

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
REPORT OF AUDIT
2025

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF STANHOPE

COUNTY OF SUSSEX

REPORT OF AUDIT

2025

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BOROUGH OF STANHOPE
PART I
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2025



Mount Arlington, NJ
Bridgewater, NJ

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Independent Member
BKR International

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Stanhope, NJ

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Stanhope, in the County of Sussex (the "Borough") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Borough as of December 31, 2025 and 2024 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on the Various Funds on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Borough as of December 31, 2025 and 2024, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

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

Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The Borough's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division 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's regulatory basis of accounting and the budget laws 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 to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, 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.

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 of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 25-12, *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 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 various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary

The Honorable Mayor and Members
of the Borough Council
Borough of Stanhope, NJ
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data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group 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 May 12, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 12, 2026

NISIVOCCIA LLP



Raymond A. Sarinelli
Registered Municipal Accountant No. 563
Certified Public Accountant

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
CURRENT FUND

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|----------|------------------------|------------------------|
| | | 2025 | 2024 |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | A-4 | \$ 3,825,206.82 | \$ 3,749,774.08 |
| Change Funds | | 250.00 | 250.00 |
| Due from State of New Jersey: | | | |
| Veterans and Senior Citizens Deductions | | 1,935.85 | 2,435.85 |
| | | <u>3,827,392.67</u> | <u>3,752,459.93</u> |
| Receivables and Other Assets With | | | |
| Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | 171,108.28 | 167,929.19 |
| Tax Title Liens Receivable | A-8 | 576,927.18 | 524,095.54 |
| Property Acquired for Taxes at Assessed Valuation | | 1,160,300.00 | 1,160,300.00 |
| Revenue Accounts Receivable | A-9 | 14,955.76 | 77,854.57 |
| Due from Animal Control Fund | B | 1,845.90 | |
| Accounts Receivable - Other | | 9,396.50 | 3,660.82 |
| | | <u>1,934,533.62</u> | <u>1,933,840.12</u> |
| Total Receivables and Other Assets With Full Reserves | | | |
| Deferred Charges: | | | |
| Special Emergency Authorization (40A:4-53) | | 218,125.00 | |
| | | <u>218,125.00</u> | |
| <u>TOTAL ASSETS</u> | | <u>\$ 5,980,051.29</u> | <u>\$ 5,686,300.05</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Appropriation Reserves: | | | |
| Unencumbered | A-3;A-11 | \$ 488,868.54 | \$ 380,816.09 |
| Encumbered | A-3;A-11 | 53,028.14 | 87,743.97 |
| Total Appropriation Reserves | | 541,896.68 | 468,560.06 |
| Accounts Payable - Vendors | | 69,902.79 | 39,220.04 |
| Prepaid Taxes | | 104,053.82 | 78,212.81 |
| Tax Overpayments | | | 3,456.74 |
| Due to County of Sussex - Added and Omitted Taxes | | 4,146.61 | 3,044.08 |
| Regional High School Taxes Payable | A-13 | 2.00 | |
| Due to State of New Jersey: | | | |
| Marriage License Fees | | 275.00 | 175.00 |
| Training Fees | | 990.00 | 2,698.00 |

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | Ref. | December 31, | |
|---|------|------------------------|------------------------|
| | | 2025 | 2024 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Reserve for: | | | |
| Sale of Municipal Assets | | \$ 317,837.15 | \$ 342,837.15 |
| Shade Tree | | 180.04 | 180.04 |
| Third Party Liens | | 3,065.54 | |
| Safety Training & Equipment | | 7,290.00 | 7,290.00 |
| Revaluation | | 152,000.00 | |
| Pending Tax Appeals | | 218,230.11 | 218,230.11 |
| Appropriated Reserves: | | | |
| Drunk Driving Enforcement Fund | | 7,980.90 | 16,987.90 |
| Body Armor Replacement Program | | 2,280.11 | 2,668.41 |
| Clean Communities Program | | 44,868.67 | 39,570.18 |
| Body-Worn Camera Grant | | 197.55 | 197.55 |
| Alcohol Education Rehabilitation Program | | 1,135.00 | 1,135.00 |
| Shade Tree Grant | | 165.00 | 165.00 |
| Housing Reimbursement Program | | 100,004.18 | 100,004.18 |
| NMC CAB Grant | | 3,598.00 | 3,598.00 |
| Sussex County Trails Grant | | 2,500.00 | 2,500.00 |
| Stormwater Assistance Grant | | 2,000.00 | 2,000.00 |
| Safe and Secure Communities Grant | | | 12,228.12 |
| American Rescue Plan Firefighter Grant | | 419.02 | 50,000.00 |
| Open Space Stewardship Grant | | 3,000.00 | |
| Unappropriated Reserves: | | | |
| Body Armor Replacement Program | | | 1,104.10 |
| Safe and Secure Communities Grant | | 5,643.75 | |
| | | 1,593,661.92 | 1,396,062.47 |
| Reserve for Receivables | A | 1,934,533.62 | 1,933,840.12 |
| Fund Balance | A-1 | 2,451,855.75 | 2,356,397.46 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 5,980,051.29</u> | <u>\$ 5,686,300.05</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

| | Ref. | Year Ended December 31, | |
|--|------|-------------------------|------------------------|
| | | 2025 | 2024 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 950,000.00 | \$ 925,000.00 |
| Miscellaneous Revenue Anticipated | | 475,098.65 | 532,787.77 |
| Receipts from: | | | |
| Delinquent Taxes | | 167,772.93 | 226,013.06 |
| Current Taxes | | 13,794,919.86 | 13,314,423.13 |
| Nonbudget Revenue | | 288,319.82 | 227,382.56 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 285,471.82 | 401,401.12 |
| Cancellation of Prior Year Accounts Payable | | | 6,050.74 |
| Interfunds Returned | | | 2,049.50 |
| Total Income | | <u>15,961,583.08</u> | <u>15,635,107.88</u> |
| <u>Expenditures</u> | | | |
| Budget Appropriations: | | | |
| Municipal Purposes | | 5,253,348.14 | 4,951,999.11 |
| County Taxes | | 2,061,055.46 | 2,040,992.34 |
| Due County for Added and Omitted Taxes | | 4,146.61 | 3,044.08 |
| Regional High School Taxes | | 2,520,584.00 | 2,352,219.00 |
| Local School District Taxes | | 5,287,284.00 | 5,100,454.00 |
| Prior Year Veterans Deductions Disallowed | | 250.00 | |
| Interfunds Advanced | | 7,581.58 | |
| Total Expenditures | | <u>15,134,249.79</u> | <u>14,448,708.53</u> |
| Excess in Revenue | | 827,333.29 | 1,186,399.35 |
| Adjustments to Excess Before Fund Balance: | | | |
| Expenditures included above which are by Statute | | | |
| Deferred Charges to Budget of Succeeding Year | | <u>218,125.00</u> | |
| Statutory Excess to Fund Balance | | 1,045,458.29 | 1,186,399.35 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | <u>2,356,397.46</u> | <u>2,094,998.11</u> |
| Decreased by: | | 3,401,855.75 | 3,281,397.46 |
| Utilized as Anticipated Revenue | | <u>950,000.00</u> | <u>925,000.00</u> |
| Balance December 31 | A | <u>\$ 2,451,855.75</u> | <u>\$ 2,356,397.46</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

| | Budget | Added by NJSA 40A:4-87 | Realized | Excess or Deficit * |
|---|------------------------|---------------------------|------------------------|------------------------|
| Fund Balance Anticipated | \$ 950,000.00 | | \$ 950,000.00 | |
| Miscellaneous Revenue: | | | | |
| Alcoholic Beverages Licenses | 3,000.00 | | 3,083.50 | \$ 83.50 |
| Fees and Permits | 40,000.00 | | 28,652.25 | 11,347.75 * |
| Uniform Construction Code Fees | 98,000.00 | | 99,441.25 | 1,441.25 |
| Fines and Costs - Municipal Court | 29,000.00 | | 25,433.18 | 3,566.82 * |
| Interest and Costs on Taxes | 40,000.00 | | 40,994.95 | 994.95 |
| Energy Receipt Tax | 219,164.00 | | 219,164.53 | 0.53 |
| Garden State Trust Fund | 5,466.00 | | 5,466.00 | |
| State of New Jersey: | | | | |
| Safe and Secure Communities Program | | \$ 10,346.88 | 10,346.88 | |
| Body Armor Replacement Program | 1,104.10 | | 1,104.10 | |
| Clean Communities Program | | 10,208.49 | 10,208.49 | |
| Open Space Stewardship Grant | | 3,000.00 | 3,000.00 | |
| Recycling Tonnage Grant | | 3,203.52 | 3,203.52 | |
| Reserve for the Sale of Municipal Assets | 25,000.00 | | 25,000.00 | |
| | <u>460,734.10</u> | <u>26,758.89</u> | <u>475,098.65</u> | <u>12,394.34 *</u> |
| Receipts from Delinquent Taxes | 185,000.00 | | 167,772.93 | 17,227.07 * |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | |
| Local Tax for Municipal Purposes | <u>4,122,730.30</u> | | <u>4,631,849.79</u> | <u>509,119.49</u> |
| Budget Totals | 5,718,464.40 | 26,758.89 | 6,224,721.37 | 479,498.08 |
| Nonbudget Revenue | | | 288,319.82 | 288,319.82 |
| | <u>\$ 5,718,464.40</u> | <u>\$ 26,758.89</u> | <u>\$ 6,513,041.19</u> | <u>\$ 767,817.90</u> |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:

| | | |
|--|--|------------------|
| Revenue from Collection of Current Taxes | | \$ 13,794,919.86 |
|--|--|------------------|

Allocated to:

| | | |
|-----------------------------|---------------------|--|
| Local School District Taxes | \$ 5,287,284.00 | |
| Regional High School Taxes | 2,520,584.00 | |
| County Taxes | <u>2,065,202.07</u> | |

9,873,070.07

Balance for Support of Municipal Budget

3,921,849.79

Add: Appropriation "Reserve for Uncollected Taxes"

710,000.00

Realized for Support of Municipal Budget

\$ 4,631,849.79

Receipts from Delinquent Taxes:

| | | |
|----------------------------|--|----------------------|
| Delinquent Tax Collections | | <u>\$ 167,772.93</u> |
|----------------------------|--|----------------------|

| | | |
|----------------------------------|--|-----------------------------|
| Total Delinquent Tax Collections | | <u><u>\$ 167,772.93</u></u> |
|----------------------------------|--|-----------------------------|

Fees and Permits - Other:

| | | |
|------------------------------------|--|------------------|
| Board of Health | | \$ 150.00 |
| Police | | 2,923.25 |
| Planning Board/Board of Adjustment | | 675.00 |
| Zoning Officer | | 2,225.00 |
| Clerk | | <u>22,679.00</u> |

\$ 28,652.25

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

| | | |
|--------------------------------------|---------------|---------------|
| Interest on Investments and Deposits | \$ 183,611.11 | |
| Cable Franchise Fee | 14,037.00 | |
| Bid Specs | 500.00 | |
| Outside Detail Administration Fees | 19,100.23 | |
| Zoning Violations | 6,731.00 | |
| OPRA Requests | 81.00 | |
| Returned Check Fee | 40.00 | |
| Miscellaneous | 564.48 | |
| | | \$ 224,664.82 |

Prior Year Anticipated Revenue Realized:

| | | |
|--|-----------|---------------|
| American Rescue Plan Firefighter Grant | 49,580.98 | |
| Safe and Secure Communities Program | 12,228.12 | |
| Statutory Excess in Animal Control Fund Reserve: | | |
| Due from Animal Control Fund | 1,845.90 | |
| | | 63,655.00 |
| | | \$ 288,319.82 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|---|----------------|------------------------------|--------------------|-----------|------------------------------------|
| | 2025 budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS": | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| General Administration: | | | | | |
| Salaries and Wages | \$ 80,962.00 | \$ 82,462.00 | \$ 82,295.86 | \$ 166.14 | |
| Other Expenses | 19,934.00 | 19,934.00 | 19,881.20 | 52.80 | |
| Mayor and Council: | | | | | |
| Salaries and Wages | 19,448.00 | 19,448.00 | 19,342.13 | 105.87 | |
| Other Expenses | 13,750.00 | 13,750.00 | 9,399.57 | 4,350.43 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 84,071.00 | 84,071.00 | 84,070.32 | 0.68 | |
| Other Expenses | 11,680.00 | 11,680.00 | 11,618.80 | 61.20 | |
| Financial Administration: | | | | | |
| Salaries and Wages | 121,086.00 | 115,586.00 | 80,435.49 | 35,150.51 | |
| Other Expenses | 4,250.00 | 4,250.00 | 401.81 | 3,848.19 | |
| Annual Audit | 40,500.00 | 40,500.00 | 38,568.50 | 1,931.50 | |
| Insurance (N.J.S.A. 40A:4-45.3(00)): | | | | | |
| Liability Insurance | 97,925.00 | 97,925.00 | 97,924.12 | 0.88 | |
| Workers Compensation | 61,640.00 | 61,640.00 | 61,640.00 | | |
| Employee Group Insurance | 299,208.00 | 299,208.00 | 220,655.51 | 78,552.49 | |
| Health Insurance Waiver | 11,700.00 | 11,700.00 | 1,700.00 | 10,000.00 | |
| Computerized Data Processing: | | | | | |
| Other Expenses | 37,370.00 | 37,370.00 | 28,682.03 | 8,687.97 | |
| Assessment of Taxes: | | | | | |
| Salaries and Wages | 25,118.00 | 25,118.00 | 25,117.28 | 0.72 | |
| Other Expenses Special Emergency (40A: 4-53 + 218,125.00) | 2,115.00 | 220,240.00 | 220,048.18 | 191.82 | |
| Collection of Taxes: | | | | | |
| Other Expenses | 6,160.00 | 6,160.00 | 5,884.28 | 275.72 | |
| Legal Services and Costs: | | | | | |
| Other Expenses | 72,500.00 | 72,500.00 | 42,263.21 | 30,236.79 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|--|----------------|------------------------------|--------------------|--------------|------------------------------------|
| | 2025 budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| GENERAL GOVERNMENT (continued): | | | | | |
| Engineering Services and Costs: | | | | | |
| Other Expenses | \$ 63,000.00 | \$ 63,000.00 | \$ 25,415.10 | \$ 37,584.90 | |
| Public Buildings and Grounds: | | | | | |
| Salaries and Wages | 12,783.00 | 12,783.00 | 10,158.94 | 2,624.06 | |
| Other Expenses | 21,250.00 | 21,250.00 | 16,548.81 | 4,701.19 | |
| LAND USE ADMINISTRATION: | | | | | |
| Municipal Land Use Law (N.J.S.A.40:55d-1): | | | | | |
| Planning Board: | | | | | |
| Salaries and Wages | 11,958.00 | 11,958.00 | 11,728.12 | 229.88 | |
| Other Expenses | 4,040.00 | 4,040.00 | 649.15 | 3,390.85 | |
| Zoning and Code Enforcement: | | | | | |
| Salaries and Wages | 28,198.00 | 28,198.00 | 28,197.27 | 0.73 | |
| Other Expenses | 1,350.00 | 1,350.00 | 939.41 | 410.59 | |
| Regional Planning Board: | | | | | |
| Other Expenses | 20,706.00 | 20,706.00 | 20,705.18 | 0.82 | |
| Affordable Housing-COAH | 1,000.00 | 1,000.00 | | 1,000.00 | |
| PUBLIC WORKS: | | | | | |
| Shade Tree Commission: | | | | | |
| Other Expenses | 1,440.00 | 1,440.00 | 351.43 | 1,088.57 | |
| Environmental Commission | | | | | |
| (N.J.S.A. 40:56.1,et seq.): | | | | | |
| Other Expenses | 1,630.00 | 1,630.00 | 560.59 | 1,069.41 | |
| PUBLIC SAFETY: | | | | | |
| Fire: | | | | | |
| Other Expenses | 62,277.00 | 62,277.00 | 62,190.62 | 86.38 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|--|-----------------|------------------------------|--------------------|---------------|------------------------------------|
| | 2025 budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| PUBLIC SAFETY (continued): | | | | | |
| Police: | | | | | |
| Salaries and Wages | \$ 1,085,518.00 | \$ 1,085,518.00 | \$ 979,898.07 | \$ 105,619.93 | |
| Other Expenses | 79,052.14 | 83,052.14 | 81,361.49 | 1,690.65 | |
| Police Radio and Communication - Contractual | 86,000.00 | 86,000.00 | 85,000.00 | 1,000.00 | |
| First Aid Organization Contribution | 15,000.00 | 15,000.00 | 15,000.00 | | |
| Emergency Management: | | | | | |
| Other Expenses | 4,800.00 | 4,800.00 | 3,725.00 | 1,075.00 | |
| STREETS AND ROADS: | | | | | |
| Department of Public Works: | | | | | |
| Salaries and Wages | 178,526.00 | 178,526.00 | 177,032.69 | 1,493.31 | |
| Other Expenses | 107,987.50 | 107,987.50 | 105,811.76 | 2,175.74 | |
| Solid Waste Collection: | | | | | |
| Salaries and Wages | 15,034.00 | 15,034.00 | 13,650.40 | 1,383.60 | |
| Other Expenses | 468,900.00 | 468,900.00 | 460,910.62 | 7,989.38 | |
| Vehicle Maintenance: | | | | | |
| Other Expenses | 45,472.66 | 45,472.66 | 44,426.97 | 1,045.69 | |
| HEALTH AND WELFARE: | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | 5,577.00 | 5,577.00 | 5,576.46 | 0.54 | |
| Other Expenses | 2,169.00 | 2,169.00 | 61.72 | 2,107.28 | |
| Animal Regulation: | | | | | |
| Other Expenses | 8,630.00 | 8,630.00 | 6,630.00 | 2,000.00 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|---|----------------|------------------------------|--------------------|-------------|------------------------------------|
| | 2025 budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| RECREATION AND EDUCATION: | | | | | |
| Board of Recreation Commissioners (R.S.40:12): | | | | | |
| Other Expenses | \$ 14,700.00 | \$ 14,700.00 | \$ 8,893.73 | \$ 5,806.27 | |
| Celebration of Public Events: | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | | 1,000.00 | |
| Stormwater Management: | | | | | |
| Other Expenses | 17,975.00 | 17,975.00 | 8,957.55 | 9,017.45 | |
| UNIFORM CONSTRUCTION CODE - APPROPRIATION OFFSET BY DEDICATED REVENUE: | | | | | |
| Construction Code Official: | | | | | |
| Salaries and Wages | 53,183.00 | 53,183.00 | 50,732.72 | 2,450.28 | |
| Other Expenses | 1,000.00 | 1,000.00 | 796.63 | 203.37 | |
| UNCLASSIFIED: | | | | | |
| Utilities: | | | | | |
| Electricity & Natural Gas | 49,000.00 | 49,000.00 | 40,102.56 | 8,897.44 | |
| Telecommunications | 27,900.00 | 27,900.00 | 18,478.32 | 9,421.68 | |
| Petroleum | 62,600.00 | 62,600.00 | 43,134.11 | 19,465.89 | |
| Condo Services | 109,835.00 | 109,835.00 | 59,431.13 | 50,403.87 | |
| Total Operations Within "CAPS" | 3,678,908.30 | 3,897,033.30 | 3,436,984.84 | 460,048.46 | |
| Contingent | 1,000.00 | 1,000.00 | | 1,000.00 | |
| Total Operations Including Contingent Within "CAPS" | 3,679,908.30 | 3,898,033.30 | 3,436,984.84 | 461,048.46 | |
| Detail: | | | | | |
| Salaries and Wages | 1,721,462.00 | 1,717,462.00 | 1,568,235.75 | 149,226.25 | |
| Other Expenses | 1,958,446.30 | 2,180,571.30 | 1,868,749.09 | 311,822.21 | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|--|----------------|------------------------------|--------------------|--------------|------------------------------------|
| | 2025 budget | Budget After Modification | Paid or Charged | Reserved | |
| Operations Within "CAPS" (Cont'd): | | | | | |
| Deferred Charges and Statutory Expenditures - Municipal Within "CAPS": | \$ 85,420.00 | \$ 85,420.00 | \$ 85,420.00 | | |
| Contributions to: | 140,175.00 | 140,175.00 | 127,768.40 | \$ 12,406.60 | |
| Public Employees' Retirement System | | | | | |
| Social Security System (O.A.S.I.) | 360,257.00 | 360,257.00 | 360,257.00 | | |
| Police and Firemen's Retirement System of NJ | 3,000.00 | 3,000.00 | 2,555.03 | 444.97 | |
| Defined Contribution Retirement Program (DCRP) | | | | | |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | 588,852.00 | 588,852.00 | 576,000.43 | 12,851.57 | |
| Total General Appropriations for Municipal Purposes Within "CAPS" | 4,268,760.30 | 4,486,885.30 | 4,012,985.27 | 473,900.03 | |
| Operations Excluded from "CAPS": | | | | | |
| Employee Group Insurance | 35,242.00 | 35,242.00 | 35,242.00 | | |
| Shared Service Agreements: | | | | | |
| Interlocal County Agreement - Andover | 78,030.00 | 78,030.00 | 78,030.00 | | |
| State and Federal Programs Offset by Revenues: | | | | | |
| Body Armor Replacement Program | 1,104.10 | 1,104.10 | 1,104.10 | | |
| Clean Communities Program (N.J.S.A. 40A:4-87 + \$10,208.49) | | 10,208.49 | 10,208.49 | | |
| Safe and Secure Communities (N.J.S.A. 40A:4-87 + \$10,346.88) | | 10,346.88 | 10,346.88 | | |
| Open Space Stewardship Grant (N.J.S.A. 40A:4-87 + \$3,000.00) | | 3,000.00 | 3,000.00 | | |
| Recycling Tonnage Grant (N.J.S.A. 40A:4-87 + \$3,203.52) | | 3,203.52 | 3,203.52 | | |
| Total Operations Excluded from "CAPS" | 114,376.10 | 141,134.99 | 141,134.99 | | |

