	867,549.76	867,549.76
Reserve for Goose Patrol		25,187.13	23,415.22
Reserve for Insurance Claims		704,251.53	686,322.84
		<u>4,290,239.89</u>	<u>4,260,981.72</u>
Reserves for Receivables and Other Assets	A	401,213.10	138,450.93
Fund Balance	A-1	3,211,503.66	3,390,957.45
		<u>7,902,956.65</u>	<u>7,790,390.10</u>
Federal and State Grant Fund:			
Appropriated Reserves	17-A	470,728.63	2,501,350.49
Encumbrances Payable	17-A	428,107.45	93,127.76
Due to Current Fund	15-A	251,671.32	14,014.94
Unappropriated Reserves	18-A		1,305.46
		<u>1,150,507.40</u>	<u>2,609,798.65</u>
		<u>\$9,053,464.05</u>	<u>\$10,400,188.75</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$2,000,000.00	\$1,950,000.00
Miscellaneous Revenue Anticipated	A-2	2,672,649.12	4,714,564.81
Receipts from Delinquent Taxes	A-2	122,011.67	107,395.53
Receipts from Current Taxes	A-2	24,782,860.97	23,012,118.04
Non-Budget Revenues	A-2	489,726.98	356,744.82
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	7-A	502,707.49	521,705.40
Interfunds Returned		14,014.94	
Total Revenue		<u>30,583,971.17</u>	<u>30,662,528.60</u>
<u>Expenditures</u>			
Budget Appropriations Within CAPS:			
Operations:			
Salaries and Wages	A-3	4,448,150.00	4,247,000.00
Other Expenses	A-3	3,256,600.00	3,271,497.00
Deferred Charges and Statutory Expenditures	A-3	1,009,000.00	936,000.00
Budget Appropriations Excluded From CAPS:			
Operations:			
Salaries and Wages	A-3	75,481.45	61,784.05
Other Expenses	A-3	762,576.83	2,697,463.97
Capital Improvements	A-3	110,000.00	125,000.00
Municipal Debt Service	A-3	823,187.84	864,533.52
County Taxes	11-A	13,572,817.52	12,129,964.90
Local District School Taxes	14-A	4,453,940.00	4,370,164.00
Interfunds Advanced		251,671.32	
Total Expenditures		<u>28,763,424.96</u>	<u>28,703,407.44</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Excess in Revenue		\$1,820,546.21	\$1,959,121.16
Fund Balance January 1	A	<u>3,390,957.45</u>	<u>3,381,836.29</u>
		5,211,503.66	5,340,957.45
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>2,000,000.00</u>	<u>1,950,000.00</u>
Fund Balance December 31	A	<u><u>\$3,211,503.66</u></u>	<u><u>\$3,390,957.45</u></u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Anticipated	A-1	\$2,000,000.00		\$2,000,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	5-A	12,650.00		12,700.00	\$50.00
Other	5-A	7,000.00		9,250.00	2,250.00
Fees and Permits	5-A	35,000.00		51,936.00	16,936.00
Municipal Court Fines and Costs	5-A	80,000.00		92,999.22	12,999.22
Interest and Costs on Taxes	5-A	26,000.00		30,772.79	4,772.79
Parking Meters	5-A	37,000.00		41,640.00	4,640.00
Interest on Investments and Deposits	5-A	100,000.00		187,657.25	87,657.25
Beach Fees	5-A	1,100,000.00		1,300,163.00	200,163.00
Cable TV Franchise Fees	5-A	25,000.00		31,982.00	6,982.00
Energy Receipts Tax	5-A	170,619.00		170,619.06	0.06
Seaside Park - Court	5-A	75,481.45		75,481.45	
Recycling Tonnage Grant	16-A		\$6,299.61	6,299.61	
Clean Communities Program	16-A		15,691.76	15,691.76	
Body Armor Replacement	16-A	1,305.46		1,305.46	
Local Recreation Improvement	16-A	63,000.00		63,000.00	
Cops in Shops	16-A	2,880.00		2,880.00	
Donation - Lavallette PTO - Scoreboard	16-A	10,000.00		10,000.00	
Verizon - Lighting Detection System	16-A	20,000.00		20,000.00	
NJDEP - Jake's Law	16-A		489,000.00	489,000.00	
Reserve for Goose Patrol	5-A	3,000.00		3,000.00	
Cell Tower Agreement	5-A	50,000.00		56,271.52	6,271.52
	A-1	1,818,935.91	510,991.37	2,672,649.12	342,721.84
Receipts From Delinquent Taxes	A-1,A-2	97,000.00		122,011.67	25,011.67

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2,3-A	<u>\$6,855,881.00</u>		<u>\$7,181,103.45</u>	<u>\$325,222.45</u>
Budget Totals		10,771,816.91	\$510,991.37	11,975,764.24	<u>\$692,955.96</u>
Non-Budget Revenues	A-1,A-2			489,726.98	
		<u>\$10,771,816.91</u>	<u>\$510,991.37</u>	<u>\$12,465,491.22</u>	
	<u>Ref.</u>	A-3	A-3		

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,3-A	\$24,782,860.97
Allocated to School and County Taxes		<u>18,026,757.52</u>
Balance for Support of Municipal Budget Appropriations		6,756,103.45
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>425,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$7,181,103.45</u></u>
 <u>Receipts from Delinquent Taxes</u>		
Delinquent Tax Collections	A-2,3-A	<u><u>\$122,011.67</u></u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2025

Analysis of Non-Budget Revenues

Zoning Application Fees	\$62,465.00
Sale of Assets	58,150.00
Verizon Mobile Contract	50,537.76
Lavallette Post Office Rent	48,654.00
T-Mobile and Metro PCS	45,045.00
Off-Duty Police Administrative Fee	45,013.38
Construction Office Rent	36,000.00
For Profit Vendor Activities Fees	33,482.48
Insurance Reimbursements	28,121.98
Beach Credit Card Fees	19,644.69
Recreation Fees	17,935.00
Appliance/Cleanup Fees	12,040.00
Other Miscellaneous Revenue	11,763.66
Street Openings	6,460.00
Gazebo/Pavilion Use Fee	5,400.00
Rental Inspection Fees	2,465.13
Residential Parking Permit Fee	1,650.00
Prosecutor's Special Programs	1,120.00
Renter Registration Fees	1,000.00
Facilities Use Permit Fees	675.00
Returned Check Charges	600.00
Senior Citizens and Veterans Administrative Fee	567.50
Film Permit Fees	350.00
Waterfront Owners Lists	330.00
Police Reports	256.40
	<u>\$489,726.98</u>

Ref. A-1,A-2,1-A

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 1 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
<u>Operations Within "CAPS"</u>					
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$73,200.00	\$73,200.00	\$66,177.14	\$7,022.86	
Other Expenses	18,900.00	18,900.00	6,355.62	7,544.38	\$5,000.00
Human Resources (Personnel):					
Other Expenses	500.00	500.00		500.00	
Mayor and Council:					
Salaries and Wages	42,500.00	42,500.00	35,313.26	7,186.74	
Other Expenses	8,100.00	8,100.00	6,642.29	1,457.71	
Municipal Clerk:					
Salaries and Wages	92,100.00	92,100.00	71,918.76	5,181.24	15,000.00
Printing and Legal Advertising	8,000.00	8,000.00	6,930.00	1,070.00	
Office Equipment	3,000.00	3,000.00	2,635.83	364.17	
Miscellaneous Other Expenses	12,750.00	12,750.00	9,663.06	3,086.94	
Elections	500.00	500.00	393.11	106.89	
Financial Administration (Treasury):					
Salaries and Wages	77,000.00	77,000.00	67,209.80	4,790.20	5,000.00
Other Expenses	31,500.00	31,500.00	30,139.07	1,360.93	
Audit Services:					
Other Expenses	19,000.00	19,000.00	19,000.00		
Computerized Data Processing:					
Other Expenses	20,000.00	20,000.00	19,680.05	319.95	

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 2 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u>	<u>Paid or</u>		<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Operations Within "CAPS"</u>					
Revenue Administration (Tax Collection):					
Salaries and Wages	\$62,050.00	\$62,050.00	\$45,306.72	\$1,743.28	\$15,000.00
Other Expenses	7,550.00	7,550.00	5,538.34	2,011.66	
Tax Assessment Administration:					
Salaries and Wages	23,000.00	23,000.00	22,026.00	974.00	
Other Expenses	2,350.00	2,350.00	1,807.56	542.44	
Legal Services (Legal Department):					
Other Expenses	110,000.00	110,000.00	34,385.50	25,614.50	50,000.00
Engineering Services:					
Other Expenses	90,000.00	90,000.00	61,488.50	28,511.50	
Tax Map Update	1,000.00	1,000.00		1,000.00	
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	11,000.00	11,000.00	6,777.00	4,223.00	
Other Expenses	9,600.00	9,600.00	6,609.58	2,990.42	
Zoning Board of Adjustment:					
Salaries and Wages	30,000.00	24,000.00	20,576.81	3,423.19	
Other Expenses	1,350.00	1,350.00	1,345.78	4.22	

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 3 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>Operations Within "CAPS"</u>					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Official:					
Salaries and Wages	\$100.00	\$100.00		\$100.00	
Other Expenses	100.00	100.00		100.00	
Code Enforcement Officer:					
Salaries and Wages	47,000.00	53,000.00	\$51,188.54	1,811.46	
Other Expenses	600.00	600.00	151.00	449.00	
INSURANCE					
General Liability	207,000.00	207,000.00	204,890.15	2,109.85	
Worker's Compensation	310,500.00	310,500.00	302,085.00	3,415.00	\$5,000.00
Employee Group Health	1,263,600.00	1,263,600.00	1,146,906.94	16,693.06	100,000.00
Health Benefits Waiver	35,000.00	35,000.00	34,914.60	85.40	
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	2,092,600.00	2,092,600.00	2,067,076.14	25,523.86	
Other Expenses	195,350.00	195,350.00	176,022.90	19,327.10	
Office of Emergency Management:					
Salaries and Wages	7,500.00	7,500.00	7,163.00	337.00	
Other Expenses	8,100.00	8,100.00	2,786.93	5,313.07	
Aid to Volunteer Fire Companies	44,500.00	44,500.00	44,488.34	11.66	
First Aid Contribution	30,000.00	30,000.00	30,000.00		

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 4 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
<u>Operations Within "CAPS"</u>					
Fire Department:					
Fire Hydrant Service	\$35,000.00	\$35,000.00	\$30,642.87	\$4,357.13	
Municipal Prosecutor's Office:					
Other Expenses	13,000.00	13,000.00	12,000.00	1,000.00	
Municipal Court:					
Salaries and Wages	65,500.00	65,500.00	46,544.47	8,955.53	\$10,000.00
Other Expenses	4,500.00	4,500.00	3,619.10	880.90	
Public Defender:					
Other Expenses	6,000.00	6,000.00	3,000.00	3,000.00	
PUBLIC WORKS					
Streets and Road Maintenance:					
Other Expenses	10,000.00	10,000.00	7,570.00	2,430.00	
Schedule C	12,000.00	12,000.00	4,000.00	8,000.00	
Other Public Works Functions:					
Salaries and Wages	1,257,100.00	1,257,100.00	1,158,241.70	18,858.30	80,000.00
Other Expenses	35,250.00	35,250.00	33,054.32	2,195.68	
Solid Waste Collection:					
Garbage	5,000.00	5,000.00	2,703.33	2,296.67	
Recycling and Source Separation	6,500.00	6,500.00	3,786.66	2,713.34	
Building and Grounds:					
Other Expenses	90,000.00	90,000.00	62,953.71	27,046.29	
Vehicle Maintenance:					
Other Expenses	95,000.00	95,000.00	73,686.22	21,313.78	

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 5 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u>	<u>Charged</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>			<u>Cancelled</u>
<u>Operations Within "CAPS"</u>					
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	\$1,500.00	\$1,500.00	\$1,454.00	\$46.00	
Other Expenses	100.00	100.00		100.00	
Animal Control Services:					
Salaries and Wages	6,000.00	6,000.00	5,500.00	500.00	
Other Expenses	1,500.00	1,500.00		1,500.00	
Goose Patrol	3,000.00	3,000.00	1,263.78	1,736.22	
RECREATION AND EDUCATION					
Recreation Services and Programs:					
Salaries and Wages	12,000.00	12,000.00	11,228.78	771.22	
Other Expenses	33,900.00	33,900.00	27,377.29	6,522.71	
Community Service Programs:					
Other Expenses	100.00	100.00		100.00	
Maintenance of Parks:					
Other Expenses	10,000.00	10,000.00	3,975.38	6,024.62	
Beach and Boardwalk Operations:					
Salaries and Wages (Summer)	658,000.00	633,000.00	626,946.04	6,053.96	
Other Expenses	97,200.00	122,200.00	118,063.31	4,136.69	

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 6 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
<u>Operations Within "CAPS"</u>					
Accumulated Leave Compensation	\$40,000.00	\$40,000.00	\$40,000.00		
Celebration of Public Events:					
Other Expenses	40,200.00	40,200.00	34,589.96	\$5,610.04	
Public Employees Occupational Safety and Health Act	4,000.00	4,000.00	2,884.00	1,116.00	
UNCLASSIFIED					
Electricity	90,000.00	90,000.00	70,000.00	10,000.00	\$10,000.00
Street Lighting	55,000.00	55,000.00	51,000.00	4,000.00	
Telephone (excluding equipment acquisition)	25,000.00	25,000.00	22,018.62	2,981.38	
Water	10,000.00	10,000.00	9,155.05	844.95	
Gas (natural or propane)	30,000.00	30,000.00	24,047.17	5,952.83	
Fuel Oil	100,000.00	100,000.00	74,386.89	15,613.11	10,000.00
Landfill/Solid Waste Disposal Costs	190,000.00	190,000.00	132,991.40	27,008.60	30,000.00
Total Operations Within "CAPS"	8,039,250.00	8,039,250.00	7,314,277.37	389,972.63	335,000.00
Contingent	500.00	500.00		500.00	
Total Operations Including Contingent Within "CAPS"	8,039,750.00	8,039,750.00	7,314,277.37	390,472.63	335,000.00
Detail:					
Salaries and Wages	4,598,150.00	4,573,150.00	4,350,648.16	97,501.84	125,000.00
Other Expenses	3,441,600.00	3,466,600.00	2,963,629.21	292,970.79	210,000.00

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 7 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
<u>Operations Within "CAPS"</u>					
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	\$220,000.00	\$220,000.00	\$219,915.30	\$84.70	
Social Security System (O.A.S.I.)	340,000.00	340,000.00	328,507.39	6,492.61	\$5,000.00
Police and Firemen's Retirement System of NJ	445,000.00	445,000.00	441,527.00	3,473.00	
Unemployment Compensation	7,000.00	7,000.00	7,000.00		
Defined Contribution Retirement Program	2,000.00	2,000.00	715.78	1,284.22	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,014,000.00</u>	<u>1,014,000.00</u>	<u>997,665.47</u>	<u>11,334.53</u>	<u>5,000.00</u>
Total General Appropriations For Municipal Purposes Within "CAPS"	<u>9,053,750.00</u>	<u>9,053,750.00</u>	<u>8,311,942.84</u>	<u>401,807.16</u>	<u>340,000.00</u>
<u>Operations Excluded from "CAPS"</u>					
State Recycling Tax (C. 311, P.L. 2007)	9,000.00	9,000.00	9,000.00		
Employee Group Health Insurance	75,900.00	75,900.00	75,900.00		
Liability Insurance	13,000.00	13,000.00	13,000.00		
Workers Compensation Insurance	9,500.00	9,500.00	9,500.00		
LOSAP	22,500.00	22,500.00	22,500.00		
Stormwater Management:					
Other Expenses	<u>5,000.00</u>	<u>5,000.00</u>	<u>2,450.00</u>	<u>2,550.00</u>	
	<u>134,900.00</u>	<u>134,900.00</u>	<u>132,350.00</u>	<u>2,550.00</u>	

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 8 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
<u>Operations Excluded from "CAPS"</u>					
SHARED SERVICE AGREEMENTS					
CAD System Hardware (Toms River):					
Other Expenses	\$15,000.00	\$15,000.00	\$7,575.00	\$7,425.00	
Court - Seaside Park					
Salaries and Wages	75,481.45	75,481.45	75,481.45		
Total Shared Service Agreements	90,481.45	90,481.45	83,056.45	7,425.00	
PUBLIC AND PRIVATE PROGRAMS OFFSET					
 BY REVENUES					
Body Armor Replacement Fund	1,305.46	1,305.46	1,305.46		
Local Match for Future Grants	4,500.00	4,500.00		4,500.00	
Local Recreation Improvement	63,000.00	63,000.00	63,000.00		
Donation - Lavallette PTO - Scoreboard	10,000.00	10,000.00	10,000.00		
Cops in Shops	2,880.00	2,880.00	2,880.00		
Verizon - Lighting Detection System	20,000.00	20,000.00	20,000.00		
Recycling Tonnage Grant (40A:4-87, \$6,299.61+)		6,299.61	6,299.61		
Clean Communities Grant (40A:4-87, \$15,691.76+)		15,691.76	15,691.76		
NJDEP - Jake's Law (40A:4-87, \$489,000.00+)		489,000.00	489,000.00		
Total Public and Private Program Offset by Revenues	101,685.46	612,676.83	608,176.83	4,500.00	

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 9 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
<u>Operations Excluded from "CAPS"</u>					
Total Operations Excluded from "CAPS"	\$327,066.91	\$838,058.28	\$823,583.28	\$14,475.00	
Detail:					
Salaries and Wages	75,481.45	75,481.45	75,481.45		
Other Expenses	251,585.46	762,576.83	748,101.83	14,475.00	
<u>Capital Improvements Excluded from "CAPS"</u>					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Refurbishment of Shuffleboard Courts	10,000.00	10,000.00	1,733.65	8,266.35	
Total Capital Improvements Excluded from "CAPS"	110,000.00	110,000.00	101,733.65	8,266.35	
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	380,000.00	380,000.00	380,000.00		
Payment of Bond Anticipation Notes and					
Capital Notes	250,000.00	250,000.00	250,000.00		
Interest on Bonds	121,000.00	121,000.00	120,893.76		\$106.24
Interest on Notes	105,000.00	105,000.00	72,294.08		32,705.92
Total Municipal Debt Service Excluded from "CAPS"	856,000.00	856,000.00	823,187.84		32,812.16

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 10 of 10

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

		<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
		<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		\$1,293,066.91	\$1,804,058.28	\$1,748,504.77	\$22,741.35	\$32,812.16
Subtotal General Appropriations		10,346,816.91	10,857,808.28	10,060,447.61	424,548.51	372,812.16
Reserve for Uncollected Taxes		425,000.00	425,000.00	425,000.00		
Total General Appropriations		<u>\$10,771,816.91</u>	<u>\$11,282,808.28</u>	<u>\$10,485,447.61</u>	<u>\$424,548.51</u>	<u>\$372,812.16</u>
	<u>Ref.</u>	A-2		A-1	A,A-1	
Budget	A-3		\$10,771,816.91			
Appropriation by 40A:4-87	A-2		510,991.37			
			<u>\$11,282,808.28</u>			
Reserve for Uncollected Taxes	A-2			\$425,000.00		
Cash Disbursed	1-A			9,184,480.40		
Due to Federal and State Grant Fund	8-A			608,176.83		
Encumbrances Payable	9-A			267,790.38		
				<u>\$10,485,447.61</u>		

