

BOROUGH OF DUMONT
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2025

BOROUGH OF DUMONT

BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

BOROUGH OF DUMONT

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
Independent Auditor’s Report		1-3
Financial Statements		
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-7
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	8-12
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	13-14
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	15
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	16
D	Comparative Balance Sheets – Regulatory Basis – Public Assistance Fund	17
E	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	18
Notes to Financial Statements		19-59
Supplementary Schedules		
<u>Current Fund</u>		
A-4	Statement of Cash	60
A-5	Statement of Petty Cash Funds	61
A-6	Statement of Grants Receivable	61
A-7	Statement of Due from State of New Jersey Senior Citizens’ and Veterans’ Deductions	62
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	63
A-9	Statement of Tax Title Liens Receivable	64
A-10	Statement of Property Acquired for Taxes	64
A-11	Statement of Deferred Charges	64
A-12	Statement of Revenue Accounts Receivable	65
A-13	Statement of Appropriation Reserves	66-67
A-14	Statement of Encumbrances Payable	68
A-15	Statement of Accounts Payable	68
A-16	Statement of Miscellaneous Reserves	69
A-17	Statement of Prepaid Taxes	69
A-18	Statement of Tax Overpayments	69
A-19	Statement of Local School District Tax Payable	70
A-20	Statement of County Taxes Payable	70
A-21	Schedule of Appropriated Grant Reserves	70
A-22	Statement of Unappropriated Reserves for Grants	71
A-23	Statement of Due from Dixon Homestead Library	71

BOROUGH OF DUMONT

TABLE OF CONTENTS
(Continued)

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Trust Funds</u>		
B-1	Statement of Trust Cash	72
B-2	Statement of Reserve for Animal Control Expenditures	73
B-3	Statement of Due To State of New Jersey - Dog Regulation Fees	73
B-4	Statement of Due to Current Fund – Animal Control Fund	73
B-5	Statement of Escrow Deposits	74
B-6	Statement of Reserve for Unemployment Insurance Expenditures	74
B-7	Statement of Due To/From Current Fund – Other Trust Fund	74
B-8	Statement of Miscellaneous Reserves	75
B-9	Statement of Payroll Deductions Payable	75
B-10	Statement of Due to State of New Jersey - Unemployment Insurance Fund	76
B-11	Statement of Due from Payroll Service Provider – Unemployment Insurance Fund	76
B-12	Statement of Due from Other Trust Fund – Unemployment Insurance Fund	76
B-13	Statement of Encumbrances Payable – Other Trust Fund	77
B-14	Statement of Due To/From Animal Control – Other Trust Fund	77
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash	78
C-3	Analysis of General Capital Cash	79
C-4	Statement of Deferred Charges to Future Taxation - Funded	80
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	81
C-6	Statement of Grants Receivable	82
C-7	Statement of Deferred Charges Unfunded – Cancelled Grant Receivables	82
C-8	Statement of Due From/To Current Fund	83
C-9	Statement of General Serial Bonds	84-85
C-10	Statement of Bond Anticipation Notes	86
C-11	Statement of Improvement Authorizations	87
C-12	Statement of Contracts Payable	88
C-13	Statement of Green Trust Fund Loan Payable	88
C-14	Statement of Environmental Infrastructure Trust Loan Payable	88
C-15	Statement of Capital Improvement Fund	88
C-17	Statement of Reserve for Payment of Debt	89
C-18	Statement of Bonds and Notes Authorized But Not Issued	89

BOROUGH OF DUMONT

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
	Supplementary Schedules (Continued)	
	<u>Public Assistance Fund</u>	
D-1	Statement of Public Assistance Cash	90
D-2	Statement of Reserve for Public Assistance Expenditures	90
	<u>Part II – Government Auditing Standards</u>	
	Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	91-92
	Schedule of Federal Awards, Schedule A	93
	Schedule of State Financial Assistance, Schedule B	94
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	95-96
	Schedule of Findings and Responses	97-99
	Schedule of Prior Year Audit Findings	100
	<u>Part III – Supplementary Data and General Comments and Recommendations</u>	
	Comparative Schedule of Tax Rate Information	101
	Comparison of Tax Levies and Collection Currently	101
	Delinquent Taxes and Tax Title Liens	102
	Property Acquired by Tax Title Lien Liquidation	102
	Comparative Schedule of Fund Balances	102
	Officials in Office and Surety Bonds	103
	General Comments	104-105
	Recommendations	106



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
ROBERT LERCH, CPA, PSA, RMA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA, RMA
JOHN CUIFFO, CPA, PSA, RMA
DEBRA GOLLE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
50 Washington Avenue
Dumont, New Jersey 07628

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the Borough of Dumont which comprise the balance sheets - regulatory basis of the various funds and account group of the Borough of Dumont, as of December 31, 2025 and 2024, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2025, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2025 and 2024. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 33 percent and 39 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2025 and 2024, respectively.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Dumont'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 Dumont's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

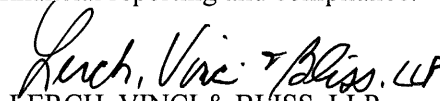
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 13, 2026 on our consideration of the Borough of Dumont'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 Dumont'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 Dumont's internal control over financial reporting and compliance.


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


 Gary J. Vinci
 Registered Municipal Accountant
 RMA Number CR000411

Fair Lawn, New Jersey
 July 13, 2026

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

ASSETS	Reference	2025	2024
Cash	A-4	\$ 5,760,232	\$ 8,052,933
Petty Cash	A-5	400	400
Change Fund	A	275	275
Grants Receivable	A-6	438,895	144,100
Due From State - Senior Citizens and Veterans Deductions	A-7	<u>11,005</u>	<u>9,755</u>
		<u>6,210,807</u>	<u>8,207,463</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	361,905	483,126
Tax Title Liens	A-9	10,910	10,320
Property Acquired for Taxes	A-10	79,526	79,526
Revenue Accounts Receivable	A-12	44,899	40,039
Due from Other Trust Fund	B-7	669,956	
Due from General Capital Fund	C-8	182,204	
Due from Dixon Homestead Library	A-23	16,804	
Due from Animal Control Fund	B-4	<u>1,477</u>	<u>37,667</u>
		<u>1,367,681</u>	<u>650,678</u>
Deferred Charges			
Special Emergency Authorization	A-11	380,000	475,000
Overexpenditure of Appropriations	A-11	<u>59,631</u>	<u>-</u>
		<u>439,631</u>	<u>475,000</u>
Total Assets		<u>\$ 8,018,119</u>	<u>\$ 9,333,141</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 1,336,346	\$ 1,041,447
Encumbrances Payable	A-14	1,169,647	1,311,068
Accounts Payable	A-15	53,256	54,838
Due to General Capital Fund	C-8		938,384
Due to Other Trust Fund	B-7		678,518
Miscellaneous Reserves	A-16	662,167	401,828
Prepaid Taxes	A-17	563,033	274,885
Tax Overpayments	A-18	4,296	19,500
County Taxes Payable	A-20	1,671	4,878
Appropriated Grant Reserves	A-21	137,503	60,982
Unappropriated Grant Reserves	A-22	<u>17,571</u>	<u>89,499</u>
		<u>3,945,490</u>	<u>4,875,827</u>
Reserve for Receivables and Other Assets	A	1,367,681	650,678
Fund Balance	A-1	<u>2,704,948</u>	<u>3,806,636</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,018,119</u>	<u>\$ 9,333,141</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2025</u>	<u>2024</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 2,500,000	\$ 2,300,000
Miscellaneous Revenues Anticipated	3,770,025	4,185,929
Receipts from Delinquent Taxes	483,057	492,868
Receipts from Current Taxes	71,363,270	68,311,508
Non-Budget Revenues	249,280	306,021
Other Credits to Income		
Prior Year Receivable Collected		16,693
Cancelled Accounts Payable	48,285	27,315
Interfunds Returned	37,667	
Unexpended Balance of Appropriation Reserves	805,241	767,728
Statutory Excess - Animal Control Fund	<u>1,477</u>	<u>1,437</u>
 Total Revenues	 <u>79,258,302</u>	 <u>76,409,499</u>
 EXPENDITURES		
Municipal Budget	29,889,460	28,804,814
County Taxes	7,143,682	6,304,312
Local District School Taxes	40,015,023	39,400,531
Other Debits		
Refund of Prior Year Revenues	1,015	
Establish Reserve for Amount Due from Library	16,804	
Interfund Advance	<u>853,637</u>	<u>1,437</u>
 Total Expenditures	 <u>77,919,621</u>	 <u>74,511,094</u>
 Excess in Revenues	 1,338,681	 1,898,405
 Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>59,631</u>	<u>475,000</u>
 Statutory Excess to Fund Balance	 1,398,312	 2,373,405
 Fund Balance, January 1	 <u>3,806,636</u>	 <u>3,733,231</u>
	5,204,948	6,106,636
Decreased by:		
Utilization as Anticipated Revenue	<u>2,500,000</u>	<u>2,300,000</u>
 Fund Balance, December 31	 <u>\$ 2,704,948</u>	 <u>\$ 3,806,636</u>

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

	<u>Budget</u>	<u>NJSA 40A:4-87</u>	<u>Realized</u>	Excess or (<u>Deficit</u>)
Fund Balance Utilized	<u>\$ 2,500,000</u>	<u>-</u>	<u>\$ 2,500,000</u>	<u>-</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	13,000		14,893	\$ 1,893
Other	4,000		5,824	1,824
Fees and Permits				
Construction Code Official	235,000		282,643	47,643
Other	60,000		40,801	(19,199)
Fines and Costs - Municipal Court	80,000		109,689	29,689
Interest on Costs on Taxes	80,000		85,809	5,809
Interest on Investments and Deposits	200,000		273,628	73,628
Fire Inspections	9,000		24,804	15,804
Energy Receipts Tax	1,371,413		1,371,413	
State, Federal and Other Grants				
Recycling Tonnage Grant		\$ 21,947	21,947	
Clean Communities Grant		39,907	39,907	
Police Body Armor	2,715		2,715	
Bulletproof Vest Partnership	3,119	13,105	16,224	
National Opioid Settlement	42,579		42,579	
Police Body Camera	41,086		41,086	
Community Development Block Grant - Senior Ctr		57,000	57,000	
NJ DEP - Stormwater Grant		80,000	80,000	
Fire and Emergency Response SAFER Grant		189,700	189,700	
Local Recreation Improvement Grant		50,000	50,000	
Police Outside Services - Admin. Fees	250,000		250,000	-
General Capital Fund Balance	75,000		75,000	-
Life Hazard Use Fees	8,000		23,711	15,711
PILOT - Senior Citizen Club	15,000		15,000	-
PILOT - Washington Promenade	375,000		352,642	(22,358)
Reserve for Payment of Debt	100,000		100,000	-
Cable Television Franchise Fees	210,000	-	203,010	(6,990)
Total Miscellaneous Revenues	<u>3,174,912</u>	<u>451,659</u>	<u>3,770,025</u>	<u>143,454</u>
Receipts from Delinquent Taxes	<u>430,000</u>	<u>-</u>	<u>483,057</u>	<u>53,057</u>
Amount to be Raised by Taxes for Support of				
Municipal Budget	23,645,409		24,576,333	930,924
Free Public Library	1,003,232	-	1,003,232	-
	<u>24,648,641</u>	<u>-</u>	<u>25,579,565</u>	<u>930,924</u>
Total General Revenues	<u>\$ 30,753,553</u>	<u>\$ 451,659</u>	<u>32,332,647</u>	<u>\$ 1,127,435</u>
Non-Budget Revenues			<u>249,280</u>	
			<u>\$ 32,581,927</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2025
(Continued)

Analysis of Realized Revenues	
Allocation of Current Tax Collections	
Revenues from Collections	\$ 71,363,270
Less: Allocation to School and County Taxes	<u>47,158,705</u>
Balance for Support of Municipal Budget Appropriation	24,204,565
Add Appropriation - "Reserve for Uncollected Taxes"	<u>1,375,000</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 25,579,565</u></u>
Licenses-Other	
Borough Clerk	\$ 5,566
Board of Health	<u>258</u>
	<u><u>\$ 5,824</u></u>
Fees and Permits-Other	
Borough Clerk	\$ 14,020
Police	6,056
Planning and Zoning	110
Board of Health	14,915
Construction	<u>5,700</u>
	<u><u>\$ 40,801</u></u>
Interest on Investments and Deposits	
Revenue Accounts Receivable	\$ 195,576
Due from General Capital Fund	<u>78,052</u>
	<u><u>\$ 273,628</u></u>
Analysis of Non-Budget Revenue	
Police Department	\$ 20,101
Recycling Cans	599
6% Tax Penalty	30,925
Recycling	12,386
Unison Revenue Sharing	22,511
Monopole Rental	32,586
Admin Fee - Senior Citizens And Veterans	1,555
Rental Income	36,250
Pilot - BC Housing	23,966
Miscellaneous	<u>68,401</u>
	<u><u>\$ 249,280</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