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

| | Appropriations | | Expended By | | Unexpended Balance Cancelled |
|--|-----------------|------------------------------|--------------------|---------------|------------------------------------|
| | 2025 budget | Budget After Modification | Paid or Charged | Reserved | |
| Detail: | | | | | |
| Other Expenses | \$ 114,376.10 | \$ 141,134.99 | \$ 141,134.99 | | |
| Capital Improvements-Excluded from "CAPS": | | | | | |
| Capital Improvement Fund | 50,000.00 | 50,000.00 | 50,000.00 | | |
| Road Repairs and Resurfacing | 25,000.00 | 25,000.00 | 10,031.49 | \$ 14,968.51 | |
| Total Capital Improvements Excluded from "CAPS" | 75,000.00 | 75,000.00 | 60,031.49 | 14,968.51 | |
| Municipal Debt Service Excluded from "CAPS": | | | | | |
| Payment of Bond Anticipation Notes and Capital Needs | 472,000.00 | 472,000.00 | 472,000.00 | | |
| Interest on Notes | 78,328.00 | 78,328.00 | 78,327.85 | | \$ 0.15 |
| Total Municipal Debt Service Excluded from "CAPS" | 550,328.00 | 550,328.00 | 550,327.85 | | 0.15 |
| Total General Appropriations Excluded from "CAPS" | 739,704.10 | 766,462.99 | 751,494.33 | 14,968.51 | 0.15 |
| Subtotal General Appropriations | 5,008,464.40 | 5,253,348.29 | 4,764,479.60 | 488,868.54 | 0.15 |
| Reserve for Uncollected Taxes | 710,000.00 | 710,000.00 | 710,000.00 | | |
| Total General Appropriations | \$ 5,718,464.40 | \$ 5,963,348.29 | \$ 5,474,479.60 | \$ 488,868.54 | \$ 0.15 |

Ref.

A

BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

| | <u>Ref.</u> | <u>Analysis of</u> | |
|---|-------------|------------------------|------------------------|
| | | <u>Budget After</u> | <u>Paid or</u> |
| | | <u>Modification</u> | <u>Charged</u> |
| Adopted Budget | | \$ 5,718,464.40 | |
| Appropriation by NJSA 40A:4-87 | | 26,758.89 | |
| Special Emergency Authorization N.J.S.A 40A: 4-53 | | <u>218,125.00</u> | |
| | | <u>\$ 5,963,348.29</u> | |
| | | | |
| Reserve for Uncollected Taxes | | | \$ 710,000.00 |
| Reserve for Revaluation | | | 218,125.00 |
| Cash Disbursed | | | 4,746,651.13 |
| Encumbrances | A | | 53,028.14 |
| Appropriated Reserves: | | | |
| Body Armor Replacement Program | | | 1,104.10 |
| Safe and Secure Communities Grant | | | 10,346.88 |
| Clean Communities Program | | | 10,208.49 |
| Open Space Stewardship Grant | | | 3,000.00 |
| Recycling Tonnage Grant | | | <u>3,203.52</u> |
| | | | <u>5,755,667.26</u> |
| | | | |
| Less: Appropriation Refunds | | | <u>281,187.66</u> |
| | | | <u>\$ 5,474,479.60</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
TRUST FUNDS

BOROUGH OF STANHOPE
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|----------------------|------------------------|
| | | 2025 | 2024 |
| <u>ASSETS</u> | | | |
| Animal Control Fund: | | | |
| Cash and Cash Equivalents | B-4 | \$ 8,409.90 | \$ 6,135.10 |
| | | <u>8,409.90</u> | <u>6,135.10</u> |
| Other Trust Funds: | | | |
| Cash and Cash Equivalents: | | | |
| Recycling Tonnage Program | B-4 | 27,573.12 | 30,090.26 |
| State Unemployment Insurance Fund | B-4 | 156,817.72 | 172,704.90 |
| Public Defender | B-4 | 14,318.20 | 13,914.96 |
| Parking Offenses Adjudication Act | B-4 | 2,984.11 | 2,842.87 |
| Other | B-4 | 721,872.46 | 705,488.96 |
| Council on Affordable Housing (COAH) | B-4 | 62,891.68 | 75,697.33 |
| | | <u>986,457.29</u> | <u>1,000,739.28</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 994,867.19</u> | <u>\$ 1,006,874.38</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Animal Control Fund: | | | |
| Due to Current Fund | A | \$ 1,845.90 | |
| Reserve for Animal Control Expenditures | B-6 | 6,564.00 | \$ 6,135.10 |
| | | <u>8,409.90</u> | <u>6,135.10</u> |
| Other Trust Funds: | | | |
| Reserve for: | | | |
| Recycling Tonnage Program Expenditures | | 27,573.12 | 30,090.26 |
| State Unemployment Insurance Payments | | 156,817.72 | 172,704.90 |
| Other Trust | | 27,875.00 | 27,875.00 |
| Escrow Trust | | 42,744.55 | 42,744.55 |
| Performance Bonds and Escrow Deposits | | 30,904.11 | 25,418.52 |
| Public Defender | | 14,318.20 | 13,914.96 |
| Parking Offenses Adjudication Act | | 2,984.11 | 2,842.87 |
| Tax Sale Premiums | | 39,900.00 | 63,200.00 |
| Storm Recovery | | 219,976.21 | 196,976.21 |
| Accumulated Sick and Vacation Compensation | | 180,662.22 | 180,662.22 |
| Recreation Commission | | 2,067.37 | 869.46 |
| Canal Restoration | | 2,000.00 | 2,000.00 |
| Council on Affordable Housing (COAH) | | 62,891.68 | 75,697.33 |
| Self-Insurance Trust | | 175,743.00 | 165,743.00 |
| | | <u>986,457.29</u> | <u>1,000,739.28</u> |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 994,867.19</u> | <u>\$ 1,006,874.38</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
GENERAL CAPITAL FUND

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31, | |
|---|------|------------------------|------------------------|
| | | 2025 | 2024 |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | C-2 | \$ 512,720.31 | \$ 532,681.43 |
| Grants Receivable: | | | |
| New Jersey Department of Transportation | | 651,265.17 | 615,634.17 |
| Local Recreation Improvement Grant | | 65,000.00 | |
| Deferred Charges to Future Taxation: | | | |
| Unfunded | C-4 | 1,903,997.04 | 1,843,021.04 |
| <u>TOTAL ASSETS</u> | | <u>\$ 3,132,982.52</u> | <u>\$ 2,991,336.64</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Bond Anticipation Notes Payable | C-7 | \$ 1,371,000.00 | \$ 1,843,000.00 |
| Improvement Authorizations: | | | |
| Funded | C-5 | 461,093.89 | 350,061.85 |
| Unfunded | C-5 | 1,112,211.00 | 588,616.00 |
| Capital Improvement Fund | C-6 | 37,925.55 | 61,425.55 |
| Reserve for Road Improvements | | 82,595.46 | 82,595.46 |
| Reserve for Preliminary Expenses- Pedestrian Loop | | 262.50 | 262.50 |
| Reserve for Canal Rehabilitation | | 10,000.00 | 10,000.00 |
| Fund Balance | C-1 | 57,894.12 | 55,375.28 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 3,132,982.52</u> | <u>\$ 2,991,336.64</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | |
|---------------------------|-------------|----------------------------|
| Balance December 31, 2024 | C | \$ 55,375.28 |
| Increased by: | | |
| Premium on Note Sale | | <u>2,518.84</u> |
| Balance December 31, 2025 | C | <u><u>\$ 57,894.12</u></u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
WATER UTILITY FUND

BOROUGH OF STANHOPE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | Ref. | December 31 | |
|---|------|-------------------------|------------------------|
| | | 2025 | 2024 |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | D-5 | \$ 754,434.97 | \$ 617,019.39 |
| Collector's Change Fund | | 50.00 | 50.00 |
| | | <u>754,484.97</u> | <u>617,069.39</u> |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-7 | 94,406.58 | 90,098.44 |
| Water Utility Liens Receivable | D-7A | 2,932.27 | 1,364.27 |
| Total Receivable offset with full Reserve | | <u>97,338.85</u> | <u>91,462.71</u> |
| Total Operating Fund | | <u>851,823.82</u> | <u>708,532.10</u> |
| Capital Fund: | | | |
| Cash and Cash Equivalents | D-5 | 164,508.26 | 54,452.79 |
| Federal Grants Receivable: | | | |
| Congressional Community Funded Grant | | 3,345,638.54 | 70,525.67 |
| Due from Water Utility Operating Fund | D | | 37,828.80 |
| Fixed Capital | D-8 | 8,234,343.15 | 7,386,803.15 |
| Fixed Capital Authorized and Uncompleted | D-9 | <u>4,480,850.00</u> | <u>1,210,390.00</u> |
| Total Capital Fund | | <u>16,225,339.95</u> | <u>8,760,000.41</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 17,077,163.77</u> | <u>\$ 9,468,532.51</u> |

BOROUGH OF STANHOPE
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | Ref. | December 31 | |
|---|----------|-----------------------------|----------------------------|
| | | 2025 | 2024 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves: | | | |
| Unencumbered | D-4;D-10 | \$ 59,652.08 | \$ 57,288.38 |
| Encumbered | D-4;D-10 | 51,693.61 | 4,216.65 |
| Total Appropriation Reserves | | 111,345.69 | 61,505.03 |
| Accrued Interest on Loans and Notes | | 15,282.15 | 17,737.11 |
| Water Rent Overpayments | | 2,352.46 | 1,877.44 |
| Reserve for PFAS Litigation | | 233,619.45 | |
| Due to Water Utility Capital Fund | D | | 37,828.80 |
| | | 362,599.75 | 118,948.38 |
| Reserve for Receivables | D | 97,338.85 | 91,462.71 |
| Fund Balance | D-1 | 391,885.22 | 498,121.01 |
| Total Operating Fund | | 851,823.82 | 708,532.10 |
| Capital Fund: | | | |
| Bond Anticipation Notes Payable | D-14 | 420,000.00 | 482,000.00 |
| NJ Environmental Infrastructure Trust Loans Payable #1 | D-16 | 522,017.05 | 582,894.16 |
| NJ Environmental Infrastructure Trust Loans Payable #2 | D-16a | 219,904.08 | 245,637.93 |
| Improvement Authorizations: | | | |
| Funded | D-11 | 3,373,099.13 | 15,099.13 |
| Unfunded | D-11 | 851,887.18 | 125,726.59 |
| Capital Improvement Fund | D-12 | 4,566.54 | 12,566.54 |
| Reserve For: | | | |
| Amortization | D-13 | 7,359,654.02 | 6,469,137.00 |
| Deferred Amortization | D-13A | 3,433,618.00 | 741,345.11 |
| Connection Fees | | 12,839.70 | 42,839.70 |
| Future Capital Improvements | | 20,000.00 | 20,000.00 |
| Fund Balance | D-2 | 7,754.25 | 22,754.25 |
| Total Capital Fund | | 16,225,339.95 | 8,760,000.41 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 17,077,163.77</u> | <u>\$ 9,468,532.51</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS

| | Ref. | Year Ended December 31 | |
|---|------|------------------------|----------------------|
| | | 2025 | 2024 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 147,600.00 | \$ 122,969.00 |
| Rents | | 708,967.26 | 708,892.47 |
| Miscellaneous | | 31,008.38 | 37,000.49 |
| Reserve for Connection Fees | | 30,000.00 | |
| Rents - Rate Increase | | 12,123.00 | |
| Other Credits to Income: | | | |
| Appropriation Reserves Lapsed | | 41,766.45 | 114,912.38 |
| Total Income | | <u>971,465.09</u> | <u>983,774.34</u> |
| <u>Expenditures</u> | | | |
| Budget Expenditures: | | | |
| Operating | | 587,636.00 | 558,454.00 |
| Capital Improvements | | 35,000.00 | 5,000.00 |
| Capital Outlay | | 5,000.00 | 5,000.00 |
| Debt Service | | 253,464.88 | 251,838.28 |
| Deferred Charges and Statutory Expenditures | | 49,000.00 | 51,700.00 |
| Total Expenditures | | <u>930,100.88</u> | <u>871,992.28</u> |
| Excess in Revenue | | 41,364.21 | 111,782.06 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | <u>498,121.01</u> | <u>509,307.95</u> |
| | | 539,485.22 | 621,090.01 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | <u>147,600.00</u> | <u>122,969.00</u> |
| Balance December 31 | D | <u>\$ 391,885.22</u> | <u>\$ 498,121.01</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | |
|--|-------------|--------------------|
| Balance December 31, 2024 | D | \$ 22,754.25 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>15,000.00</u> |
| Balance December 31, 2025 | D | <u>\$ 7,754.25</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|-----------------------------|----------------------|----------------------|--------------------------------|
| Fund Balance Anticipated | \$ 147,600.00 | \$ 147,600.00 | |
| Water Rents | 708,800.00 | 708,967.26 | \$ 167.26 |
| Miscellaneous | 33,000.00 | 31,008.38 | 1,991.62 * |
| Reserve for Connection Fees | 30,000.00 | 30,000.00 | |
| Rents - Rate Increase | <u>12,123.00</u> | <u>12,123.00</u> | |
| | <u>\$ 931,523.00</u> | <u>\$ 929,698.64</u> | <u>\$ 1,824.36 *</u> |

Analysis of Water Rents Realized

| | |
|-------------|----------------------|
| Collections | <u>\$ 721,090.26</u> |
| | <u>\$ 721,090.26</u> |

Analysis of Miscellaneous Revenue Realized

| | |
|--------------------------------------|---------------------|
| Miscellaneous: | |
| Interest on Investments and Deposits | \$ 15,991.44 |
| Interest on Water Rents | 4,219.68 |
| Connection Fees | 3,500.00 |
| Miscellaneous | 3,660.97 |
| Due from Water Utility Capital Fund: | |
| Interest on Investments and Deposits | <u>3,636.29</u> |
| | <u>\$ 31,008.38</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

| | Appropriations | | Expended by | | Unexpended Balance Cancelled |
|-------------------------------------|----------------|-----------------------------------|--------------------|--------------|------------------------------------|
| | Budget | Budget After Modifi- cation | Paid or Charged | Reserved | |
| Operating: | | | | | |
| Salaries and Wages | \$ 256,946.00 | \$ 256,946.00 | \$ 228,139.95 | \$ 28,806.05 | |
| Other Expenses | 330,690.00 | 330,690.00 | 302,280.26 | 28,409.74 | |
| Capital Improvements: | | | | | |
| Capital Improvement Fund | 35,000.00 | 35,000.00 | 35,000.00 | | |
| Capital Outlay | 5,000.00 | 5,000.00 | 5,000.00 | | |
| Debt Service: | | | | | |
| Payment of Loan Principal | 86,611.00 | 86,611.00 | 86,611.00 | | |
| Payment of Bond Anticipation Notes | 138,180.00 | 138,180.00 | 138,180.00 | | |
| Interest on Loans | 8,790.00 | 8,790.00 | 8,789.73 | | \$ 0.27 |
| Interest on Notes | 21,306.00 | 21,306.00 | 19,884.15 | | 1,421.85 |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 29,000.00 | 29,000.00 | 29,000.00 | | |
| Social Security System (O.A.S.I.) | 20,000.00 | 20,000.00 | 17,563.71 | 2,436.29 | |
| | \$ 931,523.00 | \$ 931,523.00 | \$ 870,448.80 | \$ 59,652.08 | \$ 1,422.12 |
| | | | | D | |
| Analysis of Paid or Charged: | | | | | |
| Cash Disbursed | | | \$ 790,081.31 | | |
| Encumbrances | | | 51,693.61 | | |
| Accrued Interest on Loans and Notes | | | 28,673.88 | | |
| | | | \$ 870,448.80 | | |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
SEWER UTILITY FUND