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Animal Control Trust Fund:			
Cash and Cash Equivalents	1-B	<u>\$784.80</u>	<u>\$128.60</u>
Other Trust Fund:			
Cash and Cash Equivalents	1-B	<u>1,222,811.15</u>	<u>1,082,778.60</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Investments	5-B	<u>717,689.92</u>	<u>615,723.44</u>
		<u><u>\$1,941,285.87</u></u>	<u><u>\$1,698,630.64</u></u>
<u>Liabilities and Reserves</u>			
Animal Control Fund:			
Due to State of New Jersey	2-B	\$4.20	
Reserve for Animal Control Fund Expenditures	4-B	<u>780.60</u>	<u>\$128.60</u>
		<u>784.80</u>	<u>128.60</u>
Other Trust Fund:			
Payroll Deductions Payable		64,235.94	61,412.12
Miscellaneous Reserves	3-B	<u>1,158,575.21</u>	<u>1,021,366.48</u>
		<u>1,222,811.15</u>	<u>1,082,778.60</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Award Program Fund	6-B	<u>717,689.92</u>	<u>615,723.44</u>
		<u><u>\$1,941,285.87</u></u>	<u><u>\$1,698,630.64</u></u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Cash and Cash Equivalents	1-C	\$1,468,131.49	\$1,371,355.83
Deferred Charges to Future Taxation:			
Funded	3-C	3,815,000.00	4,195,000.00
Unfunded	4-C	2,324,924.00	1,857,949.00
Grants Receivable	5-C	633,160.03	558,169.88
		<u>\$8,241,215.52</u>	<u>\$7,982,474.71</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	6-C	\$3,815,000.00	\$4,195,000.00
Bond Anticipation Notes	7-C	2,324,924.00	1,857,949.00
Contracts Payable	8-C	212,450.46	397,838.82
Improvement Authorizations:			
Funded	9-C	297,119.63	315,122.02
Unfunded	9-C	1,253,683.53	946,756.75
Capital Improvement Fund	10-C	214,887.41	148,137.41
Reserve to Pay Notes		42,585.43	42,585.43
Fund Balance	C-1	80,565.06	79,085.28
		<u>\$8,241,215.52</u>	<u>\$7,982,474.71</u>

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

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Balance, January 1	C	\$79,085.28	\$79,085.28
Increased by:			
Premium on Notes Issued	1-C	1,479.78	-
Permanently Funded Improvement			
Authorizations Cancelled	9-C	-	-
		<u>1,479.78</u>	<u>-</u>
		80,565.06	79,085.28
Decreased by:			
Payment to Current Fund as Anticipated			
Revenue	1-C	-	-
Balance, December 31	C	<u>\$80,565.06</u>	<u>\$79,085.28</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Cash	1-D	\$620,865.03	\$326,516.67
Change Fund		50.00	50.00
Due from Water Utility Capital Fund			40,000.00
		<u>620,915.03</u>	<u>366,566.67</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	3-D	34,954.28	28,421.85
Total Operating Fund		<u>655,869.31</u>	<u>394,988.52</u>
Capital Fund:			
Cash and Cash Equivalents	1-D	514,059.37	202,375.27
Fixed Capital	4-D	7,843,558.39	7,843,558.39
Fixed Capital Authorized and Uncompleted	14-D	6,852,561.52	6,802,561.52
Grants Receivable		2,200,000.00	
Due from New Jersey Environmental			
Infrastructure Financing Program		7,944.00	7,944.00
Total Capital Fund		<u>17,418,123.28</u>	<u>14,856,439.18</u>
		<u>\$18,073,992.59</u>	<u>\$15,251,427.70</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4,5-D	\$75,273.87	\$100,515.59
Encumbrances Payable	6-D	54,548.39	23,064.80
Accounts Payable	5-D	5,390.00	
Water Overpayments	7-D	8,642.95	7,864.48
Accrued Interest Payable	8-D	6,927.05	10,967.40
		<u>150,782.26</u>	<u>142,412.27</u>
Reserve for Receivables	D	34,954.28	28,421.85
Fund Balance	D-1	470,132.77	224,154.40
Total Operating Fund		<u>655,869.31</u>	<u>394,988.52</u>
Capital Fund:			
Serial Bonds	9-D	885,000.00	1,015,000.00
Bond Anticipation Notes	10-D	197,750.00	229,250.00
NJEIT Loans Payable	11-D	377,531.93	411,267.33
Capital Improvement Fund	12-D	70,720.00	87,220.00
Improvement Authorizations:			
Funded	13-D	18,236.00	40,118.18
Unfunded	13-D	1,158,886.30	3,560,590.91
Contracts Payable	13-D	3,831,392.90	209,419.02
Reserve for Water Meters		427.60	427.60
Reserve for FEMA Proceeds		30,750.98	30,750.98
Reserve for Amortization	16-D	6,958,559.26	6,828,559.26
Reserve for Deferred Amortization	17-D	3,888,317.59	2,393,418.19
Due to Water Utility Operating Fund			40,000.00
Fund Balance	D-2	550.72	10,417.71
Total Capital Fund		<u>17,418,123.28</u>	<u>14,856,439.18</u>
		<u>\$18,073,992.59</u>	<u>\$15,251,427.70</u>

There were bonds and notes authorized but not issued on December 31, 2025 and 2024 in the amount of \$2,396,906.00 and \$3,776,570.00, respectively. (Schedule 15-D)

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	D-3	\$224,150.00	\$347,150.00
Water Rents	D-3	1,056,505.73	806,462.34
Fire Hydrant Service	D-3	22,050.00	22,050.00
Increase in Water Rents	D-3	192,300.00	
Capital Fund Balance	D-3	10,000.00	
Donation - Water Line Relocation			10,250.00
Reserve for FEMA			40,000.00
Miscellaneous Revenue not Anticipated	D-3	37,638.24	41,088.16
Other Credits To Income:			
Unexpended Balance of Appropriation			
Reserves	5-D	108,232.85	61,295.48
Total Revenues		<u>1,650,876.82</u>	<u>1,328,295.98</u>
Expenditures:			
Operating	D-4	833,000.00	840,950.00
Capital Improvements	D-4	5,000.00	5,000.00
Debt Service	D-4	256,248.45	254,765.08
Statutory Expenditures	D-4	86,500.00	82,500.00
Total Expenditures		<u>1,180,748.45</u>	<u>1,183,215.08</u>
Excess in Revenue		470,128.37	145,080.90
Fund Balance January 1	D	<u>224,154.40</u>	<u>426,223.50</u>
		694,282.77	571,304.40
Decreased by:			
Utilized as Anticipated Revenue	D-1,D-3	<u>224,150.00</u>	<u>347,150.00</u>
Fund Balance December 31	D	<u>\$470,132.77</u>	<u>\$224,154.40</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Balance, January 1	D	\$10,417.71	\$10,417.71
Increased by:			
Premium on Notes Issued	1-D	<u>133.01</u>	<u>-</u>
		10,550.72	10,417.71
Decreased by:			
Payment to Water Operating Fund as			
Anticipated Revenue	1-D	<u>10,000.00</u>	<u>-</u>
Balance, December 31	D	<u><u>\$550.72</u></u>	<u><u>\$10,417.71</u></u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2025

		<u>Anticipated</u>			
			<u>Special</u>		
	<u>Ref.</u>	<u>Budget</u>	<u>N.J.S.</u>	<u>Realized</u>	<u>Excess or</u>
			<u>40A:4-87</u>		<u>(Deficit)</u>
Operating Surplus Anticipated	D-1	\$224,150.00		\$224,150.00	
Water Rents	D-1,3-D	806,000.00		1,056,505.73	\$250,505.73
Fire Hydrant Service	D-1,1-D	22,050.00		22,050.00	
Increase in Water Rents	D-1,1-D	192,300.00		192,300.00	
Capital Fund Balance	D-1,1-D	10,000.00		10,000.00	
		<u>\$1,254,500.00</u>	<u>-</u>	<u>\$1,505,005.73</u>	<u>\$250,505.73</u>
	<u>Ref.</u>	D-4			

Miscellaneous Revenue not Anticipated -	<u>Realized</u>
Interest on Deposits	\$16,839.75
Disconnection Fees	11,500.00
Interest on Delinquent Accounts	8,723.49
Water Meter Fees	575.00
	<u>\$37,638.24</u>
<u>Ref.</u>	D-1,1-D

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget after Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$422,500.00	\$422,500.00	\$370,081.65	\$12,418.35	\$40,000.00
Other Expenses	470,500.00	470,500.00	399,136.20	51,363.80	20,000.00
Total Operating	893,000.00	893,000.00	769,217.85	63,782.15	60,000.00
Capital Improvements:					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Total Capital Improvements	5,000.00	5,000.00	5,000.00		
Debt Service:					
Payment of Bond Principal	130,000.00	130,000.00	130,000.00		
Payment of Bond Anticipation Notes and Capital Notes	60,000.00	60,000.00	60,000.00		
Interest on Bonds	19,000.00	19,000.00	18,265.87		734.13
Interest on Notes	19,000.00	19,000.00	6,765.92		12,234.08
NJEIT Loan Principal and Interest	42,000.00	42,000.00	41,216.66		783.34
Total Debt Service	270,000.00	270,000.00	256,248.45		13,751.55
Statutory Expenditures:					
Contribution To:					
Public Employees' Retirement System	44,000.00	44,000.00	43,983.06	16.94	
Social Security System (O.A.S.I.)	40,000.00	40,000.00	28,525.22	11,474.78	
Unemployment Compensation	2,500.00	2,500.00	2,500.00		
Total Deferred Charges and Statutory Expenditures	86,500.00	86,500.00	75,008.28	11,491.72	
	<u>\$1,254,500.00</u>	<u>\$1,254,500.00</u>	<u>\$1,105,474.58</u>	<u>\$75,273.87</u>	<u>\$73,751.55</u>
	Ref.				
Budget	D-3		D-1	D,D-1	
Appropriation by 40A:4-87	D-4	\$1,254,500.00			
		-			
		<u>\$1,254,500.00</u>			
Cash Disbursements	1-D		\$1,018,413.14		
Encumbrances Payable	6-D		54,548.39		
Accrued Interest Payable	8-D		32,513.05		
			<u>\$1,105,474.58</u>		

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Cash	1-E	\$666,414.97	\$511,368.50
Change Fund		50.00	50.00
		<u>666,464.97</u>	<u>511,418.50</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	3-E	40,319.42	41,886.62
Total Operating Fund		<u>706,784.39</u>	<u>553,305.12</u>
Capital Fund:			
Cash and Cash Equivalents	1-E	147,678.27	173,145.02
Fixed Capital	4-E	9,359,796.79	9,359,796.79
Fixed Capital Authorized and Uncompleted	5-E	260,000.00	240,000.00
Total Capital Fund		<u>9,767,475.06</u>	<u>9,772,941.81</u>
		<u><u>\$10,474,259.45</u></u>	<u><u>\$10,326,246.93</u></u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	E-4,6-E	\$136,300.95	\$125,629.43
Encumbrances Payable	7-E	22,036.84	20,644.85
Accounts Payable	6-E	5,390.00	
Accrued Interest Payable	8-E	4,067.75	5,821.52
Sewer Overpayments	9-E	10,342.41	11,929.48
		<u>178,137.95</u>	<u>164,025.28</u>
Reserve for Receivables	E	40,319.42	41,886.62
Fund Balance	E-1	488,327.02	347,393.22
Total Operating Fund		<u>706,784.39</u>	<u>553,305.12</u>
Capital Fund:			
Serial Bonds and Loans	10-E	2,095,000.00	2,345,000.00
Bond Anticipation Notes	11-E	55,000.00	75,000.00
Capital Improvement Fund	12-E	48,500.00	63,500.00
Reserve for Amortization	13-E	7,264,796.79	7,014,796.79
Deferred Reserve for Amortization	17-E	205,000.00	165,000.00
Improvement Authorizations			
Funded	14-E	38,418.64	38,418.64
Unfunded	14-E	46,480.66	61,780.66
Contracts Payable	14-E	4,800.00	
Fund Balance	E-2	9,478.97	9,445.72
Total Capital Fund		<u>9,767,475.06</u>	<u>9,772,941.81</u>
		<u>\$10,474,259.45</u>	<u>\$10,326,246.93</u>

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

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	E-3	\$304,600.00	\$266,350.00
Sewer Rents	E-3	1,630,612.95	1,394,977.79
Miscellaneous Revenue not Anticipated	E-3	48,757.09	37,255.89
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	6-E	125,052.79	158,384.91
Total Revenue		<u>2,109,022.83</u>	<u>1,856,968.59</u>
Expenditures:			
Operating	E-4	1,277,100.00	1,219,850.00
Capital Improvements	E-4	5,000.00	5,000.00
Debt Service	E-4	313,889.03	318,917.33
Statutory Expenditures	E-4	67,500.00	55,500.00
Total Expenditures		<u>1,663,489.03</u>	<u>1,599,267.33</u>
Excess in Revenue		445,533.80	257,701.26
Fund Balance January 1	E	<u>347,393.22</u>	<u>356,041.96</u>
		792,927.02	613,743.22
Decreased by:			
Utilized as Anticipated Revenue	E-1,E-3	<u>304,600.00</u>	<u>266,350.00</u>
Fund Balance December 31	E	<u><u>\$488,327.02</u></u>	<u><u>\$347,393.22</u></u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Balance, January 1	E	\$9,445.72	\$9,445.72
Increased by:			
Premium on Notes Issued	1-E	<u>33.25</u>	<u>-</u>
		9,478.97	9,445.72
Decreased by:			
Payment to Sewer Operating Fund as Anticipated Revenue		<u>-</u>	<u>-</u>
Balance, December 31	E	<u><u>\$9,478.97</u></u>	<u><u>\$9,445.72</u></u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	E-1	\$304,600.00	\$304,600.00	
Sewer Rents	E-1,3-E	1,394,000.00	1,630,612.95	\$236,612.95
	E-4	<u>\$1,698,600.00</u>	<u>\$1,935,212.95</u>	<u>\$236,612.95</u>

Miscellaneous Revenue not Anticipated -		<u>Realized</u>
Interest on Delinquent Accounts		\$21,532.27
Interest Earned on Deposits		15,749.82
Disconnect Fees		9,500.00
Other Income		1,975.00
		<u>\$48,757.09</u>
	<u>Ref.</u>	E-1,1-E

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	Appropriated		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operating:					
Salaries and Wages	\$304,750.00	\$304,750.00	\$269,293.50	\$15,456.50	\$20,000.00
Other Expenses	277,350.00	277,350.00	255,853.62	11,496.38	10,000.00
Ocean County Utilities Authority	725,000.00	725,000.00	630,300.00	94,700.00	
Total Operating	<u>1,307,100.00</u>	<u>1,307,100.00</u>	<u>1,155,447.12</u>	<u>121,652.88</u>	<u>30,000.00</u>
Capital Improvements:					
Capital Improvement Fund	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>		
Debt Service:					
Payment of Bond Principal	250,000.00	250,000.00	250,000.00		
Payment of Bond Anticipation Notes and Capital Notes	20,000.00	20,000.00	20,000.00		
Interest on Bonds	43,000.00	43,000.00	41,806.06		1,193.94
Interest on Notes	6,000.00	6,000.00	2,082.97		3,917.03
Total Debt Service	<u>319,000.00</u>	<u>319,000.00</u>	<u>313,889.03</u>		<u>5,110.97</u>
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	32,000.00	32,000.00	31,987.68	12.32	
Social Security System (O.A.S.I.)	35,000.00	35,000.00	20,364.25	14,635.75	
Unemployment Compensation Insurance	500.00	500.00	500.00		
Total Statutory Expenditures	<u>67,500.00</u>	<u>67,500.00</u>	<u>52,851.93</u>	<u>14,648.07</u>	
	<u>\$1,698,600.00</u>	<u>\$1,698,600.00</u>	<u>\$1,527,188.08</u>	<u>\$136,300.95</u>	<u>\$35,110.97</u>
Ref.	E-3		E-1	E,E-1	
Cash Disbursements	1-E		\$1,461,262.21		
Encumbrances Payable	7-E		22,036.84		
Accrued Interest Payable	8-E		43,889.03		
			<u>\$1,527,188.08</u>		

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Cash	1-F	\$3,814,790.39	\$3,616,376.37
Change Fund		100.00	100.00
Security Deposit		1,988.17	1,988.17
		<u>3,816,878.56</u>	<u>3,618,464.54</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	4-F	174,133.59	170,959.93
Total Operating Fund		<u>3,991,012.15</u>	<u>3,789,424.47</u>
Capital Fund:			
Cash and Cash Equivalents	1-F	405,589.84	405,644.09
Fixed Capital	5-F	2,346,419.84	2,153,062.15
Fixed Capital Authorized and Uncompleted	6-F	5,560,000.00	5,660,000.00
Total Capital Fund		<u>8,312,009.68</u>	<u>8,218,706.24</u>
		<u>\$12,303,021.83</u>	<u>\$12,008,130.71</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	F-4,7-F	\$257,325.59	\$344,096.01
Encumbrances Payable	8-F	331,820.02	367,025.79
Accounts Payable	7-F	4,890.00	
Accrued Interest Payable	15-F	259.20	1,281.93
Electric Overpayments	9-F	21,156.80	21,861.49
		<u>615,451.61</u>	<u>734,265.22</u>
Reserve for Receivables	F	174,133.59	170,959.93
Fund Balance	F-1	3,201,426.95	2,884,199.32
Total Operating Fund		<u>3,991,012.15</u>	<u>3,789,424.47</u>
Capital Fund:			
Improvement Authorizations:			
Funded	10-F	68,515.34	38,586.22
Unfunded	10-F	2,495,579.18	2,495,579.18
Bond Anticipation Notes	14-F	20,250.00	50,250.00
Capital Improvement Fund	11-F	55,250.00	85,250.00
Reserve for Amortization	12-F	2,346,419.84	2,153,062.15
Deferred Reserve for Amortization	13-F	3,049,750.00	3,119,750.00
Reserve for FEMA Proceeds		250,157.30	250,157.30
Reserve to Pay Debt Service	16-F	21,134.87	21,134.87
Fund Balance	F-2	4,953.15	4,936.52
Total Capital Fund		<u>8,312,009.68</u>	<u>8,218,706.24</u>
		<u>\$12,303,021.83</u>	<u>\$12,008,130.71</u>

There were bonds and notes authorized but not issued on December 31, 2025 and 2024 in the amount of \$2,490,000.00. (Schedule 17-F)

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	F-3	\$370,250.00	\$348,750.00
Electric Rents	F-3	3,138,123.18	3,200,799.86
Interest on Investments and Deposits	F-3	86,637.17	91,553.97
Miscellaneous Revenue not Anticipated	F-3	36,059.37	39,348.32
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	7-F	515,053.99	494,748.58
Total Revenues		<u>4,146,123.71</u>	<u>4,175,200.73</u>
Expenditures:			
Operating	F-4	3,256,250.00	2,922,250.00
Capital Improvements	F-4	45,000.00	70,000.00
Debt Service	F-4	30,896.08	43,813.97
Deferred Charges and Statutory Expenses	F-4	126,500.00	111,500.00
Total Expenditures		<u>3,458,646.08</u>	<u>3,147,563.97</u>
Excess in Revenue		687,477.63	1,027,636.76
Fund Balance, January 1	F	<u>2,884,199.32</u>	<u>2,205,312.56</u>
		3,571,676.95	3,232,949.32
Decreased by:			
Utilized as Anticipated Revenue	F-1,F-3	<u>370,250.00</u>	<u>348,750.00</u>
Fund Balance, December 31	F	<u><u>\$3,201,426.95</u></u>	<u><u>\$2,884,199.32</u></u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
Balance, January 1	F	\$4,936.52	\$4,936.52
Increased by:			
Premium on Notes Issued	1-F	16.63	-
		4,953.15	4,936.52
Decreased by:			
Payment to Electric Operating Fund as			
Anticipated Revenue		-	-
Balance, December 31	F	<u>\$4,953.15</u>	<u>\$4,936.52</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2025

		<u>Anticipated</u>			
	<u>Ref.</u>	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	F-1	\$370,250.00		\$370,250.00	
Electric Rents	F-1,4-F	3,200,000.00		3,138,123.18	(\$61,876.82)
Miscellaneous	F-1,1-F	21,500.00		86,637.17	65,137.17
		<u>\$3,591,750.00</u>	<u>-</u>	<u>\$3,595,010.35</u>	<u>\$3,260.35</u>
	F-4				

Miscellaneous Revenue not Anticipated -		<u>Realized</u>
Interest on Delinquent Accounts		\$18,609.37
Disconnect and Reconnect Fees		9,700.00
Meter Installation Fees		4,250.00
Other Income		3,500.00
		<u>\$36,059.37</u>
	<u>Ref.</u>	F-1,1-F

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2025

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Operating:					
Salaries and Wages	\$608,000.00	\$608,000.00	\$557,203.83	\$20,796.17	\$30,000.00
Other Expenses	598,250.00	598,250.00	558,629.28	39,620.72	
Power Purchased	2,180,000.00	2,180,000.00	1,890,293.15	189,706.85	100,000.00
Total Operating	<u>3,386,250.00</u>	<u>3,386,250.00</u>	<u>3,006,126.26</u>	<u>250,123.74</u>	<u>130,000.00</u>
Capital Improvements:					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Capital Outlay	25,000.00	25,000.00	24,999.96	0.04	
Total Capital Improvements	<u>45,000.00</u>	<u>45,000.00</u>	<u>44,999.96</u>	<u>0.04</u>	
Debt Service:					
Payment of Bond Anticipation and Capital Notes	30,000.00	30,000.00	30,000.00		
Interest on Notes	4,000.00	4,000.00	896.08		3,103.92
Total Debt Service	<u>34,000.00</u>	<u>34,000.00</u>	<u>30,896.08</u>		<u>3,103.92</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution To:					
Public Employees' Retirement System	76,000.00	76,000.00	75,970.74	29.26	
Social Security System (O.A.S.I.)	50,000.00	50,000.00	42,827.45	7,172.55	
Unemployment Compensation Insurance	500.00	500.00	500.00		
Total Deferred Charges and Statutory Expenditures	<u>126,500.00</u>	<u>126,500.00</u>	<u>119,298.19</u>	<u>7,201.81</u>	
	<u>\$3,591,750.00</u>	<u>\$3,591,750.00</u>	<u>\$3,201,320.49</u>	<u>\$257,325.59</u>	<u>\$133,103.92</u>
Ref.	F-3		F-1	F,F-1	
Cash Disbursements	1-F		\$2,868,604.39		
Accrued Interest Payable	15-F		896.08		
Encumbrances Payable	8-F		331,820.02		
			<u>\$3,201,320.49</u>		

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Assets</u>			
General Fixed Assets:			
Buildings and Land		\$16,704,511.23	\$16,704,511.23
Equipment		7,369,046.31	7,623,156.20
		<u>\$24,073,557.54</u>	<u>\$24,327,667.43</u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	1-G	<u>\$24,073,557.54</u>	<u>\$24,327,667.43</u>

See Accompanying Notes

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN

STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Lavallette, County of Ocean, New Jersey (the "Borough") include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, first aid squad or volunteer fire department, which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2025.

