REPORT OF AUDIT

BOROUGH OF SUSSEX

COUNTY OF SUSSEX

DECEMBER 31, 2025

BOROUGH OF SUSSEX, N.J.
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BOROUGH OF SUSSEX

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2025

WIELKOTZ & COMPANY LLC
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Sussex
Sussex, New Jersey 07461

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Sussex on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Basis for Qualified Opinion on Regulatory Basis of Accounting Principles

As described in Note 15 of the financial statement, the Borough participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of $525,365 and $513,209 for 2025 and 2024, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and 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 Sussex's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, 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's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Sussex's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2026 on our consideration of the Borough of Sussex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Sussex's internal control over financial reporting and compliance.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 28, 2026

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	Ref.		2025	2024
Assets				
Current Fund:				
Cash	A-4	$	3,248,252	2,768,680
Change Fund	A-5		100	100
Escrow on Purchase of 3 E Main St	A-6		1,000	1,000
			3,249,352	2,769,780
Receivables and Other Assets with Full Reserves:				
Delinquent Taxes Receivable	A-7		115,899	95,979
Tax Title Liens Receivable	A-8		18,012	40,663
Property Acquired for Taxes - Assessed Valuation	A-9		347,600	347,600
Interfund Receivables:				
Federal and State Grant Fund	A-11		34,784	75,157
Animal Control Trust Fund	A-11		6,067	6,039
			522,362	565,438
Deferred Charges:				
Emergency Appropriation (40:A4-48)	A-12		-	8,000
Overexpended Trust Reserve	A-12		-	6,048
Special Emergency Authorization	A-13		7,200	14,400
			7,200	28,448
			3,778,914	3,363,666
Federal and State Grant Fund:				
Interfund - Water/Sewer Capital Fund	A-22		121,055	121,055
Interfund - General Capital Fund	A-22		158,642	27,392
Grants Receivable	A-23		1,159,460	1,326,710
			1,439,157	1,475,157
		$	5,218,071	4,838,823

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	Ref.		2025	2024
Liabilities, Reserves and Fund Balance				
Current Fund:				
Appropriation Reserves				
Unencumbered	A-3; A-14	$	398,212	375,607
Encumbered	A-3; A-14		39,311	47,756
Interfunds Payable:				
Other Trust Fund	A-11		23,414	33,920
Payroll Trust Fund	A-11		5,819	5,446
Water/Sewer Capital	A-11		103,883	103,883
General Capital	A-11		401,450	403,598
Tax Overpayments	A-15		18,251	17,959
Reserve for:				
Revaluation	A-15		7,662	7,662
Sale of Property	A-15		159,965	-
Due to State of New Jersey:				
Burial Certs	A-15		5	5
Marriage Surcharge	A-15		225	-
Senior Citizen and Veteran Deductions	A-16		1,825	1,575
Prepaid Taxes	A-17		41,496	38,551
Encumbrances Payable - Various Reserves	A-21		-	25
County Taxes Payable	A-18		1,798	534
Regional School Taxes Payable	A-19		50	50
Regional High School Taxes Payable	A-20		1	1
			1,203,367	1,036,572
Reserve for Receivables	Contra		522,362	565,438
Fund Balance	A-1		2,053,185	1,761,656
			3,778,914	3,363,666
Federal and State Grant Fund:				
Interfund Payable - Current Fund	A-22		34,784	75,157
Appropriated Reserve for Grants	A-24		1,390,352	1,392,622
Unappropriated Reserve for Grants	A-25		14,021	7,378
			1,439,157	1,475,157
		$	5,218,071	4,838,823

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	Ref.		2025	2024
Revenues and Other Income:				
Fund Balance Utilized	A-2	$	178,500	100,000
Miscellaneous Revenue Anticipated	A-2		466,802	1,614,949
Receipts from Delinquent Taxes	A-2		123,187	81,504
Receipts from Current Taxes	A-2		4,445,726	4,283,698
Non-Budget Revenue	A-2		88,112	250,824
Other Credits to Income:				
Interfunds Returned	A-11		81,196	47,447
Statutory Excess-Animal Control			-	706
Tax Sale Premiums Escheated	A-11		11,000	-
Unexpended Balance of Appropriation Reserves	A-14		211,456	280,287
Total Revenues and Other Income			5,605,979	6,659,415
Expenditures:				
Budget and Emergency Appropriations:				
Operations - Within "CAPS"				
Salaries and Wages	A-3		305,887	264,978
Other Expenses	A-3		707,201	685,706
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	A-3		58,054	51,373
Operations - Excluded From CAPS:				
Other Expenses	A-3		220,463	1,245,444
Capital Improvements - Excluded from Caps	A-3		203,000	344,850
Municipal Debt Service - Excluded from Caps	A-3		166,552	145,487
Deferred Charges and Statutory Expenditures - Municipal - Excluded from Caps	A-3		15,200	7,200
Interfunds Advanced	A-11		40,851	81,197
County Taxes including Added Taxes	A-18		765,751	745,862
Regional School Tax	A-19		1,809,714	1,625,621
Regional High School Tax	A-20		843,277	911,482
Total Expenditures			5,135,950	6,109,200
Excess (Deficit) Revenue Over Expenditures			470,029	550,215
Adjustment to Income Before Fund Balance Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			-	8,000
Statutory Excess to Fund Balance			470,029	558,215
Fund Balance, January 1,	A		1,761,656	1,303,441
			2,231,685	1,861,656
Decreased by:				
Fund Balance Utilized as Budget Revenue			178,500	100,000
Fund Balance, December 31,	A	$	2,053,185	1,761,656

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 178,500	178,500	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-10	4,000	4,385	385
Fees and Permits	A-10	15,000	19,758	4,758
Fines and Costs:				
Municipal Court	A-10	8,000	11,448	3,448
Parking Meters	A-10	15,500	15,720	220
Payments in Lieu of Taxes (PILOT)	A-10	65,000	65,699	699
Housing Inspection Fees	A-10	27,000	34,860	7,860
Local Cannabis Tax	A-10	55,000	117,845	62,845
Energy Receipts Tax	A-10	189,709	189,709	-
Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services:				
Public and Private Revenues:				
Clean Communities	A-23	7,378	7,378	-
Total Miscellaneous Revenues	A-1	386,587	466,802	80,215
Receipts from Delinquent Taxes	A-1;A-2	95,975	123,187	27,212
Subtotal General Revenues		661,062	768,489	107,427
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	1,141,408	1,149,999	8,591
Budget Totals		1,802,470	1,918,488	116,018
Non-Budget Revenue	A-1;A-2	-	88,112	88,112
		$ 1,802,470	2,006,600	204,130
		A-3		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2025

Analysis of Realized Revenues	Ref.		
Revenue from Collections	A-1;A-7		$ 4,445,726
Allocated to School and County Taxes	A-7		3,418,742
Balance for Support of Municipal Budget Appropriations			1,026,984
Add : Appropriation - Reserve for Uncollected Taxes	A-3		123,015
Amount for Support of Municipal Budget Appropriations			1,149,999
			A-2
Receipts from Delinquent Taxes:			
Delinquent Taxes			
Taxes Receivable	A-7	$ 94,224	
Tax Title Liens Receivable	A-8	28,963	
			123,187
			A-2
Analysis of Non-budget Revenues			
Tax Collector		$ 39,301	
Interest on Investments		10,747	
Cable TV. Franchise Fee		7,041	
Planning Board Applications		5,700	
Veteran & Sr. Citizen Admin. Fees		100	
Zoning & Housing Fees		1,290	
Local Cannabis Tax Revenue		4,000	
Construction Fees		2,965	
Miscellaneous		16,968	
	A-4		$ 88,112
			A-2

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations Within "CAPS":						
General Government:						
General Administration:						
Salaries and Wages		$ 59,000	59,000	54,639	4,361	-
Other Expenses		124,000	124,000	103,473	20,527	-
Mayor and Council:						
Salaries and Wages		24,387	24,387	24,387	-	-
Municipal Clerk:						
Salaries and Wages		30,000	30,000	28,415	1,585	-
Other Expenses		2,500	2,500	2,055	445	-
Financial Administration:						
Other Expenses		33,950	33,950	21,104	12,846	-
Collection of Taxes:						
Other Expenses		5,575	5,575	2,764	2,811	-
Tax Maps		2,000	2,000	263	1,737	-
Legal Services and Costs:						
Other Expenses		65,000	65,000	45,236	19,764	-
Engineering Services and Costs:						
Other Expenses		35,000	35,000	27,834	7,166	-
Municipal Land Use Law : (N.J.S. 40:55D-11):						
Planning Board:						
Salaries and Wages		10,000	10,000	9,516	484	-
Other Expenses		25,000	25,000	21,101	3,899	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Property Maintenance Board:						
Other Expenses		750	750	-	750	-
Zoning/Code Enforcement:						
Salaries and Wages		33,000	33,000	2,642	30,358	-
Other Expenses		1,500	1,500	595	905	-
Economic Development Committee:						
Other Expenses		2,500	2,500	365	2,135	-
Insurance:						
Group Insurance Plan for Employees		68,000	68,000	25,731	42,269	-
Workers Compensation Insurance		16,787	16,787	16,786	1	-
Other Insurance Premiums		46,713	46,713	46,710	3	-
Health Benefit Waiver		6,000	6,000	3,000	3,000	-
Public Safety:						
Police:						
Other Expenses		8,000	8,000	-	8,000	-
Crossing Guards:						
Salaries and Wages		16,000	16,000	12,848	3,152	-
Other Expenses		250	250	-	250	-
Office of Emergency Management:						
Salaries and Wages		3,000	3,000	3,000	-	-
Fire:						
Aid to Volunteer Fire Department		50,000	50,000	37,268	12,732	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Streets and Roads:						
Road Repairs and Maintenance:						
Salaries and Wages		105,500	105,500	72,326	33,174	-
Other Expenses		67,000	67,000	48,943	18,057	-
Snow Removal:						
Salaries and Wages		15,000	20,000	15,966	4,034	-
Other Expenses		41,000	41,000	4,984	36,016	-
Street Lighting:						
Other Expenses		7,500	7,500	3,909	3,591	-
Garbage and Trash Removal:						
Other Expenses		9,000	9,000	-	9,000	-
Public Buildings and Grounds:						
Salaries and Wages		10,000	5,000	-	5,000	-
Other Expenses		69,000	69,000	54,460	14,540	-
Health and Welfare:						
Board of Health:						
Other Expenses		75	75	-	75	-
Registrar:						
Other Expenses		600	600	263	337	-
Cultural Events Committee:						
Other Expenses		5,000	5,000	1,386	3,614	-
Beatification Committee:						
Other Expenses		2,500	2,500	-	2,500	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Unclassified:						
Reserve for Pending Tax Appeals		1	1	-	1	-
Gasoline & Diesel Fuel		12,000	12,000	-	12,000	-
Total Operations within "CAPS"		1,013,088	1,013,088	691,969	321,119	-
Total Operations within "CAPS" Including Contingent		1,013,088	1,013,088	691,969	321,119	-
Detail:						
Salaries and Wages	A-1	305,887	305,887	223,739	82,148	-
Other Expenses	A-1	707,201	707,201	468,230	238,971	-
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":						
Deferred Charges:						
Deficit in Payroll Trust Reserves		6,048	6,048	6,048	-	-
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		26,756	26,756	26,756	-	-
Social Security System (O.A.S.I.)		22,500	22,500	15,563	6,937	-
Unemployment Compensation Insurance		2,250	2,250	956	1,294	-
Defined Contribution Retirement Program		500	500	-	500	-
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	58,054	58,054	49,323	8,731	-
Total General Appropriations for Municipal Purposes within "CAPS"		1,071,142	1,071,142	741,292	329,850	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations - Excluded from "CAPS":						
Aid to Vol. Fire Department LOSAP		18,000	18,000	16,534	1,466	-
Total Other Operations - Excluded From Caps		18,000	18,000	16,534	1,466	-
Interlocal Municipal Service Agreements:						
Township of Wantage:						
Tax Collector - Other Expenses		11,000	11,000	11,000	-	-
Tax Assessor - Other Expenses		12,910	12,910	12,909	1	-
Municipal Court - Other Expenses		48,500	48,500	48,490	10	-
Township of Hardyston:						
Construction Agreement - Other Expenses		32,547	32,547	-	32,547	-
Borough of Ogdensburg:						
Finance Office - Other Expenses		33,664	33,664	33,664	-	-
County of Sussex:						
"911" Dispatching Communication - Other Expenses		12,233	12,233	12,233	-	-
Montague Township:						
Zoning Officer - Other Expenses		32,230	32,230	30,116	2,114	-
Newton Township:						
Animal Control - Other Expenses		12,000	12,000	12,000	-	-
Total Interlocal Municipal Service Agreements		195,084	195,084	160,412	34,672	-
Public and Private Programs Offset by Revenues:						
Clean Communities Grant		7,378	7,378	7,378	-	-
Matching Funds for Grants		1	1	-	1	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Total Public and Private Program Offset By Revenues		7,379	7,379	7,378	1	-
Total Operations - Excluded from "CAPS"	A-1	220,463	220,463	184,324	36,139	-
Capital Improvements:						
Capital Improvement Fund		63,000	63,000	63,000	-	-
Improvements to Streets and Roads		35,000	35,000	-	35,000	-
Purchases of Equipment		15,000	15,000	8,861	6,139	-
Improvements to Municipal Properties		25,000	25,000	18,450	6,550	-
Purchase of Fire Truck		10,000	10,000	-	10,000	-
Purchase of Fire Equipment		25,000	25,000	25,000	-	-
Purchase of DPW Equipment		20,000	20,000	16,155	3,845	-
Purchase of Ambulance		10,000	10,000	-	10,000	-
Total Capital Improvements Excluded from "CAPS"	A-1	203,000	203,000	131,466	71,534	-
Municipal Debt Service:						
Payment of Bond Anticipation Notes and Capital Notes		113,975	113,975	113,975	-	-
Interest on Notes		55,675	55,675	52,577	-	3,098
Total Municipal Debt Service-Excluded from "CAPS"	A-1	169,650	169,650	166,552	-	3,098
Deferred Charges:						
Emergency Authorizations		8,000	8,000	8,000	-	-
Special Emergency Authorizations- 5 Years (N.J.S. 40A:4-55)		7,200	7,200	7,200	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	15,200	15,200	15,200	-	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		608,313	608,313	497,542	107,673	3,098
Subtotal General Appropriations		1,679,455	1,679,455	1,238,834	437,523	3,098
Reserve for Uncollected Taxes		123,015	123,015	123,015	-	-
Total General Appropriations		$ 1,802,470	1,802,470	1,361,849	437,523	3,098
			A-2			
Analysis of Paid or Charged						
Reserve for Uncollected Taxes	A-2			$ 123,015		
Cash Disbursed	A-4			1,210,208		
Emergency Appropriation (N.J.S.A. 40A:4-48)	A-12			8,000		
Overexpenditure of Trust Reserve	A-12			6,048		
Special Emergency Authorization	A-13			7,200		
Federal and State Grants Fund	A-24			7,378		
				$ 1,361,849		
Analysis of Appropriation Reserves						
Unencumbered	A				$ 398,212	
Encumbered	A				39,311	
					$ 437,523	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	Ref.	2025	2024
Assets			
Animal Control Trust Fund:			
Cash- Treasurer	B-1	$ 6,632	10,931
Other Trust Funds:			
Cash	B-1	287,241	231,832
Due from Current Fund	B-7	29,233	39,366
		316,474	271,198
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-1	503,229	493,501
Contributions Receivable	B-8	22,136	19,709
		525,365	513,210
		$ 848,471	795,339
Liabilities, Reserves & Fund Balance			
Animal Control Trust Fund:			
Reserve for Animal Control Trust Expenditures	B-2	$ 560	4,340
Due To Current Fund	B-7	6,067	6,039
Due to State Department of Health	B-3	5	4
Encumbrances Payable	B-4	-	548
		6,632	10,931
Other Trust Fund:			
Due To Water/Sewer Operating	B-7	6,181	6,181
Reserve for Various Reserves	B-5	284,008	261,448
Encumbrances Payable	B-6	26,285	3,569
		316,474	271,198
Emergency Services Volunteer Length of Service Award Program:			
Net Assets Available for Benefits	B-9	525,365	513,210
		$ 848,471	795,339

