BOROUGH OF CAPE MAY POINT

REPORT OF AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2025

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BOROUGH OF CAPE MAY POINT

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2025

FORD - SCOTT
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Board of Commissioners
Borough of Cape May Point, New Jersey
County of Cape May, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Cape May Point, 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 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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 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.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Cape May Point 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 Cape May Point'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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services 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 an 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, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services, 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 the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Cape May Point'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 of Cape May Point's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Cape May Point 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis 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 provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of the Borough of Cape May Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Cape May Point's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

June 26, 2026

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EXHIBIT - A
CURRENT FUND

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Exhibit A
Sheet 1

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

	2025	2024
ASSETS		
Regular Fund:		
Cash:		
Cash Treasurer	$ 964,181.57	903,520.94
Total Cash	964,181.57	903,520.94
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	125.00	125.00
Total Other Receivables	125.00	125.00
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	32,895.06	21,530.74
Revenue Accounts Receivable	12.50	-
Interfund Receivable:		
Animal Control Fund	33.78	10.32
Due from Federal & State Grant Fund	-	81,677.15
Due from General Capital Fund	217,331.15	26,498.51
Trust Fund - Other	2,162.94	115.67
Total Receivables and Other Assets	252,435.43	129,832.39
Deferred Charges:		
Overexpenditure of Appropriations	481.47	-
Total Deferred Charges	481.47	-
Total Regular Fund	1,217,223.47	1,033,478.33
Federal and State Grant Fund:		
Cash	117,671.58	-
Federal and State Grants Receivable	134,736.10	734,555.51
Total Federal and State Grant Fund	252,407.68	734,555.51
Total Current Fund	$ 1,469,631.15	1,768,033.84

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

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2025	2024
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	$	154,141.33	111,347.59
Reserve for Encumbrances		46,398.78	7,390.82
Accounts Payable		1,527.53	1,527.53
Prepaid Taxes		128,384.60	125,637.55
Tax Overpayments		76.60	9,113.49
Local School Tax Payable		37,749.00	37,749.00
County Added Tax Payable		7,281.25	6,847.33
Payroll Deductions Payable		3.95	8.19
Due to State:			
Marriage Licenses		25.00	-
Other:			
Reserve for Preparation of Master Plan		3,062.50	3,062.50
Reserve for Revaluation		2,316.54	2,316.54
Reserve for Codification of Ordinances		295.00	295.00
Reserve for State Tax Appeals		3,562.50	3,562.50
		384,824.58	308,858.04
Reserve for Receivables and Other Assets		252,435.43	129,832.39
Fund Balance		579,963.46	594,787.90
Total Regular Fund		1,217,223.47	1,033,478.33
Federal and State Grant Fund:			
Unappropriated Reserves		10,186.15	10,547.78
Appropriated Reserves		234,046.83	176,708.58
Due to Current Fund		-	81,677.15
Encumbered		8,174.70	465,622.00
Total Federal and State Grant Fund		252,407.68	734,555.51
Total Current Fund	$	1,469,631.15	1,768,033.84

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

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

		2025	2024
Revenue and Other Income Realized			
Fund Balance	$	254,013.92	200,000.00
Miscellaneous Revenue Anticipated		422,719.39	572,477.12
Receipts from Delinquent Taxes		21,440.30	24,069.21
Receipts from Current Taxes		3,768,382.03	3,604,749.91
Non Budget Revenue		174,019.59	56,115.35
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		87,964.70	108,738.20
Total Income		4,728,539.93	4,566,149.79
Expenditures			
Budget and Emergency Appropriations:			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages		743,098.00	708,612.00
Other Expenses		622,364.00	549,928.00
Deferred Charges & Statutory Expenditures		125,933.47	113,094.00
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages		28,000.00	15,000.00
Other Expenses		389,169.26	597,543.11
Capital Improvements		163,500.00	78,678.00
Debt Service		65,786.99	16,751.00
Deferred Charges		250,000.00	325,000.00
Local District School Tax		103,118.00	103,118.00
County Tax		1,880,378.19	1,817,720.09
County Share of Added Tax		7,281.25	6,847.33
Interfunds Advanced		111,202.76	81,485.28
Total Expenditures		4,489,831.92	4,413,776.81
Excess in Revenue		238,708.01	152,372.98

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

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

	2025	2024
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	481.47	-
Total Adjustments	481.47	-
Statutory Excess to Fund Balance	239,189.48	152,372.98
Fund Balance January 1	594,787.90	642,414.92
	833,977.38	794,787.90
Decreased by:		
Utilization as Anticipated Revenue	254,013.92	200,000.00
Fund Balance December 31	$ 579,963.46	594,787.90