B. Descriptions of Funds

The GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America. The GASB codification establishes certain fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

Current Fund – used to record revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Fund – used to record animal license revenues and expenditures.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Other Trust Fund – used to record assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies.

Length of Service Award Program Fund – used to record Borough contributions, changes in market value and administrative charges for program-eligible volunteers.

General Capital Fund – used to record resources, including federal and state grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Sewer Utility Operating and Capital Funds – used to record the operations and acquisition of capital facilities of the Borough's sewer utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

Water Utility Operating and Capital Funds – used to record the operations and acquisition of capital facilities of the Borough's water utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

Electric Utility Operating and Capital Funds – used to record the operations and acquisition of capital facilities of the Borough's electric utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

General Fixed Assets Account Group – used to record fixed assets utilized in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant differences are as follows:

Property Taxes and Other Revenues – Property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Expenditures – Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances – Contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

Deferred Charges – The regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Property Acquired for Taxes – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

Sale of Municipal Assets – Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period when the terms of the sales contract become legally enforceable.

Interfunds – Advances in the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time of purchase. The costs of inventories are not included on the various balance sheets.

General Fixed Assets – In accordance with N.J.A.C. 5:30-5.6, issued by the Local Finance Board, Department of Community Affairs, State of New Jersey, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are required to be 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.

For fixed assets acquired through December 31, 1985, valuation is required at historical cost or estimated historical cost if actual historical cost is not available. For assets acquired beginning on January 1, 1986, the required basis for valuation is historical cost. Depreciation is not required. GAAP requires fixed assets to be valued at cost and be depreciated.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets – Property and equipment purchased by the Utility Funds are recorded in the capital accounts at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Utility Funds are not depreciated. Principal payments for Utility debt are recorded as expenditures in the Utility Statement of Operations.

D. Financial Statements

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

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include cash on hand, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The Governmental Unit Deposit Protection Act ("GUDPA") is a supplemental insurance program set forth by the New Jersey Legislature to protect deposits of municipalities and local government agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. GUDPA requires public depositories to pledge collateral for deposit of public funds that exceed insurance limits. GUDPA requires that the market value of the collateral must equal five percent of the average daily balance of public funds; or if the public funds deposited exceed seventy-five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy-five percent. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. 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, the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Uninsured and Uncollateralized	-	-
GUPDA Insured and Collateralized		
with Securities Held by Pledging		
Financial Institutions	<u>\$16,012,673.15</u>	<u>\$14,895,478.61</u>
	<u>\$16,012,673.15</u>	<u>\$14,895,478.61</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities, which, if suitable for registry, may be registered in the name of the Borough:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local government investment pools, subject to certain requirements.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P. L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a GUDPA bank;
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

- b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N. J. S. 40A:5-15.1.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk for investments. Length of Service Award Program Fund investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough’s Length of Service Award Program Fund investments at December 31, 2025 and 2024 were \$717,689.92 and \$615,723.44, respectively.

Credit Risk

State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2025 and 2024, no such investments were held by the Borough.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy for interest rate risk.

NOTE 3. TAXES COLLECTED IN ADVANCE

Taxes collected in advance and set forth as cash liabilities in the financial statements are as follows:

	Balance December 31,	
	2025	2024
Prepaid Taxes	\$281,352.02	\$239,577.43

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes (the "notes") are issued to temporarily finance capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which the notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

<u>General Capital Bonds</u>				
<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Balance Dec. 31, 2025</u>
General Obligation Bonds	8/1/17	\$5,665,000.00	2.125% - 3.00%	<u>\$3,815,000.00</u>
<u>Water Utility Bonds and Loans</u>				
<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Balance Dec. 31, 2025</u>
Water Capital Refunding Bonds	8/31/21	\$1,130,000.00	1.25%-2.45%	<u>\$885,000.00</u>
Water Capital NJEIT Trust Loan	5/22/18	368,463.00	3.00% - 5.00%	205,000.00
NJEIT Fund Loan	5/22/18	280,000.00	0.00%	172,531.93
				<u>377,531.93</u>
				<u>\$1,262,531.93</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

<u>Sewer Utility Bonds</u>				
<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Balance Dec. 31, 2025</u>
Sewer Capital Refunding Bonds	8/31/21	\$2,725,000.00	1.25%-2.45%	<u>\$2,095,000.00</u>

Long-term debt service requirements are as follows:

<u>General Capital</u>			
<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$325,000.00	\$109,131.26	\$434,131.26
2027	330,000.00	102,225.00	432,225.00
2028	320,000.00	94,800.00	414,800.00
2029	315,000.00	85,200.00	400,200.00
2030	315,000.00	75,750.00	390,750.00
2031-2035	1,575,000.00	237,000.00	1,812,000.00
2036-2037	635,000.00	28,650.00	663,650.00
	<u>\$3,815,000.00</u>	<u>\$732,756.26</u>	<u>\$4,547,756.26</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water Utility			
Year(s)	Principal	Interest	Total
2026	\$108,735.40	\$24,245.26	\$132,980.66
2027	108,735.40	22,557.76	131,293.16
2028	108,735.40	20,720.26	129,455.66
2029	113,735.40	19,062.76	132,798.16
2030	113,735.40	17,220.76	130,956.16
2031-2035	583,854.93	54,660.02	638,514.95
2036-2037	125,000.00	4,107.50	129,107.50
	<u>\$1,262,531.93</u>	<u>\$162,574.32</u>	<u>\$1,425,106.25</u>

Sewer Utility			
Year(s)	Principal	Interest	Total
2026	\$190,000.00	\$39,605.50	\$229,605.50
2027	195,000.00	37,230.50	232,230.50
2028	200,000.00	34,403.00	234,403.00
2029	210,000.00	31,183.00	241,183.00
2030	210,000.00	27,529.00	237,529.00
2031-2035	1,090,000.00	73,830.00	1,163,830.00
	<u>\$2,095,000.00</u>	<u>\$243,781.00</u>	<u>\$2,338,781.00</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Long-term debt transactions for the years ended December 31, 2025 and 2024 are summarized as follows:

	Balance Dec. 31, 2024	Additions	Deductions	Balance Dec. 31, 2025
General Capital Fund	\$4,195,000.00		\$380,000.00	\$3,815,000.00
Water Utility Capital Fund	1,426,267.33		163,735.40	1,262,531.93
Sewer Utility Capital Fund	2,345,000.00		250,000.00	2,095,000.00
	<u>\$7,966,267.33</u>	<u>-</u>	<u>\$793,735.40</u>	<u>\$7,172,531.93</u>

	Balance Dec. 31, 2023	Additions	Deductions	Balance Dec. 31, 2024
General Capital Fund	\$4,575,000.00		\$380,000.00	\$4,195,000.00
Water Utility Capital Fund	1,580,002.73		153,735.40	1,426,267.33
Sewer Utility Capital Fund	2,595,000.00		250,000.00	2,345,000.00
	<u>\$8,750,002.73</u>	<u>-</u>	<u>\$783,735.40</u>	<u>\$7,966,267.33</u>

B. Short-Term Debt

At December 31, 2025 and 2024 the Borough's outstanding bond anticipation notes were as follows:

	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2025
General Capital Fund	9/24/25	6/18/26	3.60%	\$2,324,924.00
Water Utility Capital Fund	9/24/25	6/18/26	3.60%	197,750.00
Sewer Utility Capital Fund	9/24/25	6/18/26	3.60%	55,000.00
Electric Utility Capital Fund	9/24/25	6/18/26	3.60%	20,250.00
				<u>\$2,597,924.00</u>

	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024
General Capital Fund	7/17/24	4/15/25	4.20%	\$1,089,594.00
General Capital Fund	12/4/24	4/15/25	3.77%	768,355.00
Water Utility Capital Fund	7/17/24	4/15/25	4.20%	229,250.00
Sewer Utility Capital Fund	7/17/24	4/15/25	4.20%	75,000.00
Electric Utility Capital Fund	7/17/24	4/15/25	4.20%	50,250.00
				<u>\$2,212,449.00</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

Short-term debt transactions for the years ended December 31, 2025 and 2024 were as follows:

	Balance Dec. 31, 2024	Additions	Deductions	Balance Dec. 31, 2025
General Capital Fund	\$1,857,949.00	\$2,324,924.00	\$1,857,949.00	\$2,324,924.00
Water Utility Capital Fund	229,250.00	367,000.00	398,500.00	197,750.00
Sewer Utility Capital Fund	75,000.00	110,000.00	130,000.00	55,000.00
Electric Utility Capital Fund	50,250.00	40,500.00	70,500.00	20,250.00
	<u>\$2,212,449.00</u>	<u>\$2,842,424.00</u>	<u>\$2,456,949.00</u>	<u>\$2,597,924.00</u>

	Balance Dec. 31, 2023	Additions	Deductions	Balance Dec. 31, 2024
General Capital Fund	\$1,379,594.00	\$1,857,949.00	\$1,379,594.00	\$1,857,949.00
Water Utility Capital Fund	289,250.00	229,250.00	289,250.00	229,250.00
Sewer Utility Capital Fund	95,000.00	75,000.00	95,000.00	75,000.00
Electric Utility Capital Fund	90,250.00	50,250.00	90,250.00	50,250.00
	<u>\$1,854,094.00</u>	<u>\$2,212,449.00</u>	<u>\$1,854,094.00</u>	<u>\$2,212,449.00</u>

C. Bonds and Notes Authorized but not Issued

As of December 31, 2025 and 2024, the Borough's bonds and notes authorized but not issued were as follows:

	December 31, 2025	December 31, 2024
General Capital Fund	-	-
Water Utility Capital Fund	\$2,396,906.00	\$3,776,570.00
Sewer Utility Fund	-	-
Electric Utility Fund	2,490,000.00	2,490,000.00

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.500% of the equalized valuation basis. The Borough's net debt expressed as a percentage of the equalized valuation basis at December 31, 2025 and 2024 was 0.153% and 0.169%, respectively. The Borough's net debt at December 31, 2025 and 2024 was \$6,097,338.57 and \$6,010,363.57, respectively. The Borough's remaining borrowing power at December 31, 2025 and 2024 was \$133,092,687.85 and \$118,322,156.69, respectively.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5. **DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. In accordance with New Jersey Statutes the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 6. **ACCRUED UNPAID SICK AND VACATION BENEFITS - UNAUDITED**

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick and vacation pay. The Borough permits its employees to accumulate unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2025 and 2024 were \$810,760.55 and \$623,789.87, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 7. **FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2025 and 2024, which were appropriated and included as anticipated revenue in budgets for the years ending December 31, 2026 and 2025 were as follows:

For the year ended December 31, 2026,

Current Fund	\$2,000,000.00
Water Utility Operating Fund	20,000.00
Sewer Utility Operating Fund	173,150.00
Electric Utility Operating Fund	695,750.00

For the year ended December 31, 2025,

Current Fund	\$2,000,000.00
Water Utility Operating Fund	224,150.00
Sewer Utility Operating Fund	304,600.00
Electric Utility Operating Fund	370,250.00

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8. SCHOOL TAXES

Regulations provide for deferral of not more than fifty percent of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough raises its share of local school taxes on a school year basis and has elected to defer these taxes at December 31, 2025 and 2024 as follows:

	<u>Local District School Tax</u>	
	<u>2025</u>	<u>2024</u>
Balance of Tax	\$2,249,789.10	\$2,255,774.60
Deferred	<u>777,957.38</u>	<u>777,957.38</u>
Tax Payable	<u>\$1,471,831.72</u>	<u>\$1,477,817.22</u>

NOTE 9. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District and County, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough tax collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

The Borough is responsible for remitting one hundred percent of school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the Borough and not the school districts or county.

NOTE 10. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserves for unemployment compensation insurance at December 31, 2025, 2024 and 2023 were \$163,466.54, \$150,282.15 and \$133,156.35, respectively.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 11. FIXED ASSETS

Fixed assets activity for the years ended December 31, 2025 and 2024 was as follows:

	Balance Dec. 31, 2024	Additions	Dispositions	Balance Dec. 31, 2025
Buildings and Land	\$16,704,511.23			\$16,704,511.23
Equipment	7,623,156.20	\$134,730.11	\$388,840.00	7,369,046.31
	<u>\$24,327,667.43</u>	<u>\$134,730.11</u>	<u>\$388,840.00</u>	<u>\$24,073,557.54</u>

	Balance Dec. 31, 2023	Additions	Dispositions	Balance Dec. 31, 2024
Buildings and Land	\$16,704,511.23			\$16,704,511.23
Equipment	7,067,665.02	\$750,324.18	\$194,833.00	7,623,156.20
	<u>\$23,772,176.25</u>	<u>\$750,324.18</u>	<u>\$194,833.00</u>	<u>\$24,327,667.43</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS

Description of Systems

The Borough contributes to the Public Employees' Retirement System ("PERS"), and the Police and Firemen's Retirement System ("PFRS"), cost-sharing multiple employer defined benefit pension plans administered by the Division of Pensions and Benefits in the Department of the Treasury, State of New Jersey. The plans provide retirement, death, disability benefits and medical benefits to certain qualifying members and beneficiaries. PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. PFRS was established on July 1, 1944, under the provisions of N.J.S.A. 43:16A. PERS and PFRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

Funding Policy

PERS employee contributions were 7.50% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Employee contributions to DCRP are five and one-half percent (5.50%) of base wages. Member contributions are matched by a three percent (3.00%) employer contribution.

Unfunded Pension Liability

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2025.

Public Employees' Retirement System (PERS)

At June 30, 2025, the State reported a net pension liability of \$3,802,289.00 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (continued)

At June 30, 2025, the Borough's proportion was 0.03091631256 percent, which was an increase of 0.0026837689 percent from its proportion measured as of June 30, 2024.

The pension expense recognized in the Borough's financial statements based on the April 1, 2025 billing was \$399,846.00.

Actuarial Assumptions

The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which rolled forward to June 30, 2025. The actuarial valuation used the following assumptions:

	<u>June 30, 2025</u>
Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	3.25% - 7.25%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee mortality table with an 86.3% adjustment for males and 87.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025) 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 PERS's target asset allocation as of June 30, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2025</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.55%
Non-U.S. Developed Market Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.00%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%
	<u>100.00%</u>	

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2025, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2025		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$5,205,108.00	\$3,802,289.00	\$2,606,715.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2025, the State reported deferred inflows of resources and deferred outflows of resources related to PERS from the following sources:

	June 30, 2025	
	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>
Difference between expected and actual experience	\$4,063.00	\$108,410.00
Changes of assumptions	43,806.00	600.00
Net difference between projected and actual earnings on pension plan investments	317,061.00	
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	82,593.00	660,360.00
	<u>\$447,523.00</u>	<u>\$769,370.00</u>

At June 30, 2025, the Borough's proportionate share of deferred inflows of resources and deferred outflows of resources related to PERS, in the amount of \$321,847.00, will be amortized in pension expense in future years.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS)

At June 30, 2025, the State reported a net pension liability of \$3,132,135.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Borough's proportion was 0.03123068 percent, which was a decrease of 0.0006891 percent from its proportion measured as of June 30, 2024.

The pension expense recognized in the Borough's financial statement based on the April 1, 2025 billing was \$441,527.00.

Actuarial Assumptions

The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which rolled forward to June 30, 2025. This actuarial valuation used the following assumptions:

	<u>June 30, 2025</u>
Inflation Rate	
Price	2.50%
Wage	3.00%
Salary Increases	
Through all future years	4.00% - 17.50%
Investment Rate of Return	7.00%

Employee mortality rates were based on the Pub-2016 Safety Employee mortality tables projected generationally from 2016 with Scale MP-2021. 5% of deaths are assumed to be accidental. Healthy annuitants, mortality rates were 100% of the Pub-2016 Safety Retiree Below Median amount-weighted mortality tables for males and 98% of the Pub-2016 Safety Retiree Below Median amount-weighted mortality tables for females, projected generationally from 2016 with Scale MP-2021 mortality projection. For contingent annuitants, mortality rates were 100% of the Pub-2016 Contingent Survivor Below Median amount-weighted mortality tables for males and 102% of the Pub-2016 Contingent Survivor Below Median amount-weighted mortality tables for females, projected generationally from 2016 with Scale MO-2021. Disability mortality rates were 134% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for males, and 100% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2016 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025) 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, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2025</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid-Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash Equivalents	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%
	<u>100.00%</u>	

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2025, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2025		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$4,556,460.00	\$3,132,135.00	\$1,943,800.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

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

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2025, the State reported deferred inflows of resources and deferred outflows of resources related to PFRS from the following sources:

	June 30, 2025	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$59,529.00	\$256,605.00
Changes of assumptions	39,596.00	156,669.00
Net difference between projected and actual earnings on pension plan investments	153,435.00	
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	323,604.00	45,330.00
	<u>\$576,164.00</u>	<u>\$458,604.00</u>

The Borough's proportionate share of deferred inflows of resources and deferred outflows of resources related to PFRS, in the amount of \$117,560.00 will be recognized in pension expense by the Borough in future years.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 12. PENSION PLANS (CONTINUED)

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At June 30, 2025, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$635,815.00.

Borough's Proportionate Share of Net Pension Liability	\$3,132,135.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>635,815.00</u>
	<u>\$3,767,950.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 13. LENGTH OF SERVICE AWARD PLAN PROGRAM

The Borough has established a Length of Service Award Program to ensure retention of the Borough's volunteer fire department and first aid squad. The Plan has been established under the laws of the State of New Jersey with the intent that it meets the requirements of a length of service award plan under Section 457(e)(11)(B) of the Internal Revenue Code.

Annual Contribution - The annual contribution to be made by the Borough for each active volunteer member that meets certain eligibility criteria ranges from \$600.00 to \$1,150.00.

Appropriations - Appropriations for the purpose of funding the Borough's Length of Service Award Program are included as a separate line item in the Borough's budget.