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	Ref.		2025	2024
Assets				
Cash	C-2;C-3	$	841,182	635,390
Interfund - Current Fund	C-4		401,450	403,598
Interfund - Water and Sewer Capital Fund	C-4		89,964	89,964
State Grants Receivable	C-5		338,631	157,118
Deferred Charges to Future Taxation:				
Unfunded	C-6		1,123,125	1,237,100
Overexpenditure of Capital Ordinance	C-8		5,382	-
		$	2,799,734	2,523,170
Liabilities, Reserves and Fund Balance				
Interfund - Federal & State Grant Fund	C-4	$	158,642	27,392
Capital Improvement Fund	C-8		161,074	234,074
Improvement Authorizations:				
Funded	C-9		356,138	241,468
Unfunded	C-9		163,395	248,338
Reserve for Encumbrances	C-10		123,770	77,669
Bond Anticipation Notes Payable	C-11		1,123,125	1,237,100
Reserve for Various Reserves	C-12		658,719	402,258
Fund Balance	C-1		54,871	54,871
		$	2,799,734	2,523,170

Footnote C: There were no Bonds and Notes Authorized But Not Issued on December 31, 2025 and 2024.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	Ref.	2025	2024
Balance - January 1,	C	$ 54,871	54,871
Balance - December 31,	C	$ 54,871	54,871

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

December 31,

	Ref		2025	2024
Assets				
Operating Fund:				
Cash-Treasurer	D-5	$	1,443,521	1,146,191
Due From Payroll Fund	D-14		6,181	6,181
Due From Water/Sewer Utility Capital Fund	D-14		84,913	82,075
			1,534,615	1,234,447
Receivables with Full Reserves:				
Consumer Accounts	D-7		47,198	45,379
Water/Sewer Liens Receivable	D-8		6,492	17,992
			53,690	63,371
Deferred Charges:				
Special Emergency Appropriation (40A: 4-53)	D-18		23,474	46,949
Special Emergency Appropriation (40A: 4-54)	D-18		4,200	8,400
Emergency Appropriation (40A:4-48)	D-18		-	60,500
Overexpenditure of Appropriation Reserves	D-18		-	4,268
			27,674	120,117
Total Operating Fund			1,615,979	1,417,935
Capital Fund:				
Cash	D-5;D-6		1,098,255	1,199,510
Grants Receivable	D-9		482,300	482,300
Fixed Capital*	D-10		18,901,875	18,799,575
Fixed Capital Authorized and Uncompleted*	D-11		5,832,795	5,935,095
Interfund Receivable:				
Current Fund	D-14		103,883	103,883
NJ Department of Transportation Receivable	D-15		304	304
Total Capital Fund			26,419,412	26,520,667
Total Assets		$	28,035,391	27,938,602

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

December 31,

	Ref		2025	2024
Liabilities, Reserves and Fund Balance				
Operating Fund:				
Appropriation Reserve:				
Unencumbered	D-4;D-13	$	55,848	58,601
Encumbered	D-4;D-13		104,901	95,492
Water/Sewer Overpayments	D-12		603	1,134
Reserve for Special Emergency	D-16		1,163	1,163
Accrued Interest on Bonds, Loans and Notes	D-17		128,271	126,922
			290,786	283,312
Reserve for Receivables	Contra		53,690	63,371
Fund Balance	D-1		1,271,503	1,071,252
Total Operating Fund			1,615,979	1,417,935
Capital Fund:				
Interfund Payable				
Water / Sewer Utility Operating Fund	D-14		84,913	82,075
Federal & State Grant Fund	D-14		121,055	121,055
General Capital Fund	D-14		89,964	89,964
Improvement Authorizations:				
Funded	D-19		604,834	685,218
Unfunded	D-19		1,154,217	1,243,471
Capital Improvement Fund	D-20		37,920	37,920
Reserve for Amortization	D-21		15,287,810	14,912,461
Reserve for Deferred Amortization	D-22		2,341,477	2,323,777
Serial Bonds Payable	D-23		2,365,000	2,588,000
Bond Anticipation Notes Payable	D-24		1,886,500	1,926,500
General Obligation Loans Payable:				
NJ Environment Infrastructure Trust Loan Pay	D-25		231,426	287,845
USDA Loan Payable	D-26		933,112	946,742
Reserve for:				
Debt Service	D-27		1,218,366	1,218,366
Encumbrances	D-28		5,545	-
Fund Balance	D-2		57,273	57,273
Total Capital Fund			26,419,412	26,520,667
Total Liabilities, Reserves and Fund Balances		$	28,035,391	27,938,602

Footnote D: There were $1,689,344 and $1,749,344 Bonds and Notes Authorized But Not Issued on December 31, 2025 and 2024 as per Exhibit D-29.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

	Ref.		2025	2024
Revenue and Other Income Realized:				
Operating Surplus Anticipated	D-3	$	150,000	290,000
Water/Sewer Rents	D-3		3,106,878	3,112,515
Miscellaneous Revenues Not Anticipated	D-3		45,788	66,428
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	D-13		9,146	103,089
Total Income			3,311,812	3,572,032
Expenditures:				
Operating	D-4		2,219,493	2,077,685
Debt Service	D-4		613,038	669,113
Deferred Charges and Statutory Expenditures	D-4		129,030	113,904
Total Expenditures			2,961,561	2,860,702
Excess (Deficit) in Revenue over Expenditures			350,251	711,330
Expenditures Included Above Which are by Statute				
Emergency Appropriation	D-18		-	60,500
			350,251	771,830
Fund Balance - January 1,	D		1,071,252	589,422
			1,421,503	1,361,252
Decreased by:				
Utilized as Anticipated Revenue			150,000	290,000
Fund Balance - December 31,	D	$	1,271,503	1,071,252

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Fund Balance - Statutory Basis

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref.	
Balance - December 31, 2024	D	57,273
Balance - December 31, 2025	D	57,273

Statement of Revenues - Regulatory Basis

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

	Ref.	Anticipated	Realized	Excess (Deficit)
Operating Surplus Anticipated	D-1	$ 150,000	150,000	-
Water/Sewer Rents	D-1; D-3	2,811,561	3,106,878	295,317
Budget Totals		2,961,561	3,256,878	295,317
Non-Budget Revenue	D-1; D-3	-	45,788	45,788
		$ 2,961,561	3,302,666	341,105
		D-4		

Analysis of Water/Sewer Rents			
Rents Receivable	D-7	$ 3,093,610	
Utiltiy Liens Receivable	D-8	13,268	
			$ 3,106,878
			D-3

Analysis of Non-Budget Revenues			
Fire Hydrant Servicing		$ 3,500	
Hook-ups		29,348	
Interest on Delinquent Payments		6,876	
Interest on Investments		3,037	
Miscellaneous		189	
	D-5		42,950
Schedule of Interfunds	D-14		2,838
			$ 45,788
			D-3

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Water/Sewer Operating Fund

Year Ended December 31, 2025

	Ref.	Appropriated Budget	Budget After Modification	Expended Paid or Charged	Expended Reserved	Unexpended Balance Cancelled
Operating:						
Salaries and Wages		$ 210,000	201,500	176,694	24,806	-
Other Expenses		2,009,493	2,017,993	1,885,695	132,298	-
Total Operating	D-1	2,219,493	2,219,493	2,062,389	157,104	-
Debt Service:						
Payment of Bond Principal		223,000	223,000	223,000	-	-
Payment of Bond Anticipation Notes and Capital Notes		100,000	100,000	100,000	-	-
Interest on Bonds		104,050	104,050	104,050	-	-
Interest on Notes		81,880	81,880	81,880	-	-
NJEIT Principal Payments		56,420	56,420	56,420	-	-
NJEIT Interest Payments		7,521	7,521	7,521	-	-
USDA Loan Principal & Interest		40,167	40,167	40,167	-	-
Total Debt Service	D-1	613,038	613,038	613,038	-	-
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
Emergency Authorization-COVID 19		23,475	23,475	23,475	-	-
Emergency Authorizations		64,768	64,768	64,768	-	-
Overexpenditure of Appropriations					-	-
Special Emergency Authorization-Trop Storm IDA		4,200	4,200	4,200	-	-
Total Deferred Charges		92,443	92,443	92,443	-	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Water/Sewer Operating Fund

Year Ended December 31, 2025

	Ref.	Appropriated Budget	Budget After Modification	Expended Paid or Charged	Expended Reserved	Unexpended Balance Cancelled
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		17,837	17,837	17,837	-	-
Social Security System (O.A.S.I.)		17,000	17,000	14,155	2,845	-
Unemployment Compensation Insurance		1,750	1,750	950	800	-
Total Statutory Expenditures		36,587	36,587	32,942	3,645	-
Total Deferred Charges and Statutory Expenditures	D-1	129,030	129,030	125,385	3,645	-
Total Water/Sewer Utility Appropriations		$ 2,961,561	2,961,561	2,800,812	160,749	-
		D-3				
Analysis of Paid or Charged						
Cash Disbursed	D-5			2,514,918		
Accrued Interest	D-17			193,451		
Deferred Charges	D-18			92,443		
				$ 2,800,812		
Analysis of Appropriation Reserves						
Unencumbered	D				55,848	
Encumbered	D				104,901	
					$ 160,749	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Sussex, N.J.

General Fixed Assets Account Group

Comparative Balance Sheet

December 31,

	2025	2024
ASSETS		
Land, Building and Building Improvements	$ 2,175,013	2,175,013
Machinery and Equipment	2,722,158	2,722,158
	4,897,171	4,897,171
RESERVES		
Investment in Fixed Assets	$ 4,897,171	4,897,171

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Sussex (the "Borough") have been prepared in conformity with 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

A. Reporting Entity

The Borough operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, water/sewer system, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will be by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. 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 Volunteer Fire Department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

Emergency Services Volunteer Length of Service Award Program (LOSAP) Trust Fund - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in the market value attributable to the investment of the participants' awards.

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

Water/Sewer Operating and Water/Sewer Capital Funds - These funds account for the operations and acquisition of capital facilities of the municipally owned Water/Sewer utility.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough. 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 for municipalities by the Division differ in certain respects from accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - 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 installments due the third and fourth quarters are 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. 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 June 30, 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, remain in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - 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, Water/Sewer Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Grant Revenues - 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 in the accounting period when they become susceptible to accrual.

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 per N.J.S.A. 40-A:4 et seq.

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

Animal Control Trust Fund	Other Trust Fund
LOSAP Trust Fund	General Capital Fund
Water/Sewer Utility Capital Fund	

The governing body shall introduce and approve the annual budget not later than March 31, of the fiscal year. The budget shall be adopted not later than April 30, 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the calendar 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, the Governing Body did not add any appropriations to its budget available for spending, however, several budget transfers were approved by the governing body.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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 canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

Appropriation Reserves - 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.

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

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market 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.

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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value cost and are limited by NJSA 40A:5-15.1(a).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations 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 and notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

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

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires the government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its' effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

In September 2024, the Government Accounting Standards Board issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement will provide users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025. Management is currently reviewing the provisions of this Statement and its effect on the financial statements of the Borough.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

In December 2025, the Government Accounting Standards Board issued GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Borough is determining what effects, if any, this pronouncement will have on future financial statements.

C. Basic Financial Statements

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2025 statutory budget included a reserve for uncollected taxes in the amount of $123,015 to balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2025 statutory budget was $178,500.

Interdepartmental budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Borough Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2025, no special items of revenue and appropriations were added.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2025, there were no emergency appropriations.

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2025, the following deferred charges are show on the balance sheets of the various funds:

	Balance Dec. 31, 2025	2026 Budget Appropriation	Balance to Succeeding Years
Current Fund -			
Special Emergency Appropriation	7,200	7,200	-
General Capital Fund –			
Over expended Improvement Authorization	5,382	5,382	-
Water/Sewer Utility Operating Fund -			
Special Emergency Appropriations	27,674	27,674	-
	$ 40,256	$ 40,256	$ -

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NOTE 4: GENERAL FIXED ASSETS

The following schedule is a summarization of changes in the general fixed assets account group for the year 2025 and 2024.

	Balance Dec. 31, 2024	Increases	Decreases	Balance Dec. 31, 2025
Land and Buildings	$ 2,175,013	$ -	$ -	$ 2,175,013
Machinery and Equipment	2,722,158	-	-	2,722,158
	$ 4,897,171	$ -	$ -	$ 4,897,171

	Balance Dec. 31, 2023	Increases	Decreases	Balance Dec. 31, 2024
Land and Buildings	$ 2,175,013	$ -	$ -	$ 2,175,013
Machinery and Equipment	2,722,158	-	-	2,722,158
	$ 4,897,171	$ -	$ -	$ 4,897,171

NOTE 5: MUNICIPAL DEBT

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

	Balance Dec. 31, 2024	Additions	Reductions	Balance Dec. 31, 2025	Amount Due Within One Year
Water/Sewer Capital Fund:					
Utility Bonds	$ 2,588,000	$ -	$ 223,000	$ 2,365,000	$ 175,000
NJ Environmental Infrastructure Loan Payable	287,845	-	56,419	231,426	51,040
US Department of Agriculture Loan Payable	946,742	-	13,630	933,112	14,013
	$ 3,822,587	$ -	$ 293,049	$ 3,529,538	$ 240,053

NOTE 5: MUNICIPAL DEBT, (CONTINUED)

	Balance Dec. 31, 2023	Additions	Reductions	Balance Dec. 31, 2024	Amounts Due Within One Year
Water/Sewer Capital Fund:					
Utility Bonds	$ 2,833,000	$ -	$ 245,000	$ 2,588,000	$ 223,000
NJ Environmental Infrastructure Loan Payable	364,484	-	76,638	287,845	56,420
US Department of Agriculture Loan Payable	960,000	-	13,258	946,742	13,630
	$ 4,157,484	$ -	$ 334,896	$ 3,822,587	$ 293,050

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

SUMMARY OF MUNICIPAL DEBT - (EXCLUDING CURRENT AND OPERATING DEBT AND TYPE II SCHOOL DEBT)

	Year 2025	Year 2024	Year 2023
Issued:			
General:			
Bonds, Notes and Loans	$ 1,123,125	$ 1,237,100	$ 1,077,500
Water/Sewer Utility:			
Bonds, Notes and Loans	5,416,038	5,749,087	6,113,984
Total Issued	6,539,163	6,986,187	7,191,484
Authorized But Not Issued:			
Water/Sewer Utility:			
Bonds and Notes	1,689,344	1,749,344	1,689,344
General:			
Bonds and Notes	-	-	-
Total Authorized But Not Issued	1,689,344	1,749,344	1,689,344
Net Bonds and Notes Issued and Authorized But Not Issued	8,228,507	8,735,531	8,880,828
Less Applicable Deductions	7,365,891	7,498,431	7,803,328
Net Debt	$ 862,616	$ 1,237,100	$ 1,077,500

NOTE 5: MUNICIPAL DEBT, (CONTINUED)

COMPARISON OF AVERAGE OF EQUALIZED VALUATION PER N.J.S. 40A:2-2

2025	$ 181,897,465		
2024		$ 161,020,733	
2023			$ 148,253,746

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of 0.474% for 2025.