			<u>Expended</u>			
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over-</u>
OPERATIONS WITHIN "CAPS"		<u>Modification</u>	<u>Charged</u>			<u>Expenditures</u>
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages	\$ 163,698	\$ 163,698	\$ 163,698	\$ -		
Other Expenses	175,000	215,000	177,396	37,604		
Postage	15,000	15,000	5,593	9,407		
Mayor and Council						
Salaries and Wages	14,500	14,500	12,425	2,075		
Other Expenses	9,700	9,700	7,000	2,700		
Municipal Clerk						
Salaries and Wages	201,700	203,681	203,681	-		
Other Expenses	25,500	25,500	21,756	3,744		
Elections						
Other Expenses	15,000	18,000	17,731	269		
Financial Administration						
Salaries and Wages	123,224	118,224	118,092	132		
Other Expenses	112,920	112,920	112,810	110		
Auditor						
Other Expenses	51,000	51,000	51,000	-		
Assessment of Taxes						
Salaries and Wages	26,406	26,406	26,406	-		
Other Expenses	4,000	6,500	66,131			\$ 59,631
Collection of Taxes						
Salaries and Wages	96,299	96,299	96,299	-		
Other Expenses	17,500	17,500	17,328	172		
Legal Services and Costs						
Borough Attorney - Other Expenses	165,000	165,000	144,513	20,487		
Special Counsel - Other Expenses	195,000	195,000	117,962	77,038		
Engineering						
Other Expenses	105,000	105,000	104,216	784		
Planning Board/Zoning Board						
Salaries and Wages	2,400	2,400	2,260	140		
Other Expenses	15,000	15,000	9,605	5,395		
Affordable Housing (COAH)						
Salaries and Wages	1,000	1,000	1,000	-		
Other Expenses	15,000	40,000	29,654	10,346		
Insurance						
General Liability	507,415	507,415	500,683	6,732		
Workers Compensation	519,575	519,575	519,575	-		
Employee Group Health	2,686,112	2,611,112	2,572,561	38,551		
Health Benefit Waiver	40,000	40,000	32,522	7,478		
Rent Leveling Board						
Salaries and Wages	500	500	180	320		
Other Expenses	500	3,000	909	2,091		
Arts, Beautification and Economic Dev						
Other Expenses	1,500	1,500	962	538		
PUBLIC SAFETY						
Fire Department						
Salaries and Wages	5,306	5,306	5,306	-		
Other Expenses	197,500	197,500	190,633	6,867		
Life Hazard Use Fees						
Salaries and Wages	28,879	28,879	26,812	2,067		
Other Expenses	6,300	6,300	4,753	1,547		
Aid to Volunteer Fire Companies						
Rental of Fire Houses	80,000	80,000	80,000	-		
Fire Hydrant Services	185,000	195,000	192,700	2,300		

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u> <u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over- Expenditures</u>
PUBLIC SAFETY (Continued)						
Police Department						
Salaries and Wages	\$ 5,709,111	\$ 5,609,679	\$ 5,601,361	\$ 8,318		
Other Expenses	222,500	197,500	143,080	54,420		
Police Reserve - Other Expenses	5,850	5,850	175	5,675		
Emergency Management						
Salaries and Wages	5,000	5,000	3,586	1,414		
Other Expenses	4,100	4,100		4,100		
Aid to Volunteer Fire Companies						
Other Expenses	60,000	60,000	60,000	-		
Volunteer Ambulance Corp.						
Salaries and Wages	11,000	11,000		11,000		
Other Expenses	76,000	76,000	76,000	-		
Municipal Prosecutor						
Other Expenses	11,000	11,000	8,031	2,969		
PUBLIC WORKS						
Streets and Road Maintenance						
Salaries and Wages	1,979,718	2,037,169	2,037,169	-		
Other Expenses	412,550	412,550	378,835	33,715		
Recycling						
Salaries and Wages	2,122	2,122	2,103	19		
Garbage and Trash Removal						
Other Expenses	2,669,000	2,599,000	2,504,670	94,330		
Sewer System						
Other Expenses	1,000	6,000	3,654	2,346		
Public Building and Grounds						
Salaries and Wages	132,767	132,767	132,556	211		
Other Expenses	133,000	158,000	152,950	5,050		
Shade Tree						
Other Expenses	5,000	5,000	4,918	82		
HEALTH AND HUMAN SERVICES						
Board of Health						
Salaries and Wages	17,255	17,255	17,254	1		
Other Expenses	65,000	66,000	65,270	730		
Animal Control Services						
Other Expenses	28,000	28,000	28,000	-		
Environmental Commission						
Other Expenses	6,000	6,000	4,243	1,757		
Administration of Public Assistance						
Salaries and Wages	4,000	4,000	4,000	-		
Other Expenses						
PARKS AND RECREATION						
Senior Citizens						
Salaries and Wages	120,607	123,607	122,905	702		
Other Expenses	29,900	29,900	22,506	7,394		
Parks and Playgrounds						
Salaries and Wages	93,284	113,284	111,108	2,176		
Other Expenses	34,000	34,000	24,164	9,836		
OTHER						
Celebration of Public Events						
Other Expenses	40,000	40,000	30,164	9,836		
Salary Adjustments						
Salaries and Wages	32,000	2,000		2,000		

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>	<u>Over- Expenditures</u>
MUNICIPAL COURT						
Salaries and Wages	\$ 134,319	\$ 134,319	\$ 132,059	\$ 2,260		
Other Expenses	13,600	13,600	7,188	6,412		
Public Defender						
Other Expenses	8,250	10,750	8,958	1,792		
CODE ENFORCEMENT AND ADMINISTRATION						
Salaries and Wages	203,856	203,856	198,532	5,324		
Other Expenses	23,950	23,950	12,693	11,257		
UNCLASSIFIED						
Utilities						
Gasoline	140,000	140,000	124,893	15,107		
Electricity	260,000	260,000	260,000	-		
Telephone	92,000	92,000	67,320	24,680		
Street Lighting	185,000	215,000	185,000	30,000		
Water	67,000	67,000	59,820	7,180	-	-
Total Operations Within "CAPS"	18,918,173	18,812,673	18,259,481	600,987	-	\$ 59,631
DEFERRED CHARGES AND REGULATORY EXPENDITURES-MUNICIPAL						
Statutory Expenditures:						
Contribution to:						
Social Security System	400,000	425,000	419,230	5,770		
Public Employees' Retirement System	581,531	581,531	581,531	-		
Police and Firemen's Retirement Fund of NJ	1,360,090	1,360,090	1,360,090	-		
Unemployment Insurance	25,000	75,000	75,000	-		
Defined Contribution Retirement Plan	9,000	9,000	6,934	2,066	-	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	2,375,621	2,450,621	2,442,785	7,836	-	-
Total General Appropriations for Municipal Purposes within "CAPS"	21,293,794	21,263,294	20,702,266	608,823	-	59,631
OPERATIONS - EXCLUDED FROM "CAPS"						
UTILITY EXPENSES AND BULK PURCHASES						
Bergen County Utilities Authority-Operations	1,828,126	1,828,126	1,828,126			
Bergen County Utilities Authority-Debt Service	494,831	494,831	494,831			
EDUCATION						
Maintenance of Free Public Library	1,003,232	1,003,232	1,003,232			
PUBLIC SAFETY						
Length of Service Awards Program	50,000	50,000	41,000	9,000	-	
INSURANCE						
Employee Group Health	309,808	309,808		309,808		
Workers Compensation	8,931	8,931	8,931	-	-	-
Total Other Operations - Excluded from "CAPS"	3,694,928	3,694,928	3,376,120	318,808	-	-

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>	<u>Over- Expenditures</u>
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
FEDERAL AND STATE GRANTS						
Police Body Camera						
Other Expenses	\$ 41,086	\$ 41,086	\$ 17,549	\$ 23,537		
Body Armor Replacement Grant						
Other Expenses	2,715	2,715		2,715		
Bulletproof Vests	3,119	16,224	13,107	3,117		
Fire and Emergency Response SAFER Grant		189,700		189,700		
Equitable Sharing Program				-		
BCDCD Senior Improvements		57,000	7,004	49,996		
Clean Communities						
Other Expenses		39,907	9,348	30,559		
Local Recreation Improvement Grant		50,000	48,096	1,904		
Opioid Settlement	42,579	42,579	5,850	36,729		
Recycling Tonnage Grant						
Other Expenses		21,947	16,489	5,458	-	-
Stormwater Grant	-	80,000	15,000	65,000	-	-
Total Public and Private Programs Offset by Revenues	89,499	541,158	132,443	408,715	-	-
Total Operations Excluded from "CAPS"	3,784,427	4,236,086	3,508,563	727,523	-	-
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	120,000	120,000	120,000	-	-	-
Total Capital Improvements	120,000	120,000	120,000	-	-	-
MUNICIPAL DEBT SERVICE						
Payment of Bond Principal	2,275,000	2,275,000	2,275,000	-		
Payment of Bond Anticipation Notes	61,000	61,000	61,000			
Interest on Bonds	1,242,575	1,242,575	1,242,575			
Interest on Notes	130,181	130,181	130,180		\$ 1	
Green Trust						
Loan Repayments for Principal and Interest	12,437	12,437	12,437		-	
NJEIT Loan Principal	394,489	394,989	394,607		382	
NJEIT Loan Interest	28,650	28,650	28,650	-	-	-
Total Municipal Debt Service	4,144,332	4,144,832	4,144,449	-	383	-
DEFERRED CHARGES						
Special Emergency	95,000	95,000	95,000			
Deferred Charges Unfunded - General						
Capital Fund Cancelled Grants	13,000	13,000	13,000	-	-	-
	108,000	108,000	108,000	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	8,156,759	8,608,918	7,881,012	727,523	383	-

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u> <u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Over- Expenditures</u>
Subtotal General Appropriations	\$ 29,450,553	\$ 29,872,212	\$ 28,583,278	\$ 1,336,346	\$ 383	\$ 59,631
RESERVE FOR UNCOLLECTED TAXES	<u>1,375,000</u>	<u>1,375,000</u>	<u>1,375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 30,825,553</u>	<u>\$ 31,247,212</u>	<u>\$ 29,958,278</u>	<u>\$ 1,336,346</u>	<u>\$ 383</u>	<u>\$ 59,631</u>
Budget as Adopted		\$ 30,753,553				
Added by NJS 40A:4-87		<u>451,659</u>				
		<u>\$ 31,205,212</u>				
Cash Disbursements			\$ 26,980,451			
Encumbrances Payable			1,169,647			
Due to General Capital Fund						
Capital Improvement Fund			120,000			
Deferred Charges - Canceled Grants			13,000			
Current Fund Expenditures Paid by General Capital Fund			130,180			
Due to Unemployment Trust Fund			75,000			
Deferred Charges - Special Emergency			95,000			
Reserve for Uncollected Taxes			<u>1,375,000</u>			
			<u>\$ 29,958,278</u>			

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

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 6,253	\$ 42,426
Due from Other Trust Fund	B-14	<u>8</u>	<u>-</u>
		<u>6,261</u>	<u>42,426</u>
OTHER TRUST FUND			
Cash	B-1	4,421,452	2,473,479
Due from Current Fund	B-7	<u>-</u>	<u>678,518</u>
		<u>4,421,452</u>	<u>3,151,997</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	7,662	2,971
Due from Other Trust Fund	B-12	21,201	6,436
Due from Payroll Service Provider	B-11	<u>916</u>	<u>1,132</u>
		<u>29,779</u>	<u>10,539</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investment	B	2,194,365	2,044,513
Contribution Receivable	B	<u>41,000</u>	<u>37,800</u>
		<u>2,235,365</u>	<u>2,082,313</u>
Total Assets		<u>\$ 6,692,857</u>	<u>\$ 5,287,275</u>