NOTE 14. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2025 and 2024 are presented below:

	<u>2025</u>	<u>2024</u>
<u>Receivables</u>		
Current Fund	\$251,671.32	\$14,014.94
General Capital Fund	-	-
Water Utility Operating Fund	-	40,000.00
Federal and State Grant Fund	-	-
	<u>\$251,671.32</u>	<u>\$54,014.94</u>
<u>Payables</u>		
Current Fund	-	-
Water Utility Capital Fund	-	\$40,000.00
Federal and State Grant Fund	\$251,671.32	14,014.94
	<u>\$251,671.32</u>	<u>\$54,014.94</u>

All balances resulted from the time lag between the dates that reimbursable expenditures occurred, revenues/receipts were collected and when payments were made between funds.

NOTE 15. DEFERRED COMPENSATION

The Borough has adopted a Deferred Compensation Plan (the "Plan") in accordance with Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the statutes of the State of New Jersey.

The Plan enables the Borough's employees to voluntarily authorize a portion of their salary to be withheld and invested in certain investments permitted under applicable regulations.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16. POSTEMPLOYMENT RETIREMENT HEALTH BENEFITS

As of the date of issuance of these financial statements, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended June 30, 2025. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The following disclosures include the most current information made publicly available, which has a reporting date of June 30, 2024.

Plan Description

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

Benefits Provided

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

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.13i, 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.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16. POSTEMPLOYMENT RETIREMENT HEALTH BENEFITS (CONTINUED)

Contributions

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 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 inflows of resources, and collective OPEB expense. 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. 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 nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024.

Net OPEB Liability and Total OPEB Expense

As of June 30, 2024, the Plan reported a net OPEB liability of \$13,755,321.00 as the Borough's proportionate share of the collective total of the net OPEB liability of participating employers in the Plan. As of June 30, 2024, the Borough's proportionate share of the total net OPEB liability was .076822%. The Borough's net OPEB liability as of June 30, 2024, was determined by an actuarial valuation of the total OPEB liability amount as of July 1, 2023, as rolled forward to June 30, 2024, less the amount of the Borough's proportionate share of the Plan's Fiduciary Net Position. As reported by the Plan, the Borough's total OPEB benefit for the year ended June 30, 2024 was \$98,042.00.

Employer Contributions to the Plan

The Plan's annual required employer contribution amount is based on a pay-as-you-go basis, rather than an annual contribution amount that is actuarially determined. The Borough's contributions to the Plan for the years ended December 31, 2024, 2023 and 2022 were \$497,990.67, \$491,525.40, and \$383,375.95, respectively, which equaled the Borough's required employer contribution amount for each year.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16. POSTEMPLOYMENT RETIREMENT HEALTH BENEFITS (CONTINUED)

Actuarial Assumptions

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

	<u>June 30, 2024</u>
Salary Increases*:	
PERS	
Rate for all future years	2.75% - 6.55%
PFRS	
Rate for all future years	3.25% - 16.25%

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

PERS mortality rates were based on the Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021. PFRS mortality rates were based on the Pub-2010 Safety classification headcount weighted mortality 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 the PERS experience studies were prepared for the periods July 1, 2018 to June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16. POSTEMPLOYMENT RETIREMENT HEALTH BENEFITS (CONTINUED)

Discount Rate

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	June 30, 2024		
	1% Decrease	At Current Discount Rate	1% Increase
	293.00%	3.93%	4.93%
Net OPEB Liability	\$16,023,467.00	\$13,755,321.00	\$11,938,738.00

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

The following presents the net OPEB liability of the Borough, as well as what the Borough's net OPEB liability would be if they were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$11,634,194.00	\$13,755,321.00	\$16,482,495.00

NOTES TO FINANCIAL STATEMENTS (continued)**NOTE 16. POSTEMPLOYMENT RETIREMENT HEALTH BENEFITS (CONTINUED)****Deferred Inflows of Resources and Deferred Outflows of Resources**

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

	June 30, 2024	
	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>
Changes of assumptions	\$2,283,297.00	\$2,299,629.00
Net difference between projected and actual earnings on OPEB plan investments	6,227.00	-
Difference between expected and actual experience	2,330,625.00	696,610.00
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	494,000.00	2,389,803.00
	<u>\$5,114,149.00</u>	<u>\$5,386,042.00</u>

The Borough's proportionate share of deferred inflows of resources and deferred outflows of resources related to OPEB, in the amount of \$271,893.00, will be amortized in OPEB expense.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 17. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft and damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation, and is sustained through member premiums. In addition, the Fund participates in the Municipal Excess Liability Joint Insurance Fund that has a contract for excess liability insurance for property.

NOTE 18. CONTINGENT LIABILITIES

Grant Financial Assistance

The Borough receives certain financial assistance in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. The Borough's administration anticipates that no material liabilities will result from such audits.

Legal Proceedings

The Borough is party to certain legal proceedings, the resolution and impact of which, individually or in the aggregate, in the opinion of the Borough's administration, are not likely to have a material adverse impact on the Borough's financial position or adversely affect the Borough's ability to levy, collect, and enforce the collection of taxes or other revenue for the repayment of its bonds or other obligations.

Annexation of Land

On January 28, 2010, the Superior Court of New Jersey made effective an ordinance of the Borough for the annexation of land (Bay Beach Way) from the Township of Toms River, New Jersey (the "Township"). Effective January 28, 2010, the Borough was responsible for the collection of municipal, school board and county taxes on the annexed land. The Borough's payment to the Township, representing bonded and other indebtedness attributable to the annexed land acquired from the Township, has yet to be determined.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 19. SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring after December 31, 2025 and through August 31, 2026, which is the date the financial statements were available to be issued.

Authorization of Bonds and Notes

On April 6, 2026, the Borough adopted an ordinance authorizing the issuance of bonds and notes of \$154,850.00 to finance a portion of the costs providing for Chandler Park Jake's Law Improvements.

On June 1, 2026, the Borough adopted an ordinance authorizing the issuance of bonds and notes of \$535,450.00 to finance a portion of the costs of various capital improvements and the acquisition of various capital equipment.

On June 1, 2026, the Borough adopted an ordinance authorizing the issuance of bonds and notes of \$142,500.00 to finance a portion of the costs of various water utility improvements.

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

PART II

SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2025

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH
Year Ended December 31, 2025

Balance, December 31, 2024	<u>Ref.</u> A		\$7,642,811.59
Increased by:			
Non-Budget Revenue	A-2	\$489,726.98	
State of New Jersey (PL 1971, Ch. 20)	2-A	28,375.00	
Taxes Receivable	3-A	24,627,266.57	
Revenue Accounts Receivable	5-A	1,864,082.29	
Grants Receivable	8-A	2,066,162.62	
Prepaid Taxes	12-A	281,352.02	
Tax Overpayments	13-A	14,312.63	
Prepaid Beach Badges		149,660.00	
Reserve for Insurance Reimbursements		17,928.69	
Reserve for Goose Patrol		5,825.00	
			<u>29,544,691.80</u>
			37,187,503.39
Decreased by:			
Budget Appropriations	A-3	9,184,480.40	
Appropriation Reserves	7-A	170,093.19	
Appropriated Reserves	8-A	2,303,819.00	
County Taxes Payable	11-A	13,571,691.24	
Local District School Taxes	14-A	4,459,925.50	
Reserve for Goose Patrol		1,053.09	
Change Fund		100.00	
Accounts Payable	6-A	1,200.00	
			<u>29,692,362.42</u>
Balance, December 31, 2025	A		<u><u>\$7,495,140.97</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY (PL 1971, Ch. 20)
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	A		\$8,827.58
Increased by:			
Deductions per Tax Duplicate:			
Senior Citizens		\$1,250.00	
Veterans		26,000.00	
Deductions Allowed by Collector		-	
			27,250.00
			36,077.58
Decreased by:			
Received from State of New Jersey	1-A	28,375.00	
Deductions Disallowed by Collector		1,500.00	
Deductions Disallowed by Collector - 2024 Taxes		-	
			29,875.00
Balance, December 31, 2025	A		<u>\$6,202.58</u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
Year Ended December 31, 2025

Year	Balance Dec. 31, 2024	Added Taxes	2025 Levy	Collections		Senior Citizens and Veterans Deductions	Canceled	Tax Overpayments Applied	Balance Dec. 31, 2025
				2024	2025				
2024	\$122,011.67				\$122,011.67				
2025			\$24,945,718.79	\$239,577.43	24,505,254.90	\$25,750.00	\$17,247.16	\$12,278.64	\$145,610.66
	<u>\$122,011.67</u>	<u>-</u>	<u>\$24,945,718.79</u>	<u>\$239,577.43</u>	<u>\$24,627,266.57</u>	<u>\$25,750.00</u>	<u>\$17,247.16</u>	<u>\$12,278.64</u>	<u>\$145,610.66</u>

<u>Ref.</u>	A	12-A	1-A	13-A	A
--------------------	---	------	-----	------	---

Analysis of 2025 Property Tax Levy

Tax Yield:

General Purpose Tax	\$24,833,315.01	
Added Taxes (54:4-63.1 et seq.)	112,403.78	
Omitted Taxes (54:4-63.12 et seq.)	-	
		<u>\$24,945,718.79</u>

Ref.

Tax Levy:

Local District School Tax	14-A	\$4,453,940.00	
County Taxes:			
County Tax	11-A	\$11,242,906.71	
County Library Tax	11-A	1,124,983.18	
County Health Tax	11-A	665,451.93	
County Open Space Preservation Tax	11-A	478,309.73	
Amount Due County for Added and Omitted Taxes	11-A	<u>61,165.97</u>	
			13,572,817.52
Local Tax for Municipal Purposes	A-2	6,855,881.00	
Add: Additional Tax Levied		<u>63,080.27</u>	
Local Tax for Municipal Purposes Levied			<u>6,918,961.27</u>
			<u>\$24,945,718.79</u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	A	\$867,549.76
Increased by:		
Cash Receipts		-
Balance, December 31, 2025	A	<u>\$867,549.76</u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2025

	<u>Ref.</u>	<u>Balance Dec. 31, 2024</u>	<u>Accrued in 2025</u>	<u>Realized/ Collected</u>	<u>Balance Dec. 31, 2025</u>
Alcoholic Beverage Licenses	A-2		\$12,700.00	\$12,700.00	
Other Licenses	A-2		9,250.00	9,250.00	
Fees and Permits	A-2		51,936.00	51,936.00	
Municipal Court Fines and Costs	A-2	\$2,324.32	94,506.02	92,999.22	\$3,831.12
Interest and Costs on Taxes	A-2		30,772.79	30,772.79	
Parking Meters	A-2		41,640.00	41,640.00	
Interest on Investments and Deposits	A-2		187,657.25	187,657.25	
Beach Fees	A-2		1,300,163.00	1,300,163.00	
Cable TV Franchise Fees	A-2		31,982.00	31,982.00	
Energy Receipts Tax	A-2		170,619.06	170,619.06	
Seaside Park - Court	A-2		75,481.45	75,481.45	
Cell Tower Agreement	A-2		56,271.52	56,271.52	
Reserve for Goose Patrol	A-2		3,000.00	3,000.00	
		<u>\$2,324.32</u>	<u>\$2,065,979.09</u>	<u>\$2,064,472.29</u>	<u>\$3,831.12</u>
	<u>Ref.</u>	<u>A</u>			<u>A</u>
			<u>Ref.</u>		
			Cash Received	\$1,864,082.29	
			Revenue Realized	200,390.00	
				<u>\$2,064,472.29</u>	

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	A	\$2,256.50
Increased by:		
Transfer from Appropriation Reserves	7-A	9,830.00
		12,086.50
Decreased by:		
Cash Disbursements	1-A	\$1,200.00
Cancelled		-
		1,200.00
Balance, December 31, 2025	A	\$10,886.50

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2025

	Balance Dec. 31, 2024	Transfer From Encumbrances Payable	Balance After Transfers	Paid or Charged	Balance Lapsed
General Administration:					
Salaries and Wages	\$8,132.87		\$8,132.87		\$8,132.87
Other Expenses	1,878.73	\$2,766.39	4,645.12	\$2,532.39	2,112.73
Human Resources (Personnel):					
Other Expenses	1,000.00		1,000.00		1,000.00
Mayor and Council:					
Salaries and Wages	2,272.17		2,272.17		2,272.17
Other Expenses	2,639.21	159.00	2,798.21	109.00	2,689.21
Municipal Clerk:					
Salaries and Wages	2,917.24		2,917.24		2,917.24
Other Expenses:					
Printing and Legal Advertising	3,645.00	1,087.08	4,732.08	160.00	4,572.08
Office Equipment	266.34	1,207.63	1,473.97	463.95	1,010.02
Miscellaneous Other Expenses	5,942.49	2,616.62	8,559.11	3,785.45	4,773.66
Elections	129.08		129.08		129.08
Financial Administration (Treasury):					
Salaries and Wages	4,493.80		4,493.80		4,493.80
Other Expenses	1,873.34	6,731.06	8,604.40	879.98	7,724.42
Audit Services:					
Other Expenses		14,080.00	14,080.00	13,680.00	400.00
Computerized Data Processing:					
Other Expenses	101.23	7,825.68	7,926.91	6,935.48	991.43
Revenue Administration:					
Salaries and Wages	4,784.78		4,784.78		4,784.78
Other Expenses	2,422.09	228.10	2,650.19	132.13	2,518.06
Tax Assessment Administration:					
Salaries and Wages	1,616.00		1,616.00		1,616.00
Other Expenses	1,085.84	70.92	1,156.76	22.30	1,134.46
Legal Services (Legal Department):					
Other Expenses	10,725.00	27,527.92	38,252.92	8,528.50	29,724.42
Engineering Services:					
Other Expenses	19,129.25	4,000.00	23,129.25		23,129.25
Tax Map Update	1,500.00		1,500.00		1,500.00

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2025

	Balance Dec. 31, 2024	Transfer From Encumbrances Payable	Balance After Transfers	Paid or Charged	Balance Lapsed
Planning Board:					
Salaries and Wages	\$494.91		\$494.91		\$494.91
Other Expenses	891.45	\$2,009.45	2,900.90	\$1,447.58	1,453.32
Zoning Board of Adjustment:					
Salaries and Wages	8,887.18		8,887.18		8,887.18
Other Expenses	137.79	163.52	301.31	120.00	181.31
Uniform Construction Code Official:					
Salaries and Wages	100.00		100.00		100.00
Other Expenses	100.00		100.00		100.00
Code Enforcement Officer:					
Salaries and Wages	1,382.52		1,382.52		1,382.52
Other Expenses	849.00	26.00	875.00		875.00
Insurance:					
General Liability	11,140.18		11,140.18		11,140.18
Worker's Compensation	9,609.00		9,609.00		9,609.00
Employee Group Health	22,961.12	35,826.92	58,788.04	21,276.32	37,511.72
Health Benefits Waiver	4,237.02		4,237.02		4,237.02
Police Department:					
Salaries and Wages	16,778.14		16,778.14		16,778.14
Other Expenses	21,789.31	28,010.28	49,799.59	21,965.97	27,833.62
Office of Emergency Management:					
Salaries and Wages	337.00		337.00		337.00
Other Expenses	4,347.02	60.00	4,407.02		4,407.02
Aid to Volunteer Fire Company	267.16	8,400.85	8,668.01	8,356.13	311.88
Fire Department:					
Fire Hydrant Service	11,291.34		11,291.34		11,291.34
Municipal Prosecutor's Office:					
Other Expenses	1,000.00	1,000.00	2,000.00	1,000.00	1,000.00
Municipal Court:					
Salaries and Wages	8,696.99		8,696.99		8,696.99
Other Expenses	462.21	354.97	817.18	52.50	764.68
Public Defender					
Other Expenses	3,500.00	1,400.00	4,900.00	300.00	4,600.00

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2025

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Transfer From</u> <u>Encumbrances</u> <u>Payable</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Streets and Road Maintenance:					
Other Expenses	\$5,946.20	\$1,004.04	\$6,950.24		\$6,950.24
Schedule C	2,000.00	3,209.32	5,209.32		5,209.32
Other Public Works Functions:					
Salaries and Wages	31,667.90		31,667.90		31,667.90
Other Expenses	1,980.13	5,995.69	7,975.82	\$5,059.33	2,916.49
Solid Waste Collection:					
Garbage	996.78	1,108.96	2,105.74	1,000.00	1,105.74
Recycling and Source Separation	1,574.87	1,548.54	3,123.41	1,000.50	2,122.91
Buildings and Grounds:					
Other Expenses	31,028.17	15,705.31	46,733.48	9,946.95	36,786.53
Vehicle Maintenance:					
Other Expenses	17,698.33	21,006.45	38,704.78	16,673.04	22,031.74
Public Health Services:					
Salaries and Wages	46.00		46.00		46.00
Other Expenses	200.00		200.00		200.00
Animal Control Services:					
Other Expenses	1,181.84		1,181.84		1,181.84
Goose Patrol	2,526.74	421.00	2,947.74	421.00	2,526.74
Recreation Services and Programs:					
Salaries and Wages	762.73		762.73		762.73
Other Expenses	2,982.42	1,894.19	4,876.61	473.85	4,402.76
Community Service Programs					
Other Expenses	100.00		100.00		100.00
Maintenance of Parks:					
Other Expenses	7,101.46	700.00	7,801.46		7,801.46
Beach and Boardwalk Operations:					
Salaries and Wages (Summer)	7,665.26		7,665.26		7,665.26
Other Expenses	9,906.06	5,116.34	15,022.40	239.90	14,782.50
Celebration of Public Events:					
Other Expenses	3,008.09	162.10	3,170.19		3,170.19

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2025

	Balance	Transfer From	Balance	Paid or	Balance
	Dec. 31, 2024	Encumbrances	After	Charged	Lapsed
		Payable	Transfers		
Public Employees' Occupational					
Safety and Health Act	\$1,310.05		\$1,310.05		\$1,310.05
Electricity	15,000.00	\$3,521.99	18,521.99	\$7,031.54	11,490.45
Street Lighting	1,000.00	7,139.79	8,139.79	3,875.70	4,264.09
Telephone	4,843.37	634.35	5,477.72	634.35	4,843.37
Water	2,760.32		2,760.32		2,760.32
Gas (natural or propane)	6,883.15	1,840.00	8,723.15	1,840.00	6,883.15
Fuel Oil	10,597.67	15,428.78	26,026.45	2,604.07	23,422.38
Landfill/Solid Waste Disposal	7,008.60		7,008.60	1,678.68	5,329.92
Contingent	500.00		500.00		500.00
Public Employees' Retirement System	1,298.75		1,298.75		1,298.75
Social Security System (O.A.S.I.)	15,043.13		15,043.13		15,043.13
Police and Firemen's Retirement					
System of NJ	883.00		883.00		883.00
Defined Contribution Retirement					
Program	1,305.02		1,305.02		1,305.02
State Recycling Tax		1,991.40	1,991.40	1,991.40	
LOSAP		22,500.00	22,500.00	18,000.00	4,500.00
Stormwater Management:					
Other Expenses	2,400.00		2,400.00		2,400.00
CAD System					
Other Expenses	925.00		925.00		925.00
Local Match for Future Grants	4,500.00		4,500.00		4,500.00
Refurbishment of Shufflebaord Courts	148.00	14,852.00	15,000.00	15,000.00	
Police Vehicle Lighting	705.20		705.20	705.20	
	<u>\$411,298.04</u>	<u>\$271,332.64</u>	<u>\$682,630.68</u>	<u>\$179,923.19</u>	<u>\$502,707.49</u>

Ref.

A

9-A

A-1

Accounts Payable

Cash Disbursements

Ref.