2025	Gross Debt	Deductions	Net Debt
Water/Sewer Utility Debt	$ 7,105,382	$ 7,105,382	$ -
General Debt	1,123,125	260,509	862,616
	$ 8,228,507	$ 7,365,891	$ 862,616

Net Debt $862,616 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, $181,897,465 = 0.474%.

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of 0.768% for 2024.

2024	Gross Debt	Deductions	Net Debt
Water/Sewer Utility Debt	$ 7,498,431	$ 7,498,431	$ -
General Debt	1,237,100	-	1,237,100
	$ 8,735,531	$ 7,498,431	$ 1,237,100

Net Debt $1,237,100 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, $161,020,733 = 0.768%.

NOTE 5: MUNICIPAL DEBT, (CONTINUED)

BORROWING POWER UNDER N.J.S. 40A:20-6 AS AMENDED

	2025	2024
3 ½% of Equalized Valuation Basis (Municipal)	$ 6,366,411	$ 5,635,726
Net Debt	862,616	1,237,100
Remaining Borrowing Power	$ 5,503,795	$ 4,398,626

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

Cash receipts from fees, rents or other charges for year		$ 3,302,667
Deductions:		
Operating and Maintenance Cost	$ 2,219,493	
Deferred Charges and Statutory Expenditures	92,444	
Debt Service Per Water/Sewer Account	613,038	
Total Deductions		2,924,975
Excess/(Deficit) in Revenue		$ 377,692

FOOTNOTE: If there is an "excess in revenue", all such utility debt is deductible.

The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Details of Long-Term Debt as of December 31, 2025 is as follows:

Outstanding debt whose principal and interest are paid from the Water/Sewer Utility Operating Budget of the Borough:

On October 21, 2021, the Borough issued $2,960,000 in Water/Sewer Refunding Bonds to refund the Refunding Bonds of 2012. Interest is paid semi-annually at a rate of 4.00%. The remaining balance as of December 31, 2025 was $2,365,000.

NOTE 5: MUNICIPAL DEBT, (CONTINUED)

NJ Environmental Infrastructure Loans Payable

On February 17, 2010, the Borough entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the revised aggregate amounts of $596,000 which represents a direct obligation of the Borough. The loan agreements were obtained to finance the repair and painting of water storage tanks.

Principal payments to the "Fund" commenced August 1, 2010, and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The balances remaining as of December 31, 2025 are $39,510 and $90,916.

On December 2, 2010, the Borough entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the revised aggregate amounts of $1,110,400 which represents a direct obligations of the Borough. The loan agreements were obtained to finance the repair and painting of water storage tanks.

Principal payments to the "Fund" commenced August 1, 2011, and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The balances remaining as of December 31, 2025 are $101,000 and $-0-.

Also, an annual administrative fee of fifteen hundredths of one percent (.15%) of the initial amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

US Department of Agriculture Loans Payable

On July 22, 2023, the Borough entered into two loan agreements with the United States Department of Agriculture in the amounts totaling $960,000 which represents direct obligation of the Borough.

Principal payments will commence January 22, 2024 and will continue semi-annually over 40 years. It is expected that interest will be paid from the Water/Sewer Operating Budget. The remaining balance as of December 31, 2025 are $232,405 and $700,707.

NOTE 5: MUNICIPAL DEBT, (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING LOANS

	Water/Sewer Utility		
Year	Principal	Interest	Total
2026	$ 240,053	$ 123,484	$ 363,537
2027	250,809	114,578	365,387
2028	258,599	105,433	364,033
2029	274,425	95,763	370,187
2030	246,656	85,655	332,311
2031-2035	1,255,148	282,883	1,538,031
2036-2040	327,851	109,182	437,033
2041-2045	112,473	88,357	200,830
2046-2050	129,319	71,512	200,831
2051-2055	148,727	52,107	200,834
2056-2060	171,086	29,746	200,832
2061-2063	114,392	5,717	120,109
	$ 3,529,538	$ 1,164,417	$ 4,693,955

NOTE 6: BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of such notes were issued to be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2025.

On December 31, 2025, the Borough had outstanding General Capital Bond Anticipation Notes in the amount of $1,123,125, at an interest rate of 4.00%, payable to Piper Sandler & Co. These notes matured on July 16, 2026 and the Borough renewed them in the amount of $998,405, at an interest rate of 4.00%, payable to Huntington Securities, Inc. It is the intent of the Borough to renew these notes for another one-year period. Principal and interest on theses note are paid from the Current Fund budget.

NOTE 6: BOND ANTICIPATION NOTES, (CONTINUED)

On December 31, 2025, the Borough had outstanding Water/Sewer Capital Bond Anticipation Notes in the amount of $1,886,500, at an interest rate of 4.00%, payable to Piper Sandler & Co. Thes notes matured on July 16, 2026 and the Borough renewed them in the amount of $613,135, at an interest rate of 4.00%, payable to Huntington Securities, Inc. It is the intent of the Borough to renew this note for another one-year period. Principal and interest on this note are paid from the Water/Sewer Operating Fund budget.

	Beginning Balance	Additions	Reductions	Ending Balance
General Capital Fund:				
TD Securities (USA) LLC	$ -	$ 1,123,125	$ -	$ 1,123,125
Piper Sandler & Co.	1,237,100	-	1,237,100	-
Water/Sewer Capital Fund:				
TD Securities (USA) LLC	-	1,886,500	-	1,886,500
Piper Sandler & Co.	1,956,500	-	1,956,500	-
	$ 3,193,600	$ 3,009,625	$ 3,193,600	$ 3,009,625

NOTE 7: FUND BALANCES APPROPRIATED

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

	2026	2025
Current Fund	$ 159,000	$ 178,500
Water/Sewer Utility Fund	$ 180,000	$ 150,000

NOTE 8: LOCAL AND REGIONAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District.

The Borough has elected not to defer school taxes.

NOTE 9: PENSION PLAN

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. 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

NOTE 9: PENSION PLAN, (CONTINUED)

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

Defined Contribution Retirement Program

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

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

NOTE 9: PENSION PLAN, (CONTINUED)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

Year	PERS	DCRP
2025	$ 44,593	$ -
2024	52,545	-
2023	49,941	-

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS), (continued)

At June 30, 2025, the Borough had a liability of $371,999 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2025, the Borough's proportion was 0.0030247169 percent, which was an increase/(decrease) of (0.0000945865) percent from its proportion measured as of June 30, 2024.

NOTE 9: PENSION PLAN, (CONTINUED)

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2025, the Borough recognized pension expense of $44,593.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 10,606	$ 398
Changes of assumptions	59	4,286
Net difference between projected and actual earnings on pension plan investments	-	31,020
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	3,703	83,916
Total	$ 14,368	$ 119,620

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2025) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2025	$ (17,996.00)
2026	13,925.00
2027	(8,011.00)
2028	(4,625.00)
2029	120.00

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.15, 5.08, 5.08, 5.04, 5.13, and 5.16 years for 2025, 2024, 2023, 2022, 2021, and 2020 amounts respectively.

NOTE 9: PENSION PLAN, (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances net of non-employer (State of New Jersey) balances at June 30, 2025 and June 30, 2024 are as follows:

	June 30, 2025	June 30, 2024
Collective deferred outflows of resources	$1,093,964,592	$1,079,580,780
Collective deferred inflows of resources	1,921,744,319	1,611,322,898
Collective net pension liability	12,298,650,125	13,588,045,796
Borough's Proportion	0.003027169%	0.0031193034%

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	3.25-7.75% (based on years of service)
Investment Rate of Return	7.00%

NOTE 9: PENSION PLAN, (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Mortality Rates

Pre-retirement mortality rates were based on Pub-2016 General Below-Median Income Employee mortality table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2025 are summarized in the following table:

NOTE 9: PENSION PLAN, (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer 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 to determine the total pension liability.

NOTE 9: PENSION PLAN, (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

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

	June 30, 2025		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Borough's proportionate share of the pension liability	$510,429	$371,999	$254,021

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 10: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2025, $-0- of the Borough's bank balance of $7,000,980 was exposed to custodial credit risk. In comparison, as of December 31, 2024, $-0- of the Borough's bank balance of $6,529,081 was exposed to custodial credit risk.

NOTE 10: CASH, CASH EQUIVALENTS AND INVESTMENTS, (CONTINUED)

Investments

Investment Rate Risk

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. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the Boroughs or bonds or other obligations of the local unit or units within which the Borough is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Unaudited Investments

As more fully described in NOTE 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2025 and 2024 amounted to $503,229 and $493,501 respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2025 and 2024:

	2025	2024
LVIP SSgA S&P 500 Index Fund	$ 360,534	$ 346,458
Fixed	139,046	143,792
Investments under 5%	3,649	3,251
Total	$ 503,229	$ 493,501

NOTE 11: HEALTH INSPECTIONS

The Borough of Sussex has elected to have the County of Sussex, Department of Health, do all the health inspections. Therefore, the Borough does not have a health inspector.

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2025 calendar year, the Borough did not incur claims in excess of their coverage, and the amount of coverage did not significantly decrease.

NOTE 13: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2025 consist of the following:

$	34,784	Due to Current Fund from Federal and State Grant Fund for receipts and disbursements in the Current Fund.
	6,067	Due to Current Fund from Animal Control Trust Fund for prior year balance in interest on deposits in Animal Control Trust Fund.
	23,414	Due to Other Trust Fund from Current Fund for receipts and disbursements in Other Trust Funds.
	5,819	Due to Payroll Trust Fund from Current Fund for receipts and disbursements in the Payroll Trust Fund.
	103,883	Due to Water/Sewer Capital Fund from Current Fund for prior year balance not liquidated.
	401,450	Due to General Capital Fund from Current Fund for prior year balance and interest on deposits in General Capital Fund.
	158,642	Due to Federal and State Grant Fund from General Capital for prior year balance and grants received in General Capital Fund.
	121,055	Due to Federal and State Grant Fund from Water/Sewer Capital Fund for prior year balance not liquidated.
	6,181	Due to Water/Sewer Operating Fund from the Payroll Trust for prior year balance not liquidated.
	84,913	Due to Water/Sewer Operating Fund from Water/Sewer Capital Fund for prior year balance and interest on deposits in Water/Sewer Capital Fund.
	89,964	Due to General Capital Fund from Water/Sewer Capital Fund for Capital Improvement Fund cash receipts.
$	1,036,172	

It is anticipated that all interfunds will be liquidated during the calendar year.

NOTE 14: PUBLIC ASSISTANCE

The Borough of Sussex has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Borough of Sussex no longer has a public assistance director.

NOTE 15: TAXES COLLECTED IN ADVANCE

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

	Balance Dec 31, 2024	Balance Dec 31, 2024
Prepaid Taxes	$ 41,496	$ 38,551
Cash Liability for Taxes Collected in Advance	$ 41,496	$ 38,551

NOTE 16: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On February 4, 2004, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plans contribution requirements are as follows: the contribution for each participating active volunteer member shall be between the minimum contribution of $115.00 and the maximum contribution of $1,150.00. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2025 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 8, the Borough provides post-employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

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

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

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

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (CONTINUED)

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

Total OPEB Liability

The following Other Post Employment Benefit information is as of June 30, 2024, which is the latest information available as of the date of this report. This information is eighteen months prior to December 31, 2025. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinions until such time current Other Post Employment Benefit information is available.

At June 30, 2024, the Borough had a liability of $942,185 for its proportionate share of the non-special funding 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 that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2024, the Borough's proportion was 0.005262 percent.

For the year ended December 31, 2025, the Borough recognized OPEB expense of $-0-.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 47,715	$ 159,638
Changes of assumptions	157,515	156,397
Net difference between projected and actual earnings on OPEB plan investments	-	426
Changes in proportion	205,025	979,065
Total	$ 410,255	$ 1,295,526

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (CONTINUED)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	$ (59,144)
2026	(25,463)
2027	(4,376)
2028	(23,328)
2029	(14,862)
Therefore	15,942

Changes in Proportion

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

Actual Assumptions and Other Inputs

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

Salary increases*:	
Public Employees' Retirement System (PERS)	
Rate for all future years	2.75% to 6.55% based on years of service

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

Mortality:

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

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (CONTINUED)

Actual Assumptions and Other Inputs **(continued)**

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

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

Health Care Trend Assumptions

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

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, 2024, 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 or 1 percentage point higher than the current rate:

	June 30, 2024		
	1% Decrease 2.93%	At Current Discount Rate 3.93%	1% Increase 4.93%
Borough's proportionate share of Net OPEB liability	$1,097,543	$942,185	$817,756

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB), (CONTINUED)

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

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

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of Net OPEB liability	$796,896	$942,185	$1,128,985

NOTE 18: COMMITMENTS AND CONTINGENT LIABILITIES

The Borough Counsel has advised us that there is a claim pending before the Government Records Council alleging violation of the Open Public Records Act about which the Borough's issuer was notified. Additionally, Counsel is not aware of any unasserted claims and assessments that may call for financial statement disclosure.

NOTE 19: SUBSEQUENT EVENT

The Borough has evaluated subsequent events through July 28, 2026, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF SUSSEX, N.J.

OFFICIALS IN OFFICE AND SURETY BONDS

YEAR ENDED DECEMBER 31, 2025

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

Name	Title
Robert Holowach	Mayor
Frank Dykstra	Councilperson
Charles Fronheiser	Councilperson
Martin Kokoruda	Councilperson
Mario Poggi	Councilperson
John Ross	Councilperson
Nicholas Southard	Councilperson
Antoinette Smith	Clerk; Administrator; Registrar
Michel Marceau	Chief Financial Officer
Jamie Boffa	Water/Sewer Collector; Deputy Clerk
Melissa Caton	Tax Collector - Interlocal Agreement Wantage Township
Kristy Lockburner	Tax Assessor - Interlocal Agreement Wantage Township
Frank McGovern	Municipal Attorney
Steven Wielkotz	Municipal Auditor
Harold Pellow	Municipal Engineer

The Borough has a blanket surety bond coverage for all employees in the amount of $2,000,000 through the Statewide Insurance Fund.