BOROUGH OF STANHOPE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

| | <u>Ref.</u> | <u>December 31,</u> | |
|---|-------------|------------------------|------------------------|
| | | <u>2025</u> | <u>2024</u> |
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash and Cash Equivalents: | | | |
| Treasurer | E-5 | \$ 529,513.02 | \$ 638,201.38 |
| Collector's Change Fund | | 50.00 | 50.00 |
| Due from Sewer Utility Capital Fund | E | 33.52 | |
| | | <u>529,596.54</u> | <u>638,251.38</u> |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | E-8 | 126,153.39 | 116,965.27 |
| Sewer Utility Liens Receivable | E-8A | 1,838.14 | 782.14 |
| Total Receivable offset with full Reserve | | <u>127,991.53</u> | <u>117,747.41</u> |
| Total Operating Fund | | <u>657,588.07</u> | <u>755,998.79</u> |
| Capital Fund: | | | |
| Cash and Cash Equivalents | E-5 | 419,344.29 | 415,203.77 |
| Fixed Capital | E-9 | 4,873,107.46 | 4,873,107.46 |
| Fixed Capital Authorized and Uncompleted | E-10 | 789,982.03 | 769,982.03 |
| Total Capital Fund | | <u>6,082,433.78</u> | <u>6,058,293.26</u> |
| <u>TOTAL ASSETS</u> | | <u>\$ 6,740,021.85</u> | <u>\$ 6,814,292.05</u> |

BOROUGH OF STANHOPE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

| | Ref. | December 31, | |
|---|----------|------------------------|------------------------|
| | | 2025 | 2024 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Appropriation Reserves: | | | |
| Encumbered | E-4;E-11 | \$ 10,880.64 | \$ 878.53 |
| Unencumbered | E-4;E-11 | 71,525.29 | 41,374.44 |
| Total Appropriation Reserves | | 82,405.93 | 42,252.97 |
| Sewer Utility Overpayments | | 1,714.76 | 2,708.14 |
| Accrued Interest on Notes | | 7,224.56 | 9,660.49 |
| | | 91,345.25 | 54,621.60 |
| Reserve for Receivables | E | 127,991.53 | 117,747.41 |
| Fund Balance | E-1 | 438,251.29 | 583,629.78 |
| Total Operating Fund | | 657,588.07 | 755,998.79 |
| Capital Fund: | | | |
| Bond Anticipation Notes Payable | E-16 | 257,000.00 | 334,000.00 |
| Improvement Authorizations: | | | |
| Funded | E-12 | 31,810.81 | 8,359.81 |
| Unfunded | E-12 | 31,857.90 | 36,201.90 |
| Capital Improvement Fund | E-13 | 20,589.68 | 30,589.68 |
| Due to Sewer Utility Operating Fund | E | 33.52 | |
| Reserve for: | | | |
| Amortization | E-14 | 4,920,197.46 | 4,917,319.46 |
| Deferred Amortization | E-14A | 485,892.03 | 391,770.03 |
| Connection Fees | | 281,885.00 | 286,885.00 |
| Preliminary Expenses | | 265.00 | 265.00 |
| Fund Balance | E-2 | 52,902.38 | 52,902.38 |
| Total Capital Fund | | 6,082,433.78 | 6,058,293.26 |
| <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u> | | <u>\$ 6,740,021.85</u> | <u>\$ 6,814,292.05</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS

| | Ref. | Year Ended December 31 | |
|--|------|------------------------|---------------------|
| | | 2025 | 2024 |
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | | \$ 254,915.00 | \$ 250,227.00 |
| Sewer Rents | | 946,426.75 | 865,815.29 |
| Reserve for Connection Fees | | 5,000.00 | |
| Miscellaneous Revenue | | 41,614.29 | 54,881.02 |
| Rents - Rate Increase | | 35,000.00 | 35,000.00 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | | 39,189.60 | 76,778.25 |
| Total Income | | 1,322,145.64 | 1,282,701.56 |
| <u>Expenditures</u> | | | |
| Budget Expenditures: | | | |
| Operating | | 1,061,250.00 | 1,006,717.00 |
| Capital Improvements | | 10,000.00 | 5,000.00 |
| Capital Outlay | | 5,000.00 | 5,000.00 |
| Debt Service | | 88,759.13 | 89,236.49 |
| Deferred Charges and Statutory Expenditures | | 47,600.00 | 50,300.00 |
| Total Expenditures | | 1,212,609.13 | 1,156,253.49 |
| Excess in Revenue | | 109,536.51 | 126,448.07 |
| <u>Fund Balance</u> | | | |
| Balance January 1 | | 583,629.78 | 707,408.71 |
| | | 693,166.29 | 833,856.78 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | | 254,915.00 | 250,227.00 |
| Balance December 31 | E | \$ 438,251.29 | \$ 583,629.78 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

| | <u>Ref.</u> | |
|---------------------------|-------------|---------------------|
| Balance December 31, 2024 | E | \$ 52,902.38 |
| Balance December 31, 2025 | E | <u>\$ 52,902.38</u> |

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or Deficit *</u> |
|-----------------------------------|------------------------|------------------------|--------------------------------|
| Fund Balance Anticipated | \$ 254,915.00 | \$ 254,915.00 | |
| Sewer Rents | 900,000.00 | 946,426.75 | \$ 46,426.75 |
| Miscellaneous Revenue | 18,000.00 | 41,614.29 | 23,614.29 |
| Reserve for Sewer Connection Fees | 5,000.00 | 5,000.00 | |
| Rents - Rate Increase | 35,000.00 | 35,000.00 | |
| | <u>\$ 1,212,915.00</u> | <u>\$ 1,282,956.04</u> | <u>\$ 70,041.04</u> |

Analysis of Sewer Rents Realized

| | |
|----------------------|----------------------|
| Collections | \$ 978,718.61 |
| Overpayments Applied | <u>2,708.14</u> |
| | <u>\$ 981,426.75</u> |

Analysis of Miscellaneous Revenue Realized

| | |
|--------------------------------------|---------------------|
| Miscellaneous: | |
| Interest on Sewer Rents | \$ 1,264.07 |
| Interest on Investments and Deposits | 15,859.55 |
| Sewer Connection Fees | 9,003.00 |
| Due from Sewer Utility Capital Fund: | |
| Interest on Investments and Deposits | <u>15,487.67</u> |
| | <u>\$ 41,614.29</u> |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

| | Appropriations | | Expended | | Unexpended Balance Cancelled |
|-----------------------------------|------------------------|-----------------------------------|------------------------|---------------------|------------------------------------|
| | Budget | Budget After Modifi- cation | Paid or Charged | Reserved | |
| Operating: | | | | | |
| Salaries and Wages | \$ 242,446.00 | \$ 245,746.00 | \$ 214,496.60 | \$ 31,249.40 | |
| Other Expenses | 818,804.00 | 815,504.00 | 782,413.41 | 33,090.59 | |
| Capital Improvements: | | | | | |
| Capital Improvement Fund | 10,000.00 | 10,000.00 | 10,000.00 | | |
| Capital Outlay | 5,000.00 | 5,000.00 | | 5,000.00 | |
| Debt Service: | | | | | |
| Payment of Note Principal | 77,000.00 | 77,000.00 | 77,000.00 | | |
| Interest on Notes | 12,065.00 | 12,065.00 | 11,759.13 | | \$ 305.87 |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement Fund | 29,000.00 | 29,000.00 | 29,000.00 | | |
| Social Security System (O.A.S.I.) | 18,600.00 | 18,600.00 | 16,414.70 | 2,185.30 | |
| | <u>\$ 1,212,915.00</u> | <u>\$ 1,212,915.00</u> | <u>\$ 1,141,083.84</u> | <u>\$ 71,525.29</u> | <u>\$ 305.87</u> |
| Ref: | | | | E | |
| Analysis of Paid or Charged: | | | | | |
| Cash Disbursed | | | \$ 1,118,444.07 | | |
| Encumbrances | | | 10,880.64 | | |
| Accrued Interest on Notes | | | 11,759.13 | | |
| | | | <u>\$ 1,141,083.84</u> | | |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

BOROUGH OF STANHOPE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Unaudited)

| | December 31, | |
|--------------------------|-----------------|-----------------|
| | 2025 | 2024 |
| <u>ASSETS</u> | | |
| Land | \$ 1,022,100.00 | \$ 1,022,100.00 |
| Building | 1,756,890.03 | 1,756,890.03 |
| Equipment and Vehicles | 5,171,871.91 | 5,171,871.91 |
| <u>TOTAL ASSETS</u> | \$ 7,950,861.94 | \$ 7,950,861.94 |
| <u>RESERVE</u> | | |
| Reserve for Fixed Assets | \$ 7,950,861.94 | \$ 7,950,861.94 |
| <u>TOTAL RESERVE</u> | \$ 7,950,861.94 | \$ 7,950,861.94 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Stanhope include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Stanhope, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Stanhope do not include the operations of the rescue squad or first aid organization.

Governmental Accounting Standards Board ("GASB") *Codification of Government Accounting and Financial Reporting Standards*, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Stanhope conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 of Stanhope accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

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

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

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

General Fixed Assets Account Group (Unaudited) - These accounts were established with estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Current Fund when it is received and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America; encumbrances would not be considered as expenditures, appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and fixed assets purchased by the Utility Capital Funds would be depreciated and the Borough's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, or by selling bonds, by issuing loans or through financed purchases agreements.

E. Other Significant Accounting Policies Include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies Include: (Cont'd)

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

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

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

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

General Fixed Assets (Unaudited) – In accordance with New Jersey Administrative Code accounting requirements, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value in the year in which they were originally recorded. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, the General Capital Fund and the Utility Capital Funds. The values recorded in the General Fixed Assets Account Group, Current Fund and the Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies Include: (Cont'd)

General Fixed Assets (Unaudited) (Cont'd)

Property and equipment purchased by the Utility Funds are recorded in the Utility Capital accounts at cost and are not adjusted for dispositions and abandonments. 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 these utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for Current and Water and Sewer Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bond to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

| | December 31, | | |
|---------------------------|---------------------|---------------------|---------------------|
| | 2025 | 2024 | 2023 |
| <u>Issued</u> | | | |
| General: | | | |
| Notes | \$ 1,371,000.00 | \$ 1,843,000.00 | \$ 2,135,000.00 |
| Water Utility: | | | |
| Loans and Notes | 1,161,921.13 | 1,310,532.09 | 1,466,850.05 |
| Sewer Utility: | | | |
| Notes | 257,000.00 | 334,000.00 | 408,000.00 |
| Total Issued | <u>2,789,921.13</u> | <u>3,487,532.09</u> | <u>4,009,850.05</u> |
| Less: | | | |
| Funds Temporarily Held to | | | |
| Pay Bonds and Notes: | | | |
| General Capital | | | 146,289.58 |
| Water Utility | | | 104,183.29 |
| Total Deductions | | | <u>250,472.87</u> |
| Net Debt Issued | <u>2,789,921.13</u> | <u>3,487,532.09</u> | <u>3,759,377.18</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt (Cont'd)

| | December 31, | | |
|---|-----------------|-----------------|-----------------|
| | 2025 | 2024 | 2023 |
| <u>Authorized but not Issued:</u> | | | |
| General: | | | |
| Bonds and Notes | \$ 532,997.04 | \$ 21.04 | \$ 308,021.04 |
| Water Utility: | | | |
| Bonds and Notes | 760,000.00 | 76,178.95 | 168,678.95 |
| Total authorized but not Issued | 1,292,997.04 | 76,199.99 | 476,699.99 |
| Net Bonds and Notes Issued and Authorized but not Issued | \$ 4,082,918.17 | \$ 3,563,732.08 | \$ 4,236,077.17 |

Summary of Municipal Debt Issued and Outstanding – Prior and Current Year

| | Balance 12/31/2023 | Additions | Retirements | Balance 12/31/2024 |
|--|-----------------------|-----------------|-----------------|-----------------------|
| | | | | |
| Bond Anticipation Notes: | | | | |
| General Capital Fund | \$ 2,135,000.00 | \$ 1,843,000.00 | \$ 2,135,000.00 | \$ 1,843,000.00 |
| Water Utility Capital Fund | 552,000.00 | 482,000.00 | 552,000.00 | 482,000.00 |
| Sewer Utility Capital Fund | 408,000.00 | 334,000.00 | 408,000.00 | 334,000.00 |
| Loans Payable: | | | | |
| Water Utility Capital Fund: | | | | |
| NJ Environmental Infrastructure Loans | 914,850.05 | | 86,317.96 | 828,532.09 |
| Total | \$ 4,009,850.05 | \$ 2,659,000.00 | \$ 3,181,317.96 | \$ 3,487,532.09 |
| | | | | |
| | Balance 12/31/2024 | Additions | Retirements | Balance 12/31/2025 |
| | | | | |
| Bond Anticipation Notes: | | | | |
| General Capital Fund | \$ 1,843,000.00 | \$ 1,371,000.00 | \$ 1,843,000.00 | \$ 1,371,000.00 |
| Water Utility Capital Fund | 482,000.00 | 420,000.00 | 482,000.00 | 420,000.00 |
| Sewer Utility Capital Fund | 334,000.00 | 257,000.00 | 334,000.00 | 257,000.00 |
| Loans Payable: | | | | |
| Water Utility Capital Fund: | | | | |
| NJ Environmental Infrastructure Loans | 828,532.09 | | 86,610.96 | 741,921.13 |
| Total | \$ 3,487,532.09 | \$ 2,048,000.00 | \$ 2,745,610.96 | \$ 2,789,921.13 |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Borough's debt issued and outstanding on December 31, 2025, is described as follows:

General Capital Fund

Bond Anticipation Notes

| <u>Purpose</u> | <u>Rate</u> | <u>Maturities of Notes</u> | |
|---|-------------|----------------------------------|------------------------|
| | | <u>Outstanding Dec. 31, 2025</u> | |
| | | <u>Date</u> | <u>Amount</u> |
| Various Improvements | 4.000% | 4/17/2026 | \$ 905.04 |
| Various Improvements | 4.000% | 4/17/2026 | 40,805.00 |
| Various Improvements | 4.000% | 4/17/2026 | 20,726.54 |
| Improvement of Sparta Road & Various Trails | 4.000% | 4/17/2026 | 27,307.00 |
| Various Improvements | 4.000% | 4/17/2026 | 505,030.45 |
| Various Improvements | 4.000% | 4/17/2026 | 125,056.06 |
| Various Improvements | 4.000% | 4/17/2026 | 87,831.13 |
| Purchase of DPW Equipment | 4.000% | 4/17/2026 | 16,136.00 |
| Various Improvements | 4.000% | 4/17/2026 | 26,612.50 |
| Various Improvements | 4.000% | 4/17/2026 | 252,590.28 |
| Various Improvements | 4.000% | 4/17/2026 | 268,000.00 |
| | | | <u>\$ 1,371,000.00</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Borough's debt issued and outstanding on December 31, 2025, is described as follows:

Water Utility Capital Fund

Bond Anticipation Notes

| <u>Purpose</u> | <u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2025</u> | | |
|--|--|-------------|------------------------|
| | <u>Rate</u> | <u>Date</u> | <u>Amount</u> |
| Various Improvements | 4.000% | 4/17/2026 | \$ 16,661.79 |
| Improvement to Water Supply and Distribution System | 4.000% | 4/17/2026 | 29,566.00 41,666.00 |
| Various Improvements | 4.000% | 4/17/2026 | 96,789.26 |
| Various Improvements | 4.000% | 4/17/2026 | 8,288.00 |
| Improvement to Water Supply and Distribution System | 4.000% | 4/17/2026 | 178.95 |
| Improvement to Water Supply and Distribution System | 4.000% | 4/17/2026 | 14,850.00 |
| Purchase of Dump Truck | 4.000% | 4/17/2026 | 136,000.00 |
| Improvement to Water Supply and Distribution System | 4.000% | 4/17/2026 | 76,000.00 |
| | | | <u>\$ 420,000.00</u> |

NJ Environmental Infrastructure Trust Loans

| <u>Purpose</u> | <u>Final Maturity Date</u> | <u>Interest Rate</u> | <u>Balance Dec. 31, 2025</u> |
|----------------|----------------------------|----------------------|------------------------------|
| Fund Loan #1 | 08/01/2033 | N/A | \$ 367,017.05 |
| Trust Loan #1 | 08/01/2033 | 3.00%-5.00% | 155,000.00 |
| Fund Loan #2 | 08/01/2033 | N/A | 101,695.08 |
| Trust Loan #2 | 08/01/2033 | 0.20%-3.35% | 118,209.00 |
| | | | <u>\$ 741,921.13</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Borough's debt issued and outstanding on December 31, 2025, is described as follows:

Sewer Utility Capital Fund

Bond Anticipation Notes

| <u>Purpose</u> | <u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2025</u> | | |
|------------------------------------|--|-------------|-----------------------|
| | <u>Rate</u> | <u>Date</u> | <u>Amount</u> |
| Various Improvements | 4.000% | 4/17/2026 | \$ 233,350.00 |
| Various Improvements | 4.000% | 4/17/2026 | 10,740.00 |
| Acquisition of Vehicular Equipment | 4.000% | 4/17/2026 | 12,910.00 |
| | | | <u>\$ 257,000.00</u> |
| Total Debt Issued and Outstanding | | | <u>\$2,789,921.13</u> |

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 0.395%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------------|------------------------|------------------------|------------------------|
| Local School District Debt | \$ 5,655,000.00 | \$ 5,655,000.00 | |
| Water Utility Debt | 1,921,921.13 | 1,921,921.13 | |
| Sewer Utility Debt | 257,000.00 | 257,000.00 | |
| General Debt | 1,903,997.04 | | \$ 1,903,997.04 |
| | <u>\$ 9,737,918.17</u> | <u>\$ 7,833,921.13</u> | <u>\$ 1,903,997.04</u> |

Net Debt \$1,903,997.04 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$482,306,176.00= 0.395%.