6-A

1-A

\$9,830.00

170,093.19

\$179,923.19

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE TO/(FROM) FEDERAL AND STATE GRANT FUND
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	A		(\$14,014.94)
Increased by:			
2025 Budget Appropriations	A-3	\$608,176.83	
Deposited in Current Fund:			
Grants Receivable	1-A	2,066,162.62	
Unappropriated Reserves		-	
		<u>2,674,339.45</u>	
			<u>2,660,324.51</u>
Decreased by:			
2025 Anticipated Revenue	16-A	608,176.83	
Grant Fund Appropriations Paid in Current Fund	1-A	<u>2,303,819.00</u>	
			<u>2,911,995.83</u>
Balance, December 31, 2025	A		<u><u>(\$251,671.32)</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	A	\$271,332.64
Increased by:		
Current Appropriations Charged	A-3	<u>267,790.38</u> 539,123.02
Decreased by:		
Transfer to Appropriation Reserves	7-A	<u>271,332.64</u>
Balance, December 31, 2025	A	<u><u>\$267,790.38</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH ADVANCE - MAGISTRATE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2025 and 2024	A	<u><u>\$100.00</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	A		\$60,039.69
Increased by:			
County Tax	3-A	\$11,242,906.71	
County Library Tax	3-A	1,124,983.18	
County Health Tax	3-A	665,451.93	
County Open Space Preservation Tax	3-A	478,309.73	
Due County for Added and Omitted Taxes	3-A	<u>61,165.97</u>	
	A-1		<u>13,572,817.52</u>
			13,632,857.21
Decreased by:			
Payments	1-A		<u>13,571,691.24</u>
Balance, December 31, 2025	A		<u><u>\$61,165.97</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF PREPAID TAXES
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	A	\$239,577.43
Increased by:		
Cash Receipts	1-A	281,352.02 520,929.45
Decreased by:		
Applied to Taxes Receivable	3-A	239,577.43
Balance, December 31, 2025	A	\$281,352.02

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	A	\$12,278.64
Increased by:		
Cash Receipts	1-A	14,312.63
		26,591.27
Decreased by:		
Applied to Taxes Receivable	3-A	12,278.64
Balance, December 31, 2025	A	\$14,312.63

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024:			
School Tax Payable	A	\$1,477,817.22	
School Tax Deferred		<u>777,957.38</u>	
			\$2,255,774.60
Increased by:			
Levy - School Year July 1, 2025 to June 30, 2026	3-A		<u>4,453,940.00</u>
			6,709,714.60
Decreased by:			
Payments	1-A		<u>4,459,925.50</u>
Balance, December 31, 2025:			
School Tax Payable	A	1,471,831.72	
School Tax Deferred		<u>777,957.38</u>	
			<u><u>\$1,471,831.72</u></u>
 <u>2025 Liability for Local District School Tax</u>			
Tax Paid	14-A	\$4,459,925.50	
Taxes Payable, December 31, 2025	14-A	<u>1,471,831.72</u>	
			\$5,931,757.22
Less:			
Taxes Payable, December 31, 2024	14-A		<u>1,477,817.22</u>
Amount Charged to 2025 Operations	A-1		<u><u>\$4,453,940.00</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE FROM/(TO) CURRENT FUND
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	A		(\$14,014.94)
Increased by:			
Deposited in Current Fund:			
Grants Receivable	16-A	\$2,066,162.62	
Unappropriated Reserves	18-A	-	
Grants Receivable Cancelled		-	
2025 Budget Appropriations	17-A	<u>608,176.83</u>	
			<u>2,674,339.45</u>
			2,660,324.51
Decreased by:			
2025 Anticipated Revenue	16-A	608,176.83	
Appropriated Reserves Cancelled		-	
Cash Disbursed in Current Fund	17-A	<u>2,303,819.00</u>	
			<u>2,911,995.83</u>
Balance, December 31, 2025	A		<u><u>(\$251,671.32)</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2025

Grant	Ref.	Balance Dec. 31, 2024	2025 Anticipated Revenue	Received	Cancelled	Transferred from Unappropriated Reserves	Balance Dec. 31, 2025
Recycling Tonnage Grant	A-2		\$6,299.61	\$6,299.61			
CDBG - Handicap Accessibility Improvements - New York Avenue		\$7,298.65					\$7,298.65
Clean Communities Program	A-2		15,691.76	15,691.76			
Body Armor Replacement Fund	A-2		1,305.46			\$1,305.46	
Local Arts Program		\$2,500.00		625.00			1,875.00
Verizon - Lighting Detection System	A-2		20,000.00	20,000.00			
Local Recreation Improvement	A-2		63,000.00	52,822.00			10,178.00
Cops in Shops	A-2		2,880.00	1,858.56			1,021.44
County of Ocean - Stormwater Improvement Project		2,600,000.00		1,958,865.69			641,134.31
Donation Lavallette PTO - Scoreboard	A-2		10,000.00	10,000.00			
NJDEP - Jake's Law	A-2		489,000.00				489,000.00
		<u>\$2,609,798.65</u>	<u>\$608,176.83</u>	<u>\$2,066,162.62</u>	<u>-</u>	<u>\$1,305.46</u>	<u>\$1,150,507.40</u>
<u>Ref.</u>		A	15-A,8-A	15-A		18-A	A

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2025

Grant	Balance Dec. 31, 2024	2025 Budget Appropriations	Transferred from Encumbrances Payable	Paid or Charged	Balance Dec. 31, 2025
Alcohol Education and Rehabilitation Fund	\$2,790.52				\$2,790.52
Drunk Driving Enforcement Fund	4,083.25			\$3,269.73	813.52
Recycling Tonnage Grant	19,128.10	\$6,299.61		4,444.44	20,983.27
Body Armor Replacement Fund	4,041.73	1,305.46			5,347.19
County of Ocean - Stormwater Improvement Project	2,463,300.00		\$79,286.00	2,524,056.55	18,529.45
Clean Communities Grant		15,691.76		15,691.76	
NJDEP - Jake's Law		489,000.00		72,682.00	416,318.00
NJDEP - Water Resources Management Stormwater Assistance	1,158.24		13,841.76	13,841.76	1,158.24
CDBG - Handicap Accessibility Improvements - Philadelphia Avenue	30.00			30.00	
CDBG - Handicap Accessibility Improvements - New York Avenue	6,818.65			6,818.65	
Cops in Shops		2,880.00		1,858.56	1,021.44
Verizon - Lighting Detection System		20,000.00		20,000.00	
Local Recreation Improvement		63,000.00		63,000.00	
Donation Lavallette PTO - Scoreboard		10,000.00		6,233.00	3,767.00
	<u>\$2,501,350.49</u>	<u>\$608,176.83</u>	<u>\$93,127.76</u>	<u>\$2,731,926.45</u>	<u>\$470,728.63</u>
Cash Disbursements	Ref. A	15-A		\$2,303,819.00	A
Encumbrances Payable	A			428,107.45	
				<u>\$2,731,926.45</u>	

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2025

<u>Grant</u>	<u>Balance Dec. 31, 2024</u>	<u>Received</u>	<u>Transferred to Grants Receivable</u>	<u>Balance Dec. 31, 2025</u>
Body Armor Replacement Fund	\$1,305.46		\$1,305.46	
	<u>\$1,305.46</u>	<u>-</u>	<u>\$1,305.46</u>	<u>-</u>
<u>Ref.</u>	A	15-A	16-A	A

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH
Year Ended December 31, 2025

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2024	B	\$128.60	\$1,082,778.60
Increased by Receipts:			
State Dog License Fees	2-B	\$154.80	
Payroll Deductions Payable			\$2,479,234.68
Miscellaneous Reserves	3-B		1,029,282.75
Dog License Fees	4-B	<u>997.00</u>	
		1,151.80	<u>3,508,517.43</u>
		<u>1,280.40</u>	<u>4,591,296.03</u>
Decreased by Disbursements:			
State Dog License Fees	2-B	150.60	
Payroll Deductions Payable			2,476,410.86
Miscellaneous Reserves	3-B		892,074.02
Expenditures under R.S. 4:19-15.11	4-B	<u>345.00</u>	
		495.60	<u>3,368,484.88</u>
Balance, December 31, 2025	B	<u><u>\$784.80</u></u>	<u><u>\$1,222,811.15</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024		\$0.00
Increased by:		
Receipts	1-B	154.80
		<u>154.80</u>
Decreased by:		
Cash Disbursements	1-B	150.60
		<u>150.60</u>
Balance, December 31, 2025		<u><u>\$4.20</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

OTHER TRUST FUND
SCHEDULE OF MISCELLANEOUS RESERVES
Year Ended December 31, 2025

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
Parking Offenses Adjudication Act	\$1,431.00	\$536.00		\$1,967.00
Developers Escrow Fund	27,847.61	49,444.65	\$46,156.50	31,135.76
Municipal Alliance on Alcohol and Drug Drug Abuse - Program Income	1,181.00			1,181.00
Recreation	49,265.97	107,374.18	93,968.05	62,672.10
Recycling Program	81,120.72	8,313.80		89,434.52
Disposal of Forfeited Property	84.90			84.90
Police Vest Fund	265.23			265.23
Off-Duty Police	10,052.42	196,697.36	198,363.35	8,386.43
Public Defender	221.60	314.00		535.60
Accumulated Absences	96,034.64	48,000.00		144,034.64
Unemployment Compensation Insurance	150,282.15	24,105.88	10,921.49	163,466.54
Storm Recovery	121,669.93	60,000.00	31,262.84	150,407.09
Uniform Construction Code	382,372.81	509,921.88	468,763.79	423,530.90
Uniform Fire Safety	5,250.00	500.00		5,750.00
Solar Energy Application Escrow	2,433.50			2,433.50
Tax Sale Premium	3,000.00		3,000.00	0.00
Street Opening Inspection Fees	69,413.00	6,300.00	39,638.00	36,075.00
Performance Bond	12,000.00	1,000.00		13,000.00
Public Access Trust	7,440.00			7,440.00
History Books		16,775.00		16,775.00
	<u>\$1,021,366.48</u>	<u>\$1,029,282.75</u>	<u>\$892,074.02</u>	<u>\$1,158,575.21</u>
<u>Ref.</u>	B	1-B	1-B	B

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	B		\$128.60
Increased by:			
Dog License Fees	1-B	997.00	
		<u>1,125.60</u>	
Decreased by:			
Expenditures under R.S. 4:19-15.11:			
Cash	1-B	\$345.00	
Statutory Excess Due to Current Fund		<u>-</u>	
		<u>345.00</u>	
Balance, December 31, 2025	B		<u><u>\$780.60</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2024	\$896.00
2023	<u>784.00</u>
	<u><u>\$1,680.00</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF LENGTH OF SERVICE AWARD
PROGRAM FUND INVESTMENTS
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	B		\$615,723.44
Increased by:			
Municipal Contributions	6-B	\$18,000.00	
Change in Market Value	6-B	<u>90,116.48</u>	
			<u>108,116.48</u>
			723,839.92
Decreased by:			
Distributions	6-B	5,000.00	
Return of Non-Vested Funds	6-B	-	
Administrative Charges	6-B	<u>1,150.00</u>	
			<u>6,150.00</u>
Balance, December 31, 2025	B		<u><u>\$717,689.92</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD
PROGRAM FUND
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	B		\$615,723.44
Increased by:			
Municipal Contributions	5-B	\$18,000.00	
Change in Market Value	5-B	<u>90,116.48</u>	
			<u>108,116.48</u>
			723,839.92
Decreased by:			
Distributions	5-B	5,000.00	
Return of Non-Vested Funds	5-B	-	
Administrative Charges	5-B	<u>1,150.00</u>	
			<u>6,150.00</u>
Balance, December 31, 2025	B		<u><u>\$717,689.92</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	C		\$1,371,355.83
Increased by Receipts:			
Bond Anticipation Notes	7-C	\$716,975.00	
Budget Appropriation:			
Capital Improvement Fund	10-C	100,000.00	
Premium on Notes Issued	C-1	1,479.78	
Grants Receivable	5-C	239,784.85	
			<u>1,058,239.63</u>
			2,429,595.46
Decreased by Disbursements:			
Improvement Authorizations	9-C	961,463.97	
Payment to Current Fund as Anticipated Revenue	C-1	<u>-</u>	
			<u>961,463.97</u>
Balance, December 31, 2025	C		<u><u>\$1,468,131.49</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2025

			Balance
			<u>Dec. 31, 2025</u>
Fund Balance			\$80,565.06
Capital Improvement Fund			214,887.41
Grants Receivable			(633,160.03) *
Contracts Payable			212,450.46
Reserve to Pay Notes			42,585.43
Improvement Authorizations:			
<u>Ordinance</u>	<u>Improvement Description</u>	<u>Ref.</u>	
<u>Number</u>			
1085	Improvements to the Boardwalk	9-C	4,740.65
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	9-C	40,822.80
1143	Road Improvements to Guyer Avenue	9-C	105,679.64
1157	Various Capital Improvements and the Acquisition of Various Capital Equipment	9-C	12,356.11
1158	Road Improvements to Elizabeth Avenue and Dover Avenue	9-C	23,612.84
1165	Trenton Avenue ADA Crossover Project	9-C	4,904.12
1182	Acquisition of Various Capital Equipment	9-C	17,500.00
1183	Capital Improvements and the Acquisition of Various Capital Equipment	9-C	31,939.51
1187	Improvements to Borough Roads Including Portions of Bryn Mawr Avenue	9-C	28,232.81
1196	Various Capital Improvements	4-C	88,200.87
1205	Various Capital Improvements and Improvements to Borough Roads Including Portions of New York Avenue	9-C	17,331.15
1205	Various Capital Improvements and Improvements to Borough Roads Including Portions of New York Avenue	4-C	58,100.00
1216	Capital Improvements and the Acquisition of Various Capital Equipment	4-C	42,338.03
1226	Capital Improvements and the Acquisition of Various Capital Equipment	4-C	38,143.12
1234	Acquisition of a Garbage Truck Chassis	9-C	10,000.00
1245	Capital Improvements and the Acquisition of Various Capital Equipment	4-C	25,214.89
1261	Capital Improvements and the Acquisition of Various Capital Equipment	4-C	300,630.80
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	4-C	701,055.82
			<u>\$1,468,131.49</u>
			C

Ref.

*Denotes Deficit (Deduction)

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - FUNDED
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	C	\$4,195,000.00
Decreased by:		
2025 Budget Appropriation to Pay Bonds:		
Municipal Bonds	6-C	<u>380,000.00</u>
Balance, December 31, 2025	C	<u><u>\$3,815,000.00</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Balance Dec. 31, 2024	2025 Author- izations	Funded By Budget Appropriation	Cancelled	Notes Paid by Budget Appropriation	Balance Dec. 31, 2025	Analysis of Balance December 31, 2025		
								Financed by Bond Anticipation Notes	Expend- itures	Unexpended Improvement Authoriz- ations
1187	Improvements to Borough Roads Including Portions of Bryn Mawr Avenue	\$17,500.00				\$17,500.00				
1196	Various Capital Improvements	205,809.00				62,500.00	\$143,309.00	\$143,309.00		
1205	Various Capital Improvements and Improvements to Borough Roads Including Portions of New York Avenue	78,100.00				20,000.00	58,100.00	58,100.00		
1216	Capital Improvements and the Acquisition of Various Capital Equipment	124,950.00				30,000.00	94,950.00	94,950.00		
1226	Capital Improvements and the Acquisition of Various Capital Equipment	306,085.00				40,000.00	266,085.00	266,085.00		
1245	Capital Improvements and the Acquisition of Various Capital Equipment	357,150.00				40,000.00	317,150.00	317,150.00		
1261	Capital Improvements and the Acquisition of Various Capital Equipment	768,355.00				40,000.00	728,355.00	728,355.00		
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment		\$716,975.00				716,975.00	716,975.00		
		<u>\$1,857,949.00</u>	<u>\$716,975.00</u>	<u>-</u>	<u>-</u>	<u>\$250,000.00</u>	<u>\$2,324,924.00</u>	<u>\$2,324,924.00</u>	<u>-</u>	<u>-</u>
	<u>Ref.</u>	C	9-C			7-C	C	7-C		
									<u>Ref.</u>	
Improvement Authorizations - Unfunded									9-C	\$1,253,683.53
Less, Unexpended Proceeds of Notes Issued -										
Ordinance Number 1196									2-C	(88,200.87)
Ordinance Number 1205									2-C	(58,100.00)
Ordinance Number 1216									2-C	(42,338.03)
Ordinance Number 1226									2-C	(38,143.12)
Ordinance Number 1245									2-C	(25,214.89)
Ordinance Number 1261									2-C	(300,630.80)
Ordinance Number 1271									2-C	(701,055.82)
										<u>\$0.00</u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	C	\$558,169.88
Increased by:		
Ordinance 1271 - Various Capital Improvements and the Acquisition of Various Capital Equipment	9-C	314,775.00 872,944.88
Decreased by:		
Cash Receipts	1-C	239,784.85
Balance, December 31, 2025	C	\$633,160.03
<u>Analysis of Grants Receivable Balance:</u>		
State of New Jersey D.O.T.		\$633,160.03

<u>Improvement Description</u>	<u>Ordinance Number</u>	
Various Capital Improvements and Improvements to Borough Roads Including Portions of New York Avenue	1205	\$20,614.09
Capital Improvements and the Acquisition of Various Capital Equipment	1216	5,645.49
Capital Improvements and the Acquisition of Various Capital Equipment	1226	93,005.15
Capital Improvements and the Acquisition of Various Capital Equipment	1245	68,260.15
Capital Improvements and the Acquisition of Various Capital Equipment	1261	130,860.15
Various Capital Improvements and the Acquisition of Various Capital Equipment	1271	314,775.00 \$633,160.03

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2025

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
			Outstanding Date	Dec. 31, 2025 Amount					
General Capital Refunding Bonds	3/31/15	\$1,420,000.00				\$125,000.00		\$125,000.00	
General Obligation Bonds	8/1/17	5,665,000.00	8/1/26	\$325,000.00	2.125%	4,070,000.00		255,000.00	\$3,815,000.00
			8/1/27	330,000.00	2.25%				
			8/1/28	320,000.00	3.00%				
			8/1/29	315,000.00	3.00%				
			8/1/30	315,000.00	3.00%				
			8/1/31	315,000.00	3.00%				
			8/1/32	315,000.00	3.00%				
			8/1/33	315,000.00	3.00%				
			8/1/34	315,000.00	3.00%				
			8/1/35	315,000.00	3.00%				
			8/1/36	315,000.00	3.00%				
			8/1/37	320,000.00	3.00%				
					Ref.	<u>\$4,195,000.00</u>	<u>-</u>	<u>\$380,000.00</u>	<u>\$3,815,000.00</u>
						C		3-C	C

**BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2025**

Ordinance Number	Improvement Authorizations	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
1187	Improvements to the Borough Roads Including Portions of Bryn Mawr Avenue	7/31/18	7/17/24	4/15/25	4.20%	\$17,500.00		\$17,500.00	
1196	Various Capital Improvements	7/25/19	7/17/24	4/15/25	4.20%	205,809.00		205,809.00	
1205	Various Capital Improvements and Improvements to Borough Roads Including Portions of New York Avenue	7/23/20	7/17/24	4/15/25	4.20%	78,100.00		78,100.00	
1216	Capital Improvements and the Acquisition of Various Capital Equipment	7/21/21	7/17/24	4/15/25	4.20%	124,950.00		124,950.00	
1226	Capital Improvements and the Acquisition of Various Capital Equipment	7/20/22	7/17/24	4/15/25	4.20%	306,085.00		306,085.00	
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	7/17/24	4/15/25	4.20%	357,150.00		357,150.00	
1261	Capital Improvements and the Acquisition of Various Capital Equipment	12/4/24	12/4/24	4/15/25	3.77%	768,355.00		768,355.00	
1196	Various Capital Improvements	7/25/19	4/14/25	9/25/25	3.85%		\$143,309.00	143,309.00	
1205	Various Capital Improvements and Improvements to Borough Roads Including Portions of New York Avenue	7/23/20	4/14/25	9/25/25	3.85%		58,100.00	58,100.00	
1216	Capital Improvements and the Acquisition of Various Capital Equipment	7/21/21	4/14/25	9/25/25	3.85%		94,950.00	94,950.00	
1226	Capital Improvements and the Acquisition of Various Capital Equipment	7/20/22	4/14/25	9/25/25	3.85%		266,085.00	266,085.00	
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	4/14/25	9/25/25	3.85%		317,150.00	317,150.00	
1261	Capital Improvements and the Acquisition of Various Capital Equipment	12/4/24	4/14/25	9/25/25	3.85%		728,355.00	728,355.00	
1196	Various Capital Improvements	7/25/19	9/24/25	6/18/26	3.60%		143,309.00		\$143,309.00
1205	Various Capital Improvements and Improvements to Borough Roads Including Portions of New York Avenue	7/23/20	9/24/25	6/18/26	3.60%		58,100.00		58,100.00
1216	Capital Improvements and the Acquisition of Various Capital Equipment	7/21/21	9/24/25	6/18/26	3.60%		94,950.00		94,950.00
1226	Capital Improvements and the Acquisition of Various Capital Equipment	7/20/22	9/24/25	6/18/26	3.60%		266,085.00		266,085.00
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	9/24/25	6/18/26	3.60%		317,150.00		317,150.00
1261	Capital Improvements and the Acquisition of Various Capital Equipment	12/4/24	9/24/25	6/18/26	3.60%		728,355.00		728,355.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/24/25	9/24/25	6/18/26	3.60%		716,975.00		716,975.00
						<u>\$1,857,949.00</u>	<u>\$3,932,873.00</u>	<u>\$3,465,898.00</u>	<u>\$2,324,924.00</u>
					Ref.	C			C
	Issued for Cash				1-C		\$716,975.00		
	Paid by Budget Appropriation				4-C			\$250,000.00	
	Non-Cash Rollover						3,215,898.00	3,215,898.00	
							<u>\$3,932,873.00</u>	<u>\$3,465,898.00</u>	