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

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-2	\$ 4,629	\$ 4,607
Due to State of New Jersey	B-3	155	152
Due to Current Fund	B-4	<u>1,477</u>	<u>37,667</u>
		<u>6,261</u>	<u>42,426</u>
OTHER TRUST FUND			
Reserve for Developers Escrow	B-5	36,149	26,494
Miscellaneous Reserves	B-8	3,606,538	3,030,451
Encumbrances Payable	B-13	1,200	
Payroll Deductions Payable	B-9	86,400	88,616
Due to Current Fund	B-7	669,956	
Due to Unemployment Trust Fund	B-12	21,201	6,436
Due to Animal Control Fund	B-14	<u>8</u>	<u>-</u>
		<u>4,421,452</u>	<u>3,151,997</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance Expenditures	B-6	<u>29,779</u>	<u>10,539</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for Length of Service Awards Program	B	<u>2,235,365</u>	<u>2,082,313</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,692,857</u>	<u>\$ 5,287,275</u>

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

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
ASSETS			
Cash	C-2, C-3	\$ 1,884,163	\$ 3,220,080
Grants Receivable	C-6	2,298,541	2,134,173
Deferred Charges to Future Taxation			
Funded	C-4	35,673,038	38,354,184
Unfunded	C-5	9,729,200	7,763,200
Cancelled Grant Receivable	C-7	10,274	23,274
Due from Current Fund	C-8	-	938,384
Total Assets		\$ 49,595,216	\$ 52,433,295
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	\$ 34,390,000	\$ 36,665,000
Bond Anticipation Notes	C-10	4,880,000	3,729,800
Green Trust Fund Loan Payable	C-13	30,180	41,838
Environmental Infrastructure Trust Loan Payable	C-14	1,252,858	1,647,346
Improvement Authorizations			
Funded	C-11	1,535,933	1,781,595
Unfunded	C-11	2,459,964	2,727,871
Contracts Payable	C-12	1,474,399	2,457,535
Due to Current Fund	C-8	182,204	
Reserve for Grants Receivable	C-6	2,298,541	2,134,173
Capital Improvement Fund	C-15	33,099	15,099
Reserve for Payment of Debt	C-16	798,439	898,439
Fund Balance	C-1	259,599	334,599
Total Liabilities, Reserves and Fund Balance		\$ 49,595,216	\$ 52,433,295

There were bonds and notes authorized but not issued of \$4,849,200 and \$4,147,216 at December 31, 2025 and 2024, respectively (Exhibit C-17).

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

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ 334,599	\$ 409,599
Decreased by:		
Realized as Current Fund Revenue	<u>75,000</u>	<u>75,000</u>
Balance, December 31	<u>\$ 259,599</u>	<u>\$ 334,599</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2025 AND 2024

	<u>Reference</u>	<u>2025</u>	<u>2024</u>
ASSETS			
Cash	D-1	\$ <u>640</u>	\$ <u>640</u>
		\$ <u>640</u>	\$ <u>640</u>
LIABILITIES			
Reserve for Public Assistance Expenditures	D-2	\$ <u>640</u>	\$ <u>640</u>
		\$ <u>640</u>	\$ <u>640</u>

**BOROUGH OF DUMONT
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Land and Site Improvements	\$ 4,565,794	\$ 4,963,274
Buildings and Building Improvements	24,082,420	23,400,229
Machinery and Equipment	<u>13,271,173</u>	<u>12,368,594</u>
	<u>\$ 41,919,387</u>	<u>\$ 40,732,097</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 41,919,387</u>	<u>\$ 40,732,097</u>

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Regulatory Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

Cash and Investments - Cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the proprietary funds and government-wide financial statements.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

General Fixed Assets purchased after December 31, 2008 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2008 are stated as follows:

Land and Land Improvements	Estimated Historical Cost
Building and Building Improvements	Assessed Value and/or Cost
Machinery and Equipment	Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund
Public Assistance Fund

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

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

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

The Governing Body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The Governing Body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2025 and 2024 the Borough Council increased the original budget by \$451,659 and \$626,236, respectively. The increases were funded by additional aid allotted to the Borough and by a special emergency authorization in 2024 for the revaluation of real property. In addition, the Governing Body approved several budget transfers during 2025 and 2024.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<u>2025</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
General Government			
Assessment of Taxes			
Other Expenses	\$6,500	\$66,131	\$59,631

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2025 and 2024, the book value of the Borough's deposits were \$12,071,630 and \$13,784,595 and bank and brokerage firm balances of the Borough's deposits amounted to \$14,231,403 and \$15,063,478, respectively. The Borough's deposits which are displayed on the various balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2025</u>	<u>2024</u>
Insured	\$ 14,074,019	\$ 14,922,955
Uninsured and Collateralized	<u>157,384</u>	<u>140,523</u>
	<u>\$ 14,231,403</u>	<u>\$ 15,063,478</u>

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2025 and 2024, the Borough’s bank balances of \$157,384 and \$140,523 were exposed to custodial credit risk as follows:

	<u>2025</u>	<u>2024</u>
Collateral Held by Borough's Agent in the Borough's Name	\$ 157,384	\$ 140,523

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2025 and 2024, the Borough had the following investments:

	<u>2025</u>	<u>2024</u>
Investment in Lincoln Financial (LOSAP-Unaudited)	\$ 2,194,365	\$ 2,044,513
N.J. Cash Management Fund	9,447	8,609
	<u>\$ 2,203,812</u>	<u>\$ 2,053,122</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2025 and 2024, \$2,203,812 and \$2,053,122 of the Borough’s investments were exposed to custodial credit risk as follows:

	<u>2025</u>	<u>2024</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 2,203,812	\$ 2,053,122

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2025 and 2024, the Borough’s investment in Lincoln Financial Group was rated A2 by Moody’s Investor Services.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total investments.

Fair Value of Investments. The Borough of Dumont measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group and N.J. Cash Management Fund. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2025 and 2024 are categorized as Level 2.

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Property Taxes	\$ 361,905	\$ 483,126
Tax Title Liens	<u>10,910</u>	<u>10,320</u>
	<u>\$ 372,815</u>	<u>\$ 493,446</u>

In 2025 and 2024, the Borough collected \$483,057 and \$492,868 from delinquent taxes, which represented 100% of the prior year’s delinquent property taxes receivable balance.

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

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, 2025 and 2024 interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2025</u>		<u>2024</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 853,637		\$ 37,667	\$ 1,616,902
Trust Fund				
Other Trust Fund		\$ 691,165	678,518	6,436
Animal Control Fund	8	1,477		37,667
Unemployment Insurance Trust Fund	21,201		6,436	
General Capital Fund	-	182,204	938,384	-
	<u>\$ 874,846</u>	<u>\$ 874,846</u>	<u>\$ 1,661,005</u>	<u>\$ 1,661,005</u>

The above balances are the result of expenditures being paid by one fund on behalf of another, revenues earned in one fund but owed to another fund and receipts deposited in one fund but owed to another fund.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2025 and 2024 the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2025</u>			
Current Fund			
Special Emergency Authorizations - Revaluation	\$ 380,000	\$ 95,000	\$ 285,000
Overexpenditure of Appropriation	<u>59,631</u>	<u>59,631</u>	<u>-</u>
	<u>\$ 439,631</u>	<u>\$ 154,631</u>	<u>\$ 285,000</u>
<u>2024</u>			
Current Fund			
Special Emergency Authorizations - Revaluation	<u>\$ 475,000</u>	<u>\$ 95,000</u>	<u>\$ 380,000</u>

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

NOTE 7 FUND BALANCES APPROPRIATED

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

	2025		2024	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,815,417	\$ 1,800,000	\$ 3,177,781	\$ 2,500,000
Non-Cash Surplus	<u>889,531</u>	<u>-</u>	<u>628,855</u>	<u>-</u>
	<u>\$ 2,704,948</u>	<u>\$ 1,800,000</u>	<u>\$ 3,806,636</u>	<u>\$ 2,500,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

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

	<u>Balance, December 31, 2024</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance, December 31, 2025</u>
Land and Site Improvements	\$ 4,963,274	\$ 67,683	\$ (465,163)	\$ 4,565,794
Buildings and Building Improvements	23,400,229	132,704	549,487	24,082,420
Machinery and Equipment	<u>12,368,594</u>	<u>986,903</u>	<u>(84,324)</u>	<u>13,271,173</u>
	<u>\$ 40,732,097</u>	<u>\$ 1,187,290</u>	<u>\$ -</u>	<u>\$ 41,919,387</u>

	<u>Balance, December 31, 2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance, December 31, 2024</u>
Land and Site Improvements	\$ 4,780,937	\$ 182,337		\$ 4,963,274
Buildings and Building Improvements	23,375,729	24,500		23,400,229
Machinery and Equipment	<u>11,466,770</u>	<u>901,824</u>	<u>-</u>	<u>12,368,594</u>
	<u>\$ 39,623,436</u>	<u>\$ 1,108,661</u>	<u>\$ -</u>	<u>\$ 40,732,097</u>

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

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2025</u>	<u>2024</u>
Issued		
General		
Bonds, Notes, and Loans	\$ 40,553,038	\$ 42,083,984
Less Funds Temporarily Held to		
Pay Bonds and Notes	<u>798,439</u>	<u>1,012,255</u>
Net Debt Issued	39,754,599	41,071,729
Authorized But Not Issued		
General		
Bonds and Notes	<u>4,849,200</u>	<u>4,147,216</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 44,603,799</u>	<u>\$ 45,218,945</u>

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of 1.50% and 1.64% at December 31, 2025 and 2024, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2025</u>			
General Debt	\$ 45,402,238	\$ 798,439	\$ 44,603,799
School Debt	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 45,402,238</u>	<u>\$ 798,439</u>	<u>\$ 44,603,799</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
General Debt	\$ 46,231,200	\$ 1,012,255	\$ 45,218,945
School Debt	<u>1,055,000</u>	<u>1,055,000</u>	<u>-</u>
Total	<u>\$ 47,286,200</u>	<u>\$ 2,067,255</u>	<u>\$ 45,218,945</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2025</u>	<u>2024</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 104,172,927	\$ 96,504,422
Net Debt	<u>44,603,799</u>	<u>45,218,945</u>
Remaining Borrowing Power	<u>\$ 59,569,128</u>	<u>\$ 51,285,477</u>

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
\$5,430,000, 2016 Refunding Bonds, due in annual installments of \$1,060,000 through July 2025, interest at 4.00%		\$ 1,060,000
\$6,075,000, 2017 Bonds, due in annual installments of \$320,000 to \$445,000 through May 2035, interest at 2.50% to 3.00%	\$ 3,780,000	4,095,000
\$15,500,000, 2020 Bonds, due in annual installments of \$455,000 to \$860,000 through May 2045, interest at 2.5% to 3.0%	13,335,000	13,780,000
\$18,580,000, 2022 Bonds, due in annual installments of \$470,000 to \$820,000 through June 2050, interest at 4.00% to 4.25%	<u>17,275,000</u>	<u>17,730,000</u>
	<u>\$ 34,390,000</u>	<u>\$ 36,665,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Borough has entered into loan agreements with the New Jersey Green Trust and the Environmental Infrastructure Trust Funds. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Green Trust Fund		
\$200,000, Bonds, due in semi-annual installments of \$5,916 to \$6,157 through 2028, interest at 2%	\$ 30,180	\$ 41,838
Total Green Trust Fund	<u>\$ 30,180</u>	<u>\$ 41,838</u>
Environmental Infrastructure Trust		
\$1,675,000 Trust Loan, due in annual installments of \$107,000 to \$112,000 through 2027, interest at 5.0%	\$ 219,000	\$ 321,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$80,765 through 2027 interest free	138,202	221,012
\$965,000 Trust Loan, due in annual installments of \$62,000 to \$67,000 through 2029, interest at 3.0% to 5.0%	258,000	315,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>637,656</u>	<u>790,334</u>
Total Environmental Infrastructure Trust	<u>1,252,858</u>	<u>1,647,346</u>
Total Intergovernmental Loans	<u>\$ 1,283,038</u>	<u>\$ 1,689,184</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2025 is as follows:

Calendar Year	General Bonds		Intergovernmental Loans					
	Principal	Interest	Environmental Infrastructure		Green Trust		Total	
			Principal	Interest	Principal	Interest		
2026	\$ 1,245,000	\$ 1,162,488	\$ 404,378	\$ 21,115	\$ 11,892	\$ 544	\$ 2,845,417	
2027	1,285,000	1,123,700	409,124	13,080	12,131	305	2,843,340	
2028	1,335,000	1,082,700	219,679	5,120	6,157	62	2,648,718	
2029	1,385,000	1,039,300	219,677	2,560			2,646,537	
2030	1,435,000	994,288					2,429,288	
2031-2035	8,020,000	4,236,200					12,256,200	
2036-2040	7,235,000	2,991,213					10,226,213	
2041-2045	8,350,000	1,618,275					9,968,275	
2046-2050	4,100,000	435,625	-	-	-	-	4,535,625	
Total	\$ 34,390,000	\$ 14,683,789	\$ 1,252,858	\$ 41,875	\$ 30,180	\$ 912	\$ 50,399,613	

