

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY**

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

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TABLE OF CONTENTS**

YEAR ENDED DECEMBER 31, 2025

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Schedules Performed in Accordance with Government Auditing Standards		5
Basic Financial Statements - Regulatory Basis:		
<u>Current Fund</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	A	9
Statements of Operations and Changes in Fund Balance - Regulatory Basis	A-1	11
Statement of Revenues - Regulatory Basis	A-2	12
Statement of Expenditures - Regulatory Basis	A-3	15
<u>Trust Fund</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	B	23
Statement of Fund Balance - Recreation Commission - Regulatory Basis	B-1	24
<u>General Capital Fund</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	C	25
Statement of Fund Balance - Regulatory Basis	C-1	26
<u>General Fixed Assets Account Group</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	D	27
<u>Notes to Financial Schedules</u>		31

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TABLE OF CONTENTS**

YEAR ENDED DECEMBER 31, 2025

	<u>Exhibit</u>	<u>Page</u>
<u>Supplementary Schedules:</u>		
<u>Current Fund</u>		
Schedule of Cash Receipts and Disbursements - Treasurer	A-4	69
Schedule of Due From/(To) State of New Jersey - Senior Citizens' and Veterans' Deductions	A-5	71
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	72
Schedule of Sewer Fees Receivable	A-7	73
Schedule of Revenue Accounts Receivable	A-8	74
Schedule of Due to Trust - Other Fund	A-9	75
Schedule of 2024 Appropriation Reserves	A-10	76
Schedule of Accounts Payable	A-11	80
Schedule of Due to State of New Jersey - Marriage Licenses	A-12	81
Schedule of Due to State of New Jersey - U.C.C. Fees	A-13	82
Schedule of Prepaid Taxes	A-14	83
Schedule of Tax Overpayments	A-15	84
Schedule of Sewer Fee Overpayments	A-16	85
Schedule of Drive-In Sanitation Overpayments	A-17	86
Schedule of County Taxes Payable	A-18	87
Schedule of Local School Taxes Payable	A-19	88
Schedule of Regional High School Taxes Payable	A-20	89
Schedule of Investment in BAN's	A-21	90
Schedule of Due from Rumson Board of Education	A-22	91
Schedule of Due from Rumson Fair Haven Board of Education	A-23	92
Schedule of Due from Police Outside Employment	A-24	93
Schedule of Reserve for Tax Appeals	A-25	94
Schedule of Due To/(From) Capital Fund	A-26	95
Schedule of Due (From) Current Fund	A-27	96
Schedule of State Grants Receivable	A-28	97
Schedule of Reserve for Grant Expenditures - Appropriated	A-29	98
Schedule of Reserve for Grant Expenditures - Unappropriated	A-30	99
 <u>Trust Fund</u>		
Schedule of Cash Receipts and Disbursements - Treasurer	B-2	103
Schedule of Reserve for Dog Fund Expenditures	B-3	104
Schedule of Due to State of New Jersey - Dog Licenses	B-4	105
Schedule of Interfunds - Animal Control	B-5	106
Schedule of Reserve for Various Trust Funds	B-6	107
Schedule of Reserve for Special Assessment	B-7	108
Schedule of Payroll Deductions Payable	B-8	109
Schedule of Due To/(From) Current Fund	B-9	110
Schedule of Investments - Length of Service Awards Program Fund	B-10	111
Schedule of Due from Current Fund - Length of Service Awards Program Fund	B-11	112
Schedule of Miscellaneous Reserves - Length of Service Awards Program Fund	B-12	113

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TABLE OF CONTENTS**

YEAR ENDED DECEMBER 31, 2025

	<u>Exhibit</u>	<u>Page</u>
<u>General Capital Fund</u>		
Schedule of Cash Receipts and Disbursements - Treasurer	C-2	117
Schedule of Analysis of General Capital Fund Cash and Investments	C-3	118
Schedule of Due (To) State of New Jersey	C-4	119
Schedule of Deferred Charges to Future Taxation - Funded	C-5	120
Schedule of Deferred Charges to Future Taxation - Unfunded	C-6	121
Schedule of Serial Bonds Payable	C-7	122
Schedule of Bond Anticipation Notes Payable	C-8	123
Schedule of Green Acres Loan Payable	C-9	124
Schedule of Improvement Authorizations	C-10	125
Schedule of Retained Percentage Due to Contractors	C-11	126
Schedule of Capital Improvement Fund	C-12	127
Schedule of Due From Current Fund	C-13	128
<u>General Fixed Assets Account Group</u>		
Schedule of General Fixed Assets	D-1	131

PART II

<u>Schedule of Financial Statement Findings - Government Auditing Standards</u>		
Schedule of Financial Statement Findings		135
Summary Schedule of Prior Year Audit Findings		136

PART III

<u>Letter of Comments and Recommendations - Regulatory Basis</u>		
Officials in Office and Surety Bonds		139
General Comments		141
Other Comments (Findings)		142
Acknowledgment		143

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the various funds and account group of the Borough of Rumson, which comprise the statements of assets, liabilities, reserves and fund balance – regulatory basis as of December 31, 2025 and 2024, and the related statement of operations and changes in fund balance – regulatory basis for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2025, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the Borough of Rumson, as of December 31, 2025 and 2024, and the results of its operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis, statements of expenditures – regulatory basis for the year ended December 31, 2025, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Rumson, as of December 31, 2025 and 2024, or the results of its operations and changes in fund balance for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

- Exercise professional 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(s) relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Rumson's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Rumson'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 that collectively comprise the Borough of Rumson's basic financial statements. The accompanying supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2026, on our consideration of the Borough of Rumson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Rumson's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Rumson's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
May 7, 2026

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Borough of Rumson, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough of Rumson basic financial statements, and have issued our report thereon dated May 7, 2026. Our report indicated that the Borough of Rumson's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Rumson'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 of Rumson's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Rumson's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Rumson's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough of Rumson's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.



Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
May 7, 2026

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF RUMSON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024**

	REFERENCE	<u>2025</u>	<u>2024</u>
ASSETS			
Current Fund:			
Cash	A-4	\$ 20,786,084.29	\$ 15,995,995.46
Change Fund	A	400.00	300.00
Investment in BAN's	A-21	4,500,000.00	5,080,952.00
Due from State of NJ - Homestead Rebate	A	1.00	1.00
Subtotal Current Fund		<u>25,286,485.29</u>	<u>21,077,248.46</u>
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-6	352,613.75	380,464.78
Sewer Fees Receivable	A-7	23,503.13	34,431.85
Revenue Accounts Receivable	A-8	5,286.90	28,175.00
Due From Rumson Board of Education	A-22	33,497.78	7,498.98
Due from Rumson Fair Haven Board of Education	A-23	8,788.39	4,270.00
Due from Police Outside Employment	A-24	-	61,965.00
Due From Animal Control Fund	A	4,136.16	7,782.75
Due From General Capital Fund	A-26	-	2,998,457.00
Due From Trust - Other Fund	A-9	-	31,412.50
Due From Recreation Fund	A	-	23,730.28
Total Receivables & Other Assets With Full Reserves		<u>427,826.11</u>	<u>3,578,188.14</u>
Total Current Fund		<u>25,714,311.40</u>	<u>24,655,436.60</u>
State and Federal Grant Funds:			
Due From Current Fund	A-27	244,168.97	185,821.14
Grants Receivable	A-28	23,877.72	84,439.04
Total State & Federal Grants		<u>268,046.69</u>	<u>270,260.18</u>
Total Assets		<u>\$ 25,982,358.09</u>	<u>\$ 24,925,696.78</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024**

	REFERENCE	<u>2025</u>	<u>2024</u>
LIABILITIES RESERVES & FUND BALANCE			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 1,929,199.64	\$ 1,868,832.68
Encumbrances Payable	A-3	427,859.13	428,966.91
Accounts Payable	A-11	189,898.99	239,899.97
Due To State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-5	10,108.03	10,108.03
Marriage Licenses	A-12	125.00	-
U.C.C. Fees	A-13	9,655.00	-
Lead Hazardous Control Fund	A	40.00	340.00
Prepaid Taxes	A-14	796,463.53	500,266.03
Tax Overpayments Payable	A-15	4,501.38	412,687.16
Sewer Fee Overpayments	A-16	15,791.57	24,964.90
Drive-In Sanitation Overpayments	A-17	800.00	802.99
County Taxes Payable	A-18	68,553.39	76,598.68
Local School District Tax Payable	A-19	5,840,386.79	5,840,386.79
Regional High School Tax Payable	A-20	5,412,495.11	5,412,495.11
Due To:			
Grant Fund	A	244,168.97	185,821.14
Reserve for:			
Tax Appeals	A-25	<u>250,000.00</u>	<u>250,000.00</u>
Subtotal Current Fund		<u>15,200,046.53</u>	<u>15,252,170.39</u>
Reserve for Receivables & Other Assets	A	427,826.11	3,578,188.14
Fund Balance	A-1	<u>10,086,438.76</u>	<u>5,825,078.07</u>
Total Current Fund		<u>25,714,311.40</u>	<u>24,655,436.60</u>
State & Federal Grant Funds:			
Encumbrance Payable	A-29	106.04	24,938.22
Reserve for Federal & State Grants:			
Appropriated Reserves	A-29	267,940.65	243,748.01
Unappropriated Reserves	A-30	-	1,573.95
Total State & Federal Grants		<u>268,046.69</u>	<u>270,260.18</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 25,982,358.09</u>	<u>\$ 24,235,317.59</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 2,800,000.00	\$ 2,635,000.00
Miscellaneous Revenue Anticipated	5,260,528.65	5,082,664.87
Receipts From Delinquent Taxes	380,464.78	410,021.40
Receipts From Current Taxes	63,278,384.60	61,241,599.47
Non-Budget Revenue	140,324.12	89,055.26
Cancellation of:		
Unexpended Balances of Appropriation Reserves	1,890,884.78	1,700,935.15
Adjustment for Rumson BOE	-	10,420.00
Grant Cancellations	731.81	-
Statutory Excess-Animal Control	4,136.16	3,699.95
Interfunds Returned	3,053,599.78	-
	<hr/>	<hr/>
Total Revenues	76,809,054.68	71,173,396.10
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	6,143,446.00	1,893,305.00
Other Expenses	9,308,529.31	13,034,070.16
Capital Improvements	2,812,419.85	2,718,292.00
Municipal Debt Service	1,399,594.29	1,031,707.28
Deferred Charges and Statutory		
Expenditures	1,557,728.35	1,513,980.00
County Taxes	12,628,507.79	11,739,739.14
County Share of Added Taxes	68,553.27	76,598.68
Local School District Tax	20,702,035.00	19,876,527.00
Regional High School Tax	15,093,397.00	15,364,537.00
Prior Year Refunds	2,965.94	333.11
Interfunds Advanced	30,517.19	3,053,774.73
	<hr/>	<hr/>
Total Expenditures	69,747,693.99	70,302,864.10
Statutory Excess To Fund Balance	7,061,360.69	870,532.00
Fund Balance, January 1	5,825,078.07	7,589,546.07
	<hr/>	<hr/>
	12,886,438.76	8,460,078.07
Decreased By:		
Utilization as Anticipated Revenue	2,800,000.00	2,635,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 10,086,438.76	\$ 5,825,078.07

The accompanying Notes to the Financial Statements are an integral part of this Statement.