All bonds were examined and determined to have been properly executed.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	Year 2025		Year 2024	
	Amount	%	Amount	%
Revenue and Other Income Realized				
Fund Balance Utilized	$ 178,500	3.18%	$ 100,000	1.50%
Miscellaneous - From Other Than Local Property Tax Levies	466,802	8.33%	1,614,949	24.25%
Collection of Delinquent Taxes and Tax Title Liens	123,187	2.20%	81,504	1.22%
Collection of Current Tax Levy	4,445,726	79.30%	4,283,698	64.33%
Other Credits to Income	391,764	6.99%	579,264	8.70%
Total Revenue and Other Income Realized	5,605,979	100.00%	6,659,415	100.00%
Expenditures				
Budget Expenditures:				
Municipal Purposes	1,676,357.00	32.64%	2,745,038	44.93%
Regional School Taxes	765,751.00	14.91%	745,862	12.21%
County Taxes	2,652,991.00	51.66%	2,537,103	41.53%
Other Expenditures	40,851.00	0.80%	81,197	1.33%
Total Expenditures	5,135,950.00	100.00%	6,109,200	100.00%
Excess (Deficit) in Revenue	470,029.00		550,215	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	-		8,000	
Statutory Excess to Fund Balance	470,029.00		558,215	
Fund Balance, January 1,	1,761,656.00		1,303,441	
	2,231,685.00		1,861,656	
Less:				
Utilized as Anticipated Revenue	178,500.00		100,000	
Fund Balance, December 31,	$ 2,053,185.00		$ 1,761,656	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER/SEWER UTILITY OPERATING FUND

		Year 2025		Year 2024	
		Amount	%	Amount	%
Revenue and Other Income Realized					
Fund Balance Utilized	$	150,000	4.53%	290,000	8.12%
Collection of Water/Sewer Rents		3,106,878	93.81%	3,112,515	87.14%
Miscellaneous - From Other				-	
Than Water / Sewer Rents		45,789	1.38%	66,428	1.86%
Other Credits to Income		9,146	0.28%	103,089	2.89%
Total Revenue and Other Income Realized		3,311,813	100.00%	3,572,032	100.00%
Expenditures					
Budget Expenditures:					
Operating		2,219,493	74.94%	2,077,685	72.63%
Debt Service		613,038	20.70%	669,113	23.39%
Deferred Charges and					
Statutory Expenditures		129,031	4.36%	113,904	3.98%
Total Expenditures		2,961,562	100.00%	2,860,702	100.00%
Excess (Deficit) in Revenue		350,251		711,330	
Adjustments to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		-		60,500	
		350,251		771,830	
Fund Balance, January 1,		1,071,252		589,422	
		1,421,503		1,361,252	
Less:					
Utilized as Anticipated Revenue		150,000		290,000	
Fund Balance, December 31,	$	1,271,503		1,071,252	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2025	2024	2023
Tax Rate:	3.615	3.495	3.530
Apportionment of Tax Rate:			
Municipal	0.905	0.887	0.884
County	0.607	0.594	0.640
Regional High School	0.668	0.723	0.751
District School	1.435	1.291	1.255

Assessed Valuation:			
2025	$126,103,400		
2024		$125,921,900	
2023			$124,863,100

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.

		Currently	
Year	Tax Levy	Collections	Percentage of Collection
2025	$ 4,569,347	$ 4,445,726	97.29%
2024	4,404,114	4,283,698	97.26%
2023	4,443,373	4,329,991	97.45%

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.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2025	$ 18,012	$ 115,899	$ 133,911	2.93%
2024	40,663	95,979	136,642	3.10%
2023	12,118	110,527	122,645	2.76%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by liquidation of the Tax Title Liens on December 31, on the basis of the last assessed Valuation of such properties was as follows:

Year	Amount
2025	$347,600
2024	347,600
2023	347,600

COMPARISON OF WATER/SEWER UTILITY LEVIES

Year	Levy	Collections
2025	$ 3,097,197	$ 3,093,610
2024	3,016,782	3,112,515
2023	2,668,987	2,543,344

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance Dec. 31,	Utilized In Budget of Succeeding Year
Current Fund:	2025	$ 2,053,185	$ 159,000
	2024	1,761,656	178,500
	2023	1,303,441	100,000
	2022	1,110,843	150,000
	2021	619,511	150,000
Water/Sewer Utility Operating Fund:	2025	$ 1,271,503	$ 180,000
	2024	1,071,252	150,000
	2023	589,423	290,000
	2022	591,932	230,000
	2021	554,198	273,342

Borough of Sussex

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2025

Schedule 1

Federal Program	Federal Assistance Number	Program or Award Amount	Grant Period From/To	12/31/2024 (Receivable)	12/31/2024 Reserve Balance	Receipts	Expended	12/31/2025 (Receivable)	12/31/2025 Reserve Balance	MEMO Cumulative Total Expenditures
Water and Sewer Capital Fund										
U.S. Department of Housing & Urban Development:										
Community Development Block Grant - Small Cities Program:										
Willow & Ley Improvements	14.228	612,511	1/1/20-3/31/22	-	81,971	-	-	-	81,971	530,540
Install Electric & Instrumentation Impr.	14.228	400,000	1/1/23-3/31/25	(82,300)	44,185	-	44,185	(82,300)	-	38,115
Sewer Main Lining and Manhole Rehab.	14.228	400,000	1/1/24-3/31/26	(400,000)	394,260	-	61,844	(400,000)	332,416	67,584
				(482,300)	520,416	-	106,029	(482,300)	414,387	636,239
Total Water and Sewer Capital Fund				(482,300)	520,416	-	106,029	(482,300)	414,387	636,239
Federal and State Grant Fund										
U.S. Department of Treasury:										
Passed Through the N.J. Departament of Community Affairs:										
American Rescue Plan - LFRF	21.027	103,883	3/3/21-12/31/26	-	103,883	-	-	-	103,883	-
American Rescue Plan - Assistance to Firefighters	21.027	36,000	1/1/24-12/31/24	(36,000)	-	36,000		-	-	36,000
				(36,000)	103,883	36,000	-	-	103,883	36,000
U.S. Department of Housing & Urban Development:										
Community Development Block Grant - Small Cities Program:										
Loomis Ave Bridge Waterline	14.228	400,000	1/1/18-12/31/19	(95,250)	-	-	-	(95,250)	-	400,000
U.S. Environmental Protection Agency										
Community Grants:										
Sewer Force Main Repair	66.202	1,000,000	10/1/21-12/31/25	(1,000,000)	1,000,000	-	-	(1,000,000)	1,000,000	-
				(1,000,000)	1,000,000	-	-	(1,000,000)	1,000,000	-
Total Federal and State Grant Fund				(1,131,250)	1,103,883	36,000	-	(1,095,250)	1,103,883	436,000
TOTAL FEDERAL AID:				(1,613,550)	1,624,299	36,000	106,029	(1,577,550)	1,518,270	1,072,239

Note: This schedule was not subject to an audit in accordance with U.S. Uniform Guidance.

Borough of Sussex

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2025

Name of Program	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2024 (Receivable)	12/31/2024 Reserve Balance	Receipts	Expended	12/31/2025 (Receivable)	12/31/2025 Reserve Balance	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:										
N.J. Department of Community Affairs										
Lead Grant Assistance Program	495-022-8020-100	3,300.00	1/1/23-12/31/23	-	2,306.00	-	-	-	2,306.00	-
N.J. Department of Environmental Protection:										
Clean Communities Grant	765-042-4900-004	4,828.00	1/1/21-12/31/21	(1,102.00)	-	-	-	(1,102.00)	-	4,828.00
Clean Communities Grant	765-042-4900-004	4,843.00	1/1/22-12/31/22	-	465.00	-	465.00	-	-	4,843.00
Clean Communities Grant	765-042-4900-004	5,432.00	1/1/23-12/31/23	-	5,432.00	-	5,432.00	-	-	5,432.00
Clean Communities Grant	765-042-4900-004	7,378.00	1/1/24-12/31/24	-	7,378.00	-	1,201.00	-	6,177.00	1,201.00
Clean Communities Grant	765-042-4900-004	6,119.00	1/1/25-12/31/25	-	-	6,119.00	-	-	6,119.00	-
				(1,102.00)	13,275.00	6,119.00	7,098.00	(1,102.00)	12,296.00	21,132.00
Recycling Tonnage Grant	100-042-4910-224	12,665.00	1/1/18-12/31/18	-	10,091.00	-	2,550.00	-	7,541.00	5,124.00
Recycling Tonnage Grant	100-042-4910-224	15,558.00	1/1/19-12/31/19	-	15,558.00	-	-	-	15,558.00	-
Recycling Tonnage Grant	100-042-4910-224	13,147.00	1/1/20-12/31/20	-	13,147.00	-	-	-	13,147.00	-
Recycling Tonnage Grant	100-042-4910-224	11,119.00	1/1/21-12/31/21	-	11,119.00	-	-	-	11,119.00	-
Recycling Tonnage Grant	100-042-4910-224	7,901.00	1/1/22-12/31/22	-	7,901.00	-	-	-	7,901.00	-
Recycling Tonnage Grant	100-042-4910-224	8,398.00	1/1/23-12/31/23	-	8,398.00	-	-	-	8,398.00	-
Recycling Tonnage Grant	100-042-4910-224	7,902.00	1/1/25-12/31/25	-	-	7,902.00	-	-	7,902.00	-
				-	66,214.00	7,902.00	2,550.00	-	71,566.00	5,124.00
Stormwater Assistance Grant	042-4850-100-099	25,000.00	1/1/23-12/31/23	-	24,427.00	-	-	-	24,427.00	573.00
Green Communities Grant-Shade Tree	100-042-4870-074	3,000.00	1/1/10 - 12/31/10	-	1,078.00	-	-	-	1,078.00	1,922.00
	Total NJ Department of Environmental Protection			(1,102.00)	104,994.00	14,021.00	9,648.00	(1,102.00)	109,367.00	28,751.00
N.J. Department of Transportation:										
Municipal Aid - Walnut & Valley	078-6320-480-AM2	165,000.00	1/1/18-12/31/18	-	44,783.00	-	-	-	44,783.00	120,217.00
Municipal Aid - Unionville, Elizabeth & Lakeshore	078-6320-480-ANP	147,000.00	1/1/19-12/31/19	(19,358.00)	19,940.00	-	-	(19,358.00)	19,940.00	127,060.00
Municipal Aid - Main Street	078-6320-480-AN8	175,000.00	1/1/20-12/31/20	(175,000.00)	124,094.00	131,250.00	-	(43,750.00)	124,094.00	50,906.00
	Total NJ Department of Transportation			(194,358.00)	188,817.00	131,250.00	-	(63,108.00)	188,817.00	298,183.00
Total Federal and State Grant Fund				(195,460.00)	296,117.00	145,271.00	9,648.00	(64,210.00)	300,490.00	326,934.00

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 15-08.

Borough of Sussex

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2025

Name of Program	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2024 (Receivable)	12/31/2024 Reserve Balance	Receipts	Expended	12/31/2025 (Receivable)	12/31/2025 Reserve Balance	MEMO Cumulative Total Expenditures
General Capital Fund:										
N.J. Department of Transportation:										
Municipal Aid - Brookside & Ley	078-6320-480-A01	121,174.00	1/1/22-12/31/22	(26,270.00)	33,860.00	-	-	(26,270.00)	33,860.00	87,314.00
Municipal Aid - Newton Ave	078-6320-480-APF	139,730.00	1/1/23-12/31/23	(80,848.00)	55,199.00	-	-	(80,848.00)	55,199.00	84,531.00
Municipal Aid - Various Roads	078-6320-480-AOP	166,200.00	1/1/21-12/31/21	-	-	124,650.00	124,650.00	-	-	166,200.00
Municipal Aid -Main & Fountain Square	078-6320-480-AK4	135,859.00	1/1/12-12/31/12	-	-	135,859.00	135,859.00	-	-	135,859.00
Municipal Aid - Newton Ave Section II		80,000.00	1/1/24-12/31/24	-	-	-	77,218.00	(80,000.00)	2,782.00	77,218.00
Municipal Aid - 4th and Roy		65,000.00	1/1/25-12/31/25	-	-	-	40,470.00	(65,000.00)	24,530.00	40,470.00
				(107,118.00)	89,059.00	260,509.00	378,197.00	(252,118.00)	116,371.00	591,592.00
N.J. Department of Community Affairs										
Local Recreation Improvement Grant	495-022-8030-668	50,000.00	2/1/22-8/31/23	(50,000.00)	15,302.00	35,487.00	6,537.00	(14,513.00)	8,765.00	41,235.00
Local Recreation Improvement Grant		72,000.00		-	-	-	-	(72,000.00)	72,000.00	-
				(50,000.00)	15,302.00	35,487.00	6,537.00	(86,513.00)	80,765.00	41,235.00
Total General Capital Fund				(157,118.00)	104,361.00	295,996.00	384,734.00	(338,631.00)	197,136.00	632,827.00
Water/Sewer Capital Fund:										
NJ Department of Transportation:										
Highway Planning and Construction	480-078-6300-GIR	85,765.00	1/1/15-12/31/15	(304.00)	-	-	-	(304.00)	-	85,765.00
Total Water/Sewer Capital Fund				(304.00)	-	-	-	(304.00)	-	85,765.00
	TOTAL STATE AID			(352,882.00)	400,478.00	441,267.00	394,382.00	(403,145.00)	497,626.00	1,045,526.00

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 15-08.

Borough of Sussex, N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	A		$ 2,768,680
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	$ 88,112	
Taxes Receivable	A-7	4,496,649	
Tax Title Liens Receivable	A-8	28,963	
Revenue Accounts Receivable	A-10	456,575	
Interfunds	A-11	51,561	
Various Cash Liabilities and Reserves	A-15	178,441	
Due To State - Senior Citizen and Veteran Deductions	A-16	5,000	
Prepaid Taxes	A-17	41,496	
			5,346,797
			8,115,477
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	1,210,208	
Interfunds	A-11	9,648	
Appropriation Reserves	A-14	211,907	
Various Liabilities and Reserves	A-15	17,959	
County Taxes Payable	A-18	764,487	
Regional School District Taxes Payable	A-19	1,809,714	
Regional High School Taxes Payable	A-20	843,277	
Encumbrances Payable - Non-budget	A-21	25	
			4,867,225
Balance - December 31, 2025	A		$ 3,248,252

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Borough of Sussex, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2025

	Ref.	
Balance - December 31, 2024	A	$ 100
Balance - December 31, 2025	A	$ 100
Analysis of Balance:		
Tax Collector		$ 100

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Schedule of Escrow Deposit - Purchase of 3 E. Main St.

Current Fund

Year Ended December 31, 2025

	Ref.	
Balance - December 31, 2024	A	$ 1,000
Balance - December 31, 2025	A	$ 1,000

Borough of Sussex, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2025

Year	Balance, Dec. 31, 2024	Levy	Added Taxes	Collected 2024	Collected 2025	Senior Citizen and Veteran Deductions	Canceled	Transferred to Tax Title Liens	Balance, Dec. 31, 2025
2019	$ 35	-	-	-	-	-	-	-	35
2020	36	-	-	-	-	-	-	-	36
2024	95,908	-	-	-	94,224	-	1,684	-	-
	95,979	-	-	-	94,224	-	1,684	-	71
2025	-	4,558,639	10,708	38,551	4,402,425	4,750	1,433	6,360	115,828
	$ 95,979	4,558,639	10,708	38,551	4,496,649	4,750	3,117	6,360	115,899
	A			A-2;A-17	A-2;A-4	A-2;A-16		A-8	A

	Analysis of Tax Levy Ref.		
Tax yield:			
General Purpose Tax			$ 4,558,639
Added Tax (R.S. 54:4-63.1 et seq.)			10,708
			4,569,347
Tax Levy:			
County Tax	A-18		765,751
Regional School Tax	A-19		1,809,714
Regional High School Tax	A-20		843,277
			3,418,742
Local Tax for Municipal Purposes	A-2	$ 1,141,408	
Additional Taxes		9,197	
			1,150,605
			$ 4,569,347

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Borough of Sussex, N.J.

Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	A		$ 40,663
Increased by:			
Transferred from 2025 Taxes Receivable	A-7		6,360
			47,023
Decreased by:			
Collections	A-2;A-4	$ 28,963	
Cancelled		48	
			29,011
Balance - December 31, 2025	A		$ 18,012

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Schedule of Property Acquired for Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2025

	Ref.	
Balance - December 31, 2024	A	$ 347,600
Balance - December 31, 2025	A	$ 347,600

Borough of Sussex, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2025

	Ref.	Accrued	Collected
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	$ 4,385	4,385
Fees and Permits	A-2	19,758	19,758
Municipal Court Fines and Costs	A-2	11,448	11,448
Parking Meters	A-2	15,720	15,720
Payments in Lieu of Taxes (PILOT)	A-2	65,699	65,699
Housing Inspections Fees	A-2	34,860	34,860
Energy Receipts Tax	A-2	189,709	189,709
		$ 459,424	459,424
Cash Receipts	A-4		456,575
Interfunds	A-11		2,849
			$ 459,424

Borough of Sussex, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2025

Fund	Ref.	Due From/(To) Balance Dec. 31, 2024	Increased	Decreased	Due From/(To) Balance Dec. 31, 2025
Federal and State Grants	A	$ 75,157	9,648	50,021	34,784
Animal Control Trust Fund	A	6,039	28	-	6,067
Other Trust	A	(33,920)	11,606	1,100	(23,414)
Payroll Trust	A	(5,446)	67	440	(5,819)
General Capital Fund	A	(403,598)	2,148	-	(401,450)
Water/Sewer Capital Fund	A	(103,883)	-	-	(103,883)
		$ (465,651)	23,497	51,561	(493,715)
Analysis					
Due From Other Funds	A-1	$ 81,196			40,851
Due To Other Funds		(546,847)			(534,566)
		$ (465,651)			(493,715)

Tax Sale Premiums Escheated	A-1	$ 11,000	-
Cash Receipts	A-4	-	51,561
Cash Disbursements	A-4	9,648	-
Revenue Accounts Receivable	A-10	2,849	-
		$ 23,497	51,561

Borough of Sussex, N.J.

Schedule of Deferred Charges

Current Fund

For Year Ended December 31, 2025

	Ref.		Balance, Dec. 31, 2024	Raised in 2025
Emergency Appropriation (N.J.S.A. 40A:4-48)	A	$	8,000	8,000
Overexpenditure of Trust Reserve	A		6,048	6,048
		$	14,048	14,048
				A-3

Borough of Sussex, N.J.

Schedule of Deferred Charges

N.J.S.A. 40A:4-53 Special Emergency

Current Fund

For Year Ended December 31, 2025

	Net Amount Authorized	1/5 of Net Amount Authorized	Balance, Dec. 31, 2024	Raised in 2025	Balance, Dec. 31, 2025
COVID-19 Special Emergency	$ 36,000	$ 7,200	$ 14,400	7,200	7,200
			A	A-3	A

Borough of Sussex, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2025

	Balance, Dec. 31, 2024	Balance after Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Administrative and Executive	$ 9,656	9,656	-	9,656
Municipal Clerk	232	232	-	232
Planning Board	518	518	-	518
Zoning Official	15,006	15,006	-	15,006
Crossing Guards	3,792	3,792	-	3,792
Road Repairs and Maintenance	20,611	20,611	15,000	5,611
Snow Removal	8,332	8,332	7,000	1,332
Public Buildings and Grounds	10,000	10,000	-	10,000
Total Salaries and Wages Within "CAPS"	68,147	68,147	22,000	46,147
Other Expenses Within "CAPS":				
General Administration	4,293	4,308	4,025	283
Municipal Clerk	106	106	-	106
Financial Administration	24,388	24,388	15,580	8,808
Collection of Taxes	2,916	2,881	102	2,779
Tax Map	1,872	1,892	1,892	-
Legal Services and Costs	27,432	24,492	14,151	10,341
Engineering Services and Costs	1,149	4,089	4,087	2
Planning Board	12,590	12,590	8,699	3,891
Property Maintenance Board	750	750	-	750
Zoning Official	1,408	1,408	-	1,408
Economic Development Committee	2,143	2,143	-	2,143
Insurance:				
Group Insurance Plan For Employees	40,080	40,080	-	40,080
Workers' Compensation	51	51	-	51
Other Insurance Premiums	59	59	-	59
Health Benefit Waiver	3,000	3,000	-	3,000
Police	8,000	8,000	-	8,000
Crossing Guards	250	250	-	250
Aid to Volunteer Fire Department	4,642	4,642	1,560	3,082
Road Repair and Maintenance	21,430	21,430	11,353	10,077
Snow Removal	18,142	18,142	18,008	134
Street Lighting	11,684	11,684	380	11,304
Garbage and Trash Removal	703	703	663	40
Public Buildings and Grounds	20,411	20,411	215	20,196
Board of Health	67	67	-	67
Registrar	42	42	-	42
Cultural Events Committee	3,789	3,789	87	3,702
Beautification Committee	2,500	2,500	-	2,500
Unclassified:				
Reserve for Pending Tax Appeals	1	1	-	1
Gasoline & Diesel Fuel	10,375	10,375	-	10,375
Total Other Expenses Within "CAPS"	224,273	224,273	80,802	143,471

Borough of Sussex, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2025

	Balance, Dec. 31, 2024	Balance after Transfers	Paid or Charged	Balance Lapsed
Deferred Charges and Statutory Expenditures-Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	7,776	7,776	-	7,776
Unemployment Compensation Insurance	1,214	1,214	-	1,214
Defined Contribution Retirement Program	500	500	-	500
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	9,490	9,490	-	9,490
Total General Appropriation Reserves - Municipal Within "CAPS"	301,910	301,910	102,802	199,108
Other Expenses Excluded From "CAPS":				
Aid to Vol Fire Department LOSAP	3,175	3,175	3,175	-
Interlocal Municipal Service Agreements:				
Township of Wantage:				
Animal Control Agreement				-
Tax Collector	1	1	-	1
Municipal Court	1	1	-	1
Township of Hardyston:				
Construction Agreement	15,000	15,000	3,040	11,960
Borough of Ogdensburg				
Finance Office	2,465	2,465	2,465	-
County of Sussex				
"911" Dispatching Communications	17	17	-	17
Montague Township				
Zoning Officer	369	369	-	369
Total Other Expenses Excluded from "CAPS"	21,028	21,028	8,680	12,348
Capital Improvements				
Improvements to Streets and Roads	18,871	18,871	18,871	-
Purchase of Equipment	11,000	11,000	11,000	-
Improvements to Municipal Properties	34,980	34,980	34,980	-
Purchase of Fire Truck	11,850	11,850	11,850	-
Purchase of Fire Equipment	23,724	23,724	23,724	-
Total Capital Improvements Excluded from "CAPS"	100,425	100,425	100,425	-
Total General Appropriation Reserves - Municipal Excluded from "CAPS"	121,453	121,453	109,105	12,348
Total General Appropriation Reserves	$ 423,363	423,363	211,907	211,456
			A-4	A-1

Analysis of Appropriation Reserve	Ref.	
Unencumbered	A	$ 375,607
Encumbered	A	47,756
		$ 423,363

Borough of Sussex, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2025

	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
Liabilities:				
Due State of NJ Burial Certs	$ 5	-	-	5
Due State of NJ Marriage License Fees	-	225	-	225
Tax Overpayments	17,959	18,251	17,959	18,251
Reserves for:				
Revaluation	7,662	-	-	7,662
Reserve for Sale of Property	-	159,965	-	159,965
	$ 25,626	178,441	17,959	186,108
	A	A-4	A-4	A

Borough of Sussex, N.J.

Schedule of Amount Due To State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

Current Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	A		$ 1,575
Increased by:			
State Share of Senior Citizens and Veterans Received from State	A-4		5,000
			6,575
Decreased by:			
Senior Citizens' Deductions Per Tax Billing		$ 4,250	
Veterans' Deductions Per Tax Billing		500	
	A-7		4,750
Balance - December 31, 2025	A		$ 1,825

Borough of Sussex, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	A	$	38,551
Increased by:			
Receipts - Prepaid 2026 Taxes	A-4		41,496
			80,047
Decreased by:			
Applied to 2025 Taxes	A-7		38,551
Balance - December 31, 2025	A	$	41,496

Borough of Sussex, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	A		$ 534
Increased by:			
Levy - 2025		$ 763,953	
Added and Omitted Taxes		1,798	
	A-1;A-7		765,751
			766,285
Decreased by:			
Payments	A-4		764,487
Balance - December 31, 2025	A		$ 1,798

Schedule of District School Taxes Payable

Current Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	A		$ 50
Increased by:			
Levy- 2025	A-1;A-7		1,809,714
			1,809,764
Decreased by:			
Payments	A-4		1,809,714
Balance - December 31, 2025	A		$ 50

Borough of Sussex, N.J.

Schedule of Regional School Taxes Payable

Current Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	A	$	1
Increased by:			
Levy- 2025	A-1;A-7		843,277
			843,278
Decreased by:			
Payments	A-4		843,277
Balance - December 31, 2025	A	$	1

Borough of Sussex, N.J.

Schedule of Encumbrances Payable - Various Reserves

Current Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	A	$	25
Decreased by:			
Disbursements	A-4		25
Balance - December 31, 2025	A	$	-

Borough of Sussex, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2025

		Balance, December 31, 2024	Increased	Decreased	Balance, December 31, 2025
Current Fund	$	(75,157)	50,021	9,648	(34,784)
Capital Fund		27,392	131,250	-	158,642
Water/Sewer Capital Fund		121,055	-	-	121,055
Due from	$	73,290	181,271	9,648	244,913
		A			A

	Ref		
Grants Receivable	A-23	167,250	-
Appropriated Reserves for Grants	A-24	-	9,648
Unappropriated Reserves for Grants	A-25	14,021	-
		$ 181,271	9,648

Borough of Sussex, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2025

Grant	Balance Dec. 31, 2024	Budget Revenue	Received	Transferred from Unappropriated	Balance Dec. 31, 2025
NJDOT Municipal Aid:					
Unionville	$ 19,358	-	-	-	19,358
Main Street	175,000	-	131,250	-	43,750
ARP Firefighter	36,000	-	36,000	-	-
Small Cities CDBG - Loomis Ave Bridge	95,250	-	-	-	95,250
Recycling Tonnage Grant	-	-	-	-	-
Clean Communities	1,102	7,378	-	7,378	1,102
USEPA Commuity Grants:					
Sewer Force Main Repair	1,000,000	-	-	-	1,000,000
	$ 1,326,710	7,378	167,250	7,378	1,159,460
	A	A-2	A-22	A-25	A

Borough of Sussex, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2025

Grant	Balance Dec. 31, 2024	Transfer From 2025 Budget	Expended	Balance Dec. 31, 2025
Recycling Tonnage Grant	$ 66,215	-	2,550	63,665
Shade Tree	1,078	-	-	1,078
NJDEP Stormwater Assistance	24,427	-	-	24,427
Clean Communities	5,897	7,378	7,098	6,177
USEPA Community Grants:				
Sewer Force Main Repairs	1,000,000	-	-	1,000,000
NJDOT Municipal Aid				
Walnut & Valley	44,783	-	-	44,783
Unionville, Elizabeth, & Lakeshore	19,940	-	-	19,940
Main Street	124,094	-	-	124,094
ARP Local Fiscal Recovery Funds	103,883	-	-	103,883
NJDCA Lead Grant Assistance Program	2,305	-	-	2,305
	$ 1,392,622	7,378	9,648	1,390,352
	A	A-3	A-22	A

Borough of Sussex, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2025

Grant	Balance Dec. 31, 2024	Transfer To Appropriated Reserves	Received	Balance Dec. 31, 2025
Recycling Tonage	$ -	-	7,902	7,902
Clean Communities	7,378	7,378	6,119	6,119
	$ 7,378	7,378	14,021	14,021
	A	A-24	A-22	A

Borough of Sussex, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2025

	Ref.	Animal Control Trust Fund	Other Trust Funds	Emergency Services Volunteer Length of Service Award Program
Balance - December 31, 2024	B	$ 10,931	231,832	493,501
Increased by Receipts:				
Dog License Fees - Borough	B-2	2,246	-	-
Late Fees/ Miscellaneous	B-2	735	-	-
Interfund - Current Fund	B-7	28	673	-
Dog License Fees - State Share	B-3	396	-	-
Other Trust Funds	B-5	-	704,037	-
Borough Contributions	B-8	-	-	19,083
Increase in Investment Value	B-9	-	-	54,727
Total Receipts		3,405	704,710	73,810
		14,336	936,542	567,311
Decreased by Disbursements:				
Reserve for Animal Control Trust Expenditures	B-2	6,761	-	-
State Share - Dog Licenses	B-3	395	-	-
Other Trust Funds	B-5	-	644,192	-
Encumbrances Payable:				
Animal Control	B-4	548	-	-
Other Trusts	B-6	-	3,569	-
Interfund - Current Fund	B-7	-	1,540	-
Accounting Charge	B-9	-	-	1,675
Distributions	B-9	-	-	62,407
Total Disbursements		7,704	649,301	64,082
Balance - December 31, 2025	B	$ 6,632	287,241	503,229

Borough of Sussex, N.J.

Schedule of Reserve for Animal Control Trust Fund Expenditures

Animal Control Trust

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	B		$ 4,340
Increased by:			
Dog License Fees	B-1	$ 2,246	
Late Fees/ Miscellaneous	B-1	735	
			2,981
			7,321
Decreased by:			
Expenditures Under R.S. 4:19-15.1	B-1		6,761
Balance - December 31, 2025	B		$ 560

Year	License Fees Collected
2024	$ 2,300
2023	2,538
	$ 4,838

Borough of Sussex, N.J.

Schedule of Due From / (To) State Department of Health

Animal Control Trust

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	B	$	(4)
Increased by:			
Paid to State	B-1		395
			391
Decreased by:			
State Fees Collected	B-1		396
Balance - December 31, 2025	B	$	(5)

Borough of Sussex, N.J.

Schedule of Encumbrances Payable

Animal Control Trust

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	B	$	548
Decreased by:			
Disbursement	B-1		548
Balance - December 31, 2025	B	$	-

Borough of Sussex, N.J.

Schedule of Other Trust Funds

Other Trust Funds

Year Ended December 31, 2025

	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
Reserve for:				
Planning and Zoning Deposits	$ 107,359	85,000	79,269	113,090
Recreation	1,901	-	-	1,901
Fire Inspection Fees	209	-	-	209
POAA Funds	134	32	-	166
Storm Recovery	132,000	30,000	-	162,000
Payroll Fund	3,343	485,434	488,777	-
Mural Donation	1,613	-	-	1,613
Outside Liens	-	77,271	77,271	-
Security Deposits	700	-	-	700
Celebration of Public Events	189	-	160	29
Tax Sale Premiums	14,000	26,300	36,000	4,300
	$ 261,448	704,037	681,477	284,008
	B			B

Cash Receipts	$ 704,037	-
Cash Disbursements	-	644,192
Encumbrances Payable	-	26,285
Interfund - Current Fund	-	11,000
	$ 704,037	681,477

Borough of Sussex, N.J.

Schedule of Encumbrances Payable

Other Trust Funds

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	B	$	3,569
Increased by:			
Transfer from Misc. Reserves	B-5		26,285
			29,854
Decreased by:			
Cash Disbursements	B-1		3,569
Balance - December 31, 2025	B	$	26,285

Borough of Sussex, N.J.