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

| | |
|---|-------------------------|
| 3.5% Average Equalized Valuation of Real Property | \$ 16,880,716.16 |
| Net Debt | <u>1,903,997.04</u> |
| Remaining Borrowing Power | <u>\$ 14,976,719.12</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Calculation of "Self-Liquidating Purpose", Water Utility Per
N.J.S. 40A:2-45

| | | |
|--|---------------|---------------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | | \$ 929,698.64 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 636,636.00 | |
| Debt Service | 253,464.88 | |
| Total Deductions | | <u>890,100.88</u> |
| Excess in Revenue | | <u>\$ 39,597.76</u> |

Calculation of "Self-Liquidating Purpose", Sewer Utility Per
N.J.S. 40A:2-45

| | | |
|--|-----------------|---------------------|
| Cash Receipts from Fees, Rents or Other Charges for Year | | \$ 1,282,956.04 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 1,108,850.00 | |
| Debt Service | 88,759.13 | |
| Total Deductions | | <u>1,197,609.13</u> |
| Excess in Revenue | | <u>\$ 85,346.91</u> |

Footnote:

If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount or the gross amount of authorized debt whichever is lesser.

The above is in agreement with the annual debt statement as filed by the Chief Financial Officer.

Schedule of Annual Debt Service for the Next Five Years and Thereafter for Loans Issued and Outstanding

| Year Ended Dec. 31, | <u>Water Utility Capital</u> | | <u>Total</u> |
|------------------------|------------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2026 | \$ 86,929.96 | \$ 8,341.14 | \$ 95,271.10 |
| 2027 | 92,283.96 | 7,537.60 | 99,821.56 |
| 2028 | 92,666.96 | 6,554.14 | 99,221.10 |
| 2029 | 93,074.96 | 5,545.99 | 98,620.95 |
| 2030 | 93,516.96 | 4,504.06 | 98,021.02 |
| 2031-2033 | 283,448.33 | 6,989.70 | 290,438.03 |
| Total | <u>\$ 741,921.13</u> | <u>\$ 39,472.63</u> | <u>\$ 781,393.76</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

NJ Environmental Infrastructure Trust (EIT) Loan

On May 30, 2014, the Borough of Stanhope entered into a NJ Environmental Infrastructure Financing Program loan agreement with the State of New Jersey, acting by and through the NJ Department of Environmental Protection. The Fund loan portion is \$1,152,250 and the Trust loan portion is \$545,000. The aggregate amount of \$1,697,250 represents direct obligations of the Borough. The loan proceeds were obtained to finance a portion of the cost of water system improvement projects. At December 31, 2025, the Borough had borrowed or “drawn down” \$1,697,250 for these projects. The loan balance as of the end of the year is \$741,921.13.

Principal payments to the Fund commenced August 1, 2014 and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the Trust commenced August 1, 2014 and will continue on an annual basis over 19 years at 0.20% - 3.35% interest. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings on the debt service reserve fund (as defined in the bond resolution) will be transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of up to one percent (1.0%) of the initial principal amount of the loan or such lesser amount, if any, as may be authorized by any act of the NJ State Legislature and as the State may approve from time to time is payable on this loan.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2025, which were appropriated and included as anticipated revenue in the year ending December 31, 2026 adopted budget, were as follows:

| | |
|------------------------------|----------------|
| Current Fund | \$1,000,000.00 |
| Water Utility Operating Fund | 141,623.00 |
| Sewer Utility Operating Fund | 226,300.00 |

Note 4: School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough of Stanhope has not elected to defer school taxes.

Note 5: Pension Plans

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

Borough contributions to PERS amounted to \$143,420 for 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$4,617 to the PERS for normal pension expense on behalf of the Borough.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the 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 local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows of resources to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2024, the Borough's liability was \$1,432,171 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Borough's proportion was 0.0105%, which was an decrease of 0.0013% from its proportion measured as of June 30, 2023. The Borough has rolled forward the net pension liability as of June 30, 2024 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2024.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

For the year ended December 31, 2025, the Borough recognized actual pension expense in the amount of \$143,420.

Actuarial Assumptions

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

Inflation Rate:

| | |
|-------|-------|
| Price | 2.75% |
| Wage | 3.25% |

Salary Increases 2.75 – 6.55% based on years of service

Investment Rate of Return 7.00%

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

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

Long Term Expected Rate of Return

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

| | June 30, 2024 | | |
|---|------------------------------|-------------------------------------|------------------------------|
| | At 1% Decrease (6.00%) | Current Discount Rate (7.00%) | At 1% Increase (8.00%) |
| Borough's proportionate share of the Net Pension Liability | \$ 1,903,003 | \$ 1,432,171 | \$ 1,031,495 |

Pension Plan Fiduciary Net Position

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

B. Police and Firemen's Retirement System (PFRS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
 (Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Contributions

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

The Local Group employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers in the Local Group of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and is be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under 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 on behalf of the local participating employers 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 local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows of resources to report in the financial statements of the local participating employers related to this legislation.

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Borough contributions to PFRS amounted to \$360,257 for the year ended December 31, 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$60,999 to the PFRS for normal pension expense on behalf of the Borough, which is the same as the contractually required contribution of \$60,999.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2024, the Borough's liability for its proportionate share of the net pension liability was \$2,689,505. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024.

The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Borough's proportion was 0.026%, which was an increase of 0.001% from its proportion measured as of June 30, 2023. The Borough has rolled forward the net pension liability as of June 30, 2024 with no adjustments.

The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$530,230 as of June 30, 2024. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The State's proportionate share of the net pension liability associated with the Borough 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 members, actuarially determined. At June 30, 2024, the State's proportion was 0.026%, which was an increase of 0.001% from its proportion measured as of June 30, 2023 which is the same proportion as the Borough's.

| | |
|---|---------------------|
| Borough's Proportionate Share of the Net Pension Liability | \$ 2,689,505 |
| State's Proportionate Share of the Net Pension Liability Associated with the Borough | <u>530,230</u> |
| Total Net Pension Liability | <u>\$ 3,219,735</u> |

For the year ended December 31, 2025, the Borough recognized total pension expense of \$360,257.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
 (Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen’s Retirement System (PFRS) (Cont'd)

Actuarial Assumptions

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

| | |
|---------------------------|--|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| All future years | 3.25% - 16.25% based on years of service |
| Investment Rate of Return | 7.00% |

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

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the PFRS Board of Trustees, 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’ target asset allocation as of June 30, 2024 are summarized in the table on the following page.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate - PFRS

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

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen’s Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State’s proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate (Cont'd)

| | June 30, 2024 | | |
|---|------------------------------|-------------------------------------|------------------------------|
| | At 1% Decrease (6.00%) | Current Discount Rate (7.00%) | At 1% Increase (8.00%) |
| Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough | \$ 4,600,285 | \$ 3,219,735 | \$ 2,070,039 |

Pension Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees’ annual compensation, as defined.

The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$2,555.03 for the year ended December 31, 2025. Employee contributions to DCRP amounted to \$2,270.93 for the year ended December 31, 2025.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 6: Accrued Sick and Vacation Benefits

The Borough of Stanhope permits employees to accrue unused sick and vacation pay, which may be taken as time off or paid upon retirement or separation. It is estimated that the current cost of such unpaid compensation would approximate \$92,668.50. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is fully reserved in the Reserve for Accumulated Sick and Vacation Compensation of \$180,662.22 on the Trust Funds balance sheet at December 31, 2025.

| | |
|------------------------------|---------------|
| Balance at December 31, 2024 | \$ 100,800.94 |
| Net Change | (8,132.44) |
| Balance at December 31, 2025 | \$ 92,668.50 |
| Amount Due within One Year | \$ -0- |

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

| | 2025 | 2024 | 2023 |
|----------------------------------|-------------------|-------------------|-------------------|
| <u>Tax Rate</u> | \$ 4.66 | \$ 4.51 | \$ 4.43 |
| <u>Apportionment of Tax Rate</u> | | | |
| Municipal | 1.37 | 1.34 | 1.29 |
| County | 0.69 | 0.68 | 0.68 |
| Local School | 1.76 | 1.70 | 1.69 |
| Regional High School | 0.84 | 0.79 | 0.77 |
| <u>Assessed Valuations</u> | | | |
| 2025 | \$ 300,287,700.00 | | |
| 2024 | | \$ 299,439,400.00 | |
| 2023 | | | \$ 297,471,500.00 |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
 (Continued)

Note 7: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collection Currently

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|------------------|-------------------------|---------------------------------|
| | | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
| 2025 | \$ 14,021,493.03 | \$ 13,794,919.86 | 98.38% |
| 2024 | 13,536,807.77 | 13,314,423.13 | 98.36% |
| 2023 | 13,239,502.78 | 12,953,258.33 | 97.84% |

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey health benefits plan.

The Borough of Stanhope is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by the fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Risk Management (Cont'd)

The December 31, 2025 audit report for this fund was not filed as of the date of this report. Selected financial information for this Fund as of December 31, 2024 is as follows:

| | Morris County Municipal Joint Insurance Fund |
|------------------------|--|
| Total Assets | \$ 41,731,805 |
| Net Position | \$ 14,656,747 |
| Total Revenue | \$ 27,339,632 |
| Total Expenses | \$ 26,449,607 |
| Change in Net Position | \$ 623,483 |
| Members Dividends | \$ 266,542 |

Financial statements for the fund are available at the Office of the Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough/employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough’s trust fund for the current and previous two years:

| Year | Interest Earned | Borough/ Employee Contributions | Amount Reimbursed | Ending Balance |
|------|--------------------|---------------------------------------|----------------------|-------------------|
| 2023 | \$ 4,337.72 | \$ -0- | \$ 4,973.57 | \$ 129,186.96 |
| 2024 | 5,908.02 | 41,142.12 | 3,532.20 | 172,704.90 |
| 2025 | 4,748.59 | 3,452.25 | 24,088.02 | 156,817.72 |

Self-Insurance Trust

The Reserve for Self-Insurance Trust was established in the Other Trust Funds to fund the Borough’s self-insured retention for Employment Practices Liability (“EPL”) and Proof of Loss (“POL”) claims should they occur. The Borough’s obligation or exposure on an EPL/POL claim is the first \$20,000 of the claim and then 20% of the first \$250,000 for a combined possible exposure of \$75,000 per claim.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
 (Continued)

Note 9: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

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 insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of collected public funds on deposit; and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
 (Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (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 local unit or bonds or other obligations of school districts of which the local unit 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, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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 subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (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 public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

As of December 31, 2025, cash and cash equivalents of the Borough of Stanhope consisted of the following:

| <u>Fund</u> | <u>Cash on Hand</u> | <u>Checking Accounts</u> | <u>NJ Cash Management Fund</u> | <u>Bethpage Money Market</u> | <u>Totals</u> |
|-----------------|---------------------|--------------------------|--------------------------------|------------------------------|------------------------|
| Current | \$250.00 | \$2,754,881.43 | \$ 5,095.43 | \$1,065,229.96 | \$ 3,825,456.82 |
| Animal Control | | 8,409.90 | | | 8,409.90 |
| Other Trust | | 986,457.29 | | | 986,457.29 |
| General Capital | | 512,720.31 | | | 512,720.31 |
| Water Operating | 50.00 | 749,483.11 | 4,951.86 | | 754,484.97 |
| Water Capital | | 163,909.55 | 598.71 | | 164,508.26 |
| Sewer Operating | 50.00 | 490,860.35 | 38,652.67 | | 529,563.02 |
| Sewer Capital | | 91,637.73 | 9,410.65 | 318,295.91 | 419,344.29 |
| | <u>\$350.00</u> | <u>\$5,758,359.67</u> | <u>\$ 58,709.32</u> | <u>\$ 1,383,525.87</u> | <u>\$ 7,200,944.86</u> |

During the year ended December 31, 2025, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at year end was \$7,200,944.86 and the bank balance was \$7,582,119.91. The \$58,709.32 invested with the State of New Jersey Cash Management Fund and the \$1,384,714.23 invested with the Bethpage Money Market is uninsured and unregistered.

Note 10: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements which can be found at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Benefits Provided (Cont'd)

Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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 and level of coverage.

Special Funding Situation

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Special Funding Situation (Cont'd)

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/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 (benefit)/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. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2024 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2024 OPEB information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this report.

The State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2024 was \$3,084,380. At June 30, 2024, the State's proportion related to the Borough was .063%. This is the percentage of the total State Share of the net OPEB liability of the Plan. During the year ended June 30, 2024, the State of New Jersey's OPEB benefit related to the Borough was \$298,824.

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs

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

Salary Increases*:

Public Employee's Retirement System (PERS)

Rate for all future years 2.75% - 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% - 16.25% based on years of service

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

Pre-Retirement Healthy Mortality

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

Post-Retirement Healthy Mortality

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

Disabled Retiree Mortality

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

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

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
 (Continued)

Note 10: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Disabled Retiree Mortality (Cont'd)

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

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

Discount Rate

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

Note 11: Deferred Compensation Plan

The Borough of Stanhope offers its employees deferred compensation plans (the "Plans") created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by VALIC and Equitable, are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2025:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund | \$ 1,845.90 | |
| Animal Control Fund | | \$ 1,845.90 |
| Sewer Utility Operating Fund | 33.52 | |
| Sewer Utility Capital Fund | | 33.52 |
| | <u>\$ 1,879.42</u> | <u>\$ 1,879.42</u> |

BOROUGH OF STANHOPE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
 (Continued)

Note 12: Interfund Receivables and Payables (Cont'd)

The interfund receivable in the Current Fund represents the statutory excess in the Reserve for Animal Control Expenditures due to the Current Fund. The interfund receivable in the Sewer Utility Operating fund represents the interest earned in the Sewer Utility Capital Fund not yet turned over to the Sewer Utility Operating Fund.

Note 13: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, disputes over contract awards, and as one of several hundred third-party defendants in "superfund" litigation. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position as of December 31, 2025.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting a final decision. The ultimate outcome and effect of such appeals have not been determined; however, the Borough Tax Assessor will aggressively defend the Borough's assessments. The Borough has established a reserve for this contingency in the amount of \$218,230.11, which the Borough believes is adequate to cover any potential liability.

Note 14: Economic Dependency

The Borough receives a substantial amount of its support from the federal and state government. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 15: Fixed Assets (Unaudited)

The following is a summarization of the activity of the Borough of Stanhope's fixed assets for the year ended December 31, 2025:

| | Balance Dec. 31, 2024 | Balance Dec. 31, 2025 |
|------------------------|--------------------------|--------------------------|
| Land | \$ 1,022,100.00 | \$ 1,022,100.00 |
| Buildings | 1,756,890.03 | 1,756,890.03 |
| Equipment and Vehicles | 5,171,871.91 | 5,171,871.91 |
| | \$ 7,950,861.94 | \$ 7,950,861.94 |

SUPPLEMENTARY DATA

BOROUGH OF STANHOPE
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2025

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

| Name | Title | Amount of Bond | Name of Corporate or Personal Surety |
|--------------------|-------------------------------------|-------------------|---|
| Eugene Wronko | Mayor | | |
| Anthony Riccardi | Council President | | |
| Bill Thornton | Councilperson | | |
| Thomas Romano | Councilperson | | |
| Scott Wachterauser | Councilperson | | |
| Diana Kuncken | Councilperson (to May 27, 2025) | | |
| Steven Zampino | Councilperson (from June 24, 2025) | | |
| Tyler Simpson | Councilperson | | |
| Brian McNeilly | Administrator | * | |
| Ellen Horak | Borough Clerk | * | |
| Angelica Sabatini | Chief Financial Officer | \$ 1,000,000 | Municipal Excess Liability JIF |
| Ashleigh Frueholz | Tax Collector | 1,000,000 | Municipal Excess Liability JIF |
| Tammy Minniti | Sewer Collector and Water Collector | 1,000,000 | Municipal Excess Liability JIF |
| Ursula H. Leo | Attorney | | |

* All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
CURRENT FUND

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | |
|--|------------------|-----------------|
| Balance December 31, 2024 | A | \$ 3,749,774.08 |
| Increased by Receipts: | | |
| Tax Collector | \$ 14,127,956.81 | |
| Revenue Accounts Receivable | 469,808.70 | |
| Miscellaneous Revenue Not Anticipated | 224,664.82 | |
| Appropriation Refunds | 281,187.66 | |
| Appropriation Reserve Refunds | 604.07 | |
| Due to State of New Jersey: | | |
| Veterans and Senior Citizens' Deductions | 17,500.00 | |
| DCA Training Fees | 5,618.00 | |
| Marriage License Fees | 525.00 | |
| Unappropriated Reserves: | | |
| Safe and Secure Communities | 5,643.75 | |
| | 15,133,508.81 | |
| | | 18,883,282.89 |
| Decreased by Disbursements: | | |
| 2025 Appropriation Expenditures | 4,746,651.13 | |
| 2024 Appropriation Reserves | 153,009.56 | |
| Local School District Taxes | 5,287,284.00 | |
| Regional School Taxes | 2,520,582.00 | |
| County Taxes | 2,064,099.54 | |
| Tax Overpayment Refunds | 8,082.06 | |
| Due to State of New Jersey: | | |
| Training Fees | 7,326.00 | |
| Marriage License Fees | 425.00 | |
| Due from Various Vendors | 5,735.68 | |
| Reserve for Third Party Tax Title Liens | 107,987.20 | |
| Reserve for Revaluation | 66,125.00 | |
| Appropriated Reserves: | | |
| Clean Communities Program | 4,910.00 | |
| Drunk Driving Enforcement Fund | 9,007.00 | |
| Body Armor Replacement Program | 1,492.40 | |
| American Rescue Plan Firefighter Grant | 49,580.98 | |
| Recycling Tonnage Grant | 3,203.52 | |
| Safe & Secure Communities Program | 22,575.00 | |
| | 15,058,076.07 | |
| Balance December 31, 2025 | A | \$ 3,825,206.82 |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