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	C	\$397,838.82
Increased by:		
Charged to Improvement Authorizations	9-C	212,450.46
		610,289.28
Decreased by:		
Transfer to Improvement Authorizations	9-C	397,838.82
Balance, December 31, 2025	C	\$212,450.46

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2025

Ordinance Number	Improvement Authorizations	Balance Dec. 31, 2024		Transfer from Contracts Payable	2025 Authoriz- ations	Paid or Charged	Authoriz- ations Cancelled	Balance Dec. 31, 2025	
		Funded	Unfunded					Funded	Unfunded
1085	Improvements to the Boardwalk	\$4,740.65						\$4,740.65	
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	41,420.02				\$597.22		40,822.80	
1143	Road Improvements to Guyer Avenue	106,088.50		\$301.50		710.36		105,679.64	
1157	Various Capital Improvements and the Acquisition of Various Capital Equipment	12,435.71				79.60		12,356.11	
1158	Road Improvements to Elizabeth Avenue and Dover Avenue	23,708.10				95.26		23,612.84	
1165	Trenton Avenue ADA Crossover Project	62,430.00				57,525.88		4,904.12	
1182	Acquisition of Various Capital Equipment	17,500.00						17,500.00	
1183	Capital Improvements and the Acquisition of Various Capital Equipment	32,129.17				189.66		31,939.51	
1187	Improvements to Borough Roads Including Portions of Bryn Mawr Avenue	11,072.85	\$17,500.00			340.04		28,232.81	
1196	Various Capital Improvements		88,726.47			525.60			\$88,200.87
1205	Various Capital Improvements and Improvements to Borough Roads Including Portions of New York Avenue		77,045.32			1,614.17		17,331.15	58,100.00
1216	Capital Improvements and the Acquisition of Various Capital Equipment		42,603.31			265.28			42,338.03
1226	Capital Improvements and the Acquisition of Various Capital Equipment			51,775.95		13,632.83			38,143.12
1234	Acquisition of a Garbage Truck Chassis	3,597.02		6,402.98				10,000.00	
1245	Capital Improvements and the Acquisition of Various Capital Equipment		197.04	34,854.71		9,836.86			25,214.89
1261	Capital Improvements and the Acquisition of Various Capital Equipment		720,684.61	304,503.68		724,557.49			300,630.80
1271	Capital Improvements and the Acquisition of Various Capital Equipment				\$1,065,000.00	363,944.18			701,055.82
		<u>\$315,122.02</u>	<u>\$946,756.75</u>	<u>\$397,838.82</u>	<u>\$1,065,000.00</u>	<u>\$1,173,914.43</u>	<u>-</u>	<u>\$297,119.63</u>	<u>\$1,253,683.53</u>
	Ref.	C	C	8-C				C	C
				Ref.					
	Deferred Charges to Future Taxation - Unfunded			4-C,12-C	\$716,975.00				
	Grants Receivable			5-C	314,775.00				
	Capital Improvement Fund			10-C	33,250.00				
					<u>\$1,065,000.00</u>				
	Cash Disbursements			1-C		\$961,463.97			
	Contracts Payable			8-C		212,450.46			
						<u>\$1,173,914.43</u>			

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	C	\$148,137.41
Increased by:		
2025 Budget Appropriation	1-C	100,000.00
		248,137.41
Decreased by:		
Appropriated to Finance Improvement Authorizations	9-C	33,250.00
Balance, December 31, 2025	C	\$214,887.41

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
Year Ended December 31, 2025

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2024</u>	<u>2025 Authorizations</u>	<u>Funded By Budget Appropriation</u>	<u>Cancelled</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2025</u>
1261	Various Capital Improvements and the Acquisition of Various Capital Equipment		\$716,975.00			\$716,975.00	
		\$0.00	\$716,975.00	-	-	\$716,975.00	\$0.00
	<u>Ref.</u> (Footnote C)		9-C		4-C	7-C	(Footnote C)

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
WATER UTILITY FUND
SCHEDULE OF CASH
Year Ended December 31, 2025

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2024	D	\$326,516.67	\$202,375.27
Increased by Receipts:			
Fire Hydrant Service	D-3	\$22,050.00	
Miscellaneous Revenue not Anticipated	D-3	37,638.24	
Increase in Water Rents	D-3	192,300.00	
Capital Fund Balance	D-3	10,000.00	
Consumer Accounts Receivable		1,048,641.25	
Budget Appropriation:			
Capital Improvement Fund	12-D		\$5,000.00
Proceeds from New Jersey Environmental			
Infrastructure Trust Loans	17-D		1,379,664.00
Premium on Notes Issued	D-2		133.01
Due from Water Utility Capital Fund		40,000.00	
Bond Anticipation Notes	10-D		28,500.00
Water Rent Overpayments	7-D	8,642.95	
		<u>1,359,272.44</u>	<u>1,413,297.01</u>
		1,685,789.11	1,615,672.28
Decreased by Disbursements:			
Appropriations	D-4	1,018,413.14	
Appropriation Reserves	5-D	9,957.54	
Accrued Interest Payable	8-D	36,553.40	
Water Utility Capital Fund Balance to Operating Budget	D-2		10,000.00
Due to Water Utility Operating Fund			40,000.00
Improvement Authorizations	13-D		1,051,612.91
		<u>1,064,924.08</u>	<u>1,101,612.91</u>
Balance, December 31, 2025	D	<u>\$620,865.03</u>	<u>\$514,059.37</u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF WATER UTILITY CAPITAL FUND CASH
December 31, 2025

	<u>Balance</u> <u>Dec. 31, 2025</u>
Capital Improvement Fund	\$70,720.00
Fund Balance	550.72
Contracts Payable	3,831,392.90
Grants Receivable	(2,200,000.00) *
Reserve for Water Meters	427.60
Reserve for FEMA Proceeds	30,750.98
Miscellaneous	0.87

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	13,346.68
1151	Painting and Repair of Water Tower	0.32
1182	Acquisition of Various Capital Equipment	4,889.00
1233/1266	Replacement of Borough's Potable Water Supply Well, Replacement of the Electrical System Associated with the Wells and Water Treatment Plant and Plant and Redevelopment of a Potable Water Supply Well	(1,254,623.95) *
1245	Capital Improvements and the Acquisition of Various Capital Improvements	781.65
1271	Various Capital Improvements and the Acquisition of Various Capital Improvements	15,822.60
		<u>\$514,059.37</u>

Ref.

D

*Denotes Deficit (Deduction)

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	D		\$28,421.85
Increased by:			
Water Rents Levied			1,255,338.16
			<u>1,283,760.01</u>
Decreased by:			
Collections		\$1,240,941.25	
Overpayments Applied	7-D	<u>7,864.48</u>	
			<u>1,248,805.73</u>
Balance, December 31, 2025	D		<u><u>\$34,954.28</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
Year Ended December 31, 2025

	Balance Dec. 31, 2025 and 2024
Pumping System Land	\$1,563.90
Spring and Wells	135,756.16
Pumping Station Structure	20,791.12
Electric Power Pumping Equipment	14,351.22
Other Electric Power Pumping Equipment	8,885.76
Transmission Mains and Accessories	137,927.75
Tank and Sand Pipes	208,538.45
Distribution Mains and Accessories	4,588,403.24
General Equipment	66,776.29
General Structure	2,871.12
Meters	254,811.41
Automotive Equipment	70,650.83
Water Tower	1,691,000.00
Water Main To West Point Island	198,602.89
Water Treatment Plant	390,693.80
Computer System	30,634.39
Capitalized Interest - D.E.P. Loan	14,500.06
Phone System	6,800.00
	<u>\$7,843,558.39</u>

Ref.

D

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2025

		<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:					
Salaries and Wages		\$23,880.60	\$23,880.60		\$23,880.60
Other Expenses		85,566.73	85,566.73	\$15,347.54	70,219.19
Statutory Expenditures:					
Public Employees' Retirement System		2,459.75	2,459.75		2,459.75
Social Security System (O.A.S.I.)		11,673.31	11,673.31		11,673.31
		<u>\$123,580.39</u>	<u>\$123,580.39</u>	<u>\$15,347.54</u>	<u>\$108,232.85</u>
	<u>Ref.</u>				D-1
Appropriation Reserves	D	\$100,515.59			
Encumbrances Payable	6-D	<u>23,064.80</u>			
		<u>\$123,580.39</u>			
Cash Disbursements	1-D			\$9,957.54	
Accounts Payable	D			<u>5,390.00</u>	
				<u>\$15,347.54</u>	

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$23,064.80
Increased by:		
Transferred from Budget Appropriations	D-4	54,548.39
		<u>77,613.19</u>
Decreased by:		
Transferred to Appropriation Reserves	5-D	23,064.80
		<u>23,064.80</u>
Balance, December 31, 2025	D	<u><u>\$54,548.39</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER OVERPAYMENTS
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$7,864.48
Increased by:		
Overpayments in 2025	1-D	8,642.95
		<u>16,507.43</u>
Decreased by:		
Application to Consumer Accounts Receivable	3-D	7,864.48
		<u>7,864.48</u>
Balance, December 31, 2025	D	<u><u>\$8,642.95</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$10,967.40
Increased by:		
Budget Appropriations	D-4	<u>32,513.05</u> 43,480.45
Decreased by:		
Interest Paid	1-D	<u>36,553.40</u>
Balance, December 31, 2025	D	<u><u>\$6,927.05</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
Year Ended December 31, 2025

Purpose	Original Issue		Maturities of Bonds		Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
	Date	Amount	Date	Amount					
Refunding Bonds	3/31/15	\$680,000.00				\$55,000.00		\$55,000.00	
Refunding Bonds	8/31/21	1,130,000.00	12/1/26	\$75,000.00	1.25%	960,000.00		75,000.00	\$885,000.00
			12/1/27	75,000.00	1.45%				
			12/1/28	75,000.00	1.61%				
			12/1/29	80,000.00	1.74%				
			12/1/30	80,000.00	1.84%				
			12/1/31	80,000.00	1.95%				
			12/1/32	80,000.00	2.05%				
			12/1/33	85,000.00	2.15%				
			12/1/34	85,000.00	2.25%				
			12/1/35	85,000.00	2.45%				
			12/1/36	85,000.00	2.45%				
						<u>\$1,015,000.00</u>	<u>-</u>	<u>\$130,000.00</u>	<u>\$885,000.00</u>
					<u>Ref.</u>	D		16-D	D

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER UTILITY BOND ANTICIPATION NOTES
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Date of Issue Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
1202	Improvements to the Borough Water System Including Repairs to Well #4	7/23/20	7/17/24	4/15/25	4.20%	\$62,500.00		\$62,500.00	
1210	Rehabilitation of the Potable Water Supply System and Well #3	7/21/21	7/17/24	4/15/25	4.20%	138,750.00		138,750.00	
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	7/17/24	4/15/25	4.20%	28,000.00		28,000.00	
1202	Improvements to the Borough Water System Including Repairs to Well #4	7/23/20	4/14/25	9/25/25	3.85%		\$37,500.00	37,500.00	
1210	Rehabilitation of the Potable Water Supply System and Well #3	7/21/21	4/14/25	9/25/25	3.85%		113,750.00	113,750.00	
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	4/14/25	9/25/25	3.85%		18,000.00	18,000.00	
1202	Improvements to the Borough Water System Including Repairs to Well #4	7/23/20	9/24/25	6/18/26	3.60%		37,500.00		\$37,500.00
1210	Rehabilitation of the Potable Water Supply System and Well #3	7/21/21	9/24/25	6/18/26	3.60%		113,750.00		113,750.00

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER UTILITY BOND ANTICIPATION NOTES
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Date of Issue Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	9/24/25	6/18/26	3.60%		\$18,000.00		\$18,000.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	9/24/25	9/24/25	6/18/26	3.60%		28,500.00		28,500.00
						<u>\$229,250.00</u>	<u>\$367,000.00</u>	<u>\$398,500.00</u>	<u>\$197,750.00</u>
					<u>Ref.</u>	D			D
	Non-Cash Rollover						\$338,500.00	\$338,500.00	
	Issued for Cash				1-D		28,500.00	-	
	Paid by Budget Appropriation				17-D		-	60,000.00	
							<u>\$367,000.00</u>	<u>\$398,500.00</u>	

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST LOANS PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$411,267.33
Decreased by:		
Loan Principal Paid by Operating Budget	17-D	\$33,735.40
Loan Principal Deobligated		-
		<u>33,735.40</u>
Balance, December 31, 2025	D	<u><u>\$377,531.93</u></u>
Analysis of Loan Balances:		
New Jersey Environmental Infrastructure Trust	18-D	\$205,000.00
New Jersey Environmental Infrastructure Fund	19-D	172,531.93
		<u><u>\$377,531.93</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$87,220.00
Increased by:		
2025 Budget Appropriation	1-D	<u>5,000.00</u>
		92,220.00
Decreased by:		
Appropriated to Finance Improvement Authorization	17-D	<u>21,500.00</u>
Balance, December 31, 2025	D	<u><u>\$70,720.00</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2024		Transferred from Contracts Payable	2025 Authorizations			Paid or Charged	Balance Dec. 31, 2025	
		Date	Amount	Funded	Unfunded		Capital Improvement Fund	Grants Receivable	Deferred Charges to to Future Revenue		Funded	Unfunded
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	\$100,000.00	\$35,228.86						\$21,882.18	\$13,346.68	
1151	Painting and Repair of Water Tower	10/17/16	1,352,250.00	0.32	\$264,024.00						0.32	\$264,024.00
1182	Acquisition of Various Capital Equipment	11/13/17	40,000.00	4,889.00							4,889.00	
1202	Improvements to the Borough Water System Including Repairs to Well #4	3/2/20	150,000.00		2,576.30	\$811.45				3,387.75		
1210	Rehabilitation of the Potable Water Supply System and Well #3	3/22/21	225,000.00			15,581.55				15,581.55		
1232	Repairs and Rcmediation of the Water Treatment Plant	8/1/22	195,311.52			6,871.55				6,871.55		
1233/1266	Replacement of Borough's Potable Water Supply Well, Replacement of the Electrical System Associated with the Wells and Water Treatment Plant and Redevelopment of a Potable Water Supply Well	8/1/22	3,700,000.00		3,293,208.96	186,154.47		\$2,200,000.00		4,801,105.38		878,258.05
1245	Capital Improvements and the Acquisition of Various Capital Equipment	6/5/24	40,000.00		781.65							781.65
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25	50,000.00				\$21,500.00		\$28,500.00	34,177.40		15,822.60
				<u>\$40,118.18</u>	<u>\$3,560,590.91</u>	<u>\$209,419.02</u>	<u>\$21,500.00</u>	<u>\$2,200,000.00</u>	<u>\$28,500.00</u>	<u>\$4,883,005.81</u>	<u>\$18,236.00</u>	<u>\$1,158,886.30</u>
		<u>Ref.</u>		D	D	D	14-D,17-D		14-D		D	D
						<u>Ref.</u>						
						Cash Disbursements	1-D			\$1,051,612.91		
						Contracts Payable	D			3,831,392.90		
										<u>\$4,883,005.81</u>		

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2024	2025 Authorizations		Balance Dec. 31, 2025
		Date	Amount		Deferred Reserve for Amortization	Deferred Charges to Future Revenue	
1119	Replacement and Installation of Water Meters	4/22/13	\$1,000,000.00	\$1,000,000.00			\$1,000,000.00
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	100,000.00	100,000.00			100,000.00
1151	Painting and Repair of Water Tower	10/17/16	1,352,250.00	1,352,250.00			1,352,250.00
1182	Acquisition of Various Capital Equipment	11/13/17	40,000.00	40,000.00			40,000.00
1202	Improvements to the Borough Water System Including Repairs to Well #4	3/2/20	150,000.00	150,000.00			150,000.00
1210	Rehabilitation of the Potable Water Supply System and Well #3	3/22/21	225,000.00	225,000.00			225,000.00
1232	Repairs and Remediation of the Water Treatment Plant	8/1/22	195,311.52	195,311.52			195,311.52
1233/1266	Replacement of Borough's Potable Water Supply Well, Replacement of the Electrical System Associated with the Well and Water Treatment Plant and Redevelopment of a Potable Water Supply Well	8/1/22	3,700,000.00	3,700,000.00			3,700,000.00
1245	Capital Improvements and the Acquisition of Various Capital Equipment	6/5/23	40,000.00	40,000.00			40,000.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25	50,000.00		\$21,500.00	\$28,500.00	50,000.00
				<u>\$6,802,561.52</u>	<u>\$21,500.00</u>	<u>\$28,500.00</u>	<u>\$6,852,561.52</u>
		<u>Ref.</u>		D	13-D	13-D	D

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
Year Ended December 31, 2025

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2024</u>	<u>2025 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Proceeds from New Jersey Environmental Infrastructure Trust Loans</u>	<u>Balance Dec. 31, 2025</u>
1151	Painting and Repair of Water Tower	\$264,024.00				\$264,024.00
1233	Replacement of Borough's Potable Water Supply Well, Replacement of the Electrical System Associated with the Wells and Water Treatment Plant and Redevelopment of a Potable Water Supply Well	3,512,546.00			\$1,379,664.00	2,132,882.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment		\$28,500.00	\$28,500.00		
		<u>\$3,776,570.00</u>	<u>\$28,500.00</u>	<u>\$28,500.00</u>	<u>\$1,379,664.00</u>	<u>\$2,396,906.00</u>
	<u>Ref.</u>	(Footnote D)	13-D	10-D		(Footnote D)

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	D	\$6,828,559.26
Increased by:		
Bonds Paid by Operating Budget	9-D	<u>130,000.00</u>
Balance, December 31, 2025	D	<u><u>\$6,958,559.26</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
Year Ended December 31, 2025

Ordinance Number	Purpose	Ordinance Date	Balance Dec. 31, 2024	Fixed Capital Authorized	NJEIT Loans Paid by Operating Budget	Proceeds from New Jersey Environmental Infrastructure Trust Loans	Notes Paid by Operating Budget	Balance Dec. 31, 2025
1119	Replacement and Installation of Water Meters	4/22/13	\$1,000,000.00					\$1,000,000.00
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	100,000.00					100,000.00
1151	Painting and Repair of Water Tower	10/17/16	684,902.67		\$33,735.40			718,638.07
1182	Acquisition of Various Capital Equipment	11/13/17	40,000.00					40,000.00
1202	Improvements to the Borough Water System Including Repairs to Well #4	3/2/20	87,500.00				\$25,000.00	112,500.00
1210	Rehabilitation of the Potable Water Supply System and Well #3	3/22/21	86,250.00				25,000.00	111,250.00
1232	Repairs and Remediation of the Water Treatment Plant	8/1/22	195,311.52					195,311.52
1233	Replacement of Borough's Potable Water Supply Well, Replacement of the Electrical System Associated with the Wells and Water Treatment Plant and Redevelopment of a Potable Water Supply Well	8/1/22	187,454.00			\$1,379,664.00		1,567,118.00
1245	Capital Improvements and the Acquisition of Various Capital Equipment	6/5/23	12,000.00				10,000.00	22,000.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25		\$21,500.00				21,500.00
			<u>\$2,393,418.19</u>	<u>\$21,500.00</u>	<u>\$33,735.40</u>	<u>\$1,379,664.00</u>	<u>\$60,000.00</u>	<u>\$3,888,317.59</u>
		Ref.	D		11-D	1-D	10-D	D
	Capital Improvement Fund	12-D,13-D		<u>\$21,500.00</u>				