Schedule of Interfund Accounts Receivable/(Payable)

Trust Fund

Year Ended December 31, 2025

	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
Due from/(to) Current Fund:				
Animal Trust Fund:	$ (6,039)	-	28	(6,067)
Other Trust Fund:				
Other Trust	33,920	1,100	11,606	23,414
Payroll Trust	5,446	440	67	5,819
Total Due from/(to) Current Fund	33,327	1,540	11,701	23,166
Due from (to) Water/Sewer Op. Fund:				
Other Trust Fund:				
Payroll Trust	(6,181)	-	-	(6,181)
Total Due from (to) Water/Sewer Op. Fund	(6,181)	-	-	(6,181)
Intrafunds:				
Other Trust Fund:				
Other Trust - Payroll Trust	13,960	-	-	13,960
Payroll Trust - Other Trust	(13,960)	-	-	(13,960)
Total Intrafunds	-	-	-	-
	$ 27,146	1,540	11,701	16,985
	Ref.			
Cash Receipts		-	701	
Cash Disbursements		1,540	-	
Escheated Tax Sale Premiums		-	11,000	
		$ 1,540	$ 11,701	

Borough of Sussex, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Service Awards Program

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	B		$ 19,709
Increased by:			
Borough Contributions	B-9		22,136
			41,845
Decreased by:			
Receipts	B-1	$ 19,083	
Adjustment	B-9	626	
			19,709
Balance - December 31, 2025	B		$ 22,136

Borough of Sussex, N.J.

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Awards Program

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	B		$ 513,210
Increased by:			
Increase in Investment Value	B-1	$ 54,727	
Borough Contributions	B-8	22,136	
			76,863
			590,073
Decreased by:			
Account Charges	B-1	1,675	
Distributions	B-1	62,407	
Receivable Adjustment	B-8	626	
			64,708
Balance - December 31, 2025	B		$ 525,365

Borough of Sussex, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	C;C-3		$ 635,390
Increased by Receipts:			
Schedule of Interfunds	C-4	$ 133,398	
Grants Receivable	C-5	35,487	
Capital Improvement Fund	C-8	63,000	
Various Reserves	C-12	337,211	
			569,096
			1,204,486
Decreased by Disbursements:			
Deferred Charges	C-7	5,382	
Improvement Authorizations	C-9	298,253	
Reserve for Encumbrances	C-10	59,669	
			363,304
Balance - December 31, 2025	C;C-3		$ 841,182

Borough of Sussex, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2025

	Balance Dec. 31, 2024	Receipts: Budget Appropriation	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Transfers: To	Transfers: (From)	Balance Dec. 31, 2025
Capital Improvement Fund	$ 234,074	63,000	-	-	-	(136,000)	161,074
Reserve for Encumbrances	77,669	-	-	59,669	105,770	-	123,770
Interfund - Current Fund	(403,598)	-	2,148	-	-	-	(401,450)
Interfund - Federal & State Grant Fund	27,392	-	131,250	-	-	-	158,642
Interfund - Water and Sewer Capital Fund	(89,964)	-	-	-	-	-	(89,964)
Various Reserves	402,258	76,702	260,509	-	-	(80,750)	658,719
Grants Receivable	(157,118)	-	35,487	-	-	(217,000)	(338,631)
Fund Balance	54,871	-	-	-	-	-	54,871
Improvement Authorizations							
15-16 Purchase of Fire Truck	16,778	-	-	1,018	-	-	15,760
21-21 Improvement of Main Street	88,598	-	-	22,185	-	(7,836)	58,577
23-12 Improvement of Clove Dam	199,500	-	-	9,982	-	(37)	189,481
23-13 Improvement of Newton Ave	62,335	-	-	1,861	-	-	60,474
23-14 Improvement of Ley Pl and Brookside Ave	33,860	-	-	-	-	-	33,860
24-09 Various Improvements	53,904	-	-	59,214	-	(72)	(5,382)
24-16 Improvement of the Drainage System at Brookside Park	15,302	-	-	6,537	-	-	8,765
24-27 Acquisition of Various IT Equipment	15,880	-	-	15,880	-	-	-
24-28 Acquisition of Various DPW Equipment	3,649	-	-	-	-	-	3,649
25-06 Acquisition of Fire Equipment	-	-	-	7,983	8,250	-	267
25-08 Replacement of Ladder Swivel	-	-	-	41,671	45,000	-	3,329
25-14 Acquisition of DPW Water Truck	-	-	-	(8,187)	95,000	(72,867)	30,320
25-15 Improvement of Newton Ave	-	-	-	87,002	90,000	(216)	2,782
25-16 Improvement of Brookside Park	-	-	-	19	85,000	-	84,981
25-17 Improvement of 4th Street & Roy Court	-	-	-	58,470	83,000	-	24,530
25-20 Acquisition of Outdoor LED Sign	-	-	-	-	27,500	(24,742)	2,758
	$ 635,390	139,702	429,394	363,304	539,520	(539,520)	841,182
	C						C

Borough of Sussex, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2025

Fund	Due From/(To) Balance Dec. 31, 2024	Decreased	Due From/(To) Balance Dec. 31, 2025
Current Fund	$ 403,598	2,148	401,450
Water and Sewer Capital Fund	89,964	-	89,964
Federal & State Grant Fund	(27,392)	131,250	(158,642)
	$ 466,170	133,398	332,772
	C	C-2	C

Borough of Sussex, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	C	$	157,118
Increased by:			
Improvement Authorizations	C-9		217,000
			374,118
Decreased by:			
Cash Receipts	C-2		35,487
Balance - December 31, 2025	C	$	338,631

Analysis

N.J. D.O.T. - Brookside Ave & Ley Pl	$	26,270
N.J. D.O.T. - Newton Ave Section I		80,848
N.J. D.C.A. - Brookside Park Drainage		14,513
N.J. D.O.T. - Newton Ave Section II		80,000
N.J. D.O.T. - 4th St & Roy Ct		65,000
N.J. D.C.A. - Local Recreation Improvements		72,000
	$	338,631

Borough of Sussex, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2025

Ord. No.	Improvement Description	Balance Dec. 31, 2024	Notes Paid by Budget Appropriations	Balance Dec. 31, 2025	Analysis of Balance Dec. 31, 2025 Financed by Bond Anticipation Notes
15-04	Construction of Parking Lot	$ 19,000	9,500	9,500	9,500
15-16	Purchase of Fire Truck	142,500	47,500	95,000	95,000
17-08	Acquisition of DPW Equipment	114,000	18,500	95,500	95,500
21-21	Improvements to Main St	705,000	38,475	666,525	666,525
24-09	Various Improvements	256,600	-	256,600	256,600
		$ 1,237,100	113,975	1,123,125	1,123,125
		C	C-11	C	C-11

C-7

Borough of Sussex, N.J.

Schedule of Deferred Charges

General Capital Fund

Year Ended December 31, 2025

	Ref.	
Increased by:		
Cash Disbursements	C-2	$ 5,382
Balance - December 31, 2025	C	$ 5,382

C-8

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	C	$	234,074
Increased by:			
Budget Appropriation	C-2		63,000
			297,074
Decreased by:			
Improvement Authorizations	C-9		136,000
Balance - December 31, 2025	C	$	161,074

Borough of Sussex, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2025

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2024 Funded	Balance Dec. 31, 2024 Unfunded	2025 Authorizations	Paid or Charged	Balance Dec. 31, 2025 Funded	Balance Dec. 31, 2025 Unfunded
	General Improvements:								
15-16	Purchase of Fire Truck	12/1/2015	$ 500,000	$ -	16,778	-	1,018	-	15,760
21-21	Improvement of Main Street	12/21/2021	731,000	-	88,597	-	30,021	-	58,576
23-12	Improvement of Clove Dam	5/16/2023	200,000	199,500	-	-	10,019	189,481	-
23-13	Improvement of Newton Ave	5/16/2023	160,000	7,137	55,199	-	1,861	5,276	55,199
23-14	Improvement of Ley Pl and Brookside Ave	5/16/2023	140,000	-	33,860	-	-	-	33,860
24-09	Various Improvements	5/7/2024	270,000	-	53,904	-	53,904	-	-
24-16	Improvement of the Drainage System at Brookside Park	9/3/2024	50,000	15,302	-	-	6,537	8,765	-
24-27	Acquisition of Various IT Equipment	12/3/2024	30,000	15,880	-	-	15,880	-	-
24-28	Acquisition of Various DPW Equipment	12/17/2024	28,500	3,649	-	-	-	3,649	-
25-06	Acquisition of Fire Equipment	3/4/2025	8,250	-	-	8,250	7,983	267	-
25-08	Replacement of Ladder Swivel	3/18/2025	45,000	-	-	45,000	41,671	3,329	-
25-14	Acquisition of DPW Water Truck	8/12/2025	95,000	-	-	95,000	64,680	30,320	-
25-15	Improvement of Newton Ave	8/12/2025	90,000	-	-	90,000	87,218	2,782	-
25-16	Improvement of Brookside Park	8/12/2025	85,000	-	-	85,000	19	84,981	-
25-17	Improvement of 4th Street & Roy Court	8/12/2025	83,000	-	-	83,000	58,470	24,530	-
25-20	Acquisition of Outdoor LED Sign	10/7/2025	27,500	-	-	27,500	24,742	2,758	-
				$ 241,468	248,338	433,750	404,023	356,138	163,395
				C	C			C	C

	Ref.		
Analysis of 2025 Authorizations			
Due from State Department of Transportation	C-5	$ 217,000	
Capital Improvement Fund	C-8	136,000	
Various Reserves	C-12	80,750	
		$ 433,750	
Analysis of Paid or Charged			
Cash Disbursed	C-2		$ 298,253
Encumbrances Payable	C-10		105,770
			$ 404,023

Borough of Sussex, N.J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	C	$	77,669
Increased by:			
Charges to Improvement Authorizations	C-9		105,770
			183,439
Decreased by:			
Cash Disbursements	C-2		59,669
Balance - December 31, 2025	C	$	123,770

Borough of Sussex, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Original Note	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
15-04	Construction of Parking Lot	$ 95,000	2/11/2016	7/18/2024	7/18/2025	4.25%	$ 19,000	-	19,000	-
				7/17/2025	7/17/2026	4.00%	-	9,500	-	9,500
15-16	Purchase of Fire Truck	475,000	2/9/2017	7/18/2024	7/18/2025	4.25%	142,500	-	142,500	-
				7/17/2025	7/17/2026	4.00%	-	95,000	-	95,000
17-08	Purchase of DPW Equipment	285,000	10/29/2017	7/18/2024	7/18/2025	4.25%	114,000	-	114,000	-
				7/17/2025	7/17/2026	4.00%	-	95,500	-	95,500
21-21	Improvement to Main Street	731,000	10/20/2022	7/18/2024	7/18/2025	4.25%	705,000	-	705,000	-
				7/17/2025	7/17/2026	4.00%	-	666,525	-	666,525
24-09	Various Improvements	256,600	7/18/2024	7/18/2024	7/18/2025	4.25%	256,600	-	256,600	-
				7/17/2025	7/17/2026	4.00%	-	256,600	-	256,600
							$ 1,237,100	1,123,125	1,237,100	1,123,125
							C			C; C-6

	Ref.		
Renewals		1,123,125	1,123,125
Paid by Budget Appropriation	C-6	-	113,975
		$ 1,123,125	1,237,100

Borough of Sussex, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2025

Improvement Description		Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
Reserve for Road Improvements	$	104,793	18,872	-	123,665
Reserve for Purchase of Ambulance		48,000	-	-	48,000
Reserve for Purchase of Equipment		25,338	11,000	-	36,338
Reserve for Purchase of DPW Equipment		456	-	-	456
Reserve for Purchase of Fire Truck		125,078	11,850	-	136,928
Reserve for Improvement to Municipal Properties		34,813	34,980	27,500	42,293
Reserve for Purchase of Fire Equipment		63,780	-	53,250	10,530
Reserve for Debt Service		-	260,509	-	260,509
	$	402,258	337,211	80,750	658,719
		C	C-2	C-9	C

Borough of Sussex, N.J.

Schedule of Cash

Water/Sewer Utility Fund

Year Ended December 31, 2025

	Ref.		Operating	Capital
Balance - December 31, 2024	D;D-6	$	1,146,191	1,199,510
Increased by Receipts:				
Miscellaneous Revenue Not Anticipated	D-3		42,950	-
Consumer Accounts Receivable	D-7		3,092,476	-
Water/Sewer Liens Receivable	D-8		13,268	-
Water/Sewer Overpayments	D-12		603	-
Schedule of Interfunds	D-14		-	2,838
Bond Anticipation Notes	D-24		-	60,000
			3,149,297	62,838
			4,295,488	1,262,348
Decreased by Disbursements:				
Budget Appropriations	D-4		2,514,918	-
Appropriation Reserves	D-13		144,947	-
Accrued Interest	D-17		192,102	-
Improvement Authorizations	D-19		-	164,093
			2,851,967	164,093
Balance - December 31, 2025	D;D-6	$	1,443,521	1,098,255

Borough of Sussex, N.J.

Analysis of Cash

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

		Balance Dec. 31, 2024	Receipts: Bond Anticipation Notes	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Transfers: To	Transfers: (From)	Balance Dec. 31, 2025
Capital Improvement Fund		$ 37,920	-	-	-	-	-	37,920
Capital Surplus		57,273	-	-	-	-	-	57,273
Due Current Fund		(103,883)	-	-	-	-	-	(103,883)
Due Water/Sewer Utility Operating Fund		82,075	-	2,838	-	-	-	84,913
Due Federal and State Grant Fund		121,055	-	-	-	-	-	121,055
Due General Capital Fund		89,964	-	-	-	-	-	89,964
NJ Department of Transportation Receivable		(304)	-	-	-	-	-	(304)
Community Development Block Grants Receivable		(482,300)	-	-	-	-	-	(482,300)
Reserve for Debt Service		1,218,366	-	-	-	-	-	1,218,366
Reserve for Encumbrances		-	-	-	-	5,545	-	5,545
Ord. No.	**Improvement Authorizations**							
09-22,10-04	Rehabilitation of Manholes	23,088	-	-	-	-	-	23,088
14-06	Rt. 23 Water/Sewer Improvements	(9,344)	-	-	-	-	-	(9,344)
14-07	Various Water/Sewer Improvements	8,310	-	-	-	-	-	8,310
16-05	Various Water/Sewer Improvements	1,243	-	-	-	-	-	1,243
16-23	Various Water/Sewer Improvements	(267,026)	-	-	-	-	-	(267,026)
18-11	Sanitary Sewer Improvements	71	-	-	-	-	-	71
19-01	Replacement of Service Water Lines and Sewer Manholes	1,082	-	-	-	-	-	1,082
21-13	Imp. To Various Water/Sewer Systems	152,250	-	-	63,242	-	-	89,008
21-16	Imp. Of the Water supply and Dist system	81,971	-	-	-	-	-	81,971
22-07	Suppl. For Imp. Of Sanitary Sewer System	(100,000)	-	-	-	-	-	(100,000)
22-09	Suppl. For Imp. Of Sanitary Sewer System	(200,000)	-	-	-	-	-	(200,000)
24-05	Suppl. For Imp. Of Sanitary Sewer System	69,254	-	-	367	-	-	68,887
24-10	Improvement of Wastewater Treatment Plant	394,260	40,000	-	56,299	-	(5,545)	372,416
24-19	Improvement of Water Supply and Distribution System	24,185	20,000	-	44,185	-	-	-
		$ 1,199,510	60,000	2,838	164,093	5,545	(5,545)	1,098,255
		D;D-5						D;D-5

Borough of Sussex, N.J.

Schedule of Consumer Accounts Receivable

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

Balance-December 31, 2024	D		$ 45,379
Increased By:			
Rents Levied			3,097,197
			3,142,576
Decreased By:			
Collections	D-5	$ 3,092,476	
Overpayments Applied	D-12	1,134	
	D-3	3,093,610	
Transfers to Liens	D-8	1,768	
			3,095,378
Balance-December 31, 2025	D		$ 47,198

D-8

Borough of Sussex, N.J.