Increased by Receipts:

| | | |
|-----------------------------|------------------|-------------------------|
| Taxes Receivable | \$ 13,867,229.98 | |
| 2026 Prepaid Taxes | 104,053.82 | |
| Tax Overpayments | 4,625.32 | |
| Outside Liens | 111,052.74 | |
| Interest and Costs on Taxes | <u>40,994.95</u> | |
| | | <u>\$ 14,127,956.81</u> |

Decreased by:

| | | |
|-----------------------|--|-------------------------|
| Payments to Treasurer | | <u>\$ 14,127,956.81</u> |
|-----------------------|--|-------------------------|

CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| Year | Balance | | Collections | | State of NJ Veterans' and Senior Citizens' Deductions | Cancelled | Trans- ferred to Tax Title Liens | Balance Dec 31, 2025 |
|------|---------------|------------------|--------------|------------------|---|-------------|---|-------------------------|
| | Dec 31, 2024 | 2025 Levy | 2024 | 2025 | | | | |
| 2024 | \$ 167,929.19 | | \$ 78,212.81 | \$ 167,772.93 | \$ (250.00) | | \$ 406.26 | |
| 2025 | \$ 167,929.19 | \$ 14,021,493.03 | \$ 78,212.81 | 13,699,457.05 | 17,250.00 | \$ 3,123.77 | 52,341.12 | \$ 171,108.28 |
| | | \$ 14,021,493.03 | \$ 78,212.81 | \$ 13,867,229.98 | \$ 17,000.00 | \$ 3,123.77 | \$ 52,747.38 | \$ 171,108.28 |

Ref. A

Analysis of 2025 Property Tax Levy

Tax Yield:

| | |
|---------------------------------|-------------------------|
| General Purpose Tax | \$ 13,993,406.82 |
| Added Taxes (54:4-63.1 et seq.) | 28,086.21 |
| | <u>\$ 14,021,493.03</u> |

Tax Levy:

| | |
|--------------------------------|---------------------|
| Local School District Taxes | \$ 5,287,284.00 |
| Regional High School Taxes | 2,520,584.00 |
| County Taxes | \$ 2,061,055.46 |
| County Added and Omitted Taxes | 4,146.61 |
| | <u>2,065,202.07</u> |
| | <u>9,873,070.07</u> |

Local Tax for Municipal Purposes

| | |
|----------------------------|---------------------|
| | 4,122,730.30 |
| Add: Additional Tax Levied | <u>25,692.66</u> |
| | <u>4,148,422.96</u> |

\$ 14,021,493.03

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

| | <u>Ref.</u> | | |
|--------------------------------|-------------|-----------|-------------------|
| Balance December 31, 2024 | A | \$ | 524,095.54 |
| Increased by: | | | |
| Interest and Costs | | \$ | 84.26 |
| Transfer from Taxes Receivable | | | <u>52,747.38</u> |
| | | | <u>52,831.64</u> |
| Balance December 31, 2025 | A | <u>\$</u> | <u>576,927.18</u> |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | Balance Dec 31, 2024 | Accrued In 2025 | Collected by Treasurer | Balance Dec 31, 2025 |
|--|-------------------------|--------------------|---------------------------|-------------------------|
| Clerk: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | | \$ 3,083.50 | \$ 3,083.50 | |
| Fees and Permits | | 22,679.00 | 22,679.00 | |
| Zoning Officer: | | | | |
| Fees and Permits | | 2,225.00 | 2,225.00 | |
| Board of Health: | | | | |
| Fees and Permits | | 150.00 | 150.00 | |
| Construction Code Official: | | | | |
| Fees and Permits | | 99,441.25 | 99,441.25 | |
| Municipal Court: | | | | |
| Fines and Costs | \$ 3,126.45 | 24,343.47 | 25,433.18 | \$ 2,036.74 |
| Police Department: | | | | |
| Fees and Permits | | 2,923.25 | 2,923.25 | |
| Planning Board/Board of Adjustment: | | | | |
| Fees and Permits | | 675.00 | 675.00 | |
| Energy Receipts Tax | | 219,164.53 | 219,164.53 | |
| Garden State Trust Fund | | 5,466.00 | 5,466.00 | |
| Clean Communities Program | | 10,208.49 | 10,208.49 | |
| Recycling Tonnage Grant | | 3,203.52 | 3,203.52 | |
| Open Space Stewardship Grant | 10,000.00 | 3,000.00 | 3,000.00 | 10,000.00 |
| Stormwater Assistance Grant | 2,500.00 | | | 2,500.00 |
| Sussex County Trails Grant | 50,000.00 | | 49,580.98 | 419.02 |
| American Rescue Plan Firefighter Grant | | | | |
| Safe and Secure Communities Program | 12,228.12 | 10,346.88 | 22,575.00 | |
| | \$ 77,854.57 | \$ 406,909.89 | \$ 469,808.70 | \$ 14,955.76 |

Ref.

A

A

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

| | Balance Dec 31, 2024 | Balance After Modification | Paid or Charged | Balance Lapsed |
|---|-------------------------|----------------------------------|--------------------|-------------------|
| General Government: | | | | |
| Administrative and Executive: | | | | |
| Salaries and Wages | \$ 0.14 | \$ 0.14 | | \$ 0.14 |
| Other Expenses | 1,767.35 | 1,767.35 | \$ 457.47 | 1,309.88 |
| Mayor and Council: | | | | |
| Salaries and Wages | 273.43 | 273.43 | | 273.43 |
| Other Expenses | 2,995.69 | 2,995.69 | 2,691.59 | 304.10 |
| Municipal Clerk: | | | | |
| Salaries and Wages | 1.86 | 1.86 | | 1.86 |
| Other Expenses | 1,827.79 | 1,827.79 | 206.86 | 1,620.93 |
| Financial Administration: | | | | |
| Salaries and Wages | 3,582.24 | 3,582.24 | | 3,582.24 |
| Other Expenses | 604.34 | 604.34 | 169.47 | 434.87 |
| Computerized Data Processing: | | | | |
| Other Expenses | 11,021.88 | 11,021.88 | 2,082.00 | 8,939.88 |
| Assessment of Taxes: | | | | |
| Salaries and Wages | 0.71 | 0.71 | | 0.71 |
| Other Expenses | 745.00 | 745.00 | | 745.00 |
| Collection of Taxes: | | | | |
| Other Expenses | 3,347.88 | 3,347.88 | 1,655.28 | 1,692.60 |
| Legal Services and Costs: | | | | |
| Other Expenses | 35,171.32 | 35,171.32 | 2,750.00 | 32,421.32 |
| Engineering Services: | | | | |
| Other Expenses | 13,556.76 | 13,556.76 | 12,884.49 | 672.27 |
| Public Buildings and Grounds: | | | | |
| Salaries and Wages | 2,092.14 | 2,092.14 | | 2,092.14 |
| Other Expenses | 9,644.66 | 9,644.66 | 2,753.65 | 6,891.01 |
| Insurance: | | | | |
| Liability Insurance | 4.56 | 4.56 | | 4.56 |
| Workers Compensation | 2.52 | 2.52 | | 2.52 |
| Employee Group Insurance | 21,152.43 | 21,152.43 | 669.95 | 20,482.48 |
| Health Insurance Waiver | 8,350.00 | 8,350.00 | 5,850.00 | 2,500.00 |
| Land Use Administration: | | | | |
| Municipal Land Use Law (N.J.S.A. 40:55d-1): | | | | |
| Planning Board: | | | | |
| Salaries and Wages | 150.49 | 150.49 | | 150.49 |
| Other Expenses | 1,440.33 | 1,440.33 | | 1,440.33 |
| Zoning and Code Enforcement: | | | | |
| Salaries and Wages | 0.41 | 0.41 | | 0.41 |
| Other Expenses | 429.91 | 429.91 | | 429.91 |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

| | <u>Balance</u> <u>Dec 31, 2024</u> | <u>Balance</u> <u>After</u> <u>Modification</u> | <u>Paid or</u> <u>Charged</u> | <u>Balance</u> <u>Lapsed</u> |
|------------------------------------|---------------------------------------|---|----------------------------------|---------------------------------|
| Land Use Administration (Cont'd): | | | | |
| Regional Planning Board: | | | | |
| Other Expenses | \$ 0.47 | \$ 0.47 | | \$ 0.47 |
| Affordable Housing-COAH | 1,000.00 | 1,000.00 | | 1,000.00 |
| Public Works: | | | | |
| Environmental Commission: | | | | |
| Other Expenses | 1,142.89 | 1,142.89 | \$ 200.00 | 942.89 |
| Shade Tree Commission: | | | | |
| Other Expenses | 160.04 | 160.04 | 25.00 | 135.04 |
| Public Safety: | | | | |
| Fire: | | | | |
| Other Expenses | 12,288.21 | 12,288.21 | 7,671.92 | 4,616.29 |
| Police: | | | | |
| Salaries and Wages | 103,793.15 | 103,793.15 | | 103,793.15 |
| Other Expenses | 4,268.02 | 4,268.02 | 1,975.83 | 2,292.19 |
| Police Radio and Communication: | | | | |
| Contractual | 1,000.00 | 1,000.00 | | 1,000.00 |
| Streets and Roads: | | | | |
| Department of Public Works: | | | | |
| Salaries and Wages | 18,976.47 | 18,976.47 | 15,000.00 | 3,976.47 |
| Other Expenses | 63,834.29 | 63,834.29 | 63,753.83 | 80.46 |
| Garbage and Trash Removal: | | | | |
| Salaries and Wages | 2,142.77 | 2,142.77 | | 2,142.77 |
| Other Expenses | 7,777.82 | 7,777.82 | 3,057.78 | 4,720.04 |
| Vehicle Maintenance: | | | | |
| Other Expenses | 2,078.65 | 2,078.65 | 1,986.45 | 92.20 |
| Health and Welfare: | | | | |
| Board of Health: | | | | |
| Salaries and Wages | 0.24 | 0.24 | | 0.24 |
| Other Expenses | 2,089.00 | 2,089.00 | | 2,089.00 |
| Animal Regulation: | | | | |
| Other Expenses | 500.00 | 500.00 | | 500.00 |
| Recreation and Education: | | | | |
| Celebration of Public Events: | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | | 1,000.00 |
| Board of Recreation Commissioners: | | | | |
| Salaries and Wages | 8,829.29 | 8,829.29 | 1,005.69 | 7,823.60 |
| Stormwater Management: | | | | |
| Other Expenses | 22.35 | 22.35 | 22.35 | |
| Road Repairs & Resurfacing | 21,750.91 | 21,750.91 | 588.90 | 21,162.01 |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

| | Balance Dec 31, 2024 | Balance After Modification | Paid or Charged | Balance Lapsed |
|--|-------------------------|----------------------------------|--------------------|-------------------|
| Uniform Construction Code: | | | | |
| Construction Code Official: | | | | |
| Salaries and Wages | \$ 5,784.66 | \$ 5,784.66 | | \$ 5,784.66 |
| Other Expenses | 84.83 | 84.83 | | 84.83 |
| Unclassified: | | | | |
| Utilities | 40,181.27 | 40,181.27 | \$ 8,550.69 | 31,630.58 |
| Condo Services: | | | | |
| Other Expenses | 47,079.04 | 47,079.04 | 47,079.04 | |
| Contingent | 1,000.00 | 1,000.00 | | 1,000.00 |
| Social Security System (O.A.S.I.) | 2,735.97 | 2,735.97 | | 2,735.97 |
| Defined Contribution Retirement Program (DCRP) | 875.88 | 875.88 | | 875.88 |
| | \$ 468,560.06 | \$ 468,560.06 | \$ 183,088.24 | \$ 285,471.82 |

Analysis of Balance December 31, 2024

| | <u>Ref.</u> | | |
|--------------|-------------|---------------|--|
| Unencumbered | A | \$ 380,816.09 | |
| Encumbered | A | 87,743.97 | |
| | | \$ 468,560.06 | |

Analysis of Paid or Charged

| | |
|------------------------------------|---------------|
| Cash Disbursed | \$ 153,009.56 |
| Accounts Payable | 30,682.75 |
| | 183,692.31 |
| Less Appropriation Reserve Refunds | 604.07 |
| | \$ 183,088.24 |

BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2025

| | | |
|-----------------------------------|--|------------------------|
| Increased by: | | |
| Levy - Calendar Year 2025 | | \$ 5,287,284.00 |
| Decreased by: | | |
| Payments to Local School District | | <u>\$ 5,287,284.00</u> |

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2025

| | | |
|--------------------------------------|---|---------------------|
| Balance December 31, 2024 | A | \$ -0- |
| Increased by: | | |
| Levy - Calendar Year 2025 | | <u>2,520,584.00</u> |
| | | 2,520,584.00 |
| Decreased by: | | |
| Payments to Regional School District | | <u>2,520,582.00</u> |
| Balance December 31, 2025 | A | <u>\$ 2.00</u> |

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
TRUST FUNDS

BOROUGH OF STANHOPE
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>Ref.</u> | | |
|---------------------------------------|-------------|-------------|-------------|
| Balance December 31, 2024 | B | | \$ 6,135.10 |
| Increased by: | | | |
| Dog License Fees Collected | | \$ 2,340.80 | |
| Cat License Fees Collected | | 650.00 | |
| Penalties | | 325.00 | |
| | | 3,315.80 | 9,450.90 |
| Decreased by: | | | |
| Animal Control Fund Expenditures | | 1,041.00 | |
| Statutory Excess- Due to Current Fund | | 1,845.90 | |
| | | 2,886.90 | 2,886.90 |
| Balance December 31, 2025 | B | | \$ 6,564.00 |

License Fees Collected

| <u>Year</u> | <u>Amount</u> |
|---------------------------|---------------|
| 2023 | \$ 3,322.80 |
| 2024 | 3,241.20 |
| | 6,564.00 |
| Maximum Allowable Reserve | \$ 6,564.00 |

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
GENERAL CAPITAL FUND

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF CASH

| | <u>Ref.</u> | |
|--|-------------|---------------|
| Balance December 31, 2024 | C | \$ 532,681.43 |
| Increased by: | | |
| Current Fund Budget Appropriation: | | |
| Capital Improvement Fund | | \$ 50,000.00 |
| Payment of Bond Anticipation Notes | | 472,000.00 |
| New Jersey Department of Transportation Grant Receivable | | 106,893.00 |
| Bond Anticipation Notes Issued | | 1,371,000.00 |
| Premium on Note Sale | | 2,518.84 |
| Due to/from Current Fund : | | |
| Interest Income | | 16,598.28 |
| New Jersey Division of Highway Traffic Safety Drunk Driver Enforcement Fund | | 8,900.00 |
| | | 2,027,910.12 |
| | | 2,560,591.55 |
| Decreased by: | | |
| Due to Current Fund: | | |
| Interest Income | | 16,598.28 |
| Bond Anticipation Notes Payable | | 1,843,000.00 |
| Improvement Authorization Expenditures | | 188,272.96 |
| | | 2,047,871.24 |
| Balance December 31, 2025 | C | \$ 512,720.31 |

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
ANALYSIS OF CASH

| Fund Balance | Receipts | | | Disbursements | | | Transfers | | Balance (Deficit) Dec 31, 2025 |
|--|--------------|---|-----------------------|---------------|-------------------------|----------------------------|---------------|---------------|--------------------------------|
| | Dec 31, 2024 | Bond Anticipation Notes | Budget Appropriations | Miscellaneous | Bond Anticipation Notes | Improvement Authorizations | Miscellaneous | From | |
| \$ 55,375.28 | | | \$ 472,000.00 | \$ 2,518.84 | | | \$ 16,598.28 | \$ 472,000.00 | \$ 57,894.12 |
| Due Current Fund | | | 50,000.00 | 16,598.28 | | | | 73,500.00 | 37,925.55 |
| Capital Improvement Fund | 61,425.55 | | | | | | | 142,524.00 | (651,265.17) |
| New Jersey Department of Transportation Grant Receivable | (615,634.17) | | | 106,893.00 | | | | | |
| New Jersey Division of Highway Traffic Safety | | | | | | | | | |
| Drunk Driver Enforcement Fund | | | | 8,900.00 | | | | 8,900.00 | (65,000.00) |
| Local Recreation Improvement Grant | | | | | | | | 65,000.00 | 10,000.00 |
| Reserve for Morris Canal Rehabilitation | 10,000.00 | | | | | | | | 82,595.46 |
| Reserve for Road Improvements | 82,595.46 | | | | | | | | 262.50 |
| Reserve for Preliminary Expenses- Pedestrian Loop | 262.50 | | | | | | | | |
| Ordinance | | | | | | | | | |
| No. | Date | Improvement Description | | | | | | | |
| 01-03 | 05/29/01 | Improvements of Public Buildings | | | | | | | 45,883.76 |
| 07-05 | 06/26/07 | Improvement of the Municipal Building | | | | \$ 14,200.00 | | | 8,600.00 |
| 14-13 | 06/24/14 | Various Improvements | \$ 905.04 | | | | | | 20,953.36 |
| 15-10 | 04/28/15 | Various Improvements | | | | | | | 12,371.59 |
| 15-14 | 07/14/15 | Improvement of Various Roads | | | | | | | 3,399.42 |
| 16-04 | 04/12/16 | Various Improvements | 40,805.00 | | | | | | 198.25 |
| 17-03 | 05/09/17 | Various Improvements | 20,726.54 | | | | | | 239,398.47 |
| 18-03 | 03/27/18 | Sparta Roads and Trails | 27,307.00 | | | | | | 1,017.00 |
| 18-09 | 05/08/18 | Various Improvements | 505,030.45 | | | | | | 2,700.00 |
| 19-01 | 02/12/19 | Various Improvements | 125,056.06 | | | | | | 39,317.49 |
| 19-06 | 04/23/19 | Various Improvements | | | | | | | 16,317.53 |
| 20-02 | 01/28/20 | Various Improvements | 87,831.13 | | | | | | 41,779.86 |
| 21-07 | 04/27/21 | Purchase of DPW Equipment | 16,136.00 | | | | | | 7,806.69 |
| 21-11 | 05/25/21 | Various Improvements | 26,612.50 | | | | | | 83,235.01 |
| 22-04 | 04/26/22 | Various Improvements | | | | | | | 139,686.84 |
| 22-05 | 04/26/22 | Various Improvements | 252,590.28 | | | | | | 2,078.61 |
| 23-04 | 04/25/23 | Various Improvements | 268,000.00 | | | | | | 259,712.93 |
| 23-11 | 08/08/23 | Improvement of Playground and Recreational Facilities | | | | | | | 117,900.00 |
| 24-10 | 05/28/24 | Various Improvements | | | | | | | 160,139.00 |
| 25-10 | 06/24/25 | Various Improvements | | | | | | | |
| 25-11 | 06/24/25 | Various Improvements | | | | | | | |
| | | | \$ 1,371,000.00 | \$ 134,910.12 | \$ 1,843,000.00 | \$ 188,272.96 | \$ 16,598.28 | \$ 761,924.00 | \$ 512,720.31 |
| | | | \$ 532,681.43 | \$ 522,000.00 | \$ 1,371,000.00 | \$ 188,272.96 | \$ 16,598.28 | \$ 761,924.00 | \$ 512,720.31 |