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN
December 31, 2025

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>
2026	\$15,000.00	5.00%	\$7,043.76	\$22,043.76
2027	15,000.00	5.00%	6,293.76	21,293.76
2028	15,000.00	3.00%	5,543.76	20,543.76
2029	15,000.00	3.00%	5,093.76	20,093.76
2030	15,000.00	3.00%	4,643.76	19,643.76
2031	15,000.00	3.00%	4,193.76	19,193.76
2032	15,000.00	3.125%	3,743.76	18,743.76
2033	20,000.00	3.125%	3,275.00	23,275.00
2034	20,000.00	3.250%	2,650.00	22,650.00
2035	20,000.00	3.250%	2,000.00	22,000.00
2036	20,000.00	3.375%	1,350.00	21,350.00
2037	20,000.00	3.375%	675.00	20,675.00
	<u>\$205,000.00</u>		<u>\$46,506.32</u>	<u>\$251,506.32</u>
<u>Ref.</u>	11-D			

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FUND LOAN
December 31, 2025

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>
2026	\$18,735.40	0.00%
2027	18,735.40	0.00%
2028	18,735.40	0.00%
2029	18,735.40	0.00%
2030	18,735.40	0.00%
2031	18,735.40	0.00%
2032	18,735.40	0.00%
2033	18,735.40	0.00%
2034	18,735.40	0.00%
2035	3,913.33	0.00%
	<u>\$172,531.93</u>	
<u>Ref.</u>	11-D	

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY FUND
SCHEDULE OF CASH
Year Ended December 31, 2025

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2024	E	\$511,368.50	\$173,145.02
Increased by Receipts:			
Miscellaneous Revenue not Anticipated	E-3	\$48,757.09	
Consumer Accounts Receivable	3-E	1,618,683.47	
Sewer Rent Overpayments	9-E	10,342.41	
Premium on the Sale of Notes	E-2		\$33.25
Budget Appropriations:			
Capital Improvement Fund	12-E		5,000.00
		<u>1,677,782.97</u>	<u>5,033.25</u>
		2,189,151.47	178,178.27
Decreased by Disbursements:			
Appropriations	E-4	1,461,262.21	
Appropriation Reserves	6-E	15,831.49	
Accrued Interest Payable	8-E	45,642.80	
Improvement Authorizations	14-E		30,500.00
		<u>1,522,736.50</u>	<u>30,500.00</u>
Balance, December 31, 2025	E	<u><u>\$666,414.97</u></u>	<u><u>\$147,678.27</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF SEWER UTILITY CAPITAL FUND CASH
December 31, 2025

	<u>Balance</u> <u>Dec. 31, 2025</u>
Capital Improvement Fund	\$48,500.00
Contracts Payable	4,800.00
Fund Balance	9,478.97

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	34,985.48
1193	Acquisition of Vehicle for Sewer Utility	3,433.16
1236	Various Repairs to the Sanitary Sewer System	46,480.66
		<u>\$147,678.27</u>

Ref. E

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	E	\$41,886.62
Increased by:		
Sewer Rents Levied		1,629,045.75
		1,670,932.37
Decreased by:		
Collections	1-E	\$1,618,683.47
Overpayments Applied	9-E	11,929.48
	E-3	1,630,612.95
Balance, December 31, 2025	E	\$40,319.42

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
Year Ended December 31, 2025

	<u>Balance</u> <u>Dec. 31, 2025</u> <u>and 2024</u>
Sewer System	\$9,279,546.33
Sewer Jet Vac	39,575.00
Automotive Equipment	17,868.21
Sewer Camera	9,500.00
Phone System	6,800.00
Computer System	6,507.25
	<u>\$9,359,796.79</u>
<u>Ref.</u>	E

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2024	2025 Authorizations		Balance Dec. 31, 2025
		Date	Amount		Deferred Reserve for Amortization	Deferred Charges to Future Revenue	
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	\$100,000.00	\$100,000.00			\$100,000.00
1193	Acquisition of Vehicle for Sewer Utility	4/8/19	40,000.00	40,000.00			40,000.00
1236	Various Repairs to the Sanitary Sewer System	9/6/22	100,000.00	100,000.00			100,000.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25	20,000.00		\$20,000.00		20,000.00
				<u>\$240,000.00</u>	<u>\$20,000.00</u>	<u>-</u>	<u>\$260,000.00</u>
			<u>Ref.</u>	E	14-E	14-E	E

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2025

		<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:					
Salaries and Wages		\$11,630.88	\$11,630.88		\$11,630.88
Other Expenses		33,232.90	33,232.90	\$14,584.17	18,648.73
Ocean County Utilities Authority		93,131.48	93,131.48	6,637.32	86,494.16
Statutory Expenditures:					
Public Employees' Retirement System		2,698.00	2,698.00		2,698.00
Social Security System (O.A.S.I.)		5,581.02	5,581.02		5,581.02
		<u>\$146,274.28</u>	<u>\$146,274.28</u>	<u>\$21,221.49</u>	<u>\$125,052.79</u>
	<u>Ref.</u>				E-1
Appropriation Reserves	E	\$125,629.43			
Encumbrances Payable	7-E	<u>20,644.85</u>			
		<u>\$146,274.28</u>			
Cash Disbursements	1-E			\$15,831.49	
Accounts Payable	E			<u>5,390.00</u>	
				<u>\$21,221.49</u>	

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	E	\$20,644.85
Increased by:		
Transferred from Budget Appropriations	E-4	22,036.84
		<u>42,681.69</u>
Decreased by:		
Transferred to Appropriation Reserves	6-E	\$20,644.85
Transferred to Accounts Payable		<u>-</u>
		<u>20,644.85</u>
Balance, December 31, 2025	E	<u><u>\$22,036.84</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	E	\$5,821.52
Increased by:		
Budget Appropriations	E-4	43,889.03
		<u>49,710.55</u>
Decreased by:		
Interest Paid	1-E	45,642.80
		<u>45,642.80</u>
Balance, December 31, 2025	E	<u><u>\$4,067.75</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER OVERPAYMENTS
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	E	\$11,929.48
Increased by:		
Overpayments in 2025	1-E	10,342.41
		22,271.89
Decreased by:		
Application to Consumer Accounts Receivable	3-E	11,929.48
Balance, December 31, 2025	E	\$10,342.41

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER UTILITY SERIAL BONDS
Year Ended December 31, 2025

Purpose	Original Issue		Maturities of	Interest	Balance		Increased	Decreased	Balance		Ref.
	Date	Amount	Dec. 31, 2025 Due Dates		Dec. 31, 2024				Dec. 31, 2025		
Refunding Bonds	3/31/15	\$685,000.00	-	-	\$60,000.00			\$60,000.00			15-E
Refunding Bonds	8/31/21	2,725,000.00	12/1/26 to 12/31/35	Various	2,285,000.00			190,000.00	\$2,095,000.00		16-E
					<u>\$2,345,000.00</u>	<u>-</u>		<u>\$250,000.00</u>	<u>\$2,095,000.00</u>		
				<u>Ref.</u>	E				E		
		Paid by Budget Appropriation		13-E				\$250,000.00			
						<u>-</u>		<u>\$250,000.00</u>			

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER UTILITY BOND ANTICIPATION NOTES
Year Ended December 31, 2025

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2024</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2025</u>
1236	Various Repairs to the Sanitary Sewer System	7/19/2023	7/17/2024	4/15/2025	4.20%	\$75,000.00		\$75,000.00	
1236	Various Repairs to the Sanitary Sewer System	7/19/2023	4/14/2025	9/25/2025	3.85%		\$55,000.00	55,000.00	
1236	Various Repairs to the Sanitary Sewer System	7/19/2023	9/24/2025	6/18/2026	3.60%		55,000.00		\$55,000.00
						<u>\$75,000.00</u>	<u>\$110,000.00</u>	<u>\$130,000.00</u>	<u>\$55,000.00</u>
					<u>Ref.</u>	E			E
	Issued for Cash				1-E		-	-	
	Paid by Budget Appropriation				17-E		-	\$20,000.00	
	Non-Cash Rollover						\$110,000.00	110,000.00	
							<u>\$110,000.00</u>	<u>\$130,000.00</u>	

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	E	\$63,500.00
Increased by:		
2025 Budget Appropriation	1-E	5,000.00
		68,500.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	15-E	20,000.00
Balance, December 31, 2025	E	\$48,500.00

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	E		\$7,014,796.79
Increased by:			
Bonds Paid by Operating Budget	10-E	\$250,000.00	
Notes Paid by Operating Budget	11-E	-	
		<u>250,000.00</u>	
			<u>7,264,796.79</u>
Decreased by:			
Refunding Bonds Issued		-	
		<u>-</u>	
Balance, December 31, 2025	E		<u><u>\$7,264,796.79</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2024		2025 Authorizations		Paid or Charged	Balance Dec. 31, 2025	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue		Funded	Unfunded
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	\$100,000.00	\$34,985.48					\$34,985.48	
1193	Acquisition of a Vehicle for Sewer Utility	4/8/19	40,000.00	3,433.16					3,433.16	
1236	Various Repairs to the Sanitary Sewer System	9/6/22	100,000.00		\$61,780.66			\$15,300.00		\$46,480.66
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25	20,000.00			\$20,000.00		20,000.00		
				<u>\$38,418.64</u>	<u>\$61,780.66</u>	<u>\$20,000.00</u>	<u>-</u>	<u>\$35,300.00</u>	<u>\$38,418.64</u>	<u>\$46,480.66</u>
		<u>Ref.</u>		E	E	5-E,17-E	5-E		E	E
	Cash Disbursements		1-E					\$30,500.00		
	Contracts Payable		E					4,800.00		
								<u>\$35,300.00</u>		

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF MATURITY - REFUNDING BONDS
December 31, 2025

<u>Year</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>
2025	<u>\$60,000.00</u>	2.50%	<u>\$750.00</u>	<u>\$60,750.00</u>
<u>Ref.</u>	10-E			

*final payment

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF MATURITY - REFUNDING BONDS
December 31, 2025

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Debt Service</u>
2026	\$190,000.00	1.25%	\$39,605.50	\$229,605.50
2027	195,000.00	1.45%	37,230.50	232,230.50
2028	200,000.00	1.61%	34,403.00	234,403.00
2029	210,000.00	1.74%	31,183.00	241,183.00
2030	210,000.00	1.84%	27,529.00	237,529.00
2031	215,000.00	1.95%	23,665.00	238,665.00
2032	220,000.00	2.05%	19,472.50	239,472.50
2033	215,000.00	2.15%	14,962.50	229,962.50
2034	220,000.00	2.25%	10,340.00	230,340.00
2035	220,000.00	2.45%	5,390.00	225,390.00
	<u>\$2,095,000.00</u>		<u>\$243,781.00</u>	<u>\$2,338,781.00</u>

Ref.

10-E

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
Year Ended December 31, 2025

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2024</u>	<u>Fixed Capital Authorized</u>	<u>Notes Paid by Operating Budget</u>	<u>Balance Dec. 31, 2025</u>
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	\$100,000.00			\$100,000.00
1193	Acquisition of a Vehicle for Sewer Utility	4/8/19	40,000.00			40,000.00
1236	Various Repairs to the Sanitary Sewer System	9/6/22	25,000.00		\$20,000.00	45,000.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25		\$20,000.00		20,000.00
			<u>\$165,000.00</u>	<u>\$20,000.00</u>	<u>\$20,000.00</u>	<u>\$205,000.00</u>
		<u>Ref.</u>	E		11-E	E
	Capital Improvement Fund	12-E,14-E		<u>\$20,000.00</u>		

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY FUND
SCHEDULE OF CASH
Year Ended December 31, 2025

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2024	F	\$3,616,376.37	\$405,644.09
Increased by Receipts:			
Interest on Investments and Deposits	F-3	\$86,637.17	
Miscellaneous Revenue	F-3	36,059.37	
Due from State of NJ - Lifeline Credits	3-F	337.50	
Consumer Accounts Receivable	4-F	3,115,924.19	
Premium on Notes Issued	F-2		\$16.63
Budget Appropriation:			
Capital Improvement Fund	11-F		20,000.00
Electric Rent Overpayments	9-F	21,156.80	
		<u>3,260,115.03</u>	<u>20,016.63</u>
		6,876,491.40	425,660.72
Decreased by Disbursements:			
Appropriations	F-4	2,868,604.39	
Appropriation Reserves	7-F	191,177.81	
Accrued Interest Payable	15-F	1,918.81	
Improvement Authorizations	10-F		20,070.88
		<u>3,061,701.01</u>	<u>20,070.88</u>
Balance, December 31, 2025	F	<u><u>\$3,814,790.39</u></u>	<u><u>\$405,589.84</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF ELECTRIC UTILITY CAPITAL FUND CASH
December 31, 2025

	<u>Balance</u> <u>December 31,</u> <u>2025</u>
Fund Balance	\$4,953.15
Reserve for FEMA Proceeds	250,157.30
Reserve to Pay Debt Service	21,134.87
Capital Improvement Fund	55,250.00

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
1049	Acquisition of Electrical Distribution Equipment	200.00
1115	Electric Distribution Center Improvements	1,352.20
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	35,122.40
1182	Acquisition of Various Capital Equipment	53.62
1196	Various Capital Improvements	1,618.00
1205	Various Capital Improvements	169.12
1245	Capital Improvements and the Acquisition of Various Capital Equipment	5,579.18
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	30,000.00
		<u>\$405,589.84</u>

Ref. F

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY - LIFELINE CREDITS
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024		\$0.00
Increased by:		
Credits Allowed	4-F	337.50
		<u>337.50</u>
Decreased by:		
Cash Receipts	1-F	337.50
		<u>337.50</u>
Balance, December 31, 2025		<u><u>\$0.00</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	F	\$170,959.93
Increased by:		
Electric Rents Levied		3,141,296.84
		<u>3,312,256.77</u>
Decreased by:		
Collection	1-F	\$3,115,924.19
Overpayments Applied	9-F	21,861.49
Lifeline Credits	3-F	<u>337.50</u>
	F-3	<u>3,138,123.18</u>
Balance, December 31, 2025	F	<u><u>\$174,133.59</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
Year Ended December 31, 2025

	Balance Dec. 31, 2024	Additions		Balance Dec. 31, 2025
		By Budget Capital Outlay	Ordinance	
Distribution Mains and Structures	\$1,124,009.15			\$1,124,009.15
Line Transformers	31,074.38			31,074.38
Street Lighting Meters	16,349.93			16,349.93
General Structures	4,026.98	\$43,357.69		47,384.67
Vehicles and Equipment	640,003.74		\$150,000.00	790,003.74
Pole Mounted Capacitors	31,834.96			31,834.96
Switch Gear Relays	25,000.00			25,000.00
Consumer Meters	80,032.12			80,032.12
Miscellaneous	7,905.99			7,905.99
Computer System	42,824.90			42,824.90
Distribution Center Improvements	150,000.00			150,000.00
	<u>\$2,153,062.15</u>	<u>\$43,357.69</u>	<u>\$150,000.00</u>	<u>\$2,346,419.84</u>
Ref.	F		6-F	F
2024 Appropriation Reserves	7-F	\$43,357.69		
2025 Appropriations	F-4	-		
		<u>\$43,357.69</u>		

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2024	2025 Authorizations		Costs to Fixed Capital	Balance Dec. 31, 2025
		Date	Amount		Deferred Reserve for Amortization	Deferred Charges to Future Revenue		
1049	Acquisition of Electrical Distribution Equipment	9/22/08	\$175,000.00	\$175,000.00				\$175,000.00
1115	Electric Distribution Center Improvements	12/17/12	5,000,000.00	5,000,000.00				5,000,000.00
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	100,000.00	100,000.00				100,000.00
1182	Acquisition of Various Capital Equipment	11/13/17	65,000.00	65,000.00				65,000.00
1196	Various Capital Improvements	6/17/19	45,000.00	45,000.00				45,000.00
1205	Various Capital Improvements	6/22/20	30,000.00	30,000.00				30,000.00
1217	Acquisition of a Bucket Truck	6/7/21	150,000.00	150,000.00			\$150,000.00	
1245	Capital Improvements and the Acquisition of Various Capital Equipment	6/5/23	95,000.00	95,000.00				95,000.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25	50,000.00		\$50,000.00			50,000.00
				<u>\$5,660,000.00</u>	<u>\$50,000.00</u>	<u>-</u>	<u>\$150,000.00</u>	<u>\$5,560,000.00</u>
		<u>Ref.</u>		F	10-F	10-F	5-F	F

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2025

		<u>Balance Dec. 31, 2024</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages		\$42,535.51	\$42,535.51		\$42,535.51
Other Expenses		108,697.36	108,697.36	\$73,035.64	35,661.72
Power Purchased		502,412.58	502,412.58	79,674.48	422,738.10
Capital Outlay		50,000.00	50,000.00	43,357.69	6,642.31
Statutory Expenditures:					
Public Employees' Retirement System		1,157.75	1,157.75		1,157.75
Social Security System (O.A.S.I.)		6,318.60	6,318.60		6,318.60
		<u>\$711,121.80</u>	<u>\$711,121.80</u>	<u>\$196,067.81</u>	<u>\$515,053.99</u>
	<u>Ref.</u>				F-1
Appropriation Reserves	F	\$344,096.01			
Encumbrances Payable	8-F	<u>367,025.79</u>			
		<u>\$711,121.80</u>			
Cash Disbursements	1-F			\$191,177.81	
Accounts Payable	F			<u>4,890.00</u>	
				<u>\$196,067.81</u>	

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	F	\$367,025.79
Increased by:		
Transferred from Budget Appropriations	F-4	<u>331,820.02</u> 698,845.81
Decreased by:		
Transferred to Appropriation Reserves	7-F	\$367,025.79
Transferred to Accounts Payable		<u>-</u> <u>367,025.79</u>
Balance, December 31, 2025	F	<u><u>\$331,820.02</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF ELECTRIC OVERPAYMENTS
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	F	\$21,861.49
Increased by:		
Overpayments in 2025	1-F	21,156.80
		43,018.29
Decreased by:		
Application to Consumer Accounts Receivable	4-F	21,861.49
Balance, December 31, 2025	F	\$21,156.80

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2024		Contracts Payable	2025 Authorizations		Disbursed	Balance Dec. 31, 2025	
		Date	Amount	Funded	Unfunded		Capital Improvement Fund	Deferred Charges to Future Revenue		Funded	Unfunded
1049	Acquisition of Electrical Distribution Equipment	9/22/08	\$175,000.00	\$200.00						\$200.00	
1115	Electric Distribution Center Improvements	12/17/12	5,000,000.00	1,352.20	\$2,490,000.00					1,352.20	\$2,490,000.00
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	100,000.00	35,122.40						35,122.40	
1182	Acquisition of Various Capital Equipment	11/13/17	65,000.00	53.62						53.62	
1196	Various Capital Improvements	6/17/19	45,000.00	1,618.00						1,618.00	
1205	Various Capital Improvements	6/22/20	30,000.00	240.00					\$70.88	169.12	
1245	Capital Improvements and the Acquisition of Various Capital Equipment	6/5/24	95,000.00		5,579.18						5,579.18
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25	50,000.00				\$50,000.00		20,000.00	30,000.00	
				<u>\$38,586.22</u>	<u>\$2,495,579.18</u>	<u>-</u>	<u>\$50,000.00</u>	<u>-</u>	<u>\$20,070.88</u>	<u>\$68,515.34</u>	<u>\$2,495,579.18</u>
	<u>Ref.</u>			F	F	F	6-F,13-F	6-F		F	F
	Cash Disbursements		1-F						\$20,070.88		
	Contracts Payable								-		
									<u>\$20,070.88</u>		

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	F	\$85,250.00
Increased by:		
2025 Budget Appropriation	1-F	20,000.00
		<u>105,250.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorization	10-F	50,000.00
		<u>50,000.00</u>
Balance, December 31, 2025	F	<u><u>\$55,250.00</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
Year Ended December 31, 2025

	<u>Ref.</u>		
Balance, December 31, 2024	F		\$2,153,062.15
Increased by:			
Capital Outlay:			
By Operating Budgets	7-F	\$43,357.69	
Transfer from Deferred Amortization	13-F	<u>150,000.00</u>	
			<u>193,357.69</u>
Balance, December 31, 2025	F		<u><u>\$2,346,419.84</u></u>