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Anticipated <u>Budget</u>	Special <u>N.J.S. 40A:4-87</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Surplus Anticipated	\$ 2,800,000.00	\$ -	\$ 2,800,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	27,500.00	-	27,500.00	-
Fees and Permits:				
Other	150,000.00	-	223,284.62	73,284.62
Fines and Costs:				
Municipal Court	24,000.00	-	53,936.57	29,936.57
Interest and Cost on Taxes	100,000.00	-	118,065.17	18,065.17
Interest on Investments and Deposits	800,000.00	-	1,066,075.48	266,075.48
Sewer Service Charges	1,100,000.00	-	1,197,250.36	97,250.36
Cellular Tower Fees	120,000.00	-	136,729.70	16,729.70
Cable Franchise Fees	122,057.00	-	122,058.27	1.27
Energy Receipts Tax	668,551.00	-	668,551.34	0.34
Interlocal - Fair Haven	274,550.81	-	274,550.81	-
Interlocal - Little Silver	205,746.22	-	205,746.22	-
Uniform Construction Code Fees	400,000.00	-	573,891.00	173,891.00
Uniform Fire Safety Act	10,000.00	-	16,852.95	6,852.95
Trash Collection Charges	57,300.00	-	71,000.00	13,700.00
Reserve for COAH - Debt Service	400,000.00	-	400,000.00	-
EMS Contribution	62,014.85	-	62,014.85	-
Clean Communities Grant	23,110.53	-	23,110.53	-
Alcohol Education and Rehabilitation Fund	-	412.66	412.66	-
Police Body Armor Grant	1,573.95	-	1,573.95	-
Drunk Driving Enforcement Grant	5,148.39	-	5,148.39	-
Recycling Tonnage Grant	12,775.78	-	12,775.78	-
Total Miscellaneous Revenues	4,564,328.53	412.66	5,260,528.65	695,787.46
Receipts From Delinquent Taxes	370,000.00	-	380,464.78	10,464.78
Amount To Be Raised By Taxes for Support of Municipal Budget	14,742,795.43	-	16,041,298.65	1,298,503.22
Budget Revenues	22,477,123.96	412.66	24,482,292.08	2,004,755.46
Non-Budget Revenue	-	-	140,324.12	140,324.12
	<u>\$ 22,477,123.96</u>	<u>\$ 412.66</u>	<u>\$ 24,622,616.20</u>	<u>\$ 2,145,079.58</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue From Collections	\$ 63,278,384.60
Allocated To School and County Taxes	<u>48,492,493.06</u>
Balance for Support of Municipal Budget Appropriations	14,785,891.54
Add: Appropriation "Reserve for Uncollected Taxes"	<u>1,255,407.11</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 16,041,298.65</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u>\$ 380,464.78</u>
	<u>\$ 380,464.78</u>

Fees & Permits:

Street Openings	\$ 20,690.50
Grading Plans	27,550.00
Police Department	10,281.37
Boat Launching Permits	40,021.75
Garage Sale Permits	270.00
Marriage Registrar Fees	221.00
Board Application Fees	26,480.00
Vital Statistics	1,750.00
200' List of Names	590.00
Tree Removal Permit	14,430.00
Sewer Disconnect Fees	44,100.00
Zoning Permit Fees	20,080.00
Landscaper Permits	6,795.00
Rental Property Reg.	4,775.00
Television/Movie Productions	<u>5,250.00</u>
	<u>\$ 223,284.62</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Analysis of Realized Revenues (continued):

Analysis of Non-Budget Revenue

NSF Check Fees	\$ 420.00
Interlocal Agreements	3,809.00
Recycling Receipts	18,104.85
Prior Year Budget Refund	508.04
Public Auction	14,282.00
Copy Fees	302.94
Outside Work Admin Fee	65,337.50
Sale of Asset to Oceanport	27,500.00
Other Licenses	8,550.00
Other Miscellaneous Fees	<u>1,509.79</u>
	<u>\$ 140,324.12</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Appropriations			Expended			Reserved	Cancelled
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered			
General Appropriations	\$		\$	\$		\$		
Operations - Within "CAPS"	279,363.00	-	279,363.00	264,815.76	-	14,547.24		
GENERAL GOVERNMENT	195,500.00	-	195,500.00	157,058.69	13,219.98	25,221.33		
General Administration:								
Salaries and Wages	170,213.00	-	170,213.00	145,712.64	-	24,500.36		
Other Expenses	13,000.00	-	13,000.00	10,242.18	500.00	2,257.82		
Elections	4,000.00	-	4,000.00	3,102.00	800.00	98.00		
Financial Administration (Treasury):								
Salaries and Wages	191,501.00	-	186,501.00	180,833.40	-	5,667.60		
Other Expenses	43,000.00	-	48,000.00	41,583.22	4,642.82	1,773.96		
Audit Services:								
Other Expenses	57,000.00	-	57,000.00	56,550.00	1.00	449.00		
Revenue Administration (Tax Collection):								
Salaries and Wages	84,001.00	-	84,001.00	84,000.00	-	1.00		
Other Expenses	18,000.00	-	18,000.00	14,448.10	-	3,551.90		
Tax Assessment Administration:								
Salaries and Wages	66,875.00	-	66,875.00	66,874.80	-	0.20		
Other Expenses	65,000.00	-	65,000.00	10,472.70	78.95	54,448.35		
Records Retention and Disposal:								
Other Expenses	2,500.00	-	2,500.00	-	-	2,500.00		
Legal Services (Legal Department):								
Other Expenses	250,000.00	-	125,000.00	41,705.57	4,746.02	78,548.41		
Engineering Services:								
Salaries and Wages	322,560.00	-	322,560.00	322,559.76	-	0.24		
Other Expenses	125,000.00	-	125,000.00	52,528.51	21,005.00	71,466.49		
Accumulated Leave	6,500.00	-	6,500.00	6,500.00	-	-		

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Appropriations		Expended				
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
LAND USE ADMINISTRATION							
Land Use Development Officer							
Salaries and Wages	118,451.00	-	118,451.00	118,450.08	-	0.92	-
Other Expenses	35,000.00	-	35,000.00	19,052.41	1,245.00	14,702.59	-
INSURANCE							
General Liability	458,505.00	-	458,505.00	450,494.38	-	8,010.62	-
Employee Group Health	2,253,680.00	-	2,253,680.00	2,060,152.07	-	193,527.93	-
WAIVER OF HEALTH INS	50,000.00	-	50,000.00	26,409.52	-	23,590.48	-
PUBLIC SAFETY							
Police Department:							
Salaries and Wages	2,325,000.00	-	2,325,000.00	2,236,605.94	-	88,394.06	-
Other Expenses	190,000.00	-	345,000.00	212,724.30	127,615.25	4,660.45	-
Purchase of Police Vehicles	110,000.00	-	80,000.00	71,913.71	-	8,086.29	-
Police Dispatch/911:							
Salaries and Wages	370,500.00	-	370,500.00	304,261.35	-	66,238.65	-
Annual Charge - 911 System	6,100.00	-	6,100.00	6,011.00	-	89.00	-
Aid To Volunteer Fire Companies:							
Other Expenses	20,000.00	-	20,000.00	20,000.00	-	-	-
Aid To First Aid Organization:							
Salaries and Wages	6,559.00	-	6,559.00	6,558.00	-	1.00	-
Other Expenses	35,000.00	-	35,000.00	19,492.55	4,720.47	10,786.98	-
Aid	10,000.00	-	10,000.00	10,000.00	-	-	-
Uniform Safety Act							
Other Expenses	6,537.00	-	6,537.00	473.34	1,500.00	4,563.66	-
Fire Department:							
Salaries and Wages	11,339.00	-	11,339.00	11,338.08	-	0.92	-
Other Expenses	35,000.00	-	35,000.00	21,744.20	3,785.20	9,470.60	-
Municipal Prosecutor's Office:							
Other Expenses	15,250.00	-	15,250.00	13,890.00	10.00	1,350.00	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Appropriations		Expended			Cancelled
	Original Budget	Special N.J.S. 49A:4-87	Budget After Modification	Expended	Encumbered	
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	1,269,885.00	-	1,269,885.00	1,198,077.38	-	71,807.62
Other Expenses	190,000.00	-	190,000.00	109,040.20	26,944.30	54,015.50
Sewer System:						
Salaries and Wages	105,000.00	-	105,000.00	72,896.56	-	32,103.44
Other Expenses	345,000.00	-	345,000.00	218,914.12	6,226.69	119,859.19
Shade Tree Commission:						
Other Expenses	35,000.00	-	35,000.00	18,414.05	4,498.00	12,087.95
Storm Drain Cleaning	1,000.00	-	1,000.00	-	-	1,000.00
Stormwater Management	1,000.00	-	1,000.00	-	-	1,000.00
Solid Waste Collection:						
Contractual	621,000.00	-	621,000.00	579,375.00	24,750.00	16,875.00
Buildings and Grounds:						
Other Expenses	82,500.00	-	82,500.00	26,011.17	2,735.93	53,752.90
Property Lease	8,800.00	-	8,800.00	7,456.29	-	1,343.71
Vehicle Maintenance (Including Police Vehicles):						
Other Expenses	175,000.00	-	175,000.00	142,776.43	10,463.83	21,759.74
CODE ENFORCEMENT AND ADMINISTRATION						
Construction Code Official:						
Salaries and Wages	272,113.00	-	272,113.00	264,862.08	-	7,250.92
Other Expenses	39,275.00	-	39,275.00	12,723.55	426.46	26,125.19
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health):						
Other Expenses	90,500.00	-	90,500.00	90,297.12	-	202.88
Contractual	1,200.00	-	1,200.00	181.25	46.25	972.50

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Appropriations		Expended				
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
PARK AND RECREATION							
Recreation Services and Programs:							
Salaries and Wages	139,221.00	-	154,221.00	152,105.18	-	2,115.82	-
Other Expenses	20,000.00	(15,000.00)	5,000.00	900.04	101.98	3,997.98	-
Municipal Court:							
Salaries and Wages	70,811.00	-	70,811.00	62,612.58	-	8,198.42	-
Other Expenses	7,500.00	-	7,500.00	3,569.64	56.50	3,873.86	-
Public Defender:							
Other Expenses	2,800.00	-	2,800.00	2,799.96	0.04	-	-
Homeland Security (N.J.S.A. 40A:4-45.3(pp))							
Office of Emergency Management:							
Other Expenses	15,000.00	-	15,000.00	1,500.00	-	13,500.00	-
Board of Health							
Other Expenses	500.00	-	500.00	-	-	500.00	-
Fire Prevention							
Salaries and Wages	5,571.00	-	5,571.00	5,569.68	-	1.32	-
UTILITY EXPENSES AND BULK PURCHASES							
Electricity	185,000.00	-	185,000.00	109,683.18	-	75,316.82	-
Street Lighting	85,000.00	-	85,000.00	56,024.62	351.05	28,624.33	-
Telephonic (excluding telephone acquisition)	45,000.00	-	45,000.00	38,347.22	2,876.02	3,776.76	-
Water	70,000.00	-	70,000.00	54,577.77	-	15,422.23	-
Fire Hydrants	160,000.00	-	167,500.00	153,196.89	14,000.00	303.11	-
Gas (natural or propane)	105,000.00	-	105,000.00	29,692.46	-	75,307.54	-
Gasoline	170,000.00	-	162,500.00	96,214.68	22,550.12	43,735.20	-
Landfill/Solid Waste Disposal Costs	650,000.00	-	650,000.00	533,944.16	76,437.75	39,618.09	-
Total Operations - Within "CAPS"	12,919,610.00	(15,000.00)	12,919,610.00	11,090,321.32	376,334.61	1,452,954.07	-
Contingent	5,000.00	-	5,000.00	-	-	5,000.00	-
Total Operations Including Contingent - Within "CAPS"	12,924,610.00	(15,000.00)	12,924,610.00	11,090,321.32	376,334.61	1,457,954.07	-