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

| Ord. No. | Ord. Date | Improvement Description | Balance | | Notes Paid by Budget Appropriation | Balance Dec 31, 2025 | Financed by Bond Anticipation Notes | Analysis of Balance December 31, 2025 | |
|----------|-----------|------------------------------|------------------------|----------------------|------------------------------------|------------------------|-------------------------------------|---------------------------------------|---------------------------------------|
| | | | Dec 31, 2024 | 2025 Authorizations | | | | Expenditures | Unexpended Improvement Authorizations |
| 14-13 | 06/24/14 | Various Improvements | \$ 23,877.90 | | \$ 23,877.90 | | | | |
| 15-10 | 04/28/15 | Various Improvements | 52,328.86 | | 51,423.82 | \$ 905.04 | 905.04 | | |
| 15-14 | 07/14/15 | Improvement of Various Roads | 27,117.00 | | 27,117.00 | | | | |
| 16-04 | 04/12/16 | Various Improvements | 84,805.00 | | 44,000.00 | 40,805.00 | 40,805.00 | | |
| 17-03 | 05/09/17 | Various Improvements | 27,635.54 | | 6,909.00 | 20,726.54 | 20,726.54 | | |
| 18-03 | 03/27/18 | Sparta Roads and Trails | 36,743.00 | | 9,436.00 | 27,307.00 | 27,307.00 | | |
| 18-09 | 05/08/18 | Various Improvements | 643,244.45 | | 138,214.00 | 505,030.45 | 505,030.45 | | |
| 19-01 | 02/12/19 | Various Improvements | 170,056.06 | | 45,000.00 | 125,056.06 | 125,056.06 | | |
| 20-02 | 01/28/20 | Various Improvements | 128,567.13 | | 40,736.00 | 87,831.13 | 87,831.13 | | |
| 21-07 | 04/27/21 | Purchase of DPW Equipment | 20,136.00 | | 4,000.00 | 16,136.00 | 16,136.00 | | |
| 21-11 | 05/25/21 | Various Improvements | 32,700.00 | | 6,087.50 | 26,612.50 | 26,612.50 | | |
| 22-05 | 04/26/22 | Various Improvements | 287,810.10 | | 35,198.78 | 252,611.32 | 252,590.28 | \$ 21.04 | |
| 23-04 | 04/25/23 | Various Improvements | 308,000.00 | | 40,000.00 | 268,000.00 | 268,000.00 | | |
| 25-11 | 06/24/25 | Various Improvements | | \$ 532,976.00 | | 532,976.00 | | \$ 532,976.00 | |
| | | | <u>\$ 1,843,021.04</u> | <u>\$ 532,976.00</u> | <u>\$ 472,000.00</u> | <u>\$ 1,903,997.04</u> | <u>\$ 1,371,000.00</u> | <u>\$ 21.04</u> | <u>\$ 532,976.00</u> |

Ref.

C

C

Improvement Authorizations - Unfunded
Less: Unexpended Proceeds of Bond Anticipation

Notes Issued:

| | |
|-------------------|--------------|
| Ordinance # 14-13 | \$ 20,953.36 |
| Ordinance # 16-04 | 12,371.59 |
| Ordinance # 17-03 | 3,399.42 |
| Ordinance # 18-03 | 198.25 |
| Ordinance # 18-09 | 235,318.47 |
| Ordinance # 19-01 | 1,017.00 |
| Ordinance # 20-02 | 39,317.49 |
| Ordinance # 21-07 | 16,317.53 |
| Ordinance # 21-11 | 32,700.00 |
| Ordinance # 22-05 | 81,008.55 |
| Ordinance # 23-04 | 136,633.34 |

579,235.00

\$ 532,976.00

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|--|-------------|----------------------------|
| Balance December 31, 2024 | C | \$ 61,425.55 |
| Increased by: | | |
| Current Fund Budget Appropriation | | <u>50,000.00</u> |
| | | 111,425.55 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>73,500.00</u> |
| Balance December 31, 2025 | C | <u><u>\$ 37,925.55</u></u> |

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Date of | | | | Interest Rate | Balance | |
|----------|---|----------|----------|--------------|--------------|---------------|--------------|--|
| | | Issue | Maturity | Dec 31, 2024 | Dec 31, 2025 | | | |
| 14-13 | Various Improvements | 05/28/15 | 04/25/24 | 04/25/25 | 4.25% | \$ 23,877.90 | \$ 23,877.90 | |
| 15-10 | Various Improvements | 05/24/16 | 04/25/24 | 04/25/25 | 4.25% | 52,328.86 | 52,328.86 | |
| 15-14 | Improvement of Various Roads | 05/24/16 | 04/17/25 | 04/17/26 | 4.00% | \$ 905.04 | \$ 905.04 | |
| 16-04 | Various Improvements | 05/23/17 | 04/25/24 | 04/25/25 | 4.25% | 27,117.00 | 27,117.00 | |
| 17-03 | Various Improvements | 05/23/18 | 04/25/24 | 04/25/25 | 4.25% | 84,805.00 | 84,805.00 | |
| 18-03 | Improvement of Sparta Road & Various Trails | 05/23/18 | 04/17/25 | 04/17/26 | 4.00% | 40,805.00 | 40,805.00 | |
| 18-09 | Various Improvements | 05/21/19 | 04/25/24 | 04/25/25 | 4.25% | 27,635.54 | 27,635.54 | |
| 19-01 | Various Improvements | 05/21/19 | 04/17/25 | 04/17/26 | 4.00% | 20,726.54 | 20,726.54 | |
| 20-02 | Various Improvements | 05/19/21 | 04/25/24 | 04/25/25 | 4.25% | 36,743.00 | 36,743.00 | |
| 21-07 | Purchase of DPW Equipment | 05/06/22 | 04/17/25 | 04/17/26 | 4.00% | 27,307.00 | 27,307.00 | |
| | | | | | | 505,030.45 | 505,030.45 | |
| | | | | | | 125,056.06 | 125,056.06 | |
| | | | | | | 128,567.13 | 128,567.13 | |
| | | | | | | 87,831.13 | 87,831.13 | |
| | | | | | | 20,136.00 | 20,136.00 | |
| | | | | | | 16,136.00 | 16,136.00 | |

BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>Ord.</u> <u>No.</u> | <u>Ord.</u> <u>Date</u> | <u>Improvement Description</u> | <u>Balance</u> <u>Dec 31, 2024</u> | <u>2025</u> <u>Authorizations</u> | <u>Balance</u> <u>Dec 31, 2025</u> |
|---------------------------|----------------------------|--------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| 22-05 | 04/26/22 | Various Improvements | \$ 21.04 | | \$ 21.04 |
| 25-11 | 06/24/25 | Various Improvements | | \$ 532,976.00 | 532,976.00 |
| | | | <u>\$ 21.04</u> | <u>\$ 532,976.00</u> | <u>\$ 532,997.04</u> |

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
WATER UTILITY FUND

BOROUGH OF STANHOPE
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | <u>Operating</u> | <u>Capital</u> |
|--|-------------|----------------------|----------------------|
| Balance December 31, 2024 | D | \$ 617,019.39 | \$ 54,452.79 |
| Increased by Receipts: | | | |
| Consumer Accounts Receivable - Water Rents | \$ | 721,090.26 | |
| Interest on Water Rents | | 4,219.68 | |
| Miscellaneous Revenue | | 23,152.41 | |
| Water Utility Overpayments | | 475.02 | |
| Water Utility Operating Fund Budget Appropriation: | | | |
| Capital Improvement Fund | \$ | | 35,000.00 |
| Bond Anticipation Notes Issued | | | 76,178.95 |
| Due to/from Water Utility Capital Fund: | | | |
| Reserve for Connection Fees Revenue | | 30,000.00 | |
| Interfund Returned | | | 37,828.80 |
| Interest Income | | 3,636.29 | |
| Reserve for PFAS Litigation | | 233,619.45 | |
| Federal Grants Receivable - Congressional Community Funded Project | | <u>1,016,193.11</u> | <u>177,531.17</u> |
| | | <u>1,633,212.50</u> | <u>231,983.96</u> |
| Decreased by Disbursements: | | | |
| 2025 Appropriation Expenditures | | 790,081.31 | |
| 2024 Appropriation Reserves | | 19,738.58 | |
| Interest on Loans and Notes | | 31,128.84 | |
| Reserve for Water Connection Fees | | | 30,000.00 |
| Improvement Authorizations | | | 33,839.41 |
| Due Water Utility Operating Fund: | | | |
| Interfund Returned | | 37,828.80 | |
| Interest Income | | | <u>3,636.29</u> |
| Balance December 31, 2025 | D | <u>878,777.53</u> | <u>67,475.70</u> |
| | | <u>\$ 754,434.97</u> | <u>\$ 164,508.26</u> |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

| | Balance/ (Deficit) Dec. 31, 2024 | Receipts | | | Disbursements | | | Transfers | | Balance/ (Deficit) Dec. 31, 2025 |
|---|--|-------------------------------|--------------------------|---------------|-------------------------------|---------------|-----------------|-----------------|----------------|--|
| | | Bond Anticipation Notes | Budget Appropriations | Miscellaneous | Improvement Authorizations | Miscellaneous | From | To | | |
| Capital Improvement Fund | \$ 12,566.54 | | \$ 35,000.00 | | | \$ 43,000.00 | | | \$ 4,566.54 | |
| Due Water Utility Operating Fund | (37,828.80) | | | \$ 41,465.09 | | | | | | |
| Fund Balance | 22,754.25 | | | | | 15,000.00 | | | 7,754.25 | |
| Reserve for Connection Fees | 42,839.70 | | | | 30,000.00 | | | | 12,839.70 | |
| Reserve for Future Capital Improvements | 20,000.00 | | | | | | | | 20,000.00 | |
| Federal Grants Receivable: | | | | | | | | | | |
| Congressional Community Funded Grant | (70,525.67) | | | 24,887.13 | | | 3,300,000.00 | | (3,345,638.54) | |
| <u>Ord. No. General Improvements</u> | | | | | | | | | | |
| 2013-11 Acquisition of New and Additional Equipment | 15,099.13 | | | | | | | | 15,099.13 | |
| 2018-11 Various Improvements | 21,016.70 | | | | | | | | 21,016.70 | |
| 2019-02 Various Improvements | 19,860.10 | | | | | | | | 19,860.10 | |
| 2022-06 Improvement to Water Supply and Distribution System | (86.45) | \$ 178.95 | | | \$ 92.50 | | | | | |
| 2023-10 Improvement to Water Supply and Distribution System | 15,394.79 | | | | 15,394.79 | | | | | |
| 2024-11 Improvement to Water Supply and Distribution System | (6,637.50) | 76,000.00 | | | 18,352.12 | | | | 51,010.38 | |
| 2025-12 Improvement to Water Supply and Distribution System | | | | | | | | \$ 3,338,000.00 | 3,338,000.00 | |
| 2025-13 Acquisition of New and Additional Equipment | \$ 54,452.79 | \$ 76,178.95 | \$ 35,000.00 | \$ 66,352.22 | \$ 33,839.41 | \$ 33,636.29 | \$ 3,358,000.00 | \$ 3,358,000.00 | \$ 164,508.26 | |

BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | <u>Ref.</u> | |
|---------------------------------------|-------------|----------------------------|
| Balance December 31, 2024 | D | \$ 90,098.44 |
| Increased by: | | |
| 2025 Water Charges Levied | | 726,966.40 |
| | | <u>817,064.84</u> |
| Decreased by: | | |
| Collections | | \$ 721,090.26 |
| Transferred to Municipal Utility Lien | | <u>1,568.00</u> |
| | | <u>722,658.26</u> |
| Balance December 31, 2025 | D | <u><u>\$ 94,406.58</u></u> |

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY LIENS
YEAR ENDED DECEMBER 31, 2025

| | <u>Ref.</u> | |
|--|-------------|---------------------------|
| Balance December 31, 2024 | D | \$ 1,364.27 |
| Increased by: | | |
| Transfer from Consumer Accounts Receivable | | <u>1,568.00</u> |
| Balance December 31, 2025 | D | <u><u>\$ 2,932.27</u></u> |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

| | <u>Balance</u> <u>Dec. 31, 2024</u> | <u>Transferred from</u> <u>Fixed Capital</u> <u>Authorized and</u> <u>Uncompleted</u> | <u>Balance</u> <u>Dec. 31, 2025</u> |
|--|--|--|--|
| General Plant Equipment | \$ 73,681.46 | | \$ 73,681.46 |
| Reservoir | 19,263.63 | | 19,263.63 |
| Wells and Well House | 66,156.02 | | 66,156.02 |
| Pump House | 3,587.99 | | 3,587.99 |
| Distribution Mains and Accessories | 103,285.91 | | 103,285.91 |
| General Equipment | 1,737.20 | | 1,737.20 |
| Hydrants | 1,441.55 | | 1,441.55 |
| Water Tank and Fence | 53,183.01 | | 53,183.01 |
| Meters | 56,557.48 | | 56,557.48 |
| Office Building | 3,000.00 | | 3,000.00 |
| Chlorinator | 11,618.13 | | 11,618.13 |
| Additional Water Supply | 50,000.00 | | 50,000.00 |
| Extension of Water Main | 6,000.00 | | 6,000.00 |
| Purchase and Installation of One Hundred Water Meters | 8,000.00 | | 8,000.00 |
| Improvement to Reservoirs and Associated Pumping Equipment | 5,000.00 | | 5,000.00 |
| Construction of a Well House | 250,084.42 | | 250,084.42 |
| Improvement to Water System | 1,251,862.34 | | 1,251,862.34 |
| Purchase of DPW Truck | 88,792.07 | | 88,792.07 |
| Purchase of Storage Shed | 3,000.00 | | 3,000.00 |
| Fencing at Well #2 | 4,300.00 | | 4,300.00 |
| Installation of Gate Closing Equipment | 1,500.00 | | 1,500.00 |
| Improvement to Water System Dump Truck | 1,107,397.91 | | 1,107,397.91 |
| Computer Equipment | 4,974.00 | | 4,974.00 |
| Water Meter Reader | 5,500.00 | | 5,500.00 |
| Improvement to Water System | 118,606.50 | | 118,606.50 |
| Purchase of DPW Backhoe | 756,960.00 | | 756,960.00 |
| Purchase of Dump Truck | 28,000.00 | | 28,000.00 |
| Backhoe Hammer Attachment | 64,500.00 | | 64,500.00 |
| Improvement to Water Tower | 13,575.00 | | 13,575.00 |
| Purchase and Installation of New Generator | 30,000.00 | | 30,000.00 |
| Purchase Radio Read/Touchpads | 74,102.22 | | 74,102.22 |
| Preliminary Engineering for Phase I Water System Improvements | 20,960.00 | | 20,960.00 |
| Improvement to Water Supply and Distribution System | 82,033.30 | | 82,033.30 |
| Reconstruction of Roadway Pavements | 98,576.10 | | 98,576.10 |
| Improvement to Water Supply and Distribution System | 26,364.65 | | 26,364.65 |
| | 2,893,202.26 | \$ 847,540.00 | 3,740,742.26 |
| | \$ 7,386,803.15 | \$ 847,540.00 | \$ 8,234,343.15 |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| Improvement Description | No. | Ordinance | | Balance Dec. 31, 2024 | 2025 Authorizations | Costs to Fixed Capital | Balance Dec. 31, 2025 |
|---|---------|-----------|---------------|--------------------------|------------------------|------------------------------|--------------------------|
| | | Date | Amount | | | | |
| Acquisition of New and Additional Equipment | 2013-11 | 07/09/13 | \$ 140,000.00 | \$ 140,000.00 | | | \$ 140,000.00 |
| Water Supply and Distribution System | 2018-11 | 05/09/17 | 54,850.00 | 54,850.00 | | | 54,850.00 |
| Various Improvements | 2019-02 | 02/19/19 | 82,000.00 | 82,000.00 | | | 82,000.00 |
| Improvement to Water Supply and Distribution System | 2022-06 | 05/10/22 | 687,540.00 | 687,540.00 | | \$ 687,540.00 | |
| Improvement to Water Supply and Distribution System | 2023-10 | 05/23/23 | 160,000.00 | 160,000.00 | | 160,000.00 | |
| Improvement to Water Supply and Distribution System | 2024-11 | 05/28/24 | 86,000.00 | 86,000.00 | | | 86,000.00 |
| Improvement to Water Supply and Distribution System | 2025-12 | 6/24/25 | 4,098,000.00 | \$ 4,098,000.00 | | | 4,098,000.00 |
| Acquisition of New and Additional Equipment | 2025-13 | 6/24/25 | 20,000.00 | | 20,000.00 | | 20,000.00 |
| | | | | <u>\$ 1,210,390.00</u> | <u>\$ 4,118,000.00</u> | <u>\$ 847,540.00</u> | <u>\$ 4,480,850.00</u> |

Ref.