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
Year Ended December 31, 2025

Ordinance Number	Purpose	Ordinance Date	Balance Dec. 31, 2024	Fixed Capital Authorized	To Reserve for Amortization Fixed Capital	Notes Paid by Operating Budget	Balance Dec. 31, 2025
1049	Acquisition of Electrical Distribution Equipment	9/22/08	\$175,000.00				\$175,000.00
1115	Electric Distribution Center Improvements	12/17/12	2,510,000.00				2,510,000.00
1131/1137	Purchase and Installation of Public Works Generator and Replacement of Public Works Fueling Station	1/26/15	100,000.00				100,000.00
1182	Acquisition of Various Capital Equipment	11/13/17	65,000.00				65,000.00
1196	Various Capital Improvements	6/17/19	45,000.00				45,000.00
1205	Various Capital Improvements	6/22/20	30,000.00				30,000.00
1217	Acquisition of a Bucket Truck	6/7/21	150,000.00		\$150,000.00		
1245	Capital Improvements and the Acquisition of Various Capital Equipment	6/5/23	44,750.00			\$30,000.00	74,750.00
1271	Various Capital Improvements and the Acquisition of Various Capital Equipment	6/2/25		\$50,000.00			50,000.00
			<u>\$3,119,750.00</u>	<u>\$50,000.00</u>	<u>\$150,000.00</u>	<u>\$30,000.00</u>	<u>\$3,049,750.00</u>
		<u>Ref.</u>	F		12-F	14-F	F
	Capital Improvement Fund	10-F, 11-F		<u>\$50,000.00</u>			

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2025

Ordinance Number	Improvement Authorization	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	7/17/24	4/15/25	4.20%	\$50,250.00		\$50,250.00	
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	4/14/25	9/25/25	3.85%		\$20,250.00	20,250.00	
1245	Capital Improvements and the Acquisition of Various Capital Equipment	7/19/23	9/24/25	6/18/26	3.60%		20,250.00		\$20,250.00
						<u>\$50,250.00</u>	<u>\$40,500.00</u>	<u>\$70,500.00</u>	<u>\$20,250.00</u>
					Ref.	F			F
					Paid by Budget Appropriation			\$30,000.00	
					Non-Cash Rollover		\$40,500.00	40,500.00	
							<u>\$40,500.00</u>	<u>\$70,500.00</u>	

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST PAYABLE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	F	\$1,281.93
Increased by:		
Budget Appropriations	F-4	896.08
		<u>2,178.01</u>
Decreased by:		
Interest Paid	1-F	1,918.81
		<u>1,918.81</u>
Balance, December 31, 2025	F	<u><u>\$259.20</u></u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF RESERVE TO PAY DEBT SERVICE
Year Ended December 31, 2025

	<u>Ref.</u>	
Balance, December 31, 2024	F	\$21,134.87
Increased by:		
Reserve for Amortization		-
Balance, December 31, 2025	F	<u>\$21,134.87</u>

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
Year Ended December 31, 2025

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2024</u>	<u>2025 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2025</u>
1115	Electric Distribution Center Improvements	<u>\$2,490,000.00</u>			<u>\$2,490,000.00</u>
		<u>\$2,490,000.00</u>	<u>-</u>	<u>-</u>	<u>\$2,490,000.00</u>
	<u>Ref.</u>	(Footnote F)	10-F	14-F	(Footnote F)

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS
Year Ended December 31, 2025

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
General Fixed Assets:				
Buildings and Land	\$16,704,511.23			\$16,704,511.23
Equipment	<u>7,623,156.20</u>	<u>\$134,730.11</u>	<u>\$388,840.00</u>	<u>7,369,046.31</u>
	<u><u>\$24,327,667.43</u></u>	<u><u>\$134,730.11</u></u>	<u><u>\$388,840.00</u></u>	<u><u>\$24,073,557.54</u></u>
<u>Ref.</u>	G			G

See Independent Auditor's Report

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

PART III

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

YEAR ENDED DECEMBER 31, 2025

**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 Borough Council
Borough of Lavallette
County of Ocean
Lavallette, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, (the "Division"), the regulatory basis financial statements of the Borough of Lavallette, County of Ocean, State of New Jersey (the "Borough") as of and for the year ended December 31, 2025, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated August 31, 2026. We expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We expressed unmodified opinions on the regulatory basis financial statements of the Current Fund, General Capital Fund, Water Utility Fund, Sewer Utility Fund, Electric Utility Fund and the General Fixed Assets Account Group as to conformity with the financial reporting provisions of the Division, and since the Length of Service Award Program Fund was not audited, a qualified opinion on the Trust Fund.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Borough's internal 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 regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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.

Report on Internal Control over Financial Reporting (continued)

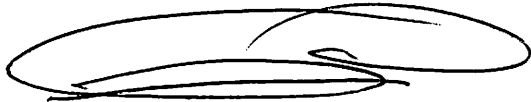
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

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.



Robert S. Oliwa
Certified Public Accountant
Registered Municipal Accountant #414

Oliwa & Company

Freehold, New Jersey
August 31, 2026

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

PART IV

COMMENTS

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY
COMMENTS
YEAR ENDED DECEMBER 31, 2025

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

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory limit within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the municipal attorney's opinion should be sought before a commitment is made.

The minutes indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Our audit of expenditures did not reveal any individual payments in excess of the statutory limit for the performance of any work or the furnishing of any goods or services other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Purchases, Contracts or Agreements not Required to be Advertised by N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states, "For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor." In the auditing of the Borough's expenditures, we performed tests of the Borough's compliance with N.J.S. 40A:11-6.1 and noted no exceptions.

Examination of Claims

In auditing the Borough's expenditures, we did not and were not required to determine or establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being subject to the Borough's system of internal control over the approval and payment of claims in accordance with N.J.S. 40A:5-16. However, we tested the Borough's compliance with its established internal control system over the approval and payment of claims in accordance N.J.S. 40A:5-16 and noted no exceptions.

COMMENTS (continued)

Payroll Withholdings

We did not and were not required to determine the propriety of withholdings from individual employee salaries for pensions, income taxes, social security and medicare taxes, and for other purposes.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S. 54:4-67 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.

On January 6, 2025, the governing body adopted the following resolution authorizing interest to be charged for nonpayment of taxes or assessments:

WHEREAS, R.S. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, R.S. 54:4-67 has been amended to permit the fixing of said rate of 18% per annum on any amount in excess of \$1,500.00 of the delinquency.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Lavallette, County of Ocean, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date.
2. Effective January 1, 2025, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph 2 of this resolution shall be charged interest from the due date, as set forth in paragraph 1 of this resolution.
4. A certified copy of this resolution shall be provided by the Municipal Clerk to the Tax Collector, Municipal Attorney and Municipal Auditor.

Based upon our audit of the tax collector's records, interest on delinquent taxes was charged in accordance with the foregoing resolution.

COMMENTS (continued)

Delinquent Taxes and Tax Title Liens

The Borough did not have a tax sale in 2025. The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

2025	0
2024	0
2023	0

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$3,211,503.66	\$2,000,000.00
2024	3,390,957.45	2,000,000.00
2023	3,381,836.29	1,950,000.00

<u>Year</u>	<u>Water Utility Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$470,132.77	\$20,000.00
2024	224,154.40	224,150.00
2023	426,223.50	347,150.00

<u>Year</u>	<u>Sewer Utilitiy Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$488,327.02	\$173,150.00
2024	347,393.22	304,600.00
2023	356,041.96	266,350.00

<u>Year</u>	<u>Electric Utility Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$3,201,426.95	\$695,750.00
2024	2,884,199.32	370,250.00
2023	2,205,312.56	348,750.00

COMMENTS (continued)

COMPARISON OF UTILITY LEVIES

Water Utility Fund

<u>Year</u>	<u>Levy</u>	<u>Cash Collections*</u>
2025	\$1,255,338.16	\$1,248,805.73
2024	803,143.13	806,462.34
2023	825,093.26	822,158.67

Sewer Utility Fund

<u>Year</u>	<u>Levy</u>	<u>Cash Collections*</u>
2025	\$1,629,045.75	\$1,630,612.95
2024	1,392,301.74	1,394,977.79
2023	1,394,114.45	1,393,663.04

Electric Utility Fund

<u>Year</u>	<u>Levy</u>	<u>Cash Collections*</u>
2025	\$3,141,296.84	\$3,138,123.18
2024	3,179,255.09	3,200,799.86
2023	3,185,889.01	3,182,286.99

*Annual amounts include collection of prior year receivables.

COMMENTS (continued)**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Municipal	\$0.280	\$0.270	\$0.265
County	0.552	0.496	0.475
Local School	0.182	0.180	0.178
Total tax rate	<u>\$1.014</u>	<u>\$0.946</u>	<u>\$0.918</u>

ASSESSED VALUATIONS

2025	\$2,449,044,900.00
2024	2,433,410,400.00
2023	2,408,068,500.00

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 levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2025	\$24,945,718.79	\$24,782,860.97	99.35%
2024	23,134,647.91	23,012,118.04	99.47%
2023	22,284,195.95	22,176,800.42	99.52%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens at December 31, in relation to the tax levies of the last three years.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Delinquent taxes	\$145,610.66	\$122,011.67	\$107,395.53
Tax title liens	-	-	-
Total delinquent	<u>\$145,610.66</u>	<u>\$122,011.67</u>	<u>\$107,395.53</u>
% of tax levy	0.58%	0.53%	0.48%

COMMENTS (continued)**SUMMARY OF MUNICIPAL DEBT**

<u>Issued</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
General	\$6,139,924.00	\$6,052,949.00	\$5,954,594.00
Water Utility	1,460,281.93	1,655,517.33	1,869,252.73
Electric Utility	20,250.00	50,250.00	90,250.00
Sewer Utility	2,150,000.00	2,420,000.00	2,690,000.00
Total Issued	<u>9,770,455.93</u>	<u>10,178,716.33</u>	<u>10,604,096.73</u>
Less:			
Reserve to Pay Notes	42,585.43	42,585.43	42,585.43
Cash on Hand to Pay Notes	-	-	-
State of New Jersey - Grants Receivable	<u>-</u>	<u>-</u>	<u>52,515.15</u>
Total Deductions	<u>42,585.43</u>	<u>42,585.43</u>	<u>95,100.58</u>
Net Debt Issued	<u>9,727,870.50</u>	<u>10,136,130.90</u>	<u>10,508,996.15</u>
<u>Authorized but not Issued</u>			
General	-	-	31,217.37
Water Utility	2,396,906.00	3,776,570.00	3,777,323.00
Sewer Utility	-	-	-
Electric Utility	<u>2,490,000.00</u>	<u>2,490,000.00</u>	<u>2,490,000.00</u>
	<u>4,886,906.00</u>	<u>6,266,570.00</u>	<u>6,298,540.37</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$14,614,776.50</u>	<u>\$16,402,700.90</u>	<u>\$16,807,536.52</u>

COMMENTS (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.153%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$1,690,000.00	\$1,690,000.00	
General Debt	6,139,924.00	42,585.43	\$6,097,338.57
Water Utility Debt	3,857,187.93	3,857,187.93	
Sewer Utility Debt	2,150,000.00	2,150,000.00	
Electric Utility Debt	2,510,250.00	2,510,250.00	
	<u>\$16,347,361.93</u>	<u>\$10,250,023.36</u>	<u>\$6,097,338.57</u>

Net Debt \$6,097,338.57 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$3,976,857,897.67 equals 0.153%.

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

3½% of Equalized Valuation Basis	\$139,190,026.42
Net Debt	<u>6,097,338.57</u>
Remaining Borrowing Power	<u>\$133,092,687.85</u>

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

Cash Receipts from Fees, Rents or Charges for Year	\$1,542,643.97
Deductions:	
Operating and Maintenance Cost	\$919,500.00
Debt Service	<u>256,248.45</u>
Total Deductions	<u>1,175,748.45</u>
Excess in Revenue - Self Liquidating	<u>\$366,895.52</u>

COMMENTS (continued)

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

Cash Receipts from Fees, Rents or Charges for Year		\$1,983,970.04
Deductions:		
Operating and Maintenance Cost	\$1,344,600.00	
Debt Service	<u>313,889.03</u>	
Total Deductions		<u>1,658,489.03</u>
Excess in Revenue - Self Liquidating		<u>\$325,481.01</u>

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

Cash Receipts from Fees, Rents or Charges for Year		\$3,631,069.72
Deductions:		
Operating and Maintenance Cost	\$3,382,750.00	
Debt Service	<u>30,896.08</u>	
Total Deductions		<u>3,413,646.08</u>
Excess in Revenue - Self Liquidating		<u>\$217,423.64</u>

The Chief Financial Officer should file a revised annual debt statement.

COMMENTS (continued)

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Walter G. LaCicero	Mayor
Anita F. Zalom	Council President
Michael Stogdill	Councilman
Robert P. Lamb	Councilman (to May 2, 2025)
George Shenewolf	Councilman (from May 19, 2025)
David Finter	Councilman
James G. Borowski	Councilman
Joanne Filippone	Councilwoman
John O. Bennett III	Borough Administrator
Donnelly Amico	Municipal Clerk
Christine Sierfeld	Chief Financial Officer, Tax Collector
Arnaldo Maestrey	Judge of Municipal Court
Elizabeth Boettger	Court Administrator
Lori Stogdill	Water Collector/Sewer Collector
Matthew Burk	Electric Collector

Borough employees are covered by a public employee dishonesty bond in the amount of \$50,000.00 by the Ocean County Municipal Joint Insurance Fund. In addition, Borough employees are covered by a public employee dishonesty and faithful performance bond in the amount of \$950,000.00 by the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

PART V

SINGLE AUDIT SECTION

YEAR ENDED DECEMBER 31, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
STATE OF NEW JERSEY CIRCULAR 25-12-OMB**

To the Honorable Mayor and Members
of the Borough Council
Borough of Lavallette
County of Ocean
Lavallette, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal Program

We have audited the Borough of Lavallette's (the "Borough") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the Borough's major federal and state programs for the year ended December 31, 2025. The Borough'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 Borough complied, in all material respects, with the types of compliance requirements referred above that could have a direct and material effect on 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) and State of New Jersey Circular 25-12-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Our responsibilities under those standards, the Uniform Guidance and State of New Jersey Circular 25-12-OMB are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough 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 Borough'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 the Borough's federal and state program.

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 Borough'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 State of New Jersey Circular 25-12-OMB 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 Borough's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and State of New Jersey Circular OMB 25-12-OMB, 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 Borough'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 Borough'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 State of New Jersey Circular OMB 25-12-OMB, but not for the purpose of expressing an opinion on the effectiveness of the Borough'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.

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 a 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 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 the Uniform Guidance and State of New Jersey Circular 25-12-OMB. Accordingly, this report is not suitable for any other purpose.



Robert S. Oliwa
Certified Public Accountant
Registered Municipal Accountant #414

Oliwa & Company

Freehold, New Jersey
August 31, 2026

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

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

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assist- ance Listing Number	Pass- Through Entity Identifying Number	Grant Period	Grant Award Amount	(Memo Only) Cash Received	Federal Expenditures	(Memo Only) Cumulative Expenditures
United States Department of Treasury Passed-Through County of Ocean Coronavirus State and Local Fiscal Recovery Funds/ Stormwater Improvement Project	21.027	9999-021-185- AR35-6800	3/3/21-12/31/26	\$2,600,000.00	<u>\$1,958,865.69</u>	<u>\$2,168,631.10</u>	<u>\$2,263,104.00</u>
United States Department of Housing and Urban Development Passed-Through County of Ocean Handicap Accessible Improvements - Philadelphia Avenue	14.269	CT-1516-23	7/1/23-1/31/25	38,000.00		30.00	38,000.00
Handicap Accessible Improvements - New York Avenue	14.269	CT-1516-23	7/1/23-1/31/25	10,000.00		6,818.65	10,000.00
Total United States Department of Housing and Urban Development					<u>-</u>	<u>6,848.65</u>	<u>48,000.00</u>
United States Department of Transportation Passed-Through State of New Jersey Department of Law and Public Safety COPS in Shops - Summer Shore Initiative	20.616	AL-25-07-02-01	2025	2,880.00	<u>1,858.56</u>	<u>1,858.56</u>	<u>1,858.56</u>
Total Expenditures of Federal Awards					<u>\$1,960,724.25</u>	<u>\$2,177,338.31</u>	<u>\$2,312,962.56</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

State Grantor Department/ Pass-through Grantor/ Program Title	State Grant Award Number or Account Number	Grant/Loan Award Period	Grant/Loan Award	State Expenditures	Cumulative Expenditures
New Jersey Department of Law and Public Safety Drunk Driving Enforcement Fund	066-6400-100-078	Open	\$4,083.25	<u>\$3,269.73</u>	<u>\$3,269.73</u>
New Jersey Department of Environmental Protection Clean Communities Program - 2025	042-4900-765-004	Open	15,691.76	15,691.76	15,691.76
Recycling Tonnage - 2022	042-4910-100-224	Open	6,246.54	4,444.44	4,444.44
Water Resources Management Stormwater Assistance	N/A	Open	15,000.00	13,841.76	13,841.76
New Jersey Environmental Infrastructure Financing Program - Replacement of Potable Water Supply - Well #3	1515001-002	N/A	3,683,168.00	<u>1,379,664.00</u>	<u>1,567,118.00</u>
Total New Jersey Department of Environmental Protection			3,720,106.30	<u>1,413,641.96</u>	<u>1,601,095.96</u>
 New Jersey Department of Community Affairs Local Recreation Improvement Grant	 2023-04960-0609-00	 5/17/23-3/31/25	 63,000.00	 <u>63,000.00</u>	 <u>63,000.00</u>
 Total State Awards				<u><u>\$1,479,911.69</u></u>	<u><u>\$1,667,365.69</u></u>

N/A - Not Available/Not Applicable

See accompanying notes to schedule of expenditures of state financial assistance.

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance (the "Schedules") include the federal and state award activity of the Borough of Lavallette (the "Borough") under programs of the federal government and state government for the year ended December 31, 2025. The Borough is defined in Note 1(A) to the Borough's financial statements. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of New Jersey Circular 25-12-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. All federal and state financial assistance passed through other government agencies are included in the Schedules. Because the Schedules present only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Borough.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current year and cumulative expenditures on the Schedules are reported on the basis of accounting as described in Note 1 to the Borough's regulatory basis financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: RELATIONSHIP TO THE REGULATORY BASIS FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedules agree with amounts reported in the Borough's regulatory basis financial statements.

NOTE 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

The amounts reported in the accompanying Schedules agree with amounts reported in the related federal and state financial reports.

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

1. The independent auditor’s report expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America. We expressed unmodified opinions on the regulatory basis financial statements of the Current Fund, General Capital Fund, Water Utility Fund, Sewer Utility Fund, Electric Utility Fund and the General Fixed Assets Account Group, and a qualified opinion on the Trust Fund.
2. No material weaknesses or significant deficiencies relative to internal control over financial reporting were identified.
3. No instances of noncompliance material to the financial statements were noted.
4. No material weaknesses or significant deficiencies in internal control over major federal and state program compliance were identified.
5. The independent auditor’s report on compliance for major federal and state award programs expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance or in accordance with State of New Jersey Circular 25-12-OMB.
7. The programs tested as a major federal and state programs were:

<u>Federal Program</u>	<u>Listing Number</u>
United States Department of the Treasury	
Coronavirus State and Local Fiscal Recovery Funds	
Stormwater Improvement Project	21.027
	State
<u>State Program</u>	<u>Account Number</u>
New Jersey Department of Environmental Protection	
New Jersey Environmental Infrastructure Financing Program	
Replacement of Potable Water Supply - Well #3	1515001-002

8. The threshold used for distinguishing between Type A and B federal and state programs was \$1,000,000.00.
9. The Borough does not qualify as a low-risk auditee for federal and state programs.

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings were identified.

SECTION III – FEDERAL AND STATE PROGRAMS FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were identified.

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

PART VI

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF LAVALLETTE
COUNTY OF OCEAN
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

Other Internal Control and Compliance Matters

None

Status of the Prior Year Recommendations

There were no prior year recommendations.