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Appropriations		Expended				
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
Detail:							
Salaries and Wages	5,808,963.00	-	5,818,963.00	5,498,133.27	-	62,281.80	-
Other Expenses (Including Contingent)	7,115,647.00	-	7,105,647.00	5,592,188.05	376,334.61	1,395,672.27	-
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"							
Overexpenditure of a Trust Fund - Police Off Duty	11,685.35		11,685.35	11,685.35	-	-	-
STATUTORY EXPENDITURES							
Contribution To:							
Public Employees' Retirement System	470,596.00	-	470,596.00	470,595.12	-	0.88	-
Social Security System (O.A.S.I.)	350,000.00	-	350,000.00	292,304.14	-	57,695.86	-
Police and Firemen's Retirement System	724,297.00	-	724,297.00	724,296.47	-	0.53	-
Defined Contribution Plan	1,150.00	-	1,150.00	-	-	1,150.00	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	1,557,728.35	-	1,557,728.35	1,498,881.08	-	58,847.27	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	14,482,338.35	-	14,482,338.35	12,589,202.40	376,334.61	1,516,801.34	-
Expenditures - Excluded From "CAPS":							
Aid To Oceanic Library (N.J.S.A. 40:34-35)	75,000.00	-	75,000.00	75,000.00	-	-	-
Employee Group Health Insurance	84,320.00	-	84,320.00	84,320.00	-	-	-
Sewer Authority - Share of Cost	1,811,695.00	-	1,811,695.00	1,510,729.18	-	300,965.82	-
LOSAP	51,600.00	-	51,600.00	-	-	51,600.00	-
General Liability	8,495.00	-	8,495.00	8,495.00	-	-	-

BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriations			Expended			Cancelled
	Original Budget	N.J.S. 40A:4-87 Special	Budget After Modification	Expended	Encumbered	Reserved	
Fair Haven Shared Service Agreement:							
Construction Office:							
Salaries and Wages	128,953.00	-	128,953.00	125,293.68	-	3,659.32	-
Other Expenses	19,820.00	-	19,820.00	3,045.26	-	16,774.74	-
Fair Haven Shared Service Agreement:							
Municipal Court							
Salaries and Wages	45,811.00	-	45,811.00	37,600.00	-	8,211.00	-
Other Expenses	4,000.00	-	4,000.00	785.92	24.52	3,189.56	-
Little Silver Shared Service Agreement:							
Construction Office:							
Salaries and Wages	144,149.00	-	144,149.00	140,038.72	-	4,090.28	-
Other Expenses	22,156.00	-	22,156.00	3,269.14	-	18,886.86	-
FH Fire Prevention							
Salaries and Wages	5,570.00	-	5,570.00	5,569.68	-	0.32	-
City of Asbury Park - Rescue Squad Services	21,775.00	-	21,775.00	21,754.60	-	20.40	-
Holmdel Township- Leaf Disposal							
Other Expenses	50,000.00	-	50,000.00	-	50,000.00	-	-
Middletown Township- Animal Control							
Other Expenses	6,000.00	-	6,000.00	4,500.00	1,500.00	-	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Appropriations		Expended				
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
PUBLIC AND PRIVATE PROGRAMS OFFSET							
BY REVENUES							
Matching for Grants	5,000.00	-	5,000.00	-	-	5,000.00	-
Recycling Tonnage Grant	12,775.78	-	12,775.78	-	-	-	-
Clean Communities Program	23,110.53	-	23,110.53	-	-	-	-
Police Body Armor Grant	1,573.95	-	1,573.95	-	-	-	-
Drunk Driving Enforcement	5,148.39	-	5,148.39	-	-	-	-
Alcohol Education Rehab	-	412.66	412.66	-	-	-	-
Total Operations - Excluded From "CAPS"	2,526,952.65	412.66	2,527,365.31	2,063,442.49	51,524.52	412,398.30	-
Detail:							
Salaries and Wages	324,483.00	-	324,483.00	308,522.08	-	15,960.92	-
Other Expenses	2,202,469.65	412.66	2,202,882.31	1,754,920.41	51,524.52	396,437.38	-
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund	2,750,405.00	-	2,750,405.00	2,750,405.00	-	-	-
Purchase of EMS Vehicle	62,014.85	-	62,014.85	62,014.85	-	-	-
Total Capital Improvements - Excluded From "CAPS"	2,812,419.85	-	2,812,419.85	2,812,419.85	-	-	-
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal	540,000.00	-	540,000.00	540,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	700,000.00	-	700,000.00	700,000.00	-	-	-
Interest on Bonds	109,000.00	-	109,000.00	108,588.76	-	-	411.24
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	51,006.00	-	51,006.00	51,005.53	-	-	0.47
Total Municipal Debt Service - Excluded From "CAPS"	1,400,006.00	-	1,400,006.00	1,399,594.29	-	-	411.71

BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended				
	Original Budget	Special N.J.S. 40A:4-87	Budget After Modification	Expended	Encumbered	Reserved	Cancelled
Total General Appropriations - Excluded From "CAPS"	6,739,378.50	412.66	6,739,791.16	6,275,456.63	51,524.52	412,398.30	411.71
Subtotal General Appropriations	21,221,716.85	412.66	21,222,129.51	18,864,659.03	427,859.13	1,929,199.64	411.71
Reserve for Uncollected Taxes	1,255,407.11	-	1,255,407.11	1,255,407.11	-	-	-
Total General Appropriations	\$ 22,477,123.96	\$ 412.66	\$ 22,477,536.62	\$ 20,120,066.14	\$ 427,859.13	\$ 1,929,199.64	\$ 411.71

Analysis of Paid or Charged

Reserve for Uncollected Taxes	\$ 1,255,407.11
Reserve for Grant Expenditures - Appropriated	43,021.31
Cash Disbursements	18,821,637.72
	<u>\$ 20,120,066.14</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024**

ASSETS	REFERENCE	<u>2025</u>	<u>2024</u>
Animal Control Fund:			
Cash	B-2	\$ 23,767.16	\$ 29,691.35
Total Animal Control Fund		<u>23,767.16</u>	<u>29,691.35</u>
Trust - Other Funds			
Cash - Treasurer	B-2	4,593,704.03	4,178,701.71
Deferred Charge - Overexpenditure of Trust Fund	B-6	-	11,685.35
Total Trust Other Fund		<u>4,593,704.03</u>	<u>4,190,387.06</u>
Recreation Commission:			
Cash - Treasurer	B-2	399,803.16	685,389.19
Total Recreation Commission		<u>399,803.16</u>	<u>685,389.19</u>
Length of Service Award Program Fund ("LOSAP"):			
Investments	B-10	1,059,270.63	982,904.12
Total Assets		<u>\$ 6,076,544.98</u>	<u>\$ 5,888,371.72</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ 19,631.00	\$ 21,908.60
Due to Current Fund	B-5	4,136.16	7,782.75
Total		<u>23,767.16</u>	<u>29,691.35</u>
Trust - Other Funds:			
Reserve for:			
Various Trust Funds	B-6	4,591,091.01	4,153,379.70
Special Assessment	B-7	2,613.00	2,613.00
Due To Current Fund	B-9	-	31,412.50
Payroll Deductions Payable	B-8	0.02	2,981.86
Total Trust - Other Funds		<u>4,593,704.03</u>	<u>4,190,387.06</u>
Recreation Commission:			
Due To Current Fund	B	-	23,730.28
Fund Balance	B-1	399,803.16	661,658.91
Total Recreation Commission		<u>399,803.16</u>	<u>685,389.19</u>
Length of Service Award Program Fund ("LOSAP"):			
Miscellaneous Reserves	B-12	1,059,270.63	982,904.12
Total		<u>\$ 6,076,544.98</u>	<u>\$ 5,888,371.72</u>

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

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND - RECREATION COMMISSION
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 661,658.91
Increased By:	
Cash Receipts	<u>393,313.42</u>
	1,054,972.33
Decreased By:	
Cash Disbursements	<u>655,169.17</u>
Balance, December 31, 2025	<u>\$ 399,803.16</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024**

ASSETS	REFERENCE	<u>2025</u>	<u>2024</u>
Cash	C-3	\$ 8,315,513.49	\$ 12,511,486.42
Deferred Charges to Future Taxation:			
Funded	C-5	3,660,250.26	4,250,003.25
Unfunded	C-6	<u>4,500,000.00</u>	<u>5,080,952.00</u>
 Total Assets		 <u>\$ 16,475,763.75</u>	 <u>\$ 21,842,441.67</u>
 LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds Payable	C-7	\$ 3,635,000.00	\$ 4,175,000.00
Bond Anticipation Notes	C-8	4,500,000.00	5,080,952.00
Green Acres Loan Payable	C-9	25,250.26	75,003.25
Due to Current Fund	C-13	-	2,998,457.00
Due to State of New Jersey	C-4	133.00	133.00
Improvement Authorizations:			
Funded	C-10	3,628,119.16	3,906,771.35
Unfunded	C-10	28,815.98	28,815.98
Encumbrances Payable	C-10	1,121,729.16	1,998,723.90
Retained Percentage Due to Contractors	C-11	84.00	84.00
Capital Improvement Fund	C-12	3,389,156.50	3,568,513.50
Reserve for Pay Notes	C	119,048.00	-
Fund Balance	C-1	<u>28,427.69</u>	<u>9,987.69</u>
 Total Liabilities, Reserves & Fund Balance		 <u>\$ 16,475,763.75</u>	 <u>\$ 21,842,441.67</u>

There were Bonds & Notes Authorized but not issued on December 31, 2025 of \$0.00 and on December 31, 2024 was \$0.00.

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 9,987.69
Increased By:	
Cancellation of Improvement Authorizations	<u>18,440.00</u>
Balance, December 31, 2025	<u><u>\$ 28,427.69</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2025 AND 2024**

Assets	REFERENCE	<u>2025</u>	<u>2024</u>
Land	D-1	\$ 4,948,200.00	\$ 4,948,200.00
Buildings	D-1	1,885,215.00	1,885,215.00
Equipment	D-1	8,442,465.30	7,960,342.97
Improvements	D-1	<u>4,400,750.75</u>	<u>4,400,750.75</u>
Total Assets		<u>\$ 19,676,631.05</u>	<u>\$ 19,194,508.72</u>
Fund Balance			
Investment in Fixed Assets	D-1	<u>\$ 19,676,631.05</u>	<u>\$ 19,194,508.72</u>
Total Fund Balance		<u>\$ 19,676,631.05</u>	<u>\$ 19,194,508.72</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Rumson, County of Monmouth, New Jersey ("Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61, 80, 90 and 97, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80, 90 and 97.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost [with the exception of LOSAP investments which may be reported at fair and contract value]. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 1. Summary of Significant Accounting Policies (continued):

Inventories and Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 1. Summary of Significant Accounting Policies (continued):

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Borough of Rumson School District, and the Rumson-Fair Haven Regional High School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Rumson School District and its share of the Rumson-Fair Haven Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and the Borough's share of the regional school district for the period from July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

Reserve for Uncollected Taxes – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 1. Summary of Significant Accounting Policies (continued):

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2025:

- Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Management has determined the implementation of this Statement did not have a significant impact on the Borough’s financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.
- Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- Statement No. 105, *Subsequent Events*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 1. Summary of Significant Accounting Policies (continued):

Management has not yet determined the potential impact these Statements will have on the Borough's financial statements.

Note 2. Deposits and Investments

The Borough is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the

New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2025, the Borough's bank balance of \$34,291,227.71 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 250,000.00
Uninsured and Uncollateralized	<u>34,041,227.71</u>
	<u>\$ 34,291,227.71</u>

Investments

Under the regulatory basis of accounting, investments are measured at cost in the Borough's financial statements. However, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), investments would be reported at fair value (except for fully benefit-responsive investment contracts, which would be reported at contract value). Contract value is the relevant measure for the portion of the Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan.

Investments at Fair Value – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 2. Deposits and Investments (continued):

Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2025, the Borough had no investments held at Level 2 or 3.

Following is a description of the valuation methodologies used for investments measured at fair value.

Bond Anticipation Notes: Valued at the market value of the Notes held by the Borough at year-end.