D

D

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|--|-------------|--------------------|
| Balance December 31, 2024 | D | \$ 12,566.54 |
| Increased by: | | |
| Due from Water Utility Operating Fund - 2025 Budget Appropriation | | 35,000.00 |
| | | <u>47,566.54</u> |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | 43,000.00 |
| | | <u>43,000.00</u> |
| Balance December 31, 2025 | D | <u>\$ 4,566.54</u> |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>Ref.</u> | |
|---|-------------|------------------------|
| Balance December 31, 2024 | D | \$ 6,469,137.00 |
| Increased by: | | |
| Transfer from Deferred Reserve for Amortization | | \$ 686,036.11 |
| Paid by Water Utility Operating Budget: | | |
| Bond Anticipation Notes | | 117,869.95 |
| NJ Environmental Infrastructure Loan #1 | | 60,877.11 |
| NJ Environmental Infrastructure Loan #2 | | 25,733.85 |
| | | <u>890,517.02</u> |
| Balance December 31, 2025 | D | <u>\$ 7,359,654.02</u> |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| Ord. No. | Improvement Description | Date of Ordinance | Balance Dec.31, 2024 | 2025 Authorizations | Paid by Water Utility Operating Budget | Transfer to Reserve for Amortization | Balance Dec.31, 2025 |
|-------------|--|----------------------|-------------------------|------------------------|--|--|-------------------------|
| 2018-11 | Water Supply and Distribution System | 05/21/19 | \$ 17,892.00 | | \$ 7,392.00 | | \$ 25,284.00 |
| 2019-02 | Various Improvements | 05/21/19 | 27,417.00 | | 12,917.00 | | 40,334.00 |
| 2022-06 | Improvement to Water Supply and Distribution System | 05/10/22 | 678,036.11 | | | \$ 678,036.11 | |
| 2023-10 | Improvement to Water Supply and Distribution System | 05/23/23 | 8,000.00 | | | 8,000.00 | |
| 2024-11 | Improvement to Water Supply and Distribution System | 05/28/24 | 10,000.00 | | | | 10,000.00 |
| 2025-12 | Improvement to Water Supply and Distribution System | 06/24/25 | | \$ 3,338,000.00 | | | 3,338,000.00 |
| 2025-13 | Acquisition of New and Additional Equipment | 06/24/25 | | 20,000.00 | | | 20,000.00 |
| | | | \$ 741,345.11 | \$ 3,358,000.00 | \$ 20,309.00 | \$ 686,036.11 | \$ 3,433,618.00 |
| | | <u>Ref.</u> | D | | | | D |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Date of | | Interest Rate | Balance Dec.31, 2024 | Issued | Matured | Balance Dec.31, 2025 |
|----------|---|------------------------|----------------------|----------------|------------------------------|----------------------|----------------------|----------------------|
| | | Issue of Original Note | Issue | | | | | |
| 2014-11 | Improvement to Water Supply and Distribution System | 05/28/15 | 04/25/24 | 4.25% | \$ 34,633.98 | | \$ 34,633.98 | |
| 2014-14 | Various Improvements | 05/28/15 | 04/25/24 | 4.25% | 6,880.00 | | 6,880.00 | |
| 2015-08 | Various Improvements | 05/24/16 | 04/25/24 04/17/25 | 4.25% 4.00% | 46,650.82 | \$ 16,661.79 | 46,650.82 | \$ 16,661.79 |
| 2018-11 | Water Supply and Distribution System | 05/21/19 | 04/25/24 04/17/25 | 4.25% 4.00% | 36,958.00 | 29,566.00 | 36,958.00 | 29,566.00 |
| 2019-02 | Various Improvements | 05/21/19 | 04/25/24 04/17/25 | 4.25% 4.00% | 54,583.00 | 41,666.00 | 54,583.00 | 41,666.00 |
| 2020-03 | Various Improvements | 05/19/21 | 04/25/24 04/17/25 | 4.25% 4.00% | 124,469.26 | 96,789.26 | 124,469.26 | 96,789.26 |
| 2022-06 | Improvement to Water Supply and Distribution System | 05/04/23 | 04/25/24 04/17/25 | 4.25% 4.00% | 9,324.94 | 8,288.00 | 9,324.94 | 8,288.00 |
| 2022-06 | Improvement to Water Supply and Distribution System | 04/17/25 | 04/17/25 | 4.00% | 178.95 | 178.95 | | 178.95 |
| 2023-03 | Purchase of Dump Truck | 04/25/24 | 04/25/24 04/17/25 | 4.25% 4.00% | 16,500.00 | 14,850.00 | 16,500.00 | 14,850.00 |
| 2023-10 | Improvement to Water Supply and Distribution System | 04/25/24 | 04/25/24 04/17/25 | 4.25% 4.00% | 152,000.00 | 136,000.00 | 152,000.00 | 136,000.00 |
| 2024-11 | Improvement to Water Supply and Distribution System | 04/17/25 | 04/17/25 | 4.00% | 76,000.00 | 76,000.00 | | 76,000.00 |
| | | | | | <u>\$ 482,000.00</u> | <u>\$ 420,000.00</u> | <u>\$ 482,000.00</u> | <u>\$ 420,000.00</u> |
| | | | | | <u>Ref.</u> | <u>D</u> | | |
| | | | | | Renewed | \$ 343,821.05 | \$ 343,821.05 | |
| | | | | | New Issues | 76,178.95 | 138,178.95 | |
| | | | | | Paid by Budget Appropriation | <u>\$ 420,000.00</u> | <u>\$ 482,000.00</u> | |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #1

| | <u>Ref.</u> | |
|---------------------------|-------------|-----------------------------|
| Balance December 31, 2024 | D | \$ 582,894.16 |
| Decreased by: | | |
| Principal Matured | | <u>60,877.11</u> |
| Balance December 31, 2025 | D | <u><u>\$ 522,017.05</u></u> |

Schedule of Principal and Interest Payments Outstanding December 31, 2025

Trust Loan - 2014 Issue

| <u>Payment Number</u> | <u>Due Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Loan Balance</u> |
|---------------------------|---------------------|----------------------|---------------------|-------------------------|
| | | | | \$ 155,000.00 |
| 21 | 02/01/26 | | \$ 2,362.50 | 155,000.00 |
| 22 | 08/01/26 | \$ 15,000.00 | 2,362.50 | 140,000.00 |
| 23 | 02/01/27 | | 2,137.50 | 140,000.00 |
| 24 | 08/01/27 | 20,000.00 | 2,137.50 | 120,000.00 |
| 25 | 02/01/28 | | 1,837.50 | 120,000.00 |
| 26 | 08/01/28 | 20,000.00 | 1,837.50 | 100,000.00 |
| 27 | 02/01/29 | | 1,537.50 | 100,000.00 |
| 28 | 08/01/29 | 20,000.00 | 1,537.50 | 80,000.00 |
| 29 | 02/01/30 | | 1,237.50 | 80,000.00 |
| 30 | 08/01/30 | 20,000.00 | 1,237.50 | 60,000.00 |
| 31 | 02/01/31 | | 937.50 | 60,000.00 |
| 32 | 08/01/31 | 20,000.00 | 937.50 | 40,000.00 |
| 33 | 02/01/32 | | 637.50 | 40,000.00 |
| 34 | 08/01/32 | 20,000.00 | 637.50 | 20,000.00 |
| 35 | 02/01/33 | | 325.00 | 20,000.00 |
| 36 | 08/01/33 | 20,000.00 | 325.00 | -0- |
| | | <u>\$ 155,000.00</u> | <u>\$ 22,025.00</u> | |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #1
(Continued)

Schedule of Principal Payments Outstanding December 31, 2025
Fund Loan - 2014 Issue

| <u>Payment Number</u> | <u>Due Date</u> | <u>Principal</u> | <u>Loan Balance</u> |
|---------------------------|---------------------|----------------------|-------------------------|
| | | | \$ 367,017.05 |
| 21 | 02/01/26 | \$ 15,292.37 | 351,724.68 |
| 22 | 08/01/26 | 30,584.74 | 321,139.94 |
| 23 | 02/01/27 | 15,292.37 | 305,847.57 |
| 24 | 08/01/27 | 30,584.74 | 275,262.83 |
| 25 | 02/01/28 | 15,292.37 | 259,970.46 |
| 26 | 08/01/28 | 30,584.74 | 229,385.72 |
| 27 | 02/01/29 | 15,292.37 | 214,093.35 |
| 28 | 08/01/29 | 30,584.74 | 183,508.61 |
| 29 | 02/01/30 | 15,292.37 | 168,216.24 |
| 30 | 08/01/30 | 30,584.74 | 137,631.50 |
| 31 | 02/01/31 | 15,292.37 | 122,339.13 |
| 32 | 08/01/31 | 30,584.74 | 91,754.39 |
| 33 | 02/01/32 | 15,292.37 | 76,462.02 |
| 34 | 08/01/32 | 30,584.74 | 45,877.28 |
| 35 | 02/01/33 | 15,292.37 | 30,584.91 |
| 36 | 08/01/33 | 30,584.91 | -0- |
| | | <u>\$ 367,017.05</u> | |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #2

| | <u>Ref.</u> | |
|---------------------------|-------------|-----------------------------|
| Balance December 31, 2024 | D | \$ 245,637.93 |
| Decreased by: | | |
| Principal Matured | | <u>25,733.85</u> |
| Balance December 31, 2025 | D | <u><u>\$ 219,904.08</u></u> |

Schedule of Principal and Interest Payments Outstanding December 31, 2025
Trust Loan - 2014 Issue

| <u>Payment Number</u> | <u>Due Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Loan Balance</u> |
|---------------------------|---------------------|----------------------|---------------------|-------------------------|
| | | | | \$ 118,209.00 |
| 21 | 02/01/26 | | \$ 1,808.07 | 118,209.00 |
| 22 | 08/01/26 | \$ 13,341.00 | 1,808.07 | 104,868.00 |
| 23 | 02/01/27 | | 1,631.30 | 104,868.00 |
| 24 | 08/01/27 | 13,695.00 | 1,631.30 | 91,173.00 |
| 25 | 02/01/28 | | 1,439.57 | 91,173.00 |
| 26 | 08/01/28 | 14,078.00 | 1,439.57 | 77,095.00 |
| 27 | 02/01/29 | | 1,235.44 | 77,095.00 |
| 28 | 08/01/29 | 14,486.00 | 1,235.55 | 62,609.00 |
| 29 | 02/01/30 | | 1,014.53 | 62,609.00 |
| 30 | 08/01/30 | 14,928.00 | 1,014.53 | 47,681.00 |
| 31 | 02/01/31 | | 783.14 | 47,681.00 |
| 32 | 08/01/31 | 15,391.00 | 783.14 | 32,290.00 |
| 33 | 02/01/32 | | 536.89 | 32,290.00 |
| 34 | 08/01/32 | 15,883.00 | 536.89 | 16,407.00 |
| 35 | 02/01/33 | | 274.82 | 16,407.00 |
| 36 | 08/01/33 | 16,407.00 | 274.82 | -0- |
| | | <u>\$ 118,209.00</u> | <u>\$ 17,447.63</u> | |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #2
(Continued)

Schedule of Principal Payments Outstanding December 31, 2025
Fund Loan - 2014 Issue

| Payment Number | Due Date | Principal | Loan Balance |
|-------------------|-------------|----------------------|-----------------|
| | | | \$ 101,695.08 |
| 21 | 02/01/26 | \$ 4,237.28 | 97,457.80 |
| 22 | 08/01/26 | 8,474.57 | 88,983.23 |
| 23 | 02/01/27 | 4,237.28 | 84,745.95 |
| 24 | 08/01/27 | 8,474.57 | 76,271.38 |
| 25 | 02/01/28 | 4,237.28 | 72,034.10 |
| 26 | 08/01/28 | 8,474.57 | 63,559.53 |
| 27 | 02/01/29 | 4,237.28 | 59,322.25 |
| 28 | 08/01/29 | 8,474.57 | 50,847.68 |
| 29 | 02/01/30 | 4,237.28 | 46,610.40 |
| 30 | 08/01/30 | 8,474.57 | 38,135.83 |
| 31 | 02/01/31 | 4,237.28 | 33,898.55 |
| 32 | 08/01/31 | 8,474.57 | 25,423.98 |
| 33 | 02/01/32 | 4,237.28 | 21,186.70 |
| 34 | 08/01/32 | 8,474.57 | 12,712.13 |
| 35 | 02/01/33 | 4,237.28 | 8,474.85 |
| 36 | 08/01/33 | 8,474.85 | -0- |
| | | <u>\$ 101,695.08</u> | |

BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2025

| <u>Ord. No.</u> | <u>Ord. Date</u> | <u>Improvement Description</u> | <u>Balance Dec. 31, 2024</u> | <u>2025 Authori- zations</u> | <u>Bond Anticipation Notes Issued</u> | <u>Balance Dec. 31, 2025</u> |
|---------------------|----------------------|--|----------------------------------|----------------------------------|---|----------------------------------|
| 2022-06 | 05/10/22 | Improvement to Water Supply and Distribution System | \$ 178.95 | | \$ 178.95 | |
| 2024-11 | 05/28/24 | Improvement to Water Supply and Distribution System | 76,000.00 | | 76,000.00 | |
| 2025-12 | 06/24/25 | Improvement to Water Supply and Distribution System | | \$ 760,000.00 | | \$ 760,000.00 |
| | | | <u>\$ 76,178.95</u> | <u>\$ 760,000.00</u> | <u>\$ 76,178.95</u> | <u>\$ 760,000.00</u> |

BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2025
SEWER UTILITY FUND

BOROUGH OF STANHOPE
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | <u>Operating</u> | <u>Capital</u> |
|--|-------------|------------------|----------------|
| Balance December 31, 2024 | E | \$ 638,201.38 | \$ 415,203.77 |
| Increased by Receipts: | | | |
| Consumer Accounts Receivable - Sewer Rents | \$ | 978,718.61 | |
| Sewer Rents Overpayments | | 1,714.76 | |
| Interest on Sewer Rents | | 1,264.07 | |
| Interest on Investments and Deposits | | 15,859.55 | |
| Sewer Connection Fees | | 9,003.00 | |
| Sewer Utility Operating Fund Budget Appropriation: | | | |
| Capital Improvement Fund | | | \$ 10,000.00 |
| Payment of Bond Anticipation Notes | | | 77,000.00 |
| Bond Anticipation Notes Issued | | | 257,000.00 |
| Due from Sewer Utility Capital Fund: | | | |
| Interest Income | | 15,454.15 | |
| Reserve for Payment of Debt Service | | 5,000.00 | |
| Due to Sewer Utility Operating Fund: | | | |
| Interest Income | | | 15,487.67 |
| | | 1,027,014.14 | 359,487.67 |
| | | 1,665,215.52 | 774,691.44 |
| Decreased by Disbursements: | | | |
| 2025 Appropriation Expenditures | | 1,118,444.07 | |
| 2024 Appropriation Reserves | | 3,063.37 | |
| Interest on Notes | | 14,195.06 | |
| Bond Anticipation Notes Matured | | | 334,000.00 |
| Improvement Authorizations | | | 893.00 |
| Due to Sewer Utility Operating Fund: | | | |
| Interest Income | | | 15,454.15 |
| Reserve for Payment of Debt Service | | | 5,000.00 |
| | | 1,135,702.50 | 355,347.15 |
| Balance December 31, 2025 | E | \$ 529,513.02 | \$ 419,344.29 |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

| Ordinance No. | General Improvements | Receipts | | | | Disbursements | | | | Balance Dec 31, 2025 | | |
|---------------|---|-------------------------|-----------------------|---------------|-------------------------|----------------------------|---------------|----------------|--------------|----------------------|--------------|-----------|
| | | Bond Anticipation Notes | Budget Appropriations | Miscellaneous | Bond Anticipation Notes | Improvement Authorizations | Miscellaneous | Transfers From | To | | | |
| | Capital Fund Balance | | | | | | | | | | | |
| | Capital Improvement Fund | \$ 52,902.38 | \$ 10,000.00 | | | | \$ 20,000.00 | | | \$ 52,902.38 | | |
| | Due Sewer Utility Operating Fund | 30,589.68 | 77,000.00 | \$ 15,487.67 | | | 77,000.00 | | | 20,589.68 | | |
| | Reserve for Connection Fees | 286,885.00 | | | | | | \$ 15,454.15 | | 33.52 | | |
| | Reserve for Preliminary Expenses | 265.00 | | | | | | 5,000.00 | | 281,885.00 | | |
| | | | | | | | | | | 265.00 | | |
| | Ordinance No. | | | | | | | | | | | |
| | General Improvements | | | | | | | | | | | |
| 12-16 | Improvement of the Sanitary Sewerage System | 3,686.19 | | | | | | | | | | 3,686.19 |
| 18-10 | Various Improvements | 21,117.90 | \$ 233,350.00 | | \$ 303,128.00 | | | | | | \$ 69,778.00 | 21,117.90 |
| 19-03 | Various Improvements | 19,757.62 | 10,740.00 | | 15,084.00 | \$ 893.00 | | | | | 4,344.00 | 18,864.62 |
| 20-01 | Acquisition of New and Additional Vehicular Equipment | | 12,910.00 | | 15,788.00 | | | | | | 2,878.00 | |
| 25-14 | Purchase of Equipment | | | | | | | | | 20,000.00 | | 20,000.00 |
| | | \$ 415,203.77 | \$ 87,000.00 | \$ 15,487.67 | \$ 334,000.00 | \$ 893.00 | \$ 97,000.00 | \$ 20,454.15 | \$ 97,000.00 | \$ 419,344.29 | | |

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

| | <u>Ref.</u> | |
|------------------------------------|-------------|---------------|
| Balance December 31, 2024 | E | \$ 116,965.27 |
| Increased by: | | |
| 2025 Sewer Charges Levied | | 991,670.87 |
| | | 1,108,636.14 |
| Decreased by: | | |
| Transferred to Sewer Utility Liens | \$ | 1,056.00 |
| Overpayments Applied | | 2,708.14 |
| Collections | | 978,718.61 |
| | | 982,482.75 |
| Balance December 31, 2025 | E | \$ 126,153.39 |

E-8A

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER UTILITY LIENS
YEAR ENDED DECEMBER 31, 2025

| | <u>Ref.</u> | |
|--|-------------|-------------|
| Balance December 31, 2024 | E | \$ 782.14 |
| Increased by: | | |
| Transfer from Consumer Accounts Receivable | | 1,056.00 |
| | | 1,838.14 |
| Balance December 31, 2025 | E | \$ 1,838.14 |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

| | <u>Balance</u> <u>Dec 31, 2024</u> | <u>Balance</u> <u>Dec 31, 2025</u> |
|--|---------------------------------------|---------------------------------------|
| Sanitary Sewer System Ordinances: Sanitary Sewerage Collection System | \$ 1,116,217.74 | \$ 1,116,217.74 |
| Improvement to Sanitary Sewerage Collection System | 2,549,240.90 | 2,549,240.90 |
| Purchase New Sewer Equipment | 8,500.00 | 8,500.00 |
| Sewer System Extension Work | 35,000.00 | 35,000.00 |
| Purchase of Storage Shed | 3,000.00 | 3,000.00 |
| Purchase and Installation of Gate Closing Equipment | 2,500.00 | 2,500.00 |
| Improvement of Sewer System | 591,427.54 | 591,427.54 |
| Computer Equipment | 5,500.00 | 5,500.00 |
| Purchase of Sewer Equipment | 17,228.93 | 17,228.93 |
| Purchase of Various Vehicles | 252,236.38 | 252,236.38 |
| Acquisition of Sewer Cameras | 85,000.00 | 85,000.00 |
| Purchase of Backhoe Pallet Attachment | 2,500.00 | 2,500.00 |
| Purchase and Installation of New Generator | 32,104.30 | 32,104.30 |
| Purchase of Radio Read Units and Touchpads | 40,000.00 | 40,000.00 |
| Acquisition of New and Additional Equipment | 104,573.28 | 104,573.28 |
| Acquisition of New and Additional Vehicular Equipment | <u>28,078.39</u> | <u>28,078.39</u> |
| | <u>\$ 4,873,107.46</u> | <u>\$ 4,873,107.46</u> |

Ref.