Schedule of Water/Sewer Utility Liens

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

	Ref		
Balance - December 31, 2024	D	$	17,992
Increased by:			
Transfers From Consumer Accounts Receivable	D-7		1,768
			19,760
Decreased by:			
Collections	D-3; D-5		13,268
Balance - December 31, 2025	D	$	6,492

D-9

Schedule of Grants Receivable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref		
Balance - December 31, 2024	D	$	482,300
Balance - December 31, 2025	D	$	482,300

Analysis of Balance		
Ord #24-10 Improvement of Wastewater Treatment Plant	$	400,000
Ord #24-19 Improvement of Water Supply and Distribution System		82,300
	$	482,300

Borough of Sussex, N.J.

Schedule of Fixed Capital

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref		
Balance - December 31, 2024	D	$	18,799,575
Increased by:			
Fixed Capital Authorized & Incomplete	D-11		102,300
Balance - December 31, 2025	D	$	18,901,875

Borough of Sussex, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance, Dec. 31,2024	To Fixed Capital	Balance, Dec. 31,2025
09-22	Rehabilitation of Manholes	09/01/2009	$ 1,100,000	$ 644,284	-	644,284
14-07	Various Water/Sewer Improvements	07/01/2014	125,000	125,000	-	125,000
15-06	Various Water/Sewer Improvements	07/21/2015	1,200,000	1,200,000	-	1,200,000
16-23	Various Water/Sewer Improvements	09/20/2016	2,500,000	2,500,000	-	2,500,000
18-11	Sanitary Sewer Improvements	12/18/2018	40,000	40,000	-	40,000
19-01	Replacement of Water Service Lines and Sewer Manhole Covers	03/19/2019	445,000	445,000	-	445,000
21-13	Imp. To Various Water/Sewer Systems	06/15/2021	156,000	156,000	-	156,000
21-16	Imp. Of the Water supply and Dist system	10/05/2021	212,511	212,511	-	212,511
24-05	Suppl. For Imp. Of Sanitary Sewer System	04/02/2024	70,000	70,000	-	70,000
24-10	Improvement of Wastewater Treatment Plant	06/06/2024	440,000	440,000	-	440,000
24-19	Improvement of Water Supply and Distribution System	09/17/2024	102,300	102,300	102,300	-
				$ 5,935,095	102,300	5,832,795
				D	D-10	D

Borough of Sussex, N.J.

Schedule of Water/Sewer Overpayments

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

	Ref		
Balance - December 31, 2024	D	$	1,134
Increased by:			
Cash Receipts	D-5		603
			1,737
Decreased by:			
Overpayments Applied	D-7		1,134
Balance - December 31, 2025	D	$	603

Borough of Sussex, N.J.

Schedule of Appropriation Reserves

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

		Balance, Dec. 31, 2024	Balance after Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages		$ 18,584	5,334	-	5,334
Other Expenses		131,749	144,999	144,947	52
Statutory Expenditures:					
Social Security System (O.A.S.I.)		2,901	2,901	-	2,901
Unemployment Compensation Insurance		859	859	-	859
		$ 154,093	154,093	144,947	9,146
	Ref.			D-5	D-1
Analysis of Appropriation Reserve					
Unencumbered	D	58,601			
Encumbered	D	95,492			
		$ 154,093			

Borough of Sussex, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

	Ref.	Water/Sewer Operating Fund: Due From/(To) Water/Sewer Capital Fund	Water/Sewer Operating Fund: Due From/(To) Payroll Fund	Water/Sewer Capital Fund: Due From/(To) Current Fund	Water/Sewer Capital Fund: Due From/(To) Water/Sewer Operating Fund	Water/Sewer Capital Fund: Due From/(To) Federal and State Grants	Water/Sewer Capital Fund: Due From/(To) General Capital Fund
Balance - December 31, 2024	D	$ 82,075	6,181	103,883	(82,075)	(121,055)	(89,964)
Increased by:							
Interest Earned	D-3	2,838	-	-	-	-	-
		84,913	6,181	103,883	(82,075)	(121,055)	(89,964)
Decreased by:							
Cash Received	D-5	-	-	-	2,838	-	-
Balance - December 31, 2025	D	$ 84,913	6,181	103,883	(84,913)	(121,055)	(89,964)

D-15

Borough of Sussex, N.J.

Schedule of N.J Department of Transportation Receivable
Route 23 Utility Relocation

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref	
Balance - December 31, 2024	D	$ 304
Balance - December 31, 2025	D	$ 304

D-16

Schedule of Reserve for Special Emergency

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

	Ref.	
Balance - December 31, 2024	D	$ 1,163
Balance - December 31, 2025	D	$ 1,163

Borough of Sussex, N.J.

Schedule of Accrued Interest On Bonds, Loans and Notes

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	D		$ 126,922
Increased by:			
Budget Appropriations	D-4		193,451
			320,373
Decreased by:			
Cash Disbursed	D-5		192,102
Balance - December 31, 2025	D		$ 128,271

Principal Outstanding December 31, 2025	Interest Rate	From	To	Period in Days	Required Amount	Actual Amount
Bonds Payable:						
$ 2,365,000	4.00%	07/01/25	12/31/25	183	$ 47,300	63,315
NJEIT Loan Payable:						
$ 39,510	Various	08/01/25	12/31/25	152	661	884
90,916	Various				N/A	N/A
101,000	Various	08/01/25	12/31/25	152	1,927	2,579
USDA Loan Payable:						
$ 232,405	2.25%	07/22/25	12/31/25	162	2,315	3,098
700,707	3.00%	07/22/25	12/31/25	162	9,304	12,455
Bond Anticipation Notes:						
$ 1,886,500	4.00%	07/18/25	12/31/25	166	34,319	45,939
					$ 95,826	128,271

Borough of Sussex, N.J.

Schedule of Deferred Charges

Water/Sewer Utility Operating Fund

Year Ended December 31, 2025

	Amount Authorized	1/5 of Amount Authorized	Balance Dec. 31,2024	Raised in 2025	Balance Dec 31, 2025
Special Emergency Appropriation (40A: 4-53)					
COVID 19 Revenue Replacement	$ 117,374	$ 23,475	$ 46,949	23,475	23,474
Special Emergency Appropriation (40A: 4-54)					
Flood Damage - Tropical Storm Ida	21,000	4,200	8,400	4,200	4,200
Emergency Appropriation (40A:4-48):					
Sewer Force Main Repair	N/A	N/A	39,174	39,174	-
Water Service Repair	N/A	N/A	11,203	11,203	-
Water Supply Line Repair	N/A	N/A	10,123	10,123	-
Overexpenditure of Appropriation Reserve	N/A	N/A	4,268	4,268	-
			$ 120,117	92,443	27,674
			D	D-4	D

Borough of Sussex, N.J.

Schedule of Improvement Authorizations

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2024 Funded	Balance Dec. 31, 2024 Unfunded	Expended	Balance Dec. 31, 2025 Funded	Balance Dec. 31, 2025 Unfunded
09-22	Rehabilitation of Manholes	09/01/2009	$ 1,100,000	$ 23,088	-	-	23,088	-
14-07	Various Water/Sewer Improvements	07/01/2014	125,000	8,310	-	-	8,310	-
15-06	Various Water/Sewer Improvements	07/21/2015	1,200,000	-	1,243	-	-	1,243
16-23	Various Water/Sewer Improvements	09/20/2016	2,500,000	-	1,112,974	-	-	1,112,974
18-11	Sanitary Sewer Improvements	12/18/2018	40,000	71	-	-	71	-
19-01	Replacement of Service Water Lines and Sewer Manholes	03/19/2019	445,000	1,083	-	-	1,083	-
21-13	Imp. To Various Water/Sewer Systems	06/15/2021	156,000	152,250	-	63,242	89,008	-
21-16	Imp. Of the Water Supply and Dist System	10/05/2021	212,511	81,971	-	-	81,971	-
24-05	Suppl. For Imp. Of Sanitary Sewer System	04/02/2024	70,000	-	69,254	367	68,887	-
24-10	Improvement of Wastewater Treatment Plant	06/06/2024	440,000	394,260	40,000	61,844	332,416	40,000
24-19	Improvement of Water Supply and Distribution System	09/17/2024	102,300	24,185	20,000	44,185	-	-
				$ 685,218	1,243,471	169,638	604,834	1,154,217
				D	D		D	D

Analysis of Expended		
Cash Disbursements	D-5	164,093
Reserve for Encumbrances	D-28	5,545
		169,638

D-20

Borough of Sussex, N.J.

Schedule of Capital Improvement Fund

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref.	
Balance - December 31, 2024	D	$ 37,920
Balance - December 31, 2025	D	$ 37,920

D-21

Schedule of Reserve for Amortization

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref.		
Balance - December 31, 2024	D		$ 14,912,461
Increased by:			
Transfer from Deferred Reserve for Amortization	D-22	$ 82,300	
Paid by Water/Sewer Utility Operating Budget:			
Serial Bonds	D-23	223,000	
NJ Environmental Infrastructure Loan	D-25	56,419	
US Department of Agriculture Loan	D-26	13,630	
			375,349
			15,287,810
Balance - December 31, 2025	D		$ 15,287,810

Borough of Sussex, N.J.

Schedule of Deferred Reserve for Amortization

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31,2024	Notes Paid From Operating Budget	To Reserve For Amortization Fixed Capital	Balance, Dec. 31,2025
09-22	Rehabilitation of Manholes	09/01/2009	$ 23,088	-	-	23,088
14-06	Various Water/Sewer Improvements	07/01/2014	36,000	-	-	36,000
15-06	Various Water/Sewer Improvements	07/21/2015	115,912	20,000	-	135,912
16-23	Various Water/Sewer Improvements	09/20/2016	575,545	10,000	-	585,545
18-11	Sanitary Sewer Improvements	12/18/2018	40,000	-	-	40,000
19-01	Replacement of Water Service Lines and Sewer Manholes	03/05/2019	445,000	-	-	445,000
20-11	Imp. Of the Water Supply and Dist. System	08/11/2020	80,000	25,000	-	105,000
21-13	Imp. To Various Water/Sewer Systems	06/15/2021	156,000	-	-	156,000
21-16	Imp. Of the Water Supply and Dist. System	10/05/2021	212,511	-	-	212,511
21-22	Imp. Of the Water Supply and Dist. System	12/21/2021	41,038	15,000	-	56,038
21-23	Suppl. For Imp. Of Sanitary Sewer System	12/21/2021	103,883	-	-	103,883
22-10	Suppl. For Imp. Of Sanitary Sewer System	08/16/2022	12,500	15,000	-	27,500
24-05	Suppl. For Imp. Of Water Distribution System	04/02/2024	-	15,000	-	15,000
24-10	Improvement of Wastewater Treatment Plant	06/06/2024	400,000	-	-	400,000
24-19	Improvement of Water Supply and Distribution System	09/17/2024	82,300	-	82,300	-
			$ 2,323,777	100,000	82,300	2,341,477
			D	D-14;D-24	D-21	D

Borough of Sussex, N.J.

Schedule of Serial Bonds Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Purpose	Date of Issue	Amount Issued	Matures of Bonds Outstanding December 31, 2025 Date	Amount	Interest Rate	Balance Dec. 31 2024	Decreased	Balance Dec. 31, 2025
General Obligation Bonds	11/01/05	$ 1,193,000.00			5.00%	$ 53,000	53,000	-
Refunding Bonds of 2021	10/21/21	2,960,000.00	1/1/2026	$ 175,000.00	4.00%			
			1/1/2027	185,000.00	4.00%			
			1/1/2028	190,000.00	4.00%			
			1/1/2029	205,000.00	4.00%			
			1/1/2030	210,000.00	4.00%			
			1/1/2031	215,000.00	4.00%			
			1/1/2032	220,000.00	4.00%			
			1/1/2033	235,000.00	4.00%			
			1/1/2034	245,000.00	4.00%			
			1/1/2035	255,000.00	4.00%			
			1/1/2036	190,000.00	4.00%			
			1/1/2037	40,000.00	4.00%	2,535,000	170,000	2,365,000
						$ 2,588,000	223,000	2,365,000
						D	D-21	D

Borough of Sussex, N.J.

Schedule of Bond Anticipation Notes Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Ord. No.	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
15-06	Various Water/Sewer Improvements	$ 1,200,000	10/18/2016	7/18/2024	7/18/2025	4.25%	$ 335,583	-	335,583	-
				7/17/2025	7/17/2026	4.00%	-	315,583	-	315,583
16-23	Various Water/Sewer Improvements	600,000	10/18/2016	7/18/2024	7/18/2025	4.25%	544,455	-	544,455	-
				7/17/2025	7/17/2026	4.00%	-	534,455	-	534,455
20-11	Improvement of Water Supply & Distribution System	200,000	10/22/2020	7/18/2024	7/18/2025	4.25%	120,000	-	120,000	-
				7/17/2025	7/17/2026	4.00%	-	95,000	-	95,000
21-22	Improvement of Water Supply & Distribution System	785,000	10/20/2022	7/18/2024	7/18/2025	4.25%	743,962	-	743,962	-
				7/17/2025	7/17/2026	4.00%	-	728,962	-	728,962
22-10	Suppl. For Water Supply & Distribution System	125,000	7/19/2023	7/18/2024	7/18/2025	4.25%	112,500	-	112,500	-
				7/17/2025	7/17/2026	4.00%	-	97,500	-	97,500
24-05	Suppl. For Water Supply & Distribution System	70,000	7/18/2024	7/18/2024	7/18/2025	4.25%	70,000	-	70,000	-
				7/17/2025	7/17/2026	4.00%	-	55,000	-	55,000
24-10	Improvement of Wastewater Treatment Plant	40,000	7/17/2025	7/17/2025	7/17/2026	4.00%	-	40,000	-	40,000
24-19	Improvement of Water Supply & Distribution System	20,000	7/17/2025	7/17/2025	7/17/2026	4.00%	-	20,000	-	20,000
							$ 1,926,500	1,886,500	1,926,500	1,886,500
							D			D

	Ref.		
Renewals		1,826,500	1,826,500
Issued for Cash	D-5	60,000	-
Paid by Budget Appropriations	D-22	-	100,000
		$ 1,886,500	1,926,500

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref		
Balance - December 31, 2024	D	$	287,845
Decreased by:			
Principal Matured	D-21		56,419
Balance - December 31, 2025	D	$	231,426

Schedule of Principal and Interest Payments Outstanding December 31, 2025
Trust Share February 17, 2010 in the amount of $149,000.00

Payment Number	Due		Principal	Interest		Loan Balance
					$	39,510
32	2/1/2026	$	-	795		39,510
33	8/1/2026		9,311	795		30,199
34	2/1/2027		-	614		30,199
35	8/1/2027		9,673	614		20,526
36	2/1/2028		-	422		20,526
37	8/1/2028		10,058	422		10,468
38	2/1/2029		-	217		10,468
39	8/1/2029		10,468	217		-
		$	39,510	4,098		

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Schedule of Principal and Interest Payments Outstanding December 31, 2025
Fund Share dated February 17, 2010 in the amount of $447,000

Payment Number	Due	Principal	Loan Balance
			$ 90,916
30	2/1/2026	$ 7,576	83,340
31	8/1/2026	15,153	68,187
32	2/1/2027	7,576	60,611
33	8/1/2027	15,153	45,458
34	2/1/2028	7,576	37,882
35	8/1/2028	15,153	22,729
36	2/1/2029	7,576	15,153
37	8/1/2029	15,153	-
		$ 90,916	

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Schedule of Principal and Interest Payments Outstanding December 31, 2025
Trust Share December 2, 2010 in the amount of $535,000

Payment Number	Due	Principal	Interest	Loan Balance
				$ 101,000
28	2/1/2026	$ -	2,320	101,000
29	8/1/2026	19,000	2,320	82,000
30	2/1/2027	-	1,845	82,000
31	8/1/2027	19,000	1,845	63,000
32	2/1/2028	-	1,418	63,000
33	8/1/2028	21,000	1,418	42,000
34	2/1/2029	-	945	42,000
35	8/1/2029	21,000	945	21,000
36	2/1/2030	-	473	21,000
37	8/1/2030	21,000	473	-
		$ 101,000	14,000	

Borough of Sussex, N.J.