Money Market Funds: Valued at the quoted NAV of shares held by the Borough at year-end.

Mutual Funds: Valued at quoted market prices which represent the net asset value ("NAV") shares held by the Borough at year-end.

The Borough's fair value, hierarchy level and maturities of its investments at December 31, 2025 was as followed:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2025</u>		<u>Investment Maturities (in</u>
		<u>Level 2</u>	<u>Total</u>	<u>Less Than 1 Year</u>
Bond Anticipation Notes	\$ 4,500,000.00	\$ 4,500,000.00	\$ 4,500,000.00	\$ 4,500,000.00
Money Markets	77,356.35	77,356.35	77,356.35	77,356.35
Mutual Funds	895,507.28	895,507.28	895,507.28	895,507.28
	<u>\$ 5,472,863.63</u>	<u>\$ 5,472,863.63</u>	<u>\$ 5,472,863.63</u>	<u>\$ 5,472,863.63</u>
<u>Fund</u>				
Current Fund	\$ 4,500,000.00	\$ 4,500,000.00	\$ 4,500,000.00	\$ 4,500,000.00
Trust Fund - LOSAP (Fair Value)	972,863.63	972,863.63	972,863.63	972,863.63
	<u>\$ 5,472,863.63</u>	<u>\$ 5,472,863.63</u>	<u>\$ 5,472,863.63</u>	<u>\$ 5,472,863.63</u>

Investments at Contract Value - The Borough held a fully benefit-responsive investment contract with the Lincoln Financial Group (Lincoln) totaling \$86,407.00 as of December 31, 2025. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Borough is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Borough's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Lincoln or the LOSAP Plan and do not define a maturity date.

No events are probable of occurring that might limit the ability of the LOSAP Plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP Plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. The total Trust Fund LOSAP value held by the Borough at December 31, 2025 was as follows:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 2. Deposits and Investments (continued):

	<u>12/31/2025</u>
Trust Fund - LOSAP (Fair Value)	\$ 972,863.63
Trust Fund - LOSAP (Contract Value)	86,407.00
Total Trust Fund - LOSAP	\$ 1,059,270.63

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Borough’s investment policies place no limit in the amount the Borough may invest in any one issuer. More than 5% of the Borough’s investments are in bond anticipation notes and money markets and these investments represent 82.22% of the Borough’s total investments.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tax Rate	\$ 1.049	\$ 1.100	\$ 1.169
Apportionment of Tax Rate:			
Municipal	0.245	0.256	0.275
County	0.210	0.211	0.221
Local School	0.344	0.357	0.378
Regional School	0.250	0.276	0.295

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 3. Property Taxes (continued):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2025	\$ 6,022,566,026.00
2024	5,569,647,204.00
2023	5,117,483,798.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2025	\$ 63,519,159.13	\$ 63,091,761.45	99.32%
2024	61,665,620.34	61,241,599.47	99.31%
2023	60,298,005.87	59,854,214.90	99.26%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2025	\$ -	\$ 352,613.75	\$ 352,613.75	0.56%
2024	-	380,464.78	380,464.78	0.62%
2023	-	415,626.27	415,626.27	0.69%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2025	-
2024	-
2023	-

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 4. Property Acquired By Tax Title Lien Liquidations

The Borough had no properties acquired by liquidation of tax title liens as of December 31, 2025, 2024 or 2023.

Note 5. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and three previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2025	\$ 10,086,438.76	Not Available	N/A
2024	5,825,078.07	2,800,000.00	48.07%
2023	7,589,546.07	2,635,000.00	34.72%

Note 6. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 7. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2025:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 4,136.16	\$ 244,168.97
State and Federal Grant Fund	244,168.97	-
Animal Control Trust	-	4,136.16
	<u>\$ 248,305.13</u>	<u>\$ 248,305.13</u>

The interfund receivables and payables above predominantly resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 7. Interfund Receivables, Payables and Transfers (continued):

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 3,153,255.41	\$ 32,793.24
State and Federal Grant Fund	32,793.24	91,872.88
Animal Control Trust	-	7,782.75
Trust Other Fund	-	31,412.50
Recreation Trust Fund	-	23,730.28
General Capital Fund	-	2,998,457.00
	<u>\$ 3,186,048.65</u>	<u>\$ 3,186,048.65</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2025.

	Balance December 31, <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2025</u>
Land	\$ 4,948,200.00	\$ -	\$ -	\$ 4,948,200.00
Buildings	1,885,215.00	-	-	1,885,215.00
Equipment	7,960,342.97	689,668.46	207,546.13	8,442,465.30
Improvements	4,400,750.75	-	-	4,400,750.75
	<u>\$ 19,194,508.72</u>	<u>\$ 689,668.46</u>	<u>\$ 207,546.13</u>	<u>\$ 19,676,631.05</u>

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for pension obligations for the Public Employees' Retirement System (PERS) for year ended June 30, 2025. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2024.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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 PERS, please refer to Division's annual financial statements, which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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 the fiscal year 2024, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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 will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be 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 will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the Borough's contractually required contribution to PERS plan was \$463,912.

Components of Net Pension Liability - At December 31, 2024, the Borough's proportionate share of the PERS net pension liability was \$4,632,588. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from 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 the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The Borough's proportion measured as of June 30, 2024, was 0.0340931154% which was a decrease of 0.0051222464% from its proportion measured as of June 30, 2023.

Balances at December 31, 2024 and December 31, 2023

	<u>12/31/2024</u>	<u>12/31/2023</u>
	June 30, 2024	June 30, 2023
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 402,718	\$ 532,171
Deferred Inflows of Resources	1,146,553	824,953
Net Pension Liability	4,632,588	5,680,100
 Borough's portion of the Plan's total Net Pension Liability	 0.03409%	 0.03922%

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources - At December 31, 2024, the Borough's proportionate share of the PERS expense/(credit), calculated by the plan as of the June 30, 2024 measurement date is (\$125,869). This expense/(credit) is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$463,912 to the plan in 2024.

At December 31, 2024, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 92,799	\$ 12,333
Changes of Assumptions	5,755	52,708
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	214,800
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	304,164	866,712
	\$ 402,718	\$ 1,146,553

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ (309,198)
2026	39,682
2027	(200,069)
2028	(163,057)
2029	(111,193)
	\$ (743,835)

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 which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, 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 non-employer contributing entity.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements 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 non-employer 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 as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Borough as of December 31, 2024. At December 31, 2024, the State's proportionate share of the PERS expense, associated with the Borough, calculated by the plan as of the June 30, 2024 measurement date was \$14,935.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with updated procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
 Salary Increases:	
	 2.75 - 6.55%
	Based on Years of Service
 Investment Rate of Return	 7.00%

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

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	100.00%	

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

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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 net pension liability calculated using the discount rate as disclosed above, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 6,207,386	\$ 4,632,588	\$ 3,364,624

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

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for pension obligations for the Police and Firemen's Retirement System (PFRS) for year ended June 30, 2025. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2024.

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 PFRS, please refer to the annual financial statements which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if 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 RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Basis of Presentation - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount. 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 PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be 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 will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the Borough’s contractually required contribution to PFRS plan was \$723,087.

Components of Net Pension Liability - At December 31, 2024 the Borough’s proportionate share of the PFRS net pension liability was \$5,398,219. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The Borough’s proportion of the net pension liability was based on the Borough’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2024. The Borough’s proportion measured as of June 30, 2024, was 0.0522749%, which was an increase of 0.00429522% from its proportion measured as of June 30, 2023.

Balances at December 31, 2024 and December 31, 2023

	<u>12/31/2024</u>	<u>12/31/2023</u>
	June 30, 2024	June 30, 2023
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 942,971	\$ 777,236
Deferred Inflows of Resources	1,128,236	1,664,200
Net Pension Liability	5,398,219	5,301,170
Borough's portion of the Plan's total net pension Liability	0.05227%	0.04798%

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

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

Pension Expense/(Credit) and Deferred Outflows/Inflows of Resources – At December 31, 2024, the Borough's proportionate share of the PFRS expense/(credit), calculated by the plan as of the June 30, 2024 measurement date was \$119,747. This expense/(credit) is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$723,087 to the plan in 2024.

At December 31, 2024, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 340,084	\$ 184,805
Changes of Assumptions	8,534	158,537
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	42,251
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	594,353	742,643
	\$ 942,971	\$ 1,128,236

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

Year Ending December 31,	Amount
2025	\$ (291,135)
2026	271,625
2027	(105,276)
2028	(64,773)
2029	1,581
Thereafter	2,713
	\$ (185,265)

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

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 non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements 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 non-employer 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 as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Borough is \$1,064,247, as of December 31, 2024. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The State’s proportion 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. The State’s proportion measured as of June 30, 2024 was 0.0522748800 %, which was an increase of 0.0042950100% from its proportion measured as of June 30, 2023, which is the same proportion as the Borough’s. At December 31, 2024, the Borough’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 5,398,219
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	1,064,247
	<u>\$ 6,462,466</u>

At December 31, 2024, the State’s proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2024 measurement date was \$122,433.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	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 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-021 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 plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2024 are summarized in the following table:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

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

<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%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the 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 to determine 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 net pension liability calculated using the discount rate as disclosed above, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 9. Pension Obligations (continued):

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 7,712,854	\$ 5,398,219	\$ 3,470,635
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,520,572</u>	<u>1,064,247</u>	<u>684,228</u>
	<u>\$ 9,233,426</u>	<u>\$ 6,462,466</u>	<u>\$ 4,154,863</u>

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Borough.

Note 10. Postemployment Benefits Other Than Pensions

As of the date of this report, the New Jersey Division of Pension and Benefits has not provided updated actuarial valuations for pension obligations for the year ended June 30, 2025. The New Jersey Division of Pension and Benefits will post these reports on their website as they are made available. The footnote below includes the most current information made publicly available, which had a reporting date of June 30, 2024.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. 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.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

Under Chapter 48, the employer may assume the cost of 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

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 10. Postemployment Benefits Other Than Pensions (continued):

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.

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.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2024 were \$4,833,833,875 and \$12,914,432,673, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (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 have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 10. Postemployment Benefits Other Than Pensions (continued):

Net OPEB Liability

The components of the collective net OPEB liability of the plan as of June 30, 2024 is as follows:

Total OPEB liability	\$	17,748,257,548
Plan fiduciary net deficit		<u>(157,187,957)</u>
Net OPEB liability	\$	<u>17,905,445,505</u>

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

Salary Increases*:

Public Employees' Retirement System (PERS)

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

Police and Firemen's Retirement System (PFRS)

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

Mortality:

PERS

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

PFRS

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

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

Actuarial assumptions used in 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.

OPEB Obligation and OPEB (Benefit) Expense

The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2024 was \$18,842,975. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2024, and the total OPEB Obligation used to calculate the OPEB Obligation 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 OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 10. Postemployment Benefits Other Than Pensions (continued):

the Borough relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2024, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.105236%, which was a decrease of 0.003290% from its proportion measured as of June 30, 2024.