E

E

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>Improvement Description</u> | <u>No.</u> | <u>Ordinance</u> <u>Date</u> | <u>Amount</u> | <u>Balance</u> <u>Dec 31, 2024</u> | <u>2025</u> <u>Authorizations</u> | <u>Balance</u> <u>Dec 31, 2025</u> |
|---|------------|---------------------------------|---------------|---------------------------------------|--------------------------------------|---------------------------------------|
| Improvement of the Sanitary Sewerage System | 12-16 | 6/26/12 | \$ 60,000.00 | \$ 60,000.00 | | \$ 60,000.00 |
| Various Improvements | 18-10 | 5/8/18 | 688,525.00 | 671,982.03 | | 671,982.03 |
| Various Improvements | 19-03 | 2/19/19 | 38,000.00 | 38,000.00 | | 38,000.00 |
| Purchase of Equipment | 25-14 | 6/24/25 | 20,000.00 | <u> </u> | <u>\$ 20,000.00</u> | <u>20,000.00</u> |
| | | | | <u>\$ 769,982.03</u> | <u>\$ 20,000.00</u> | <u>\$ 789,982.03</u> |
| | | | <u>Ref.</u> | E | | E |

BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

| | Balance Dec 31, 2024 | Balance After Modification | Paid or Charged | Balance Lapsed |
|---|-------------------------|----------------------------------|--------------------|-------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 5,584.96 | \$ 5,584.96 | | \$ 5,584.96 |
| Other Expenses | 32,803.25 | 32,803.25 | \$ 3,063.37 | 29,739.88 |
| Capital Improvements: | | | | |
| Capital Outlay | 3,277.00 | 3,277.00 | | 3,277.00 |
| Deferred Charges and Statutory Expenditures: | | | | |
| Social Security System (O.A.S.I.) | 587.76 | 587.76 | | 587.76 |
| | \$ 42,252.97 | \$ 42,252.97 | \$ 3,063.37 | \$ 39,189.60 |

Analysis of Balance December 31, 2024

| | | |
|--------------|-------------|--------------|
| | <u>Ref.</u> | |
| Unencumbered | E | \$ 41,374.44 |
| Encumbered | E | 878.53 |
| | | \$ 42,252.97 |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord. No. | Improvement Description | Ordinance Date | Ordinance Amount | Balance Dec. 31, 2024 | | Paid or Charged | 2025 Authorizations | | Balance Dec. 31, 2025 | |
|----------|---|----------------|------------------|-----------------------|---------------------|------------------|---------------------|---------------------|-----------------------|---------------------|
| | | | | Funded | Unfunded | | Improvement Fund | Capital | Funded | Unfunded |
| 12-16 | Improvement of Sanitary Sewerage System | 6/26/12 | \$ 60,000.00 | \$ 3,686.19 | | | | \$ 3,686.19 | | |
| 18-10 | Various Improvements | 5/8/18 | 688,525.00 | | \$ 21,117.90 | | | | | \$ 21,117.90 |
| 19-03 | Various Improvements | 2/19/19 | 38,000.00 | 4,673.62 | 15,084.00 | \$ 893.00 | | | 8,124.62 | 10,740.00 |
| 25-14 | Purchase of Equipment | 6/24/25 | 20,000.00 | | | | \$ 20,000.00 | | 20,000.00 | |
| | | | | <u>\$ 8,359.81</u> | <u>\$ 36,201.90</u> | <u>\$ 893.00</u> | <u>\$ 20,000.00</u> | <u>\$ 31,810.81</u> | <u>\$ 31,810.81</u> | <u>\$ 31,857.90</u> |

Ref. E E E

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | |
|--|-------------|-------------------------------|
| Balance December 31, 2024 | E | \$ 30,589.68 |
| Increased by: | | |
| Due from Sewer Utility Operating Fund - 2025 Budget Appropriation | | <u>10,000.00</u> 40,589.68 |
| Decreased by: | | |
| Appropriated to Finance Improvement Authorizations | | <u>20,000.00</u> |
| Balance December 31, 2025 | E | <u><u>\$ 20,589.68</u></u> |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>Ref.</u> | |
|---|-------------|------------------------|
| Balance December 31, 2024 | E | \$ 4,917,319.46 |
| Increased by: | | |
| Paid by Sewer Utility Operating Budget: | | |
| Bond Anticipation Notes | | <u>2,878.00</u> |
| Balance December 31, 2025 | E | <u>\$ 4,920,197.46</u> |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| <u>Ord. No.</u> | <u>Improvement Description</u> | <u>Date of Ordinance</u> | <u>Balance Dec 31, 2024</u> | <u>2025 Authorizations</u> | <u>Funded by Budget Appropriation</u> | <u>Balance Dec 31, 2025</u> |
|---------------------|--------------------------------|------------------------------|---------------------------------|--------------------------------|---|---------------------------------|
| 18-10 | Various Improvements | 5/8/2018 | \$ 368,854.03 | | \$ 69,778.00 | \$ 438,632.03 |
| 19-03 | Various Improvements | 2/19/2019 | 22,916.00 | | 4,344.00 | 27,260.00 |
| 25-14 | Purchase of Equipment | 6/24/2025 | | \$ 20,000.00 | | 20,000.00 |
| | | | <u>\$ 391,770.03</u> | <u>\$ 20,000.00</u> | <u>\$ 74,122.00</u> | <u>\$ 485,892.03</u> |
| | <u>Ref.</u> | | E | | | E |

BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| Ord. No. | Improvement Description | Issue of Original Note | Date of | | Interest Rate | Balance Dec 31, 2024 | Issued | Matured | Balance Dec 31, 2025 |
|----------|------------------------------------|------------------------|-----------|-----------|---------------|------------------------------|---------------|---------------|----------------------|
| | | | Issue | Maturity | | | | | |
| 18-10 | Various Improvements | 5/21/2019 | 4/25/2024 | 4/25/2025 | 4.25% | \$ 303,128.00 | \$ 233,350.00 | \$ 303,128.00 | \$ 233,350.00 |
| | | | 4/17/2025 | 4/17/2026 | 4.00% | | | | |
| 19-03 | Various Improvements | 5/21/2019 | 4/25/2024 | 4/25/2025 | 4.25% | 15,084.00 | 10,740.00 | 15,084.00 | 10,740.00 |
| | | | 4/17/2025 | 4/17/2026 | 4.00% | | | | |
| 20-01 | Acquisition of Vehicular Equipment | 5/19/2021 | 4/25/2024 | 4/25/2025 | 4.25% | 15,788.00 | 12,910.00 | 15,788.00 | 12,910.00 |
| | | | 4/17/2025 | 4/17/2026 | 4.00% | | | | |
| | | | | | | \$ 334,000.00 | \$ 257,000.00 | \$ 334,000.00 | \$ 257,000.00 |
| | | | | | | \$ 334,000.00 | \$ 257,000.00 | \$ 334,000.00 | \$ 257,000.00 |
| | | | | | | Ref. | E | E | E |
| | | | | | | Renewed | \$ 257,000.00 | \$ 257,000.00 | \$ 257,000.00 |
| | | | | | | Paid by Budget Appropriation | 77,000.00 | 77,000.00 | 77,000.00 |
| | | | | | | \$ 257,000.00 | \$ 257,000.00 | \$ 334,000.00 | \$ 334,000.00 |
| | | | | | | \$ 257,000.00 | \$ 257,000.00 | \$ 334,000.00 | \$ 334,000.00 |

BOROUGH OF STANHOPE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF STANHOPE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2025

| Agency or Department / Cluster Title | Name of Federal Agency | Name of Program | Assistance Listing Number | Project Number/ State Account Number | Grant Period | | Grant Award | Amount Received | Amount of Expenditures | Cumulative Expenditures | Amount Provided to Subrecipients |
|--|---|----------------------|---------------------------|---|--------------|----------|---------------|-----------------|------------------------|-------------------------|----------------------------------|
| | | | | | From | To | | | | | |
| U.S. Environmental Protection Agency | Capitalization Grants for Drinking Water State Revolving Fund - Regional Water STAG | Drinking Water Grant | 66.468 | N/A | 01/01/22 | 12/31/26 | \$ 677,000.00 | \$ 24,887.13 | \$ 49,580.98 | \$ 677,000.00 | |
| Total U.S. Environmental Protection Agency | | | | | | | | | | | |
| U.S. Department of Treasury (Passed through New Jersey Department of Community Affairs) | COVID-19 - American Rescue Plan Firefighter Grant | | 21.027 | 100-022-8030-689-04618 | 03/03/21 | 12/31/26 | 50,000.00 | 49,580.98 | \$ 49,580.98 | 49,580.98 | |
| | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | | 21.027 | 100-022-8030-687-046010 | 03/03/21 | 12/31/25 | 346,034.24 | 49,580.98 | 40,600.26 | 346,034.24 | |
| Total Department of Treasury | | | | | | | | | | | |
| | | | | | | | | \$ 74,468.11 | \$ 90,181.24 | \$ 1,072,615.22 | \$ -0- |
| Total Federal Awards | | | | | | | | | | | |
| N/A - Not Applicable/Not Available | | | | | | | | | | | |

BOROUGH OF STANHOPE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2025

| Name of State Agency or Department | Name of Program | Program No./ State Account Number | Grant Period | | Grant Award | Amount Received | Amount of Expenditures | Cumulative Expenditures |
|--|--|-----------------------------------|--------------|----------|---------------|-----------------|------------------------|-------------------------|
| | | | From | To | | | | |
| Department of Law and Public Safety | Safe and Secure Communities Program | 100-066-1020- | 01/01/24 | 12/31/25 | \$ 27,300.00 | \$ 12,228.12 | \$ 12,228.12 | \$ 27,300.00 |
| | | 232-YCJF-6120 | 01/01/25 | 12/31/26 | 15,990.63 | 15,990.63 | 10,346.88 | 10,346.88 |
| | | | | | 28,218.75 | 22,575.00 | 37,646.88 | |
| | Drunk Driving Enforcement Fund | 100-078-6400-YYYY | 01/01/14 | 12/31/25 | 1,965.65 | 1,538.99 | 1,538.99 | 1,965.65 |
| | | | 01/01/15 | 12/31/25 | 3,018.14 | 3,018.14 | 3,018.14 | 3,018.14 |
| | | | 01/01/16 | 12/31/25 | 2,070.45 | 2,070.45 | 2,070.45 | 2,070.45 |
| | | | 01/01/17 | 12/31/25 | 1,609.38 | 1,609.38 | 1,609.38 | 1,609.38 |
| | | | 01/01/18 | 12/31/26 | 2,094.96 | 770.04 | 770.04 | 770.04 |
| | | | | | | 9,007.00 | 9,433.66 | 9,433.66 |
| | Body Armor Replacement Fund | 718-066-1020-001 YCJF-6120 | 01/01/22 | 12/31/25 | 826.82 | 609.06 | 609.06 | 826.82 |
| | | | 01/01/23 | 12/31/26 | 983.46 | 883.34 | 883.34 | 883.34 |
| | | | | | | 1,492.40 | 1,710.16 | 1,710.16 |
| | Total Department of Law and Public Safety | | | | 28,218.75 | 33,074.40 | 48,790.70 | 48,790.70 |
| Department of Environmental Protection | Clean Communities Program | 765-042-4900 | 01/01/20 | 12/31/25 | 7,471.37 | 4,535.96 | 4,535.96 | 7,471.37 |
| | | 004-V42Y-6020 | 01/01/21 | 12/31/26 | 7,951.51 | 374.04 | 374.04 | 374.04 |
| | | | 01/01/25 | 12/31/26 | 10,208.49 | 10,208.49 | 10,208.49 | 10,208.49 |
| | | | | | 10,208.49 | 4,910.00 | 7,845.41 | |
| | Recycling Tonnage Grant | 752-042-4900-001-V42Y-6020 | 01/01/25 | 12/31/25 | 3,203.52 | 3,203.52 | 3,203.52 | 3,203.52 |
| | | | | | 3,203.52 | 3,203.52 | 3,203.52 | 3,203.52 |
| | Total Department of Environmental Protection | | | | 13,412.01 | 8,113.52 | 11,048.93 | 11,048.93 |
| Department of Transportation | Main Street Roadway Improvements | 480-078-6320-APS-606284 | 01/01/25 | 12/31/26 | 142,524.00 | 106,893.00 | 11,885.00 | 11,885.00 |
| | | | | | | | | |
| | Various Roadway Improvements | N/A | 01/01/24 | 12/31/26 | 201,830.00 | | 111,691.70 | 111,691.70 |
| | Total Department of Transportation | | | | 106,893.00 | 123,576.70 | 123,576.70 | 123,576.70 |
| | Total State Awards | | | | \$ 148,523.76 | \$ 164,764.62 | \$ 183,416.33 | \$ 183,416.33 |

N/A - Not Applicable/Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF STANHOPE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2025

Note A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state grant activity of the Borough of Stanhope under programs of the federal and state governments for the year ended December 31, 2025. 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 New Jersey's OMB Circular 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note D. STATE LOANS OUTSTANDING

The Borough of Stanhope has the following loans outstanding as of December 31, 2025:

| | |
|---|----------------------|
| NJ Environmental Infrastructure Loan Payable #1 | \$ 522,017.05 |
| NJ Environmental Infrastructure Loan Payable #2 | <u>219,904.08</u> |
| | <u>\$ 741,921.13</u> |

The project which relates to the loans is complete and the Borough is in the process of repaying the loan balance.

Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Stanhope
Stanhope, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“the Division”), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Stanhope, in the County of Sussex (the "Borough") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements and have issued our report thereon dated May 12, 2026. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 Borough’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2025-001, that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Borough Council
Borough of Stanhope
Stanhope, New Jersey
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's 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*.

The Borough's Response to the Finding


Government Auditing Standards requires the auditor to perform limited procedures on the Borough's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Mount Arlington, New Jersey
May 12, 2026

NISIVOCIA LLP



Raymond A. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 563

BOROUGH OF STANHOPE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey OMB's Circular 25-12 for the year ended December 31, 2025 as both the state and federal grant expenditures were less than the single audit thresholds of \$1,000,000 identified in the Uniform Guidance and NJ-OMB 25-12.

Findings and Questioned Costs For Federal Awards

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs For State Awards

- Not applicable since state expenditures were below the single audit threshold.

BOROUGH OF STANHOPE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025
 (Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2025-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger including recording cash receipts and disbursements for the various funds as well as the preparation of payroll are performed by one person with limited oversight review.

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation:

The Borough maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.

Management's Response:

The Borough's segregation of duties finding has been evaluated. However, due to budgetary constraints, no resolution can be made at this time.

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

The Borough's one finding 2024-001 noted during 2024 regarding segregation of duties was not resolved due to budgetary constraints during 2025 and is reported in schedule of findings and responses as finding 2025-001.

BOROUGH OF STANHOPE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 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 therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 through June 30, 2025, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2025 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$53,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Borough of Stanhope has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes, utility charges or assessments on or before the date when they would become delinquent.

On January 7, 2025, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500.00 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500.00. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000 at December 31.

It appears from an examination of the Tax Collector's and the Utility Collector's records on a test basis that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 28, 2025 and was complete.

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

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2025 | 13 |
| 2024 | 12 |
| 2023 | 12 |

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

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough currently complies with the accounting requirements.

BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS
(Continued)

Federal and State Grants

The Chief Financial Officer has made a great effort over the last couple of years to continually review grant balances, however there still remains a number of appropriated grant reserves in the Current Fund as of December 31, 2025. It appears as though some of these awards may have exceeded the designated grant period under the terms of the original grant agreement. The Borough also has large receivables from the New Jersey Department of Transportation. It is recommended that the Borough continue to review and determine if appropriated grant balances, and offsetting receivables should be cancelled or expended and the collection of receivables be pursued.

Management Response

The Chief Financial Officer will continue to review and evaluate what action can be taken relative to grant balances.

Purchase Orders

During our audit, it was noted that not all purchase orders are approved prior to the order of goods or services. It is recommended that all purchase orders be approved prior to the order of goods or services.

Management Response

The Borough will make every effort to ensure that all purchase orders are approved prior to the order of goods or services.

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2026

GASB Statement No. 104, Disclosure of Certain Capital Assets

Standard requires lease assets as well as subscription assets to be disclosed separately in the capital assets note disclosures. The standard also requires a disclosure for capital assets held for sale where it is probable that the sale will be finalized within one year of the financial statement date.

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2027

GASB Statement No. 105, Subsequent Events

Standard will improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and specifying the information items that are required to be disclosed about subsequent events.

Status of Prior Year Recommendations

Recommendations #1, #2, and #3 from the 2024 Audit Report have not been fully resolved and are included in the current year recommendations and are in the process of being implemented, where possible.

BOROUGH OF STANHOPE
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Borough maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.
2. The Borough continue to review and determine if appropriated grant balances, and offsetting receivables should be cancelled or expended and the collection of Department of Transportation receivables be pursued.
3. The Borough approves all purchase orders prior to the order of goods or services.

* * * * *