Changes in Long-Term Municipal Debt

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

	Balance, December 31, 2024	Additions	Reductions	Balance, December 31, 2025	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 36,665,000		\$ 2,275,000	\$ 34,390,000	\$ 1,245,000
Intergovernmental Loans Payable	<u>1,689,184</u>	<u>-</u>	<u>406,146</u>	<u>1,283,038</u>	<u>416,270</u>
General Capital Fund Long-Term Liabilities	<u>\$ 38,354,184</u>	<u>\$ -</u>	<u>\$ 2,681,146</u>	<u>\$ 35,673,038</u>	<u>\$ 1,661,270</u>
	Balance, December 31, 2023	Additions	Reductions	Balance, December 31, 2024	Due Within One Year
General Capital Fund					
Bonds Payable	\$ 38,880,000		\$ 2,215,000	\$ 36,665,000	\$ 2,275,000
Intergovernmental Loans Payable	<u>2,090,069</u>	<u>-</u>	<u>400,885</u>	<u>1,689,184</u>	<u>406,146</u>
General Capital Fund Long-Term Liabilities	<u>\$ 40,970,069</u>	<u>\$ -</u>	<u>\$ 2,615,885</u>	<u>\$ 38,354,184</u>	<u>\$ 2,681,146</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2024	Increased	Decreased	Balance, December 31, 2025
1608	Various Capital Improvements	3.50%	10/3/2025	\$ 1,208,500		\$ 1,208,500	
		3.25%	10/2/2026		\$ 1,147,500		\$ 1,147,500
1621/1622	Various Capital Improvements	3.50%	10/3/2025	2,521,300		2,521,300	
		3.25%	10/2/2026		2,407,484		2,407,484
1635	Various Public Impvts and Acquisitions	3.25%	10/2/2026		1,082,000		1,082,000
1636	Improvement of Prospect Avenue	3.25%	10/2/2026	-	243,016	-	243,016
				<u>\$ 3,729,800</u>	<u>\$ 4,880,000</u>	<u>\$ 3,729,800</u>	<u>\$ 4,880,000</u>
Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2023	Increased	Decreased	Balance, December 31, 2024
1608	Various Capital Improvements	4.35%	10/4/2024	\$ 1,208,500		\$ 1,208,500	
		3.50%	10/3/2025		\$ 1,208,500		\$ 1,208,500
1621/1622	Various Capital Improvements	4.35%	10/4/2024	2,521,300		2,521,300	
		3.50%	10/3/2025	-	2,521,300	-	2,521,300
				<u>\$ 3,729,800</u>	<u>\$ 3,729,800</u>	<u>\$ 3,729,800</u>	<u>\$ 3,729,800</u>

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

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

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2025 and 2024 the Borough had the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>Estimated Date of Completion</u>
<u>2025</u>		
Road Resurfacing Program	\$ 314,388	2026
DPW Equipment	639,524	2026
Repairs to Municipal Building	275,784	2026
<u>2024</u>		
Road Resurfacing Program	\$ 1,566,520	2025
Mobile Radios	321,693	2025

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement. In addition, members of the police department are eligible to receive terminal leave as a retirement benefit. Bargaining unit agreements and a local ordinance establish the maximum number of accumulated days an employee can be compensated for.

It is estimated that the current cost of such unpaid compensation and salary related payments would be approximately \$6,050,919 and \$5,615,510 at December 31, 2025 and 2024, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. As of December 31, 2025 and 2024, the Borough has reserved \$166,471 and \$325,226, respectively in the Other Trust Fund to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

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

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

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

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

	Balance, December 31, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2025</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 5,615,510	\$ 680,966	\$ 245,557	\$ 6,050,919	\$ 237,000
Net OPEB Liability (1)	20,350,434			20,350,434	
Net Pension Liability (1)					
PERS	5,807,062			5,807,062	
PFRS	<u>10,127,185</u>	<u>-</u>	<u>-</u>	<u>10,127,185</u>	<u>-</u>
	<u>\$ 41,900,191</u>	<u>\$ 680,966</u>	<u>\$ 245,557</u>	<u>\$ 42,335,600</u>	<u>\$ 237,000</u>
	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 5,288,453	\$ 518,068	\$ 191,011	\$ 5,615,510	\$ 255,261
Net OPEB Liability	17,931,014	2,419,420		20,350,434	
Net Pension Liability					
PERS	6,539,337		732,275	5,807,062	
PFRS	<u>10,476,440</u>	<u>-</u>	<u>349,255</u>	<u>10,127,185</u>	<u>-</u>
	<u>\$ 40,235,244</u>	<u>\$ 2,937,488</u>	<u>\$ 1,272,541</u>	<u>\$ 41,900,191</u>	<u>\$ 255,261</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

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

<u>Year Ending</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2025	\$ 1,360,090	\$ 581,531	\$ 6,934
2024	1,262,243	627,448	10,201
2023	1,459,175	585,140	4,161

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

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

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

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

Public Employees Retirement System (PERS)

At December 31, 2024, the Borough reported a liability of \$5,807,062 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Borough's proportionate share was .04274 percent, which was a decrease of .00421 percent from its proportionate share measured as of June 30, 2023 of .04695 percent.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2024, the pension system has determined the Borough's pension benefit to be \$87,486 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$627,448. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 116,326	\$ 15,460
Changes of Assumptions	7,214	66,071
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		269,258
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>147,699</u>	<u>596,499</u>
Total	<u>\$ 271,239</u>	<u>\$ 947,288</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2025	\$ (398,465)
2026	108,193
2027	(232,768)
2028	(148,181)
2029	(4,828)
Thereafter	<u>-</u>
	<u>\$ (676,049)</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Mortality Rates

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
<u>2024</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>7,716,158</u>	\$ <u>5,807,062</u>	\$ <u>4,182,432</u>

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

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2024, the Borough reported a liability of \$10,127,185 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Borough’s proportionate share was .09807 percent, which was an increase of .00325 percent from its proportionate share measured as of June 30, 2023 of .09482 percent.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2024, the pension system has determined the Borough pension benefit to be \$116,031 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$1,262,243. At December 31, 2024, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 638,005	\$ 346,698
Changes of Assumptions	16,009	297,419
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		79,264
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	379,763	2,156,874
Total	\$ 1,033,777	\$ 2,880,255

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

Year Ending December 31,	Total
2025	(1,087,133)
2026	150,893
2027	(598,478)
2028	(368,692)
2029	48,228
Thereafter	8,704
	<u>\$ (1,846,478)</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Mortality Rates

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>2024</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Cash Equivalents	2.00%	3.40%
U.S. Treasury Bond	7.00%	4.10%
Non-US Developed Large-Cap Equity	9.50%	6.70%
Non-US Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Small Cap Equity	1.50%	9.60%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Private Debit/Credit	8.00%	9.10%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Equity	10.00%	10.00%

Discount Rate

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
<u>2024</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>14,469,494</u>	\$ <u>10,127,185</u>	\$ <u>6,510,993</u>

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

Special Funding Situation – PFRS

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

At December 31, 2024, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,996,553. For the year ended December 31, 2024, the pension system has determined the State’s proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$229,687, which is the same as the actual contribution the State made on behalf of the Borough of \$229,687. At December 31, 2024 (measurement date June 30, 2024) the State’s share of the PFRS net pension liability attributable to the Borough was .09807 percent, which was an increase of .00325 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of .09482 percent. The State’s proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported in the Borough’s financial statements.

Pension Plan Fiduciary Net Position

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

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

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

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

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

Plan Membership and Contributing Employers

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

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

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

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

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

Actuarial Methods and Assumptions

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2025, 2024 and 2023 were \$1,052,341, \$859,172 and \$850,268, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2025, 2024 and 2023 were \$33,270, \$29,059 and \$22,711, respectively.

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

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

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

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2024, the Borough reported a liability of \$20,350,434 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2024 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2024. As of the measurement date of June 30, 2024 the Borough's proportionate share was .11365 percent, which was a decrease of .00584 percent from its proportionate share measured as of June 30, 2023 of .11949 percent.

For the year ended December 31, 2024, the Plan has determined the Borough's OPEB expense to be \$1,187,421 based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$859,172. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,030,606	\$ 3,448,063
Changes of Assumptions	3,402,207	3,378,044
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		9,212
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>6,870,184</u>	<u>1,206,206</u>
Total	<u>\$ 11,302,997</u>	<u>\$ 8,041,525</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2025	\$ 569,118
2026	568,455
2027	596,842
2028	669,923
2029	193,382
Thereafter	<u>663,752</u>
	<u>\$ 3,261,472</u>

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

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

2024

Salary Increases*

PERS:

Rate For All Future Years

2.75% to 6.55%
Based on Years of Service

PFRS:

Rate For All Future Years

3.25% to 16.25%
Based on Years of Service

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

Mortality Rates

Pre-retirement healthy mortality

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

Post-retirement healthy mortality

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

Disabled retiree mortality

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

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

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

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Health Care Trends

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

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

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

	1% Decrease <u>2.93%</u>	Current Discount Rate <u>3.93%</u>	1% Increase <u>4.93%</u>
<u>2024</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 23,706,062</u>	<u>\$ 20,350,434</u>	<u>\$ 17,662,874</u>

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

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

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2024 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>2.93%</u>	Healthcare Cost Trend Rates	1% Increase <u>4.93%</u>
<u>2024</u>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 17,212,313</u>	<u>\$ 20,350,434</u>	<u>\$ 24,385,175</u>

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2024, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$2,847,132. For the year ended December 31, 2024 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$275,839. At December 31, 2024, (measurement date June 30, 2024), the State's share of the OPEB liability attributable to the Borough was .05838 percent, which was a decrease of .07111 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of .08516 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

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

NOTE 14 RISK MANAGEMENT

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

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

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

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

NOTE 14 RISK MANAGEMENT (Continued)

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Appropriations</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2025	\$ 85,790	\$ 14,549	\$ 81,099	\$ 29,779
2024	21,019	15,637	41,112	10,539
2023		13,400	41,761	14,995

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2025 and 2024. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2025 and 2024, the Borough reserved \$139,723, in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

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

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

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

NOTE 17 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)-UNAUDITED

The Borough of Dumont Length of Service Awards Program (the Plan) was created by a Borough ordinance adopted on August 17, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Awards Program as enacted into federal law in 1997. The voters of the Borough of Dumont approved the adoption of the Plan at the general election held on November 2, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Dumont estimates its 2025 contribution to be approximately \$41,000. The Borough contributed \$37,800 for 2024 for eligible volunteer fire department and volunteer first aid corp. members into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group 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 and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

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

NOTE 17 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)-UNAUDITED (Continued)

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2025 and 2024, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the New Jersey Housing and Mortgage Financing Act (NJHMFA).

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2025 and 2024 the Borough abated property taxes totaling \$254,651 and \$230,734, respectively, under the NJHMFA program. The Borough received \$23,966 of 2025 PILOT payments and \$25,036 of 2024 PILOT payments under this program in 2024.

Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project. For the years ended December 31, 2025 and 2024 the Borough abated property taxes totaling \$279,560 and \$292,360, respectively, under this law. The Borough received \$47,586 and \$46,287 in PILOT payments under this program for the years ended December 31, 2025 and 2024, respectively.

The Borough had entered into an agreement with Landmark Dumont I Urban Renewal Corporate ("Landmark") authorizing the execution of a long-term tax exemption and payment in lieu of taxes (PILOT) agreement pursuant to N.J.S.A. 40A:20.1.et. seq. Landmark will construct 146 multi-family housing units, consisting of 124 market rate housing units and 22 affordable housing units.

The PILOT Agreement shall have a term which shall expire at the earlier of; (a) the passage of twenty-seven (27) years from the execution of the Financial Agreement executed, and delivered, pursuant to this application or (b) the expiration of twenty-five (25) years from the completion of the Project, whichever first occurs.

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

NOTE 18 TAX ABATEMENTS (Continued)

For the Market Rate Project, the Annual Service Charge shall be in the amount equal to the greater of two percent (2%) of gross construction costs; ten percent (10%) of Gross Annual Revenue for the Market Rate Project; or for the years 1 through 15 of the Agreement, \$3,500 per Market Unit per year and for the years 16 through 25 of the Agreement, \$3,750 per Market Unit per year. It is estimated that the total Annual Service Charge for the Market Rate Project will equal \$434,000 per year for years 1 through 15 of the Agreement, increasing to \$465,000 per year for years 16 through 25 of the Agreement, totaling \$11,160,000 over the twenty-five (25) year term of the Agreement for the Market Rate Project.