For the fiscal year ended June 30, 2024, the State of New Jersey recognized an OPEB (benefit) expense in the amount of (\$129,393) for the State's proportionate share of the OPEB (benefit) expense attributable to the Borough. This OPEB (benefit) expense was based on the OPEB plans June 30, 2024, measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.5% 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 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 4.50% long-term trend 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.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 21,950,035	\$ 18,842,975	\$ 16,354,496
State of New Jersey's Total Nonemployer OPEB Liability	20,857,914,273	17,905,445,505	15,540,780,410

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 10. Postemployment Benefits Other Than Pensions (continued):

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Borough	\$ 15,937,311	\$ 18,842,975	\$ 22,578,843
State of New Jersey's Total Nonemployer OPEB Liability	15,144,352,142	17,905,445,505	21,455,435,620

Additional Information

The following is a summary of the deferred outflows of resources, deferred inflows of resources, and net OPEB liability balances as of June 30, 2024:

Collective Balances at December 31, 2024 and December 31, 2023

	12/31/2024	12/31/2023
Actuarial valuation date (including roll forward)	June 30, 2024	June 30, 2023
Collective Deferred Outflows of Resources	\$ 9,862,097,951	\$ 9,133,524,491
Collective Deferred Inflows of Resources	11,975,956,585	14,817,220,551
Collective Net OPEB Liability	17,905,445,505	15,006,539,477
Borough's Portion	0.105236%	0.108526%

The amounts reported as a deferred outflows of resources and deferred inflows of resources (excluding employer and nonemployer specific amounts) related to OPEB will be recognized in OPEB expense as follows:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 10. Postemployment Benefits Other Than Pensions (continued):

Year Ending June 30:		
2025	\$	(1,123,975,872)
2026		(483,903,543)
2027		(83,156,324)
2028		(443,334,965)
2029		(282,447,899)
Thereafter		<u>302,959,969</u>
	<u>\$</u>	<u>(2,113,858,634)</u>

Changes in Proportion

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2024, the Program membership consisted of the following:

	<u>June 30, 2024</u>
Active Plan Members	60,691
Retirees Currently Receiving Benefits	<u>28,899</u>
Total Plan Members	<u>89,590</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the measurement date as of June 30, 2024 is as follows:

Service Cost	\$ 545,086,159
Interest on the Total OPEB Liability	554,448,470
Change of Benefit Terms	107,670,542
Differences Between Expected and Actual Experience	408,491,660
Changes of Assumptions	1,735,990,164
Contributions From the Employer	(399,436,504)
Contributions From Non-Employer Contributing Entity	(62,827,411)
Net Investment Income	(1,636,336)
Administrative Expense	<u>11,119,284</u>
Net Change in Total OPEB Liability	2,898,906,028
Total OPEB Liability (Beginning)	<u>15,006,539,477</u>
Total OPEB Liability (Ending)	<u>\$ 17,905,445,505</u>

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 11. Municipal Debt

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 8,160,250.26	\$ 9,330,955.25	\$ 7,374,700.90
Total Debt Issued	<u>8,160,250.26</u>	<u>9,330,955.25</u>	<u>7,374,700.90</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	-	-	-
Total Authorized But Not Issued	<u>-</u>	<u>-</u>	<u>-</u>
Total Gross Debt	<u>\$ 8,160,250.26</u>	<u>\$ 9,330,955.25</u>	<u>\$ 7,374,700.90</u>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	\$ 119,048.00	\$ -	\$ -
Total Deductions	<u>119,048.00</u>	<u>-</u>	<u>-</u>
Total Net Debt	<u>\$ 8,041,202.26</u>	<u>\$ 9,330,955.25</u>	<u>\$ 7,374,700.90</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 20,795,000.00	\$ 20,795,000.00	\$ -
Regional School Debt	6,502,202.63	6,502,202.63	-
General Debt	8,160,250.26	119,048.00	8,041,202.26
	<u>\$ 35,457,452.89</u>	<u>\$ 27,416,250.63</u>	<u>\$ 8,041,202.26</u>

Net Debt \$8,041,202.26 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$5,656,543,037, equals 0.142%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2025 is calculated as follows:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 11. Municipal Debt (continued):

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 197,979,006.30
Net Debt	8,041,202.26
 Remaining Borrowing Power	 \$ 189,937,804.04

General Debt

A. Serial Bonds Payable

On 3/13/2013, the Borough issued \$7,575,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on 7/15/2032.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 540,000.00	\$ 96,438.76	\$ 636,438.76
2027	535,000.00	80,238.76	615,238.76
2028	530,000.00	67,532.50	597,532.50
2029	520,000.00	54,282.50	574,282.50
2030	510,000.00	40,762.50	550,762.50
2031-2032	1,000,000.00	40,860.00	1,040,860.00
	\$ 3,635,000.00	\$ 380,115.02	\$ 4,015,115.02

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2025:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2025</u>
Land Acquisition	9/16/2025	9/15/2026	0.00%	\$ 2,100,000.00
Sanitary Sewer Repairs	11/12/2025	11/11/2026	0.00%	2,400,000.00
				\$ 4,500,000.00

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 11. Municipal Debt (continued):

C. Bonds and Notes Authorized but Not Issued

As of December 31, 2025, the Borough had no General Capital bonds and notes authorized but not issued.

D. Loans Payable

Green Acres Loan

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Loan Debt Issued and Outstanding:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	25,250.26	252.50	25,502.76
	<u>\$ 25,250.26</u>	<u>\$ 252.50</u>	<u>\$ 25,502.76</u>

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Borough is as follows:

	Balance December 31, <u>2024</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2025</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 4,175,000.00	\$ -	\$ 540,000.00	\$ 3,635,000.00	\$ 540,000.00
Bond Anticipation Notes	5,080,952.00	4,500,000.00	5,080,952.00	4,500,000.00	4,500,000.00
Green Acres Loan	75,003.25	-	49,752.99	25,250.26	25,250.26
	<u>\$ 9,330,955.25</u>	<u>\$ 4,500,000.00</u>	<u>\$ 5,670,704.99</u>	<u>\$ 8,160,250.26</u>	<u>\$ 5,065,250.26</u>

Note 12. Deferred Compensation Salary Account

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 13. Accrued Sick, Vacation and Compensation Time

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The liability should be recognized for leave that has not been used if (a)

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 13. Accrued Sick, Vacation and Compensation Time (continued):

the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. The Borough permits certain employees, within limits, to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absence amount is not reported as a liability in the accompanying financial statements.

It is estimated that accrued benefits for compensated absences, in accordance with GASB Statement No. 101, are valued at \$170,781.69 at December 31, 2025.

Note 14. 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.

Joint Insurance Pool

The Borough is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Borough with the following coverage:

Employee Theft - Per Loss Coverage	\$ 2,000,000.00
Forgery or Alteration	2,000,000.00
Inside the Premises - Theft of Money and Securities	2,000,000.00
Inside the Premises - Robbery or Safe Burglary of Other Property	2,000,000.00
Computer Fraud	2,000,000.00
Public Employee Dishonesty	2,000,000.00

Contributions to the Funds are payable in one installment and are based on actuarial assumptions determined by the Funds' actuaries. The Fund publishes its own financial report for the year ended December 31, 2025 which can be obtained on the Fund's website.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method." Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State.

The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment trust fund for the current and previous two years:

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 14. Risk Management (continued):

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2025	\$ 32,338.66	\$ 67,310.71	\$ 8,468.12
2024	12,301.08	32,328.19	43,440.17
2023	19,706.34	22,975.73	63,467.28

Note 15. Contingencies

Grantor Agencies

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2025, the Borough estimates that no material liabilities will result from such audits.

Litigation

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses.

As of December 31, 2025, there were certain tax appeals on file against the Borough. The Borough has estimated the potential exposure to the Borough from such appeals is approximately \$250,000.

Note 16. Length of Service Awards Program

The Borough's length of service awards program ("LOSAP") is reported in the Borough's trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents of the Borough come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to

**BOROUGH OF RUMSON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Note 16. Length of Service Awards Program (continued):

periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Borough elected to contribute \$1,425.31 for the year ended December 31, 2025 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2025, the Borough contributed a total of \$39,812.28 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Borough's creditors until distributed as benefit payments, are not available for funding the operations of the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2025, payouts were made to vested participants totaling \$84,640.05.

Forfeited Accounts – During the year ended December 31, 2025, no accounts were forfeited.

Plan Information - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

Note 18. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2025 and May 7, 2026, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 15,995,995.46
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 140,324.12	
State of New Jersey - Senior Citizens' and Veterans' Deductions	22,500.00	
Taxes Receivable	63,136,083.35	
Sewer Fees Receivable	1,197,247.37	
Sewer Fee Overpayments	2.99	
Revenue Accounts Receivable	4,020,256.98	
Due From:		
Trust - Other Fund	31,412.50	
Animal Control Trust Fund	7,782.75	
General Capital Fund	2,998,457.00	
Recreation Trust Fund	23,730.28	
Rumson Board of Education	156,205.19	
Rumson Fair Haven Board of Education	119,779.45	
Due To State of New Jersey:		
Marriage Licenses	425.00	
U.C.C. Fees	39,300.00	
Prepaid Taxes	599,997.31	
Investment in BAN's	5,080,952.00	
Prior Year Voided Check	246.94	
Grants Receivable	91,872.88	
	<u>77,666,576.11</u>	
		<u>93,662,571.57</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2025**

Decreased By Disbursements:		
2025 Budget Appropriations	\$ 18,821,637.72	
2024 Appropriation Reserves	367,924.77	
Accounts Payable	88,991.02	
Tax Overpayments	224,705.43	
Due From Rumson Fair Haven Board of Education	124,297.84	
Due From Rumson Board of Education	182,287.97	
Due To State of New Jersey:		
Marriage Licenses	300.00	
U.C.C. Fees	29,645.00	
Lead Hazards	300.00	
County Taxes	12,705,106.35	
Local District School Taxes	20,702,035.00	
Regional District School Taxes	15,093,397.00	
Investment in BAN's	4,500,000.00	
Change Fund	100.00	
Prior Year Refunds	2,965.94	
Grant Expenditures - Appropriated	32,793.24	
		72,876,487.28
Balance, December 31, 2025		\$ 20,786,084.29

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 10,108.03
Increased By:	
Cash Receipts	<u>22,500.00</u>
	32,608.03
Decreased By:	
Senior Citizens' Deductions Per Tax Billing	<u>22,500.00</u>
Balance, December 31, 2025	<u>\$ 10,108.03</u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2025

Year	Balance December 31, 2024	2025 Levy	Added Taxes	Collections 2024	2025	Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Cancellations/ Adjustments	Balance December 31, 2025
2024	\$ 380,464.78	-	-	-	\$ 380,464.78	-	-	-
2025	-	63,176,719.29	342,439.84	500,266.03	62,755,618.57	22,500.00	(111,839.22)	352,613.75
	\$ 380,464.78	\$ 63,176,719.29	\$ 342,439.84	\$ 500,266.03	\$ 63,136,083.35	\$ 22,500.00	\$ (111,839.22)	\$ 352,613.75