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

Exhibit A-2

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

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 254,013.92		254,013.92	-
Total Fund Balance Anticipated	254,013.92	-	254,013.92	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Other	37,000.00		52,320.00	15,320.00
Fines and Costs:				
Municipal Court	1,000.00		1,455.04	455.04
Interest and Costs on Taxes	5,000.00		4,206.53	(793.47)
Interest Earned on Investments and Deposits	18,000.00		43,529.36	25,529.36
Beach Fees	266,000.00		289,195.00	23,195.00
Total Section A: Local Revenues	327,000.00	-	390,705.93	63,705.93
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	26,488.00		26,488.20	0.20
Total Section B: State Aid Without Offsetting Appropriations	26,488.00	-	26,488.20	0.20
Section E: Special Items - Additional Revenues Offset with Appropriations				
Increase in Beach Tag fee	31,500.00			(31,500.00)
Total Section E: Additional Revenues	31,500.00	-	-	(31,500.00)

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

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

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section F: Special Items - Public and Private Programs Off-Set with Appropriations				
Recycling Tonnage Grant	1,259.18		1,259.18	-
Clean Communities Program	4,266.08		4,266.08	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	5,525.26	-	5,525.26	-
Total Miscellaneous Revenues:	390,513.26	-	422,719.39	32,206.13
Receipts from Delinquent Taxes	12,000.00		21,440.30	9,440.30
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	1,808,088.08		1,838,604.59	30,516.51
Total Amount to be Raised by Taxes for Support of Municipal Budget	1,808,088.08	-	1,838,604.59	30,516.51
Budget Totals	2,464,615.26	-	2,536,778.20	72,162.94
Non- Budget Revenues:				
Other Non- Budget Revenues:			174,019.59	174,019.59
	$ 2,464,615.26	-	2,710,797.79	246,182.53

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

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

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections		$ 3,768,382.03
Less: Reserve for Tax Appeals Pending		-
Net Revenue from Collections		3,768,382.03
Allocated to:		
School, County and Other Taxes		1,990,777.44
Balance for Support of Municipal Budget Appropriations		1,777,604.59
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		61,000.00
Amount for Support of Municipal Budget Appropriations		1,838,604.59
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	21,440.30	
Tax Title Lien Collections	-	
Total Receipts from Delinquent Taxes		21,440.30
Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Certified Copies/OPRA	600.00	
Planning & Zoning Fees	17,427.50	
Assessor Searches & Property Lists	90.00	
Marriage Licenses	43.00	
Comcast Franchise Fees	6,887.25	
Use of Facilities	250.00	
Tree Removal	5,375.00	
Insurance Reimbursements	2,659.55	
JIF Safety Award	2,000.00	
Land Sale	125,000.00	
BAN Premium	601.00	
Special Events Permit	50.00	
Recycling	143.00	
Elections	3,200.00	
Senior & Vets Admin. Fee	65.00	
Miscellaneous	9,243.29	
Void Stale Dated Checks	385.00	
Total Miscellaneous Revenue Not Anticipated:		$ 174,019.59

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

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

	Appropriations		Expended			(Overexpended)/ Unexpended Balance
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Cancelled
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY						
Director's Office						
Salaries and Wages	$ 10,000.00	10,000.00	10,000.00	-	-	
Other Expenses	1,000.00	1,000.00	430.48	-	569.52	
Beach Fee Program						
Salaries and Wages	107,800.00	104,800.00	101,090.63	-	3,709.37	
Other Expenses	11,400.00	14,400.00	11,400.00	2,592.00	408.00	
Lifeguards		-				
Salaries and Wages	171,548.00	171,548.00	171,548.00	-	-	
Other Expenses	14,000.00	14,000.00	13,658.35	-	341.65	
Animal Control						
Other Expenses	6,700.00	6,700.00	-	-	6,700.00	
Aid to Volunteer Fire Company (N.J.S.A. 40A:14-33)	15,000.00	15,000.00	15,000.00	-	-	
Code Enforcement Official						
Salaries and Wages	12,100.00	12,100.00	12,000.04	-	99.96	
Other Expenses	700.00	700.00	-	-	700.00	
Rental Fire Inspector						
Salaries and Wages	3,500.00	3,500.00	-	-	3,500.00	
DEPARTMENT OF REVENUE AND FINANCE						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-	
Other Expenses	500.00	500.00	481.66	-	18.34	
Administrative Consultant						
Other Expenses	55,000.00	55,000.00	53,485.00	-	1,515.00	
Annual Audit						
Other Expenses	20,065.00	20,065.00	20,065.00	-	-	
Municipal Clerk's Office						
Salaries and Wages	90,000.00	91,500.00	90,312.80	-	1,187.20	
Other Expenses	13,000.00	13,000.00	9,560.40	27.90	3,411.70	