For the Affordable Project, the Annual Service Charge shall be in the amount equal to the greater of two percent (2%) of Gross Annual Revenue of the Affordable Project; or for the years 1 through 15 of the Agreement, \$350 per Affordable Unit per year and for the years 16 through 25 of the Agreement, \$375 per Affordable Unit per year for the Affordable Project. It is estimated that the total Annual Service Charge for the Affordable Project will equal \$7,700 per year for years 1 through 15 of the Agreement, totaling \$198,000 over the twenty-five (25) year term of Agreement for the Affordable Project.

In 2025 and 2024, the Borough collected \$352,642 and \$376,626 (net of county share) for the 2025 and 2024 PILOT bills.

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

As of July 13, 2026 the Borough adopted bond ordinances authorizing the issuance \$3,319,000 in Bonds or bond anticipation notes to fund various capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

**BOROUGH OF DUMONT
STATEMENT OF CASH**

Balance, December 31, 2024		\$ 8,052,933
Increased by Receipts:		
Taxes Receivable	\$ 71,487,384	
Grants Receivable	87,458	
Revenue Accounts Receivable	2,725,815	
Non Budget Revenue	249,280	
Prepaid Taxes	563,033	
Tax Overpayments	18,494	
Unappropriated Grant Reserves	79,425	
Miscellaneous Reserves	479,289	
Senior Citizens' and Veterans' Deductions	77,750	
Receipts from Animal Control Fund	37,667	
Receipts from Other Trust Fund	109,000	
Receipts from Dixon Homestead Library	<u>436,380</u>	
		<u>76,350,975</u>
		84,403,908
Decreased by Disbursements:		
Budget Appropriations	26,950,287	
Appropriation Reserves	207,094	
Encumbrances Payable	1,121,213	
Accounts Payable	6,553	
Tax Overpayments	28,390	
County Taxes	7,146,889	
Local District School Taxes	40,015,023	
Miscellaneous Reserves	218,950	
Payments Made On Behalf Of Library	453,184	
Payments to General Capital Fund	1,201,564	
Payments to Other Trust Fund	937,518	
Other Trust Expenditures Paid by Current Fund	269,956	
Payments to Unemployment Trust Fund	85,790	
Reimbursement to State - Senior Citizen and Veteran Taxation Audit	250	
Refund of Prior Year Revenue	<u>1,015</u>	
		<u>78,643,676</u>
Balance, December 31, 2025		<u>\$ 5,760,232</u>

**BOROUGH OF DUMONT
STATEMENT OF PETTY CASH FUNDS**

<u>Office</u>	Balance, December 31, <u>2024</u>	Balance, December 31, <u>2025</u>
Finance Department	\$ 400	\$ 400

EXHIBIT A-6

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2024</u>	Grant <u>Award</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2025</u>
Bergen County Census Grant	\$ 5,000			\$ 5,000
Community Forestry Grant	34,100		\$ 29,275	4,825
Recreation for Individuals with Disabilities	67,000		3,000	64,000
ARP Firefighters Grant	37,000		29,408	7,592
Bulletproof Vest Partnership		\$ 13,105	7,552	5,553
Community Development - Senior Center		57,000		57,000
NJ DEP - Stormwater Grant		80,000		80,000
Fire and Emergency Response SAFER Grant		189,700		189,700
Local Recreation Improvement Grant		50,000	24,775	25,225
Recreation for Individuals with Disabilities	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
	<u>\$ 144,100</u>	<u>\$ 389,805</u>	<u>\$ 95,010</u>	<u>\$ 438,895</u>
		Due From Other Trust	\$ 7,552	
		Cash Receipts	<u>87,458</u>	
			<u>\$ 95,010</u>	

BOROUGH OF DUMONT
STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Balance, December 31, 2024		\$	9,755
Increased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billing	\$	78,000	
Deductions Allowed by Tax Collector		750	
Reimbursement to State of N.J.		<u>250</u>	
			<u>79,000</u>
			88,755
Decreased by:			
Cash Receipts			<u>77,750</u>
Balance, December 31, 2025		\$	<u><u>11,005</u></u>

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

<u>Year</u>	Balance, December 31, <u>2024</u>	<u>Levy</u>	<u>Collections</u> <u>2024</u>	<u>2025</u>	Senior Citizens' and Veterans' Deductions <u>Allowed</u>	Tax Overpayments <u>Applied</u>	<u>Cancelled</u>	Transferred to Tax Title Lien	Balance, December 31, <u>2025</u>
2024	\$ 483,126			\$ 483,057					\$ 69
2025	<u>-</u>	<u>\$ 71,834,343</u>	<u>\$ 274,885</u>	<u>71,004,327</u>	<u>\$ 78,750</u>	<u>\$ 5,308</u>	<u>\$ 108,647</u>	<u>\$ 590</u>	<u>361,836</u>
	<u>\$ 483,126</u>	<u>\$ 71,834,343</u>	<u>\$ 274,885</u>	<u>\$ 71,487,384</u>	<u>\$ 78,750</u>	<u>\$ 5,308</u>	<u>\$ 108,647</u>	<u>\$ 590</u>	<u>\$ 361,905</u>

Analysis of Property Tax Levy

TAX YIELD

General Property Tax
Real Property Tax
Added Taxes

\$ 71,817,562
16,781
\$ 71,834,343

TAX LEVY

Local School Tax \$ 40,015,023
County Taxes 6,835,922
County Open Space 306,089
Added County Taxes 1,671

47,158,705

Local Tax for Municipal Purposes 23,645,409
Local Tax For Free Public Library 1,003,232
Add Additional Tax Levied 26,997

24,675,638

\$ 71,834,343

**BOROUGH OF DUMONT
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2024	\$ 10,320
Increased by:	
Transferred from Taxes Receivable	<u>590</u>
Balance, December 31, 2025	<u>\$ 10,910</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2024	<u>\$ 79,526</u>
Balance, December 31, 2025	<u>\$ 79,526</u>

STATEMENT OF DEFERRED CHARGES

	Balance, December 31, <u>2024</u>	Amount Resulting From <u>2025</u>	Amount In 2025 <u>Budget</u>	Balance, December 31, <u>2025</u>
Special Emergency Authorizations				
Revaluation of Real Property	\$ 475,000		\$ 95,000	\$ 380,000
Overexpenditure of Appropriations	<u>-</u>	<u>\$ 59,631</u>	<u>-</u>	<u>59,631</u>
	<u>\$ 475,000</u>	<u>\$ 59,631</u>	<u>\$ 95,000</u>	<u>\$ 439,631</u>

BOROUGH OF DUMONT
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2024</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2025</u>
Licenses				
Alcoholic Beverages	\$	14,893	\$	14,893
Board of Health		258		258
Borough Clerk		5,566		5,566
Fees and Permits				
Board of Health		14,915		14,915
Borough Clerk		14,020		14,020
Planning and Zoning		110		110
Police		6,056		6,056
Construction		5,700		5,700
Construction Code	\$ 26,218	291,667	282,643	\$ 35,242
Fines and Costs - Municipal Court	13,821	105,525	109,689	9,657
Interest and Cost on Taxes		85,809	85,809	
Interest on Investments and Deposits		195,576	195,576	
Fire Inspections		24,804	24,804	
Energy Receipts Tax		1,371,413	1,371,413	
Life Hazard Use Fees		23,711	23,711	
PILOT - Senior Citizens Club		15,000	15,000	
PILOT - Washington Promenade		352,642	352,642	-
Cable Television Franchise Fees		203,010	203,010	
Police Outside Duty	-	250,000	250,000	-
	<u>\$ 40,039</u>	<u>\$ 2,980,675</u>	<u>\$ 2,975,815</u>	<u>\$ 44,899</u>
Cash Receipts			\$ 2,725,815	
Due from Other Trust Fund			<u>250,000</u>	
			<u>\$ 2,975,815</u>	

BOROUGH OF DUMONT
STATEMENT OF APPROPRIATION RESERVES

	Balance December 31, <u>2024</u>	Encumbrances Restored to Appropriation <u>Reserves</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 10,927		\$ 10,927		\$ 10,927
Financial Administration	7,024		7,024		7,024
Planning Board/Zoning Board	60		60		60
Rent Leveling Board	500		500		500
Fire Department	78		78		78
Life Hazard Use Fees	3,379		3,379		3,379
Police Department	23,521		23,521	\$ 467	23,054
Emergency Management	1,857		1,857		1,857
Volunteer Ambulance Corp			-		-
Streets and Roads	36,055		7,698		7,698
Recycling	3,121		3,121		3,121
Public Buildings and Grounds	23,693		23,693		23,693
Board of Health	10		10		10
Senior Citizens	6,809		6,809		6,809
Parks and Playgrounds	31,557		31,557		31,557
Municipal Court	925		925		925
Code Enforcement & Administration	2,798		2,798		2,798
Health Benefit Waiver	8,522		8,522		8,522
Other Expenses					
General Administration					
Other Expenses		\$ 7,148	7,148		7,148
Postage	383	181	564		564
Mayor and Council	1,412	780	2,192		2,192
Municipal Clerk	7,779	1,758	9,537		9,537
Elections	9,276		9,276		9,276
Financial Administration	26,572		26,572	12,107	14,465
Collection of Taxes	1,650		1,650		1,650
Legal Services and Costs					
Borough Attorney	19,760		59,760	59,539	221
Special Counsel	6,879		6,879	3,167	3,712
Engineering			13,659	6,351	7,308
Planning Board/Zoning Board	1,462		1,462	750	712
Affordable Housing	6,654		6,654	1,175	5,479
Rent Leveling Board	314		314		314
Arts, Beautification and Economic Dev.	973		973		973
Fire Department					
Other Expenses	34,603		34,603	19,226	15,377
Life Hazard Use Fees	62		62		62
Fire Hydrant Services	100		100		100
Police	65,419		65,419	2,884	62,535
Police Reserves	4,675		4,675		4,675
Emergency Management	4,100		4,100		4,100
Municipal Prosecutor			180	180	-
Streets and Roads	20,265	18,493	38,758		38,758

BOROUGH OF DUMONT
STATEMENT OF APPROPRIATION RESERVES

	Balance December 31, <u>2024</u>	Encumbrances Restored to Appropriation <u>Reserves</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Garbage and Trash Removal		\$ 12,724	\$ 12,724		\$ 12,724
Sewer System	\$ 4,155		4,155	\$ 420	3,735
Shade Tree	219		219		219
Public Buildings and Grounds			3,728	3,728	-
Board of Health	15,117	153	15,270		15,270
Environmental Commission	1,913		1,913	1,770	143
Aid to Community Center for Mental Health	8,000		8,000		8,000
Senior Citizens	17,036		17,036		17,036
Parks and Playgrounds	2,486	60	2,546		2,546
Celebration of Public Events	8,381		8,381		8,381
Utilities					
Electricity	21	40,024	45		45
Street Lighting	64		64	64	-
Telephone	28,882		28,882	812	28,070
Gasoline	26,340	22,694	49,034		49,034
Water	1,662		1,662	1,628	34
BCUA		440	440		440
Municipal Court	3,951		3,951	189	3,762
Public Defender	8,250		8,250	37	8,213
Code Enforcement & Administration	7,661		7,661		7,661
Insurance					
General Liability	3,230		3,230	1,502	1,728
Workers Compensation			-		-
Employee Group Health	227,698		227,698	4,634	223,064
Statutory Expenditures					
Social Security System	7,495		7,495		7,495
Public Employees Retirement System	68,234		68,234		68,234
Police and Firemen's Retirement System	438		438		438
Unemployment Insurance			10,790	10,790	-
DCRP	799		799		799
LOSAP	10,000	7,000	17,000		17,000
Police Body Armor	2,740		2,740	2,740	-
Clean Communities Grant	41,718		41,718	41,718	-
ARP Firefighter Grant	7,592		7,592	7,592	-
Police Body Camera	32,282		32,282	32,282	-
Equitable Sharing Program	1,000		1,000	1,000	-
Distracted Driving	7,000		7,000	7,000	-
Local Recreation Improvement Grant	67,000		67,000	67,000	-
Opioid Settlement	21,912		21,912	21,912	-
Stormwater Grant	15,000		15,000	15,000	-
Recycling Tonnage Grant	19,997	-	19,997	19,997	-
	<u>\$ 1,041,447</u>	<u>\$ 111,455</u>	<u>\$ 1,152,902</u>	<u>\$ 347,661</u>	<u>\$ 805,241</u>
				\$ 207,094	
				10,790	
				53,256	
				<u>76,521</u>	