Analysis of 2025 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 63,176,719.29
Added Taxes (54:4-63 et seq.)	<u>342,439.84</u>
	<u>\$ 63,519,159.13</u>
 Tax Levy:	
Regional High School Taxes	\$ 15,093,397.00
Local District School Taxes	20,702,035.00
County Taxes	\$ 10,396,572.38
County Library Taxes	662,356.30
County Open Space Taxes	1,569,579.11
Added/Omitted County Taxes	<u>68,553.27</u>
	12,697,061.06
 Local Taxes for Municipal Purposes	
Add: Additional Taxes Levied	14,742,795.43
	<u>283,870.64</u>
	<u>15,026,666.07</u>
	<u>\$ 63,519,159.13</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF SEWER FEES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 34,431.85
Increased By:		
Billings - Net	\$ 1,195,491.98	
Overpayments Created	<u>2.99</u>	
		<u>1,195,494.97</u>
		1,229,926.82
Decreased By:		
Cash Receipts	1,197,247.37	
Overpayments Applied	<u>9,176.32</u>	
		<u>1,206,423.69</u>
Balance, December 31, 2025		<u><u>\$ 23,503.13</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Balance December 31, <u>2024</u>	Accrued <u>2025</u>	Cash <u>Receipts</u>	<u>Cancellation</u>	Balance December 31, <u>2025</u>
Licenses:					
Alcoholic Beverages	\$ -	\$ 27,500.00	\$ 27,500.00	\$ -	\$ -
Fees and Permits:					
Other	-	223,284.62	223,284.62	-	-
Fines and Costs:					
Municipal Court	4,175.00	55,048.47	53,936.57	-	5,286.90
Interest and Cost on Taxes	-	118,065.17	118,065.17	-	-
Interest on Investments	-	1,066,075.48	1,066,075.48	-	-
Cellular Tower Fees	-	136,729.70	136,729.70	-	-
Cable Franchise Fees	-	122,058.27	122,058.27	-	-
Energy Receipts Taxes	-	668,551.34	668,551.34	-	-
Interlocal - Fair Haven	-	274,550.81	274,550.81	-	-
Interlocal - Little Silver	-	205,746.22	205,746.22	-	-
Uniform Construction Code Fees	-	573,891.00	573,891.00	-	-
Uniform Fire Safety Act	-	16,852.95	16,852.95	-	-
Trash Collection Charges	-	71,000.00	71,000.00	-	-
Reserve for COAH - Debt Service	-	400,000.00	400,000.00	-	-
EMS Contribution	-	62,014.85	62,014.85	-	-
Public Auction	24,000.00	-	-	24,000.00	-
	<u>\$ 28,175.00</u>	<u>\$ 4,021,368.88</u>	<u>\$ 4,020,256.98</u>	<u>\$ 24,000.00</u>	<u>\$ 5,286.90</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO/(FROM) TRUST - OTHER FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ (31,412.50)
Increased By:	
Cash Receipts	<u>31,412.50</u>
Balance, December 31, 2025	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>December 31, 2024</u>		<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbrances</u>			
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 0.48	\$ -	\$ 0.48	\$ -	\$ 0.48
Other Expenses	50,551.73	8,891.23	59,442.96	9,972.80	49,470.16
Municipal Clerk:					
Salaries and Wages	9,679.92	-	9,679.92	-	9,679.92
Other Expenses	4,283.91	98.00	4,381.91	-	4,381.91
Elections	1,156.00	-	1,156.00	800.00	356.00
Financial Administration (Treasury):					
Salaries and Wages	47,565.31	-	47,565.31	-	47,565.31
Other Expenses	4,189.69	3,424.67	7,594.36	6,305.17	1,289.19
Audit Services:					
Other Services	1,150.00	-	1,150.00	-	1,150.00
Revenue Administration (Tax Collection):					
Salaries and Wages	8,085.34	-	8,085.34	-	8,085.34
Other Expenses	1,002.16	200.00	1,202.16	50.00	1,152.16
Tax Assessment Administration:					
Salaries and Wages	1.36	-	1.36	-	1.36
Other Expenses	29,585.92	25,522.50	55,108.42	-	55,108.42
Records Retention and Disposal					
Other Expenses	2,268.44	-	2,268.44	-	2,268.44
Legal Services (Legal Department)					
Other Expenses	170,740.70	14,109.61	184,850.31	12,925.40	171,924.91
Engineering Services:					
Salaries and Wages	9.36	-	9.36	-	9.36
Other Expenses	21,619.78	50,605.35	72,225.13	33,978.34	38,246.79
LAND USE ADMINISTRATION					
Land Use Development Officer					
Salaries and Wages	2,083.46	-	2,083.46	-	2,083.46
Other Expenses	17,183.60	1,624.29	18,807.89	1,185.00	17,622.89
CODE ENFORCEMENT AND ADMINISTRATION					
Fire Protection Official					
Salaries and Wages	2.56	-	2.56	-	2.56
Uniform Fire Safety:					
Other Expenses	4,163.50	-	4,163.50	-	4,163.50
Construction Code Official:					
Salaries and Wages	6,711.67	-	6,711.67	-	6,711.67
Other Expenses	22,323.36	1,190.00	23,513.36	1,770.00	21,743.36

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>December 31, 2024</u>		<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbrances</u>			
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	167,769.33	-	167,769.33	6,135.30	161,634.03
Other Expenses	6,227.27	9,614.09	15,841.36	8,057.04	7,784.32
Purchase of Police Vehicles	68,230.01	41,769.99	110,000.00	43,118.99	66,881.01
Police Dispatch/911:					
Salaries and Wages	67,815.92	-	67,815.92	1,221.06	66,594.86
Annual Charge - 911 System	107.00	-	107.00	-	107.00
Aid To First Aid Organization:					
Salaries and Wages	3.04	-	3.04	-	3.04
Other Expenses	10,598.48	5,911.20	16,509.68	7,893.00	8,616.68
Fire Department:					
Salaries and Wages	2.16	-	2.16	-	2.16
Other Expenses	1,883.49	5,826.37	6,709.86	2,850.00	3,859.86
Municipal Prosecutor's Office:					
Other Expenses	2,225.00	35.00	2,260.00	-	2,260.00
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	60,073.21	-	60,073.21	2,933.72	57,139.49
Other Expenses	46,871.28	21,995.03	68,866.31	20,492.54	48,373.77
Sewer System:					
Salaries and Wages	51,265.34	-	51,265.34	113.70	51,151.64
Other Expenses	88,051.76	32,665.73	120,717.49	30,360.27	90,357.22
Shade Tree Commission:					
Other Expenses	18,100.95	7,196.00	25,296.95	7,196.00	18,100.95
Storm Drain Cleaning					
Other Expenses	1,000.00	-	1,000.00	-	1,000.00
Stormwater Management					
Other Expenses	815.63	-	815.63	-	815.63
Solid Waste Collection:					
Contractual	1.03	25,875.00	25,876.03	25,875.00	1.03
Buildings and Grounds:					
Other Expenses	3,692.90	36,849.14	40,542.04	30,305.66	10,236.38
Property Lease	1,331.00	-	1,331.00	-	1,331.00
Vehicle Maintenance (Including Police Vehicles)					
Other Expenses	14,107.42	9,535.93	23,643.35	3,558.46	20,084.89
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health)					
Other Expenses	943.75	-	943.75	-	943.75
MCR Health Commission #1	2.76	-	2.76	-	2.76
Hepatitis B Vaccine Costs	500.00	-	500.00	-	500.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>December 31, 2024</u>		<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Reserved</u>	<u>Encumbrances</u>			
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	3,896.05	-	3,896.05	-	3,896.05
Other Expenses	20,000.00	-	20,000.00	-	20,000.00
Municipal Court:					
Salaries and Wages	8,582.93	-	8,582.93	-	8,582.93
Other Expenses	3,228.66	10.10	3,238.76	10.40	3,228.36
Public Defender:					
Other Expenses	0.04	-	0.04	-	0.04
INSURANCE					
General Liability	4,312.45	-	4,312.45	-	4,312.45
Employee Group Health	218,009.46	727.22	218,736.68	-	218,736.68
Waiver Insurance	19,007.29	-	19,007.29	-	19,007.29
Homeland Security (NJSA 40A:4-45.3(pp))					
Office of Emergency Management:					
Other Expenses	8,500.00	5,000.00	13,500.00	-	13,500.00
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	6,257.43	-	9,257.43	8,866.82	390.61
Street Lighting	1,178.26	52.72	5,230.98	880.37	4,350.61
Telephone (excluding telephone acquisition)	5,360.95	742.80	6,103.75	-	6,103.75
Water	1,758.07	-	2,758.07	2,330.08	427.99
Fire Hydrants	733.48	14,073.01	14,806.49	13,926.99	879.50
Gas (natural or propane)	34,692.43	-	34,692.43	1,081.76	33,610.67
Gasoline	56,320.30	-	48,320.30	-	48,320.30
Landfill/Solid Waste Disposal Costs	58,667.05	55,415.63	114,082.68	35,758.83	78,323.85
Contingent	4,921.42	1.00	4,922.42	-	4,922.42
STATUTORY EXPENDITURES					
Contribution To:					
Social Security System (O.A.S.I.)	46,571.68	-	46,571.68	-	46,571.68
Defined Contribution Plan	1,150.00	-	1,150.00	-	1,150.00
LOSAP	45,000.00	-	46,000.00	41,333.99	4,666.01
Sewer Authority - Share of Cost	254,013.43	-	254,013.43	-	254,013.43
Fair Haven Shared Service Agreement:					
Construction Office:					
Salaries and Wages	3,359.68	-	3,359.68	-	3,359.68
Other Expenses	12,826.24	-	12,826.24	-	12,826.24

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF 2024 APPROPRIATION RESERVES
 FOR THE YEAR ENDED DECEMBER 31, 2025**

	December 31, 2024		Budget after	Paid or	Balance
	<u>Reserved</u>	<u>Encumbrances</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
Fair Haven Shared Service Agreement:					
Municipal Court:					
Salaries and Wages	7,887.85	-	7,887.85	-	7,887.85
Other Expenses	1,324.55	5.30	1,329.85	54.40	1,275.45
Little Silver Shared Service Agreement					
Construction Office:					
Salaries and Wages	3,732.37	-	3,732.37	-	3,732.37
Other Expenses	13,580.07	-	13,580.07	-	13,580.07
FH Fire Prevention					
Salaries & Wages	2.56	-	2.56	-	2.56
City of Asbury Park - Rescue Squad Services					
	1.00	-	1.00	-	1.00
Holmdel Township Leaf Disposal					
	-	50,000.00	50,000.00	45,573.72	4,426.28
Middletown Township - Animal Control					
	3,000.00	-	3,000.00	-	3,000.00
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching for Grants	5,000.00	-	5,000.00	-	5,000.00
	\$ 1,868,832.68	\$ 428,966.91	\$ 2,297,799.59	\$ 406,914.81	\$ 1,890,884.78
				\$ 367,924.77	
Cash Disbursements				38,990.04	
Accounts Payable				\$ 406,914.81	

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 239,899.97
Increased By:	
Appropriation Reserves	<u>38,990.04</u>
	278,890.01
Decreased By:	
Cash Disbursements	<u>88,991.02</u>
Balance, December 31, 2025	<u><u>\$ 189,898.99</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSES
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$	-
Increased By:		
Cash Receipts		425.00
		425.00
Decreased By:		
Cash Disbursements		300.00
		300.00
Balance, December 31, 2025	\$	125.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - U.C.C. FEES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ -
Increased By:	
Cash Receipts	<u>39,300.00</u>
	39,300.00
Decreased By:	
Cash Disbursements	<u>29,645.00</u>
Balance, December 31, 2025	<u><u>\$ 9,655.00</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF PREPAID TAXES
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 500,266.03
Increased By:		
Collection of 2026 Taxes	\$ 599,997.31	
Transfer from Tax Overpayments	196,466.22	
		796,463.53
		1,296,729.56
Decreased By:		
Amount Applied To Taxes Receivable		500,266.03
Balance, December 31, 2025		\$ 796,463.53

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF TAX OVERPAYMENTS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 412,687.16
Increased By:		
Overpayment Created		8,169.06
		420,856.22
Decreased By:		
Cash Disbursements	\$ 32,997.81	
Overpayment Applied	186,890.81	
Transferred to Prepaid Taxes	196,466.22	
		416,354.84
Balance, December 31, 2025		\$ 4,501.38

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF SEWER FEE OVERPAYMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 24,964.90
Increased By:	
Overpayments Created	2.99
	24,967.89
Decreased By:	
Overpayments Applied	9,176.32
Balance, December 31, 2025	\$ 15,791.57