Schedule of US Department of Agriculture Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref		
Balance - December 31, 2024	D	$	946,742
Decreased by:			
Principal Matured	D-21		13,630
Balance - December 31, 2025	D	$	933,112

Schedule of Principal and Interest Payments Outstanding December 31, 2025
dated July 20, 2023 in the amount of $240,000.00

Payment Number	Due		Principal	Interest		Loan Balance
					$	232,405
5	1/22/2026	$	1,953	2,615		230,452
6	7/22/2026		1,975	2,593		228,477
7	1/22/2027		1,997	2,570		226,480
8	7/22/2027		2,019	2,548		224,461
9	1/22/2028		2,042	2,525		222,419
10	7/22/2028		2,065	2,502		220,354
11	1/22/2029		2,088	2,479		218,266
12	7/22/2029		2,112	2,455		216,154
13	1/22/2030		2,135	2,432		214,019
14	7/22/2030		2,159	2,408		211,860
15	1/22/2031		2,184	2,383		209,676
16	7/22/2031		2,208	2,359		207,468
17	1/22/2032		2,233	2,334		205,235
18	7/22/2032		2,258	2,309		202,977
19	1/22/2033		2,284	2,283		200,693
20	7/22/2033		2,309	2,258		198,384
21	1/22/2034		2,335	2,232		196,049
22	7/22/2034		2,362	2,206		193,687
23	1/22/2035		2,388	2,179		191,299

Borough of Sussex, N.J.

Schedule of US Department of Agriculture Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

24	7/22/2035	2,415	2,152	188,884
25	1/22/2036	2,442	2,125	186,442
26	7/22/2036	2,470	2,097	183,972
27	1/22/2037	2,498	2,070	181,474
28	7/22/2037	2,526	2,042	178,948
29	1/22/2038	2,554	2,013	176,394
30	7/22/2038	2,583	1,984	173,811
31	1/22/2039	2,612	1,955	171,199
32	7/22/2039	2,641	1,926	168,558
33	1/22/2040	2,671	1,896	165,887
34	7/22/2040	2,701	1,866	163,186
35	1/22/2041	2,731	1,836	160,455
36	7/22/2041	2,762	1,805	157,693
37	1/22/2042	2,793	1,774	154,900
38	7/22/2042	2,825	1,743	152,075
39	1/22/2043	2,856	1,711	149,219
40	7/22/2043	2,888	1,679	146,331
41	1/22/2044	2,921	1,646	143,410
42	7/22/2044	2,954	1,613	140,456
43	1/22/2045	2,987	1,580	137,469
44	7/22/2045	3,021	1,547	134,448
45	1/22/2046	3,055	1,513	131,393
46	7/22/2046	3,089	1,478	128,304
47	1/22/2047	3,124	1,443	125,180
48	7/22/2047	3,159	1,408	122,021
49	1/22/2048	3,194	1,373	118,827
50	7/22/2048	3,230	1,337	115,597
51	1/22/2049	3,267	1,300	112,330
52	7/22/2049	3,303	1,264	109,027
53	1/22/2050	3,341	1,227	105,686
54	7/22/2050	3,378	1,189	102,308
55	1/22/2051	3,416	1,151	98,892
56	7/22/2051	3,455	1,113	95,437
57	1/22/2052	3,494	1,074	91,943
58	7/22/2052	3,533	1,034	88,410
59	1/22/2053	3,573	995	84,837
60	7/22/2053	3,613	954	81,224
61	1/22/2054	3,653	914	77,571

Borough of Sussex, N.J.

Schedule of US Department of Agriculture Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

62	7/22/2054	3,695	873	73,876
63	1/22/2055	3,736	831	70,140
64	7/22/2055	3,778	789	66,362
65	1/22/2056	3,821	747	62,541
66	7/22/2056	3,864	704	58,677
67	1/22/2057	3,907	660	54,770
68	7/22/2057	3,951	616	50,819
69	1/22/2058	3,995	572	46,824
70	7/22/2058	4,040	527	42,784
71	1/22/2059	4,086	481	38,698
72	7/22/2059	4,132	435	34,566
73	1/22/2060	4,178	389	30,388
74	7/22/2060	4,225	342	26,163
75	1/22/2061	4,273	294	21,890
76	7/22/2061	4,321	246	17,569
77	1/22/2062	4,370	198	13,199
78	7/22/2062	4,419	148	8,780
79	1/22/2063	4,468	99	4,312
80	7/22/2063	4,312	49	-
		$ 232,405	114,495	

Borough of Sussex, N.J.

Schedule of US Department of Agriculture Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Schedule of Principal and Interest Payments Outstanding December 31, 2025
dated July 20, 2023 in the amount of $720,000.00

Payment Number	Due	Principal	Interest	Loan Balance
				$ 700,707
5	1/22/2026	$ 5,005	10,511	695,702
6	7/22/2026	5,080	10,436	690,622
7	1/22/2027	5,157	10,359	685,465
8	7/22/2027	5,234	10,282	680,231
9	1/22/2028	5,313	10,203	674,918
10	7/22/2028	5,392	10,124	669,526
11	1/22/2029	5,473	10,043	664,053
12	7/22/2029	5,555	9,961	658,498
13	1/22/2030	5,639	9,877	652,859
14	7/22/2030	5,723	9,793	647,136
15	1/22/2031	5,809	9,707	641,327
16	7/22/2031	5,896	9,620	635,431
17	1/22/2032	5,985	9,531	629,446
18	7/22/2032	6,074	9,442	623,372
19	1/22/2033	6,165	9,351	617,207
20	7/22/2033	6,258	9,258	610,949
21	1/22/2034	6,352	9,164	604,597
22	7/22/2034	6,447	9,069	598,150
23	1/22/2035	6,544	8,972	591,606
24	7/22/2035	6,642	8,874	584,964
25	1/22/2036	6,742	8,774	578,222
26	7/22/2036	6,843	8,673	571,379
27	1/22/2037	6,945	8,571	564,434
28	7/22/2037	7,049	8,467	557,385
29	1/22/2038	7,155	8,361	550,230
30	7/22/2038	7,263	8,253	542,967
31	1/22/2039	7,372	8,145	535,595
32	7/22/2039	7,482	8,034	528,113
33	1/22/2040	7,594	7,922	520,519
34	7/22/2040	7,708	7,808	512,811
35	1/22/2041	7,824	7,692	504,987
36	7/22/2041	7,941	7,575	497,046
37	1/22/2042	8,060	7,456	488,986
38	7/22/2042	8,181	7,335	480,805

Borough of Sussex, N.J.

Schedule of US Department of Agriculture Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Schedule of Principal and Interest Payments Outstanding December 31, 2025
dated July 20, 2023 in the amount of $720,000.00

Payment Number	Due	Principal	Interest	Loan Balance
39	1/22/2043	8,304	7,212	472,501
40	7/22/2043	8,428	7,088	464,073
41	1/22/2044	8,555	6,961	455,518
42	7/22/2044	8,683	6,833	446,835
43	1/22/2045	8,813	6,703	438,022
44	7/22/2045	8,946	6,570	429,076
45	1/22/2046	9,080	6,436	419,996
46	7/22/2046	9,216	6,300	410,780
47	1/22/2047	9,354	6,162	401,426
48	7/22/2047	9,495	6,021	391,931
49	1/22/2048	9,637	5,879	382,294
50	7/22/2048	9,782	5,734	372,512
51	1/22/2049	9,928	5,588	362,584
52	7/22/2049	10,077	5,439	352,507
53	1/22/2050	10,228	5,288	342,279
54	7/22/2050	10,382	5,134	331,897
55	1/22/2051	10,538	4,978	321,359
56	7/22/2051	10,696	4,820	310,663
57	1/22/2052	10,856	4,660	299,807
58	7/22/2052	11,019	4,497	288,788
59	1/22/2053	11,184	4,332	277,604
60	7/22/2053	11,352	4,164	266,252
61	1/22/2054	11,522	3,994	254,730
62	7/22/2054	11,695	3,821	243,035
63	1/22/2055	11,870	3,646	231,165
64	7/22/2055	12,049	3,467	219,116
65	1/22/2056	12,229	3,287	206,887
66	7/22/2056	12,413	3,103	194,474
67	1/22/2057	12,599	2,917	181,875
68	7/22/2057	12,788	2,728	169,087
69	1/22/2058	12,980	2,536	156,107
70	7/22/2058	13,174	2,342	142,933
71	1/22/2059	13,372	2,144	129,561
72	7/22/2059	13,573	1,943	115,988
73	1/22/2060	13,776	1,740	102,212

Borough of Sussex, N.J.

Schedule of US Department of Agriculture Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Schedule of Principal and Interest Payments Outstanding December 31, 2025
dated July 20, 2023 in the amount of $720,000.00

Payment Number	Due	Principal	Interest	Loan Balance
74	7/22/2060	13,983	1,533	88,229
75	1/22/2061	14,193	1,323	74,036
76	7/22/2061	14,405	1,111	59,631
77	1/22/2062	14,622	894	45,009
78	7/22/2062	14,841	675	30,168
79	1/22/2063	15,063	453	15,105
80	7/22/2063	15,105	227	-
		$ 700,707	478,324	

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Borough of Sussex, N.J.

Schedule of Reserve for Debt Service

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref.	
Balance - December 31, 2024	D	$ 1,218,366
Balance - December 31, 2025	D	$ 1,218,366

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Schedule of Reserve for Encumbrances

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

	Ref.	
Increased by:		
Charges to Improvements Authorizat	D-19	$ 5,545
Balance - December 31, 2025	D	$ 5,545

Borough of Sussex, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water/Sewer Utility Capital Fund

Year Ended December 31, 2025

Ordinance Number	Improvement Description	Balance, Dec. 31, 2024	Bond Anticipation Notes Issued	Balance, Dec. 31,2025
14-06	Rt. 23 Water/Sewer Improvements	$ 9,344	-	9,344
16-23	Various Water/Sewer Improvements	1,380,000	-	1,380,000
22-07	Suppl. For Imp. Of Sanitary Sewer System	100,000	-	100,000
22-09	Suppl. For Imp. Of Sanitary Sewer System	200,000	-	200,000
24-10	Improvement of Wastewater Treatment Plant	40,000	40,000	-
24-19	Improvement of Water Supply and Distribution System	20,000	20,000	-
		$ 1,749,344	60,000	1,689,344
		Footnote D		Footnote D

BOROUGH OF SUSSEX

PART II

* * * * * *

REPORT ON INTERNAL CONTROL AND ON COMPLIANCE AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and
Members of the Borough Council
Borough of Sussex
Sussex, New Jersey 07461

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Sussex in the County of Sussex as of and for the year ended December 31, 2025 and the related notes to the financial statements, and have issued our report thereon dated July 28, 2026, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Sussex's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Sussex's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Sussex'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2025-01, that we consider to be a significant deficiency.

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Sussex in the accompanying comments and recommendations section of this report.

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 Sussex 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 Sussex internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 28, 2026

W&Co

BOROUGH OF SUSSEX

SUMMARY OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

Summary of Auditor's Results:

A qualified opinion was issued on the Borough's financial statements prepared on a comprehensive basis of accounting.

The audit did disclose a significant deficiency in the internal controls of the Borough.

The Borough was not subject to the single audit provisions of Uniform Guidance and State Circular 25-12 OMB for 2025 as grant expenditures were less than the single audit thresholds identified in the Circulars.

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

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

Finding 2025-01:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The Deputy Treasurer deposits, disburses funds and posts the activity to the finance software and can also over-ride the software to record over-expenditures. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Management Response:

The Borough will consider strengthening internal control within reason of costs, benefits derived and budget constraints.

BOROUGH OF SUSSEX

SUMMARY OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

BOROUGH OF SUSSEX

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

The Borough's prior year finding regarding Segregation of Duties has not been corrected for the Treasury Collector Department and is included in the audit for the year ended December 31, 2025.

Finding 2024-01:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The Deputy Treasurer deposits, disburses funds and posts the activity to the finance software and can also over-ride the software to record over-expenditures. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Current Status:

Corrective action has not been taken. The Borough will consider strengthening internal control within reason of the costs, benefits derived and budget constraints.

GENERAL COMMENTS

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

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

a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of $17,500, or $21,000 as of July 1, 2005, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to $25,000, or $21,000 as of July 1, 2005. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

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

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

N.J.S. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is $17,500.00 and with a qualified purchasing agent the threshold may be up to $40,000.00. On July 1, 2020, the amount was increased to $44,000.00 with a qualified purchasing agent. On July 1, 2025, the amount was increased to $53,000.

GENERAL COMMENTS, (CONTINUED)

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

The Governing Body of the Borough of Sussex have the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and 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.

The minutes indicated the bids were requested by public advertising per N.J.S.A.40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for Borough Appraiser, Engineer, Auditor, Attorney, Municipal Prosecutor, Borough Planner, Special Prosecutor, Insurance Agent and Bond Counsel.

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

Our review of the Borough's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory 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 N.J.S.A. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

NOW, THEREFORE, BE IT RESOLVED, by the Borough Council of the Borough of Sussex, County of Sussex, State of New Jersey, as follows:

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

GENERAL COMMENTS, (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments, (continued)

2. Effective January 7, 2025, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 4, 2025.

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

Year	Number of Liens
2025	2
2024	4
2023	2

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The result of the test, which was made as of December 31, 2025, is not yet known but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

GENERAL COMMENTS, (CONTINUED)

OTHER COMMENTS

Finance

1. There are cash deficits in ordinances over 5 years old in the Water/Sewer Capital Fund.

2. Several purchases selected for testing were missing proper approvals.

3. Resolutions awarding professional service contracts through non-competitive practices were missing budget line-item appropriations and not-to-exceed cost language.

4. Interfund balances are not being liquidated in a timely manner.

5. The Claims account could not be reconciled to the general ledger.

6. An updated accounting of fixed assets was not available for audit.

7. The annual debt statement filed with the State was incorrect.

RECOMMENDATIONS

1. That adequate segregation of duties within the Treasury Department be maintained.

2. That cash deficits in ordinances over 5 years old be raised in future budgets.

3. That all purchases receive proper approvals in accordance with Borough policies.

4. That resolutions awarding professional service contracts include budget line-item appropriations and cost language.

5. That interfund balances be reviewed and liquidated, where appropriate.

6. That the Claims account be reconciled to the general ledger on a monthly basis.

7. That a fixed asset ledger be maintained at least annually and be made available for audit.

8. That the annual debt statement be amended and re-filed.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year's recommendations and corrective action was taken on all with the exception of the following which is included in this year's recommendations:

1. That adequate segregation of duties within the Treasury Department be maintained.
2. That cash deficits in ordinances over 5 years old be raised in future budgets.
3. That all purchases receive proper approvals in accordance with Borough policies.
4. That resolutions awarding professional service contracts include budget line-item appropriations and cost language.

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

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

Very truly yours,

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

July 28, 2026