BOROUGH OF DUMONT
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2024		\$	1,311,068
Increased by:			
Budget Appropriations			<u>1,169,647</u>
			2,480,715
Decreased by:			
Cash Disbursements	\$	1,121,213	
Paid by General Capital Fund		78,400	
Encumbrances Restored to Appropriation Reserves		<u>111,455</u>	
			<u>1,311,068</u>
Balance, December 31, 2025		\$	<u>1,169,647</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2024		\$	54,838
Increased by:			
Appropriation Reserves			<u>53,256</u>
			108,094
Decreased by:			
Cash Disbursements	\$	6,553	
Cancellations		<u>48,285</u>	
			<u>54,838</u>
Balance, December 31, 2025		\$	<u>53,256</u>

**BOROUGH OF DUMONT
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2024</u>	<u>Receipts</u>	<u>Disbursed</u>	Balance, December 31, <u>2025</u>
Tax Sale Premium	\$ 258,600	\$ 356,700	\$ 97,600	\$ 517,700
Redemption of Tax Sale Certificates		107,853	107,853	
Tax Appeals	139,723			139,723
DCA Fees	2,930	12,586	11,347	4,169
Marriage Licenses	<u>575</u>	<u>2,150</u>	<u>2,150</u>	<u>575</u>
	<u>\$ 401,828</u>	<u>\$ 479,289</u>	<u>\$ 218,950</u>	<u>\$ 662,167</u>

EXHIBIT A-17

STATEMENT OF PREPAID TAXES

Balance, December 31, 2024	\$ 274,885
Increased by:	
Collection of 2026 Taxes	<u>563,033</u>
	837,918
Decreased by:	
Application to 2025 Taxes Receivable	<u>274,885</u>
Balance, December 31, 2025	<u>\$ 563,033</u>

EXHIBIT A-18

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2024	\$ 19,500
Increased by:	
Cash Receipts	<u>18,494</u>
	37,994
Decreased by:	
Refunds	\$ 28,390
Overpayments Applied to Taxes Receivable	<u>5,308</u>
	<u>33,698</u>
Balance, December 31, 2025	<u>\$ 4,296</u>

**BOROUGH OF DUMONT
STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE**

Increased by:	
Levy - Calendar Year	<u>\$ 40,015,023</u>

Decreased by:	
Cash Disbursements	<u>\$ 40,015,023</u>

EXHIBIT A-20

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2024	\$ 4,878
----------------------------	----------

Increased by:	
Levy, Calendar Year	\$ 6,835,922
County Open Space	306,089
Added Taxes	<u>1,671</u>
	<u>7,143,682</u>

7,148,560

Decreased by:	
Cash Disbursements	<u>7,146,889</u>

Balance, December 31, 2025	<u>\$ 1,671</u>
----------------------------	-----------------

EXHIBIT A-21

SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance, December 31, <u>2024</u>	Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2025</u>
Clean Communities Grant	\$ 2,044	\$ 4,480		\$ 6,524
Community Forestry Grant	3,575			3,575
Equitable Sharing Program DEA	2,320	1,000		3,320
Alcohol Education and Rehabilitation Fund	2,376			2,376
Distracted Driving	5,500	7,000		12,500
Police Body Armor	11,028	1,293		12,321
Bulletproof Vest Partnership	3,185			3,185
BC Census Grant	1,060			1,060
Recycling Tonnage Grant	29,894			29,894
ARP Firefighter Grant		96		96
Police Body Worn Cameras		32,282		32,282
National Opioid Settlement		16,626		16,626
Local Recreation Improvement Grant	<u>-</u>	<u>13,744</u>	<u>-</u>	<u>13,744</u>
	<u>\$ 60,982</u>	<u>\$ 76,521</u>	<u>\$ -</u>	<u>\$ 137,503</u>

**BOROUGH OF DUMONT
STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS**

	Balance, December 31, <u>2024</u>	<u>Receipts</u>	Realized as Budget <u>Revenue</u>	Balance, December 31, <u>2025</u>
Recycling Tonnage		\$ 21,947	\$ 21,947	
Police Body Armor Fund	\$ 2,715		2,715	
Clean Communities Grant		39,907	39,907	
Body Worn Camera Grant	41,086		41,086	
Bulletproof Vest Partnership	3,119		3,119	
Opioid Settlement	<u>42,579</u>	<u>17,571</u>	<u>42,579</u>	\$ <u>17,571</u>
	<u>\$ 89,499</u>	<u>\$ 79,425</u>	<u>\$ 151,353</u>	<u>\$ 17,571</u>

STATEMENT OF DUE FROM DIXON HOMESTEAD LIBRARY

Increased by:	
Library Expenditures Paid by Current Fund	\$ 453,184
Decreased by:	
Receipts from Dixon Homestead Library	<u>436,380</u>
Balance, December 31, 2025	<u>\$ 16,804</u>

TRUST FUNDS

**BOROUGH OF DUMONT
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2024	\$ 42,426	\$ 2,473,479	\$ 2,971
Increased by Receipts:			
Escrow Deposits		\$ 63,734	
Miscellaneous Reserves		3,523,226	
License Fees Collected	\$ 1,996		
Budget Appropriations			\$ 85,790
Receipts from Current Fund		937,518	
Receipts from Payroll Service Provider		14,765	
Animal Control Receipts Deposited in Other Trust Fund		8	
Due to State of New Jersey	391		
Payroll and Payroll Deductions	<u>-</u>	<u>13,609,102</u>	<u>-</u>
	<u>2,387</u>	<u>18,148,353</u>	<u>85,790</u>
	44,813	20,621,832	88,761
Decreased by Disbursements:			
Animal Control	505		
Payments to State of NJ	388		81,099
Payments to Current Fund	37,667	109,000	
Payroll and Payroll Deductions Payable		13,611,318	
Escrow Deposits		54,079	
Miscellaneous Reserves	<u>-</u>	<u>2,425,983</u>	<u>-</u>
	<u>38,560</u>	<u>16,200,380</u>	<u>81,099</u>
Balance, December 31, 2025	<u>\$ 6,253</u>	<u>\$ 4,421,452</u>	<u>\$ 7,662</u>

BOROUGH OF DUMONT
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2024		\$ 4,607
Increased by:		
Cash Receipts	\$ 1,996	
Due From Other Trust Fund	<u>8</u>	
		<u>2,004</u>
		6,611
Decreased by:		
Cash Disbursements	505	
Statutory Excess Due to Current Fund	<u>1,477</u>	
		<u>1,982</u>
Balance, December 31, 2025		<u><u>\$ 4,629</u></u>

EXHIBIT B-3

STATEMENT OF DUE TO STATE OF NEW JERSEY
DOG REGULATION FEES

Balance, December 31, 2024		\$ 152
Increased by:		
Registration Fees - Due State of New Jersey		<u>391</u>
		543
Decreased by:		
Payments		<u>388</u>
Balance, December 31, 2025		<u><u>\$ 155</u></u>

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2024		\$ 37,667
Increased by:		
Statutory Excess Due to Current Fund		<u>1,477</u>
		39,144
Decreased by:		
Payments to Current Fund		<u>37,667</u>
Balance, December 31, 2025		<u><u>\$ 1,477</u></u>

**BOROUGH OF DUMONT
STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2024	\$ 26,494
Increased by:	
Cash Receipts	<u>63,734</u>
	90,228
Decreased by:	
Cash Disbursements	<u>54,079</u>
Balance, December 31, 2025	<u>\$ 36,149</u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES

Balance, December 31, 2024	\$ 10,539
Increased by:	
Payroll Deductions	
Due from Other Trust Fund	\$ 13,633
Due from Payroll Service Provider	916
Current Fund Budget Appropriations	<u>85,790</u>
	<u>100,339</u>
	110,878
Decreased by:	
Unemployment Insurance Claims	<u>81,099</u>
Balance, December 31, 2025	<u>\$ 29,779</u>

**STATEMENT OF DUE TO/FROM CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2024, (Due From)	\$ 678,518
Increased by:	
Payments To Current Fund	<u>109,000</u>
	787,518
Decreased by:	
Realized as Current Year Revenue	\$ 250,000
Other Trust Expenditures Paid by Current Fund	269,956
Receipts from Current Fund	<u>937,518</u>
	<u>1,457,474</u>
Balance, December 31, 2025, (Due To)	<u>\$ 669,956</u>

BOROUGH OF DUMONT
STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2024</u>	<u>Receipts</u>	<u>Decreased</u>	Balance, December 31, <u>2025</u>
Fire Prevention Fees	\$ 1,109			\$ 1,109
Recreation Commission	134,234	\$ 509,725	\$ 450,864	193,095
Tax Sale Premiums	200			200
Street Openings	44,718	4,000	2,500	46,218
Maintenance Bond	11,155			11,155
POAA	8,103	1,022		9,125
Affordable Housing (COAH)	60,872	7,274		68,146
Drug and Alcohol	12,695			12,695
Police Outside Services	1,998,961	2,389,888	1,711,258	2,677,591
Police Donations	1,586			1,586
Shade Tree	52,883	3,877	14,733	42,027
Senior Citizen Donation	307,738	9,762	22,600	294,900
Beautification	2,076	8,125	5,900	4,301
Accumulated Leave	325,226	282,418	441,173	166,471
Storm Emergency	42,677			42,677
UCC Code Enforcement Fees	<u>26,218</u>	<u>307,135</u>	<u>298,111</u>	<u>35,242</u>
	<u>\$ 3,030,451</u>	<u>\$ 3,523,226</u>	<u>\$ 2,947,139</u>	<u>\$ 3,606,538</u>
Cash Receipts		\$ 3,523,226		
Due From/To Current Fund			\$ 519,956	
Encumbrances Payable			1,200	
Cash Disbursements		<u>-</u>	<u>2,425,983</u>	
		<u>\$ 3,523,226</u>	<u>\$ 2,947,139</u>	

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2024	\$ 88,616
Increased by:	
Cash Receipts	<u>13,609,102</u>
	13,697,718
Decreased by:	
Cash Disbursements	<u>13,611,318</u>
Balance, December 31, 2025	<u>\$ 86,400</u>

**BOROUGH OF DUMONT
STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT INSURANCE FUND**

Increased by:	
Unemployment Claims Due to State of New Jersey	\$ <u>81,099</u>
Decreased by:	
Unemployment Insurance Claims Payments	\$ <u>81,099</u>

EXHIBIT B-11

**STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER
UNEMPLOYMENT INSURANCE FUND**

Balance, December 31, 2024	\$ 1,132
Increased by:	
Employee Payroll Deductions	<u>14,549</u>
	15,681
Decreased by:	
Unemployment Receipts Deposited in Other Trust Fund	<u>14,765</u>
Balance, December 31, 2025	\$ <u>916</u>

EXHIBIT B-12

**STATEMENT OF DUE FROM OTHER TRUST FUND
UNEMPLOYMENT INSURANCE FUND**

Balance, December 31, 2024	\$ 6,436
Increased by:	
Employee Payroll Deductions Deposited in Other Trust Fund	<u>14,765</u>
Balance, December 31, 2025	\$ <u>21,201</u>

**BOROUGH OF DUMONT
STATEMENT OF ENCUMBRANCES PAYABLE
OTHER TRUST FUND**

Increased by:

Charges to Miscellaneous Reserves

\$ 1,200

Balance, December 31, 2025

\$ 1,200

**STATEMENT OF DUE TO/FROM ANIMAL CONTROL
OTHER TRUST FUND**

Increased by:

Animal Control Receipts Deposited In Other Trust Fund

\$ 8

Balance, December 31, 2025

\$ 8

GENERAL CAPITAL FUND

**BOROUGH OF DUMONT
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2024		\$ 3,220,080
Increased by		
Interest on Deposits	\$ 78,052	
Receipts from Current Fund	1,201,564	
Current Fund Receipts Deposited in General Capital Fund	7,552	
Proceeds from Bond Anticipation Notes	<u>1,325,016</u>	
		<u>2,612,184</u>
		5,832,264
Decreased by:		
Improvement Authorizations	1,726,364	
Contracts Payable	1,899,341	
Bond Anticipation Notes	113,816	
Current Fund Expenditures Paid by General Capital Fund	<u>208,580</u>	
		<u>3,948,101</u>
Balance, December 31, 2025		<u><u>\$ 1,884,163</u></u>

**BOROUGH OF DUMONT
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2025**

Fund Balance	\$ 259,599
Contracts Payable	1,474,399
Deferred Charges - Cancelled Grant Receivable	(10,274)
Due To Current Fund	182,204
Capital Improvement Fund	33,099
Reserve for Payment of Debt	798,439
Improvement Authorizations:	