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DRIVE-IN SANITATION OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 802.99
Decreased By:	
Transfer to Sewer Receivable	<u>2.99</u>
Balance, December 31, 2025	<u><u>\$ 800.00</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$	76,598.68
Increased By:			
2025 Tax Levy:			
County Taxes	\$	10,396,572.38	
County Library Taxes		662,356.30	
County Open Space Taxes		1,569,579.11	
Due To County for Added/Omitted Taxes		<u>68,553.27</u>	
			<u>12,697,061.06</u>
			12,773,659.74
Decreased By:			
Cash Disbursements			<u>12,705,106.35</u>
Balance, December 31, 2025		\$	<u><u>68,553.39</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		
School Tax Payable	\$ 5,840,386.79	\$ 5,840,386.79
Increased By:		
Levy - School Year July 1, 2024 to June 30, 2025		20,702,035.00
		26,542,421.79
Decreased By:		
Cash Disbursed		20,702,035.00
Balance, December 31, 2025		
School Tax Payable	5,840,386.79	\$ 5,840,386.79
 <u>2025 Liability for Local District High School Tax</u>		
Tax Payable, December 31, 2025	\$ 5,840,386.79	
Tax Paid	20,702,035.00	\$ 26,542,421.79
Less:		
Tax Payable, December 31, 2024		5,840,386.79
Amount Charged To 2025 Operations		\$ 20,702,035.00

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		
School Tax Payable	\$ 5,412,495.11	\$ 5,412,495.11
Increased By:		
Levy - School Year July 1, 2024 to June 30, 2025		15,093,397.00
		20,505,892.11
Decreased By:		
Cash Disbursed		15,093,397.00
Balance, December 31, 2025		
School Tax Payable	5,412,495.11	\$ 5,412,495.11
 <u>2025 Liability for Regional District High School Tax</u>		
Tax Payable, December 31, 2025	\$ 5,412,495.11	
Tax Paid	15,093,397.00	20,505,892.11
Less:		
Tax Payable, December 31, 2024		5,412,495.11
Amount Charged To 2025 Operations		\$ 15,093,397.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF INVESTMENT IN BAN'S
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 5,080,952.00
Increased By:	
Cash Disbursements	<u>4,500,000.00</u>
	9,580,952.00
Decreased By:	
Cash Receipts	<u>5,080,952.00</u>
Balance, December 31, 2025	<u><u>\$ 4,500,000.00</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM RUMSON BOARD OF EDUCATION
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 7,498.98
Increased By:		
Cash Disbursements		<u>182,287.97</u>
		189,786.95
Decreased By:		
Cash Receipts	\$ 156,205.19	
Cancelled	<u>83.98</u>	
		<u>156,289.17</u>
Balance, December 31, 2025		<u><u>\$ 33,497.78</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM RUMSON FAIR HAVEN BOARD OF EDUCATION
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 4,270.00
Increased By:	
Cash Disbursements	<u>124,297.84</u>
	128,567.84
Decreased By:	
Cash Receipts	<u>119,779.45</u>
Balance, December 31, 2025	<u><u>\$ 8,788.39</u></u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DUE FROM POLICE OUTSIDE EMPLOYMENT
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 61,965.00
Decreased By:		
Cancellation	\$ 3,207.50	
Cash Receipts	<u>58,757.50</u>	
		<u>61,965.00</u>
Balance, December 31, 2025		<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX APPEALS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2025 and 2024

\$ 250,000.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO/(FROM) CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ (2,998,457.00)
Increased By:	
Cash Receipts	<u>2,998,457.00</u>
Balance, December 31, 2025	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
STATE AND FEDERAL GRANT FUND
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 185,821.14
Increased By:		
Cash Receipts:		
Grants Receivable	\$ 91,872.88	91,872.88
		277,694.02
Decreased By:		
Cash Disbursements:		
Grants - Cancellation	731.81	
Grants - Appropriated	32,793.24	33,525.05
Balance, December 31, 2025		\$ 244,168.97

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
STATE AND FEDERAL GRANT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Balance December 31, <u>2024</u>	Increased By Revenue Anticipated <u>2025</u>	Cash <u>Received</u>	Transferred from <u>Unappropriated</u>	<u>Cancelled</u>	Balance December 31, <u>2025</u>
State of New Jersey:						
Supplemental Safe Neighborhood Program	\$ 28.00	\$ -	\$ -	\$ -	\$ -	\$ 28.00
Police Body Armor Grant	0.02	1,573.95	-	1,573.95	-	0.02
Drunk Driving Enforcement Fund	7,337.62	5,148.39	8,636.31	-	-	3,849.70
Clean Communities Program	-	23,110.53	23,110.53	-	-	-
Recycling Tonnage Grant	-	12,775.78	12,775.78	-	-	-
Alcohol Education & Rehabilitation	-	412.66	412.66	-	-	-
NJUCF - Stewardship Resiliency	10,000.00	-	-	-	-	10,000.00
Body Worn Camera Grant	36,937.60	-	36,937.60	-	-	-
Stormwater Assistance Grant	10,000.00	-	10,000.00	-	-	-
Federal:						
Assistance to Firefighters Grant	1,426.00	-	-	-	1,426.00	-
Sandy Planning Asst	8,709.80	-	-	-	8,709.80	-
Local:						
PSEG Substantive Grant	10,000.00	-	-	-	-	10,000.00
	<u>\$ 84,439.04</u>	<u>\$ 43,021.31</u>	<u>\$ 91,872.88</u>	<u>\$ 1,573.95</u>	<u>\$ 10,135.80</u>	<u>\$ 23,877.72</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
STATE AND FEDERAL GRANT FUND
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Balance December 31, <u>2024</u>	Transferred From <u>Encumbrances</u>	Budget <u>Appropriation</u>	Paid or <u>Charged</u>	<u>Encumbered</u>	<u>Cancelled</u>	Balance December 31, <u>2025</u>
State of New Jersey:							
Clean Communities Program	\$ 26,234.00	\$ 19,255.20	\$ 23,110.53	\$ 23,713.15	\$ 106.04	\$ -	\$ 44,780.54
N.J. Transportation Trust Fund Grant	57,503.32	-	-	-	-	-	57,503.32
Emergency Road Repair Aid Grant	8,123.26	-	-	-	-	-	8,123.26
Recycling Tonnage Grant	89,575.25	600.00	12,775.78	1,940.00	-	-	101,011.03
D.W.I. Grant	593.24	-	-	-	-	-	593.24
Municipal Court Alcohol Education & Rehab	15,172.64	-	412.66	-	-	-	15,585.30
Drunk Driving Enforcement Fund	731.81	-	5,148.39	2,057.07	-	731.81	3,091.32
Body Armor Fund	0.01	5,083.02	1,573.95	5,083.02	-	-	1,573.96
Pothole Program	1,779.33	-	-	-	-	-	1,779.33
Emergency Operations Planning	610.72	-	-	-	-	-	610.72
Handicapped Recreation Opportunities	16.00	-	-	-	-	-	16.00
Stormwater Grant	7,962.63	-	-	-	-	-	7,962.63
N.J. State Police 2004 Exercise Pass Grant	310.00	-	-	-	-	-	310.00
NJUCF - Stewardship Resiliency	10,000.00	-	-	-	-	-	10,000.00
Federal:							
Assistance to Firefighters Grant	16,426.00	-	-	-	-	1,426.00	15,000.00
Sandy Planning Assistant Grant	8,709.80	-	-	-	-	8,709.80	-
	<u>\$ 243,748.01</u>	<u>\$ 24,938.22</u>	<u>\$ 43,021.31</u>	<u>\$ 32,793.24</u>	<u>\$ 106.04</u>	<u>\$ 10,867.61</u>	<u>\$ 267,940.65</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 STATE AND FEDERAL GRANT FUND
 SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED
 FOR THE YEAR ENDED DECEMBER 31, 2025**

	Balance December 31, <u>2024</u>	Cash <u>Receipts</u>	Grants <u>Appropriated</u>	Balance December 31, <u>2025</u>
State of New Jersey:				
Police Body Armor Grant	\$ 1,573.95	\$ -	\$ 1,573.95	\$ -
	<u>\$ 1,573.95</u>	<u>\$ -</u>	<u>\$ 1,573.95</u>	<u>\$ -</u>

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TRUST FUNDS

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Animal Control</u>	<u>Trust - Other</u>	<u>Recreation Commission</u>
Balance, December 31, 2024	\$ 29,691.35	\$ 4,178,701.71	\$ 685,389.19
Increased By Receipts:			
Recreation Fees	-	-	393,313.42
Dog License Fees	9,381.00	-	-
Other Reserves	-	1,532,756.48	-
Deferred Charge - Overexpenditure	-	11,685.35	-
Dog License Registration Fees	1,083.00	-	-
	<u>10,464.00</u>	<u>1,544,441.83</u>	<u>393,313.42</u>
	<u>40,155.35</u>	<u>5,723,143.54</u>	<u>1,078,702.61</u>
Decreased By Disbursements:			
Recreation Expenses	-	-	655,169.17
Animal Control Expenditures	7,522.44	-	-
Due To/From Current Fund	7,782.75	31,412.50	23,730.28
Other Reserves	-	1,098,027.01	-
Dog License Registration Fees	1,083.00	-	-
	<u>16,388.19</u>	<u>1,129,439.51</u>	<u>678,899.45</u>
Balance, December 31, 2025	<u>\$ 23,767.16</u>	<u>\$ 4,593,704.03</u>	<u>\$ 399,803.16</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 21,908.60
Increased By:		
Dog License Fees Collected	\$ 8,046.00	
Late Fees Collected	<u>1,335.00</u>	
		<u>9,381.00</u>
		31,289.60
Decreased By:		
Statutory Excess	4,136.16	
Expenditures Under R.S.4:19-15.12	<u>7,522.44</u>	
		<u>11,658.60</u>
Balance, December 31, 2025		<u><u>\$ 19,631.00</u></u>

2023 Fees	\$ 10,046.80
2024 Fees	<u>9,584.20</u>
	<u><u>\$ 19,631.00</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - DOG LICENSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ -
Increased By:	
Cash Disbursements	<u>1,083.00</u>
	1,083.00
Decreased By:	
Registration Fees Collected	<u>1,083.00</u>
Balance, December 31, 2025	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 7,782.75
Increased By:	
Statutory Excess Due to Current Fund	<u>4,136.16</u>
	11,918.91
Decreased By:	
Cash Disbursements	<u>7,782.75</u>
Balance, December 31, 2025	<u><u>\$ 4,136.16</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR VARIOUS TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Balance December 31, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2025</u>
Payroll Deductions:				
Pension System	\$ 8,872.39	\$ -	\$ 8,872.39	\$ -
State Unemployment	43,440.17	32,338.66	67,310.71	8,468.12
	<u>52,312.56</u>	<u>32,338.66</u>	<u>76,183.10</u>	<u>8,468.12</u>
Forfeited Funds	\$ 486.30	\$ 17.86	\$ 1.38	\$ 502.78
Engineering and Escrow				
Deposit	366,733.52	110,176.00	100,535.89	376,373.63
P.O.A.A. Fees	3,020.89	228.00	1,201.00	2,047.89
Public Defender	7,798.00	1,200.00	-	8,998.00
Cash Bond	69,430.00	2,500.00	1,500.00	70,430.00
Outside Employment - Off Duty Police	-	258,095.82	237,845.28	20,250.54
Tax Sale Premium	100.00	-	-	100.00
Reserve for:				
Street Openings	11,500.00	7,002.00	2,000.00	16,502.00
Sick Leave	129,513.83	6,500.00	2,230.88	133,782.95
C.O.A.H.	3,460,877.13	1,098,658.97	654,865.39	3,904,670.71
D.A.R.E.	17,513.63	6,539.17	5,590.93	18,461.87
Fire Safety	17,392.50	-	-	17,392.50
Cafeteria	2,030.46	9,500.00	10,982.14	548.32
Miscellaneous - Other	14,670.88	-	2,109.18	12,561.70
	<u>4,101,067.14</u>	<u>1,500,417.82</u>	<u>1,018,862.07</u>	<u>4,582,622.89</u>
	<u>\$ 4,153,379.70</u>	<u>\$ 1,532,756.48</u>	<u>\$ 1,095,045.17</u>	<u>\$ 4,591,091.01</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR SPECIAL ASSESSMENT
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2025 & 2024

\$ 2,613.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUNDS
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$	2,981.86
Decreased By:		
Cash Disbursements		<u>2,981.84</u>
Balance, December 31, 2025	\$	<u>0.02</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 TRUST - OTHER
 SCHEDULE OF DUE TO/(FROM) - CURRENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$	31,412.50
Decreased By:		
Cash Disbursements		31,412.50
Balance, December 31, 2025	\$	-

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 982,904.12
Increased By:		
Appreciation	\$ 122,169.28	
Borough Contributions	<u>39,812.28</u>	
		<u>161,981.56</u>
		1,144,885.68
Decreased By:		
Withdrawals	84,640.05	
Accounting Charges	<u>975.00</u>	
		<u>85,615.05</u>
Balance, December 31, 2025		<u><u>\$ 1,059,270.63</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ -
Increased By:	
Appropriation Reserves	<u>41,333.99</u>
	41,333.99
Decreased By:	
Cash Receipts	<u>41,333.99</u>
Balance, December 31, 2025	<u><u>\$ -</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 982,904.12
Increased By:		
Appreciation	\$ 122,169.28	
Borough Contributions	<u>39,812.28</u>	
		<u>161,981.56</u>
		1,144,885.68
Decreased By:		
Withdrawals	84,640.05	
Accounting Charges	<u>975.00</u>	
		<u>85,615.05</u>
Balance, December 31, 2025		<u><u>\$ 1,059,270.63</u></u>

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GENERAL CAPITAL FUND

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 12,511,486.42
Increased By:		
Reserve To Pay Notes	\$ 119,048.00	
Capital Improvement Fund - Budget Appropriation	2,750,405.00	
Capital Improvement Fund - Refunds	<u>320,238.00</u>	
		<u>3,189,691.00</u>
		15,701,177.42
Decreased By:		
Due From Current Fund	2,998,457.00	
Improvement Authorizations	<u>4,387,206.93</u>	
		<u>7,385,663.93</u>
Balance, December 31, 2025		<u>\$ 8,315,513.49</u>

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2025**

	BALANCE DECEMBER 31, <u>2025</u>
Due To State of New Jersey	\$ 133.00
Encumbrances Payable	1,121,729.16
Capital Improvement Fund	3,389,156.50
Retained Percentage Due To Contractors	84.00
Reserve to Pay Bonds	119,048.00
Fund Balance	28,427.69

<u>Ordinance Number/Date</u>	<u>Improvement Description</u>		BALANCE
16-004	Various Improvements	\$	1.25
22-004	Land Acquisition		27,272.98
22-005	Various Improvements		17,052.24
22-006	Various Improvements		18,670.24
23-007	Various Improvements		573,180.55
24-005	Sanitary Sewer Repairs		1,543.00
24-007	Various Improvements		514,263.43
25-002	Various Improvements		291,299.23
25-003	Various Improvements		2,213,652.22
			2,213,652.22
		\$	8,315,513.49

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2025 & 2024

\$ 133.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 4,250,003.25
Decreased By:		
2025 Current Budget Appropriation:		
General Serial Bonds	\$ 540,000.00	
Green Acre Loans Payable	<u>49,752.99</u>	
		<u>589,752.99</u>
Balance, December 31, 2025		<u><u>\$ 3,660,250.26</u></u>

BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>Ordinance</u>	<u>Improvement Description</u>	Balance December 31, 2024	Decreased by Notes Paid by Budget Appropriation	Balance December 31, 2025	Analysis of Balance, December 31, 2025 Financed by Bond Anticipation Notes
22-004	Land Acquisition	\$ 2,380,952.00	\$ 280,952.00	\$ 2,100,000.00	\$ 2,100,000.00
24-005	Sanitary Sewer Repairs	2,700,000.00	300,000.00	2,400,000.00	2,400,000.00
		<u>\$ 5,080,952.00</u>	<u>\$ 580,952.00</u>	<u>\$ 4,500,000.00</u>	<u>\$ 4,500,000.00</u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Purpose	Original Issue		Maturities of Bonds Outstanding December 31, 2025		Interest Rate	Balance December 31, 2024	Paid By Budget Appropriation	Balance December 31, 2025
	Date	Amount	Date	Amount				
Refunding Bonds	03/13/13	\$ 7,575,000.00	07/15/26	\$ 540,000.00	3.00%	\$ 4,175,000.00	\$ 540,000.00	\$ 3,635,000.00
			07/15/27	535,000.00	2.375%			
			07/15/28	530,000.00	2.50%			
			07/15/29	520,000.00	2.60%			
			07/15/30	510,000.00	2.65%			
			07/15/31	505,000.00	2.70%			
			07/15/32	495,000.00	2.75%			
						\$ 4,175,000.00	\$ 540,000.00	\$ 3,635,000.00

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 75,003.25
Decreased By:	
Budget Appropriation	<u>49,752.99</u>
Balance, December 31, 2025	<u><u>\$ 25,250.26</u></u>

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Ordinance Number	Improvement/Description	Date	Ordinance Amount	Balance, December 31, 2024		2025 Authorizations Capital Improvement Fund	Transferred From Encumbrance Payable	Paid or Charged	Transferred To Encumbrance Payable	Balance, December 31, 2025	
				Funded	Unfunded					Funded	Unfunded
2001	Various Improvements	04/05/01	\$ 614,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,440.00	\$ -	\$ -
16-004	Sanitary Sewer Repairs, Replacement, & Upgrade;	05/24/16	1,500,000.00	-	-	-	271,277.83	271,276.58	-	1.25	-
21-003	Road, Curbing, Sidewalks, & Related Drainage	02/16/21	2,500,000.00	-	-	-	11,206.89	11,206.89	-	-	-
21-010	Sewer (Wastewater) Infrastructure	08/10/21	750,000.00	-	-	-	500,552.79	500,552.79	-	-	-
21-011	Park Improvement	08/10/21	50,000.00	-	-	-	32,247.88	32,247.88	-	-	-
22-004	Land Acquisition (COAH)	07/05/22	2,500,000.00	-	27,272.98	-	-	-	-	-	27,272.98
22-005	Emergency Services Equipment Acquisitions & Upgrades	10/11/22	400,000.00	-	-	-	1,450.00	1,450.00	-	-	-
22-005	Park Improvements	10/11/22	200,000.00	-	-	-	200,000.00	200,000.00	-	-	-
22-005	Public Buildings Equipment Acquisitions & Upgrades	10/11/22	50,000.00	17,052.24	-	-	-	-	-	17,052.24	-
22-006	Road, Curbing, Sidewalks, & Related Drainage	10/11/22	4,000,000.00	-	-	-	547,343.57	328,723.61	199,949.72	-	18,670.24
23-007	Road, Curbing, Sidewalks, & Related Drainage	10/10/23	1,250,000.00	612,352.28	-	-	189,779.74	65,894.08	195,614.76	-	540,623.18
23-007	DPW Vehicles & Equipment	10/10/23	200,000.00	175,563.50	-	-	1,631.50	99,252.00	75,943.00	-	-
23-007	Emergency Services Equipment Acquisitions & Upgrades	10/10/23	250,000.00	148,098.55	-	-	24,000.98	72,229.88	67,312.28	-	32,557.37
23-007	Park Improvements	10/10/23	500,000.00	259,484.62	-	-	178,720.88	428,943.00	9,262.50	-	-
24-005	Sanitary Sewer Repairs	06/11/24	3,000,000.00	-	1,543.00	-	-	-	-	-	1,543.00
24-007	Road, Curbing, Sidewalks, & Related Drainage	08/13/24	1,200,000.00	1,200,000.00	-	-	-	1,079,260.03	31,839.97	-	88,900.00
24-007	DPW Vehicles & Equipment	08/13/24	250,000.00	250,000.00	-	-	-	74,037.58	-	-	175,562.42
24-007	Emergency Services Equipment Acquisitions & Upgrades	08/13/24	250,000.00	250,000.00	-	-	-	-	-	-	250,000.00
24-007	Park Improvements	08/13/24	300,000.00	300,000.00	-	-	-	300,000.00	-	-	-
24-007	Sanitary Sewer Repairs	08/13/24	718,292.00	696,220.16	-	-	22,071.84	708,876.74	9,414.25	-	1.01
25-002	Public Building Improvements & Equipment	04/08/25	100,000.00	-	-	100,000.00	-	-	-	-	100,000.00
25-002	Various Park Improvements	04/08/25	400,000.00	-	-	400,000.00	-	597.82	-	-	191,259.23
25-003	Road Improvements	07/08/25	1,000,000.00	-	-	1,000,000.00	-	-	-	-	1,000,000.00
25-003	Public Works	07/08/25	250,000.00	-	-	250,000.00	-	-	-	-	250,000.00
25-003	EMS Equipment	07/08/25	250,000.00	-	-	250,000.00	-	-	-	-	250,000.00
25-003	Park Improvements	07/08/25	500,000.00	-	-	500,000.00	-	-	-	-	500,000.00
25-003	Sanitary Sewer Repairs	07/08/25	750,000.00	-	-	750,000.00	-	6,002.92	530,344.86	-	213,652.22
			\$ 3,906,771.35	\$ 28,815.98	\$ 3,250,000.00	\$ 1,998,723.90	\$ 4,387,206.93	\$ 1,121,729.16	\$ 18,440.00	\$ 3,628,119.16	\$ 28,815.98

**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RETAINED PERCENTAGE DUE TO CONTRACTORS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2025 & 2024

\$ 84.00

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024		\$ 3,568,513.50
Increased By:		
Cash Receipts:		
Refunds - NJDOT	\$ 320,238.00	
Current Fund Budget Appropriation	2,750,405.00	
		3,070,643.00
		6,639,156.50
Decreased By:		
Improvement Authorizations Funded		3,250,000.00
Balance, December 31, 2025		\$ 3,389,156.50

**BOROUGH OF RUMSON
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF DUE TO/(FROM) CURRENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Balance, December 31, 2024	\$ 2,998,457.00
Decreased By:	
Cash Disbursements	2,998,457.00
Balance, December 31, 2025	\$ -

GENERAL FIXED ASSET ACCOUNT GROUP

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**BOROUGH OF RUMSON
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Balance December 31, <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2025</u>
Land	\$ 4,948,200.00	\$ -	\$ -	\$ 4,948,200.00
Buildings	1,885,215.00	-	-	1,885,215.00
Equipment	7,960,342.97	689,668.46	207,546.13	8,442,465.30
Improvements	4,400,750.75	-	-	4,400,750.75
	<u>\$ 19,194,508.72</u>	<u>\$ 689,668.46</u>	<u>\$ 207,546.13</u>	<u>\$ 19,676,631.05</u>

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BOROUGH OF RUMSON

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS –
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2025

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**BOROUGH OF RUMSON
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

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

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 25-12.

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

FEDERAL AWARDS

N/A – No Federal Single Audit in prior year.

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.

BOROUGH OF RUMSON

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2025:

<u>Name</u>	<u>Title</u>
Joseph K. Hemphill	Mayor
John J. Conklin III	Councilmember
Gary Casazza	Councilmember
James C. Kingsbery	Councilmember
Sarah Pomphrey	Councilmember
Dr. Michael Lospinuso	Councilmember
Linda J. Smith	Councilmember
Matthew Palmer	Chief Financial Officer
Thomas Rogers	Borough Clerk/Borough Administrator
Michele Smallze	Court Administrator

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www.hfacpas.com

Honorable Mayor and Members
of the Borough Council
County of Monmouth
Rumson, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2025.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement.

The bid threshold in accordance with *N.J.S.A. 40A:11-4* was \$44,000 for the months of January through June 2025. As of July 1, 2025, the bid threshold increased to \$53,000 for the year ended December 31, 2025.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 7, 2025 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

2. Effective January 1, 2025, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest as set forth in paragraph one of this resolution from the due date.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read 'R. W. Allison', written in a cursive style.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Lakewood, New Jersey
May 7, 2026