<u>Ord. No.</u>	<u>Improvement Description</u>	
1393	Various General Capital Improvements	(191,425)
1466	Various Storm Sewer Improvements	21,572
1481/1496	Temporary Relocation of Borough Offices	(21,112)
1501	Various Capital Improvements	42,863
1517	Thompson Street and Schraalenburgh Way Road Improvements	73,140
1519/1550/1556/1558/1578	Various Capital Improvements	259,544
1523	Sewerage System Improvements	788
1549	Various Capital Improvements	279,643
1567/1571	Various Capital Improvements	447,632
1579	Various Capital Improvements	116,678
1586	Various Capital Improvements	294,073
1600	Various Capital Improvements	(87,210)
1608	Various Capital Improvements	293,345
1621/1622	Various Capital Improvements	490,865
1635	Various Public Improvements	15,806
1636	Improvements to Prospect Avenue	(752,077)
1637	Municipal Bldg. Repair and Cost Recovery	(628,786)
1651	Various Public Improvements	(1,508,642)
		<u>\$ 1,884,163</u>

BOROUGH OF DUMONT
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2024			\$ 38,354,184
Decreased by:			
Budget Appropriations			
Serial Bonds	\$ 2,275,000		
Green Trust Loans	11,658		
NJEIT Loan Payable	<u>394,488</u>		
			<u>2,681,146</u>
Balance, December 31, 2025			<u>\$ 35,673,038</u>

[illegible]

**BOROUGH OF DUMONT
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2024</u>	<u>Grant Awards</u>	Balance, December 31, <u>2025</u>
Community Development			
Ord. No. 1621/1622 Various Capital Improvements	\$ 20,349		\$ 20,349
Ord. No. 1651 Various Public Improvements (Marion Ave)		\$ 139,368	139,368
Bergen County			
Ord. No. 1651 Various Public Improvements (ADA Curb Ramps at Madison Avenue)		25,000	25,000
State of New Jersey			
Ord. No. 1586 Various Improvements (Gina's Field)	496,458		496,458
Department of Transportation			
Ord. No. 1586 Various Improvements (Grant Ave)	220,000		220,000
Ord. No. 1579 Various Capital Improvements	292,582		292,582
Ord. No. 1636 Improvements to Prospect Avenue	752,842		752,842
State of NJ Library Construction Bond Act			
Ord. No. 1600 Various Capital Improvements	98,725		98,725
Bergen County Open Space Trust Fund			
Ord. No. 1586 Various Improvements (Veteran's Memorial Park)	156,775		156,775
Ord. No. 1621/1622 Various Capital Improvements	<u>96,442</u>	<u>-</u>	<u>96,442</u>
	<u>\$ 2,134,173</u>	<u>\$ 164,368</u>	<u>\$ 2,298,541</u>

EXHIBIT C-7

STATEMENT OF DEFERRED CHARGES UNFUNDED - CANCELLED GRANT RECEIVABLES

Balance, December 31, 2024	\$ 23,274
Decreased by:	
Current Fund Budget Appropriation	<u>13,000</u>
Balance, December 31, 2025	<u>\$ 10,274</u>

**BOROUGH OF DUMONT
STATEMENT OF DUE FROM/TO CURRENT FUND**

Balance, December 31, 2024 (Due From)		\$ 938,384
Increased by:		
Current Fund Budget Appropriation		
Capital Improvement Fund	\$ 120,000	
Deferred Charges - Cancelled Grants	13,000	
Current Fund Expenditures Paid by General Capital Fund	<u>208,580</u>	
		<u>341,580</u>
		1,279,964
Decreased by:		
Anticipated as Revenue in Current Fund		
General Capital Surplus	75,000	
Reserve for Payment of Debt	100,000	
Receipts from Current Fund	1,201,564	
Current Fund Receipts Deposited in General Capital Fund	7,552	
Interest on Deposits	<u>78,052</u>	
		<u>1,462,168</u>
Balance, December 31, 2025 (Due To)		<u><u>\$ 182,204</u></u>

**BOROUGH OF DUMONT
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2025</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2024</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2025</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	7/15/2016	\$ 5,430,000				\$ 1,060,000		\$ 1,060,000	\$ -
General Obligation Bonds	5/23/2017	6,075,000	5/15/2026	\$ 320,000	2.50%				
			5/15/2027	330,000	2.50%				
			5/15/2028	345,000	3.00%				
			5/15/2029	355,000	3.00%				
			5/15/2030	370,000	3.00%				
			5/15/2031	380,000	3.00%				
			5/15/2032	395,000	3.00%				
			5/15/2033	410,000	3.00%				
			5/15/2034	430,000	3.00%				
			5/15/2035	445,000	3.00%	4,095,000		315,000	3,780,000
General Obligation Bonds	5/8/2020	15,500,000	5/1/2026	455,000	2.50%				
			5/1/2027	470,000	2.50%				
			5/1/2028	490,000	2.50%				
			5/1/2029	510,000	2.50%				
			5/1/2030	525,000	2.50%				
			5/1/2031	545,000	2.50%				
			5/1/2032	570,000	2.50%				
			5/1/2033	590,000	2.50%				
			5/1/2034	615,000	2.50%				
			5/1/2035	640,000	2.50%				
			5/1/2036	670,000	2.50%				
			5/1/2037	700,000	2.75%				
			5/1/2038	730,000	2.75%				
			5/1/2039	760,000	3.00%				
			5/1/2040	795,000	3.00%				
			5/1/2041	830,000	3.00%				
			5/1/2042-45	860,000	3.00%	13,780,000		445,000	13,335,000

**BOROUGH OF DUMONT
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2025		Interest Rate	Balance, December 31, 2024	Increased	Decreased	Balance, December 31, 2025
			Date	Amount					
General Obligation Bonds	6/1/2022	\$ 18,580,000	6/1/2026	\$ 470,000	4.00%				
			6/1/2027	485,000	4.00%				
			6/1/2028	500,000	4.00%				
			6/1/2029	520,000	4.00%				
			6/1/2030	540,000	4.00%				
			6/1/2031	560,000	4.00%				
			6/1/2032	580,000	4.00%				
			6/1/2033	600,000	4.00%				
			6/1/2034	620,000	4.00%				
			6/1/2035	640,000	4.00%				
			6/1/2036	665,000	4.00%				
			6/1/2037	690,000	4.00%				
			6/1/2038	715,000	4.00%				
			6/1/2039	740,000	4.00%				
			6/1/2040	770,000	4.00%				
			6/1/2041	800,000	4.00%				
			6/1/2042	820,000	4.00%				
			6/1/2043-44	820,000	4.13%				
			6/1/2045-50	820,000	4.25%				
						\$ 17,730,000	-	\$ 455,000	\$ 17,275,000
						\$ 36,665,000	\$ -	\$ 2,275,000	\$ 34,390,000

**BOROUGH OF DUMONT
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2024	Increased	Decreased	Balance, December 31, 2025
1608	Various Capital Improvements	10/4/2022	10/4/2024 10/2/2025	10/3/2025 10/2/2026	3.50% 3.25%	\$ 1,208,500	\$ 1,147,500	\$ 1,208,500	\$ 1,147,500
1621/1622	Various Capital Improvements	10/4/2023	10/4/2024 10/2/2025	10/3/2025 10/2/2026	3.50% 3.25%	2,521,300	2,407,484	2,521,300	2,407,484
1635	Various Public Improvements and Acquisitions	10/2/2025	10/2/2025	10/2/2026	3.25%		1,082,000		1,082,000
1636	Improvement of Prospect Avenue	10/2/2025	10/2/2025	10/2/2026	3.25%	-	243,016	-	243,016
						<u>\$ 3,729,800</u>	<u>\$ 4,880,000</u>	<u>\$ 3,729,800</u>	<u>\$ 4,880,000</u>
					Renewals		\$ 3,554,984	\$ 3,554,984	
					Bond Anticipation Notes Issued		1,325,016		
					Paid by Capital Cash			113,816	
					Paid by Budget Appropriation		-	61,000	
							<u>\$ 4,880,000</u>	<u>\$ 3,729,800</u>	

BOROUGH OF DUMONT
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Balance, December 31, 2024		2025 Authorizations		Expended	Cancelled Encumbrances	Balance, December 31, 2025	
		Funded	Unfunded	Capital Impvt. Fund	Deferred Charges to Future Taxation Unfunded			Funded	Unfunded
1344/1375/1407/1466	Stormwater System Improvements Phase II	\$ 21,572						\$ 21,572	
1501	Various Capital Improvements	42,863						42,863	
1517	Thompson Street and Schraalenburgh Way Impvts	64,072					\$ 9,068	73,140	
1519/1550/1556/1558/1578	Various Capital Improvements	274,290	\$ 588			\$ 14,746		259,544	\$ 588
1523	Sewerage System Improvements	8,485				7,697		788	
1549	Various Capital Improvements	428,823				149,180		279,643	
1567/1571	Various Capital Improvements	481,560				33,928		447,632	
1579	Various Capital Improvements	111,902					4,776	116,678	
1586	Various Capital Improvements	300,528				6,455		294,073	
1600	Various Capital Improvements		237,788			13,000			224,788
1608	Various Capital Improvements		325,445			32,100		-	293,345
1621/1622	Various Capital Improvements		394,981				95,884	-	490,865
1635	Various Public Improvements		336,382			203,576			132,806
1636	Improvements to Prospect Avenue (Phases 1, 2 and 3)		4,687			4,687			-
1637	Municipal Building Repair and Cost Recovery Project	47,500	1,428,000			676,286			799,214
1651	Various Public Improvements	-	-	\$ 102,000	\$ 2,027,000	1,610,642	-	-	518,358
		<u>\$ 1,781,595</u>	<u>\$ 2,727,871</u>	<u>\$ 102,000</u>	<u>\$ 2,027,000</u>	<u>\$ 2,752,297</u>	<u>\$ 109,728</u>	<u>\$ 1,535,933</u>	<u>\$ 2,459,964</u>
						Cash Disbursements	\$ 1,726,364		
						Contracts Payable	<u>1,025,933</u>		
							<u>\$ 2,752,297</u>		

**BOROUGH OF DUMONT
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2024		\$ 2,457,535
Increased by:		
Charges to Improvement Authorizations		<u>1,025,933</u>
		3,483,468
Decreased by:		
Cash Disbursements	\$ 1,899,341	
Cancelled Payables Restored to Improvement Authorizations	<u>109,728</u>	
		<u>2,009,069</u>
Balance, December 31, 2025		<u>\$ 1,474,399</u>

STATEMENT OF GREEN TRUST FUND LOAN PAYABLE

Balance, December 31, 2024	\$ 41,838
Decreased by:	
Budget Appropriation	<u>11,658</u>
Balance, December 31, 2025	<u>\$ 30,180</u>

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN PAYABLE**

Balance, December 31, 2024	\$ 1,647,346
Decreased by:	
Budget Appropriation	<u>394,488</u>
Balance, December 31, 2025	<u>\$ 1,252,858</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2024	\$ 15,099
Increased by:	
Current Fund Budget Appropriation	<u>120,000</u>
	135,099
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>102,000</u>
Balance, December 31, 2025	<u>\$ 33,099</u>

**BOROUGH OF DUMONT
STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2024	\$ 898,439
Decrease by:	
Realized as Current Fund Revenue	<u>100,000</u>
Balance, December 31, 2025	<u>\$ 798,439</u>

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance, December 31, 2024	Improvement Authorizations	Grant Proceeds	Balance, December 31, 2025
1393	Various General Capital Improvements	\$ 191,425			\$ 191,425
1481/1496	Relocation of Borough Offices	21,112			21,112
1578	Various Capital Improvements	588			588
1600	Various Capital Improvements	311,998			311,998
1635	Various Public Improvements	1,199,000		\$ 1,082,000	117,000
1636	Improvements to Prospect Avenue	995,093		243,016	752,077
1637	Municipal Bldg. Repair and Cost Recovery	1,428,000			1,428,000
1651	Various Public Improvements	<u>-</u>	<u>\$ 2,027,000</u>	<u>-</u>	<u>2,027,000</u>
		<u>\$ 4,147,216</u>	<u>\$ 2,027,000</u>	<u>\$ 1,325,016</u>	<u>\$ 4,849,200</u>

PUBLIC ASSISTANCE FUND

**BOROUGH OF DUMONT
STATEMENT OF PUBLIC ASSISTANCE CASH**

Balance, December 31, 2024	\$ <u>640</u>
----------------------------	---------------

Balance, December 31, 2025	\$ <u>640</u>
----------------------------	---------------

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Balance, December 31, 2024	\$ <u>640</u>
----------------------------	---------------

Balance, December 31, 2025	\$ <u>640</u>
----------------------------	---------------

BOROUGH OF DUMONT
BERGEN COUNTY, NEW JERSEY
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
ROBERT LERCH, CPA, PSA, RMA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA, RMA
JOHN CUIFFO, CPA, PSA, RMA
DEBRA GOLLE, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
50 Washington Avenue
Dumont, New Jersey 07628

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Dumont which comprise the balance sheets – regulatory basis of the various funds and account group as of December 31, 2025, and the related statements of operations and changes in fund balances – regulatory basis, statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the Current Fund for the year then ended and the related notes to the financial statements, and have issued our report thereon dated July 13, 2026. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Report on Internal Control over Financial Reporting

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

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

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

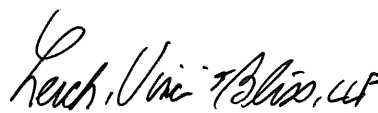
Report on Compliance and Other Matters

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

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

Purpose of this Report

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


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR000411

Fair Lawn, New Jersey
July 13, 2026

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

<u>Federal Program</u>	<u>AL Number</u>	<u>Grant Receipts</u>	<u>Grant Award</u>	<u>Balance, December 31, 2024</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2025</u>	<u>Cumulative Expenditures</u>
U.S Department of Treasury (Passed through State Department of Community Affairs) American Rescue Plan Firefighters Assistance Grant	21.027	\$ 29,408	\$ 37,000	\$ 7,592		\$ 7,496	\$ 96	\$ 36,904
U.S Department of Homeland Security (Passed through) Fire and Emergency Response SAFER Grant			189,700		\$ 189,700		189,700	
Bulletproof Vest Partnership Grant	N/A			3,185			3,185	
Bulletproof Vest Partnership Grant			3,119		3,119	3,119		3,119
Bulletproof Vest Partnership Grant		7,552	13,105		13,105	9,988	3,117	9,988
United States Department of Housing and Urban Development Passed Through Bergen County Community Development Senior Improvements Improvements to Marion Avenue	14.218		57,000 139,368		57,000 139,368	7,004	49,996 139,368	7,004
United States Department of Transportation Division of Highway Traffic Safety Distracted Driving Incentive Distracted Driving Incentive	20.616 20.616		7,000 5,500	7,000 5,500	- -	- -	7,000 5,500	
				<u>\$ 23,277</u>	<u>\$ 402,292</u>	<u>\$ 27,607</u>	<u>\$ 397,962</u>	

This schedule is not subject to an audit in accordance with Uniform Guidance.

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

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

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2024</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2025</u>	<u>Cumulative Expenditures</u>
Division of Criminal Justice								
Body Armor	1020-718-066-1020-001-YCJS-6120	2024		\$ 2,715		\$ 2,715		
Body Armor	1020-718-066-1020-001-YCJS-6120	2023		\$ 2,740		\$ 1,447	1,293	\$ 1,447
Body Armor	1020-718-066-1020-001-YCJS-6120	2022		3,827			3,827	
Body Armor	1020-718-066-1020-001-YCJS-6120	2021		2,464			2,464	
Body Armor	1020-718-066-1020-001-YCJS-6120	2020		1,001			1,001	
Body Armor	1020-718-066-1020-001-YCJS-6120	2019		1,414			1,414	
Body Armor	1020-718-066-1020-001-YCJS-6120	2017		2,322			2,322	
Department of Environmental Protection								
Clean Communities Program	4900-765-178910-60	2025	\$ 39,907		39,907	9,348	30,559	9,348
Clean Communities Program	4900-765-178910-60	2024		40,236		35,756	4,480	35,756
Clean Communities Program	4900-765-178910-60	2023		1,482		1,482	-	31,551
Clean Communities Program	4900-765-178910-60	2022		2,011			2,011	33,414
Clean Communities Program	4900-765-178910-60	2018		33			33	29,422
			21,947		21,947	16,489	5,458	16,489
State Recycling Fund	*	2024		19,997		19,997	-	24,882
State Recycling Fund	*	2023		3,013			3,013	18,934
State Recycling Fund	*	2019		9,161			9,161	
State Recycling Fund	*	2018		17,720			17,720	
Stormwater Assistance Grant	4850-100-290400	2023		15,000		15,000	-	15,000
Stormwater Assistance Grant	4850-100-290400	2025			80,000	15,000	65,000	15,000
Body Worn Camera	1020-100-495	2024			41,086	17,549	23,537	17,549
		2022		32,282			32,282	
New Jersey Community Forestry Grant	*	2022	29,275	3,575			3,575	
Local Recreation Improvement Grant	*	2024	3,000		67,000	53,256	13,744	53,256
		2025			50,000	48,096	1,904	48,096
Administrative Offices of the Courts								
Alcohol Education and Rehabilitation	9735-760-060000-60	2015		118			118	
Alcohol Education and Rehabilitation	9735-760-060000-60	2014		354			354	
Alcohol Education and Rehabilitation	9735-760-060000-60	2013		475			475	
Alcohol Education and Rehabilitation	9735-760-060000-60	2012		270			270	
Alcohol Education and Rehabilitation	9735-760-060000-60	prior years		1,159			1,159	
				-	-	-	-	
Total State Financial Assistance				\$ 160,654	\$ 302,655	\$ 233,420	\$ 229,889	

* Not Available

This schedule is not subject to a single audit in accordance with NJ Circular 25-12

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

NOTE 1 REPORTING ENTITY

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

NOTE 2 BASIS OF PRESENTATION

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 262,924	\$ 302,655	\$ 565,579
General Capital Fund	<u>139,368</u>	<u>-</u>	<u>139,368</u>
Total Financial Awards	<u>\$ 402,292</u>	<u>\$ 302,655</u>	<u>\$ 704,947</u>

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

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 STATE LOANS OUTSTANDING

Certain state loans at the beginning of the year and loans made during the year are included in the schedules, while others are not required to be included in the schedules. The Borough’s state loans outstanding at December 31, 2025, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	\$ 219,000
Fund Loan - 2007	138,202
Trust Loan - 2010	258,000
Fund Loan - 2010	637,656
Green Trust Loan	<u>30,180</u>
	<u>\$ 1,283,038</u>

NOTE 7 INDIRECT COST RATE

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

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

Part 1 – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements

Modified, Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified

_____ yes X no

2) Significant deficiency(ies) that are not
considered to be material weakness(es)?

_____ yes X none reported

Noncompliance material to the financial
statements noted?

_____ yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2025**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND REPOSSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 25-12.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF DUMONT
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 are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF DUMONT
BERGEN COUNTY, NEW JERSEY
PART III
SUPPLEMENTARY DATA
AND
GENERAL COMMENTS AND RECOMMENDATIONS

**BOROUGH OF DUMONT
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Tax Rate</u>	\$2.340	\$4.065	\$3.965
<u>Apportionment of Tax Rate</u>			
Municipal	.770	1.312	1.259
Municipal Library	.033	.053	.050
County	.233	.373	.364
Local School	1.304	2.327	2.292

Assessed Valuation

2025	<u>\$3,069,126,600</u>	
2024		<u>\$1,692,955,440</u>
2023		<u>\$1,694,594,040</u>

Comparison Of Tax Levies And Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	Percentage of <u>Collection</u>
2025	\$ 71,834,343	\$ 71,363,270	99.34%
2024	68,871,804	68,311,508	99.19%
2023	67,252,857	66,657,337	99.11%

**BOROUGH OF DUMONT
SUPPLEMENTARY DATA**

Delinquent Taxes And Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Lien</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2025	\$ 361,905	\$ 10,910	\$ 372,815	0.52%
2024	483,126	10,320	493,446	0.72%
2023	492,868	9,893	502,761	0.75%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2025 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2025	\$79,526
2024	79,526
2023	79,526

Comparative Schedule Of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2025	\$2,704,948	\$1,800,000
	2024	3,806,636	2,500,000
	2023	3,733,231	2,300,000

**BOROUGH OF DUMONT
SUPPORTING DATA**

OFFICIALS IN OFFICE

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

<u>Name</u>	<u>Title</u>
John Russell III	Mayor
Doreen Aponte	Councilwoman
Tom Kelly	Councilman
Christopher Kourelakos	Councilman
Daniel LaBarbera	Councilman (January 1, 2025 to December 8, 2025)
Kenneth Armellino	Councilman (December 9, 2025 to December 31, 2025)
Donald Morrell	Councilman
Gidget Petry	Councilwoman
Jeanine E. Siek	Borough Administrator, Municipal Clerk
Christopher Rutch	Chief Financial Officer
Frank Berardo	Qualified Purchasing Agency, Tax Collector
Jared Geist	Attorney
Boswell Engineering	Engineers
Harry Stylianou	Magistrate
Glenda Hickey	Court Administrator
James Anzevino	Tax Assessor

BOROUGH OF DUMONT

GENERAL COMMENTS

Prior Year Unresolved

Our audit noted that certain Other Trust Fund escrow and miscellaneous reserve balances were not in agreement with audited balances. It is recommended that the Other Trust reserve balances be reviewed, adjusted and in agreement with the audited balances. In addition, procedures be implemented to reconcile the subsidiary Trust Fund reports with the general ledger on a monthly basis.

Our audit noted that a payroll agency ledger by deduction is not maintained by the Borough. It is recommended that a payroll agency ledger by deduction be implemented, currently maintained and be reconciled with the monthly bank reconciliations.

Our audit noted that the Borough had several interfund balances at December 31, 2025. It is recommended that all interfund balances be liquidated prior to year end.

Our audit of expenditures noted instances where purchase orders were created after the goods or services were rendered or an invoice was received from the vendor. It is recommended that purchase order approvals be obtained prior to the ordering of goods or services.

Current Year

Our audit of the Current Fund noted that the tax assessor – other expense budget account was over-expended by \$59,631. It is recommended that procedures be reviewed and enhanced to ensure that sufficient resources are available prior to the expenditures of funds.

Our audit noted that a transfer was made between two budgetary line items but was inadvertently omitted from the transfer resolution presented to the Governing Body. It is recommended that procedures be implemented to ensure that all budgetary line item transfers are submitted to and approved by the Governing Body.

Our audit noted that certain cash transactions were not recorded in the Borough's general ledger or subsidiary ledgers. It is recommended that all cash transactions be promptly recorded in the Borough's financial accounting records.

Contracts and Contracts Required To Be Advertised For NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 (without a Qualified Purchasing Agent) and \$53,000 (With a Qualified Purchasing Agent) except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500. The Borough has adopted a resolution increasing the threshold to \$53,000 and has appointed an individual as the qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

BOROUGH OF DUMONT GENERAL COMMENTS

Contracts and Contracts Required To Be Advertised For NJS 40A:11-4 (Continued)

The minutes indicated that bids were received for Municipal Building Sewer Remediation, Road Paving/Improvements and Solid Waste and Recycling Collection.

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

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

Our examination of expenditures revealed instances where the accumulation of expenditures exceeded the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Collection Of Interest On Delinquent Taxes And Assessments

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

The Governing Body adopted a resolution authorizing interest to be charged on delinquent taxes.

Suggestions to Management

- The December 31, 2025 Current Fund and General Capital Fund grant receivable balances be reviewed and action taken to collect or clear of record.
- Consideration be given to integrate the Borough's fixed asset accounting records with the purchasing system.
- Affordable Housing transactions be recorded in the State's CTM System and reconciled with the Borough's records.
- Department revenues be reconciled with the Borough's financial reports.
- Old outstanding checks and adjustments on the various bank reconciliations be reviewed and cleared of record.

BOROUGH OF DUMONT

RECOMMENDATIONS

It is recommended that:

- * 1. The Other Trust reserve balances be reviewed, adjusted and in agreement with the audited balances. In addition, procedures be implemented to reconcile the subsidiary Trust Fund reports with the general ledger on a monthly basis.
- * 2. A payroll agency ledger by deduction be implemented, currently maintained and be reconciled with the monthly bank reconciliations.
- * 3. All interfund balances be liquidated prior to year end.
- * 4. Purchase order approvals be obtained prior to the ordering of goods or services.
- 5. Procedures be reviewed and enhanced to ensure that sufficient resources are available prior to the expenditures of funds.
- 6. Procedures be implemented to ensure that all budgetary line item transfers are approved by the Governing Body.
- 7. All cash transactions be promptly recorded in the Borough's financial accounting records.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except for those recommendations denoted with an asterisk (*).