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

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

	Appropriations		Expended			(Overexpended)/ Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
Assessment Searches						
Salaries and Wages	2,700.00	2,700.00	2,461.60	-	238.40	
Computer Operations						
Other Expenses	22,000.00	22,000.00	19,992.99	37.39	1,969.62	
Elections						
Salaries and Wages	3,500.00	3,500.00	3,449.91	-	50.09	
Other Expenses	4,000.00	4,000.00	3,156.14	-	843.86	
Financial Administration						
Salaries and Wages	39,000.00	39,000.00	37,527.44	-	1,472.56	
Other Expenses	8,000.00	8,000.00	5,178.45	1,111.39	1,710.16	
Registrar of Vital Statistics						
Salaries and Wages	5,500.00	5,500.00	5,273.12	-	226.88	
Assessment of Taxes						
Salaries and Wages	16,800.00	16,800.00	16,799.95	-	0.05	
Other Expenses	1,000.00	1,000.00	921.18	-	78.82	
Codification of Ordinances						
Other Expenses	6,000.00	6,000.00	4,145.00	-	1,855.00	
Collection of Taxes						
Salaries and Wages	16,800.00	16,800.00	16,799.95	-	0.05	
Other Expenses	650.00	650.00	460.00	-	190.00	
Tax Searches						
Salaries and Wages	1,300.00	1,300.00	-	-	1,300.00	
Legal Services and Costs						
Other Expenses	20,000.00	23,500.00	22,793.26	-	706.74	
Rent of Fire Hall						
Other Expenses	3,600.00	3,600.00	3,600.00	-	-	
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board						
Salaries and Wages	12,000.00	12,000.00	7,999.94	-	4,000.06	
Other Expenses	10,000.00	10,000.00	5,802.00	420.00	3,778.00	
Floodplain Administrator						
Salaries and Wages	5,500.00	5,500.00	2,500.00	-	3,000.00	
Advertising and Printing						
Other Expenses	1,400.00	1,400.00	725.60	24.00	650.40	

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

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

	Appropriations		Expended			(Overexpended)/ Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Insurance						
General Liability	21,199.00	21,199.00	17,866.00	-	3,333.00	
Workers Compensation Insurance	22,304.00	22,304.00	22,304.00	-	-	
Employee Group Health	30,852.00	30,852.00	30,121.31	-	730.69	
Health Benefit Waiver						
Salaries and Wages	500.00	500.00	-	-	500.00	
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY						
Director's Office						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-	
Other Expenses	2,000.00	2,000.00	1,089.58	-	910.42	
Engineering Services and Costs						
Other Expenses	20,000.00	20,000.00	18,628.19	-	1,371.81	
Public Buildings and Grounds						
Other Expenses	64,000.00	64,000.00	62,599.11	1,393.92	6.97	
Public Works Maintenance						
Salaries and Wages	145,000.00	145,000.00	136,253.83	-	8,746.17	
Other Expenses	15,000.00	15,000.00	15,000.00	-	-	
Road Repairs and Maintenance						
Other Expenses	5,000.00	5,000.00	5,000.00	-	-	
Beach Restoration and Maintenance						
Other Expenses	20,700.00	20,700.00	20,325.74	-	374.26	
Garbage and Trash Removal						
Other Expenses	92,819.00	92,819.00	75,103.05	-	17,715.95	
Recycling						
Other Expenses	53,025.00	53,025.00	47,190.00	-	5,835.00	
Parks and Public Property						
Other Expenses	46,000.00	46,000.00	30,675.23	4,532.02	10,792.75	
Emergency Management Services						
Salaries and Wages	2,550.00	2,550.00	2,550.00	-	-	
Other Expenses	200.00	200.00	200.00	-	-	
Cape May Point Environmental Commission						
Other Expenses	5,000.00	3,500.00	2,211.26	-	1,288.74	

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

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

	Appropriations		Expended			(Overexpended)/ Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	23,500.00	23,500.00	23,500.00	-	-	
Other Expenses	250.00	250.00	-	-	250.00	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	23,000.00	23,000.00	20,129.61	755.44	2,114.95	
Telephone	7,000.00	7,000.00	6,272.37	190.59	537.04	
Street Lighting	30,000.00	30,000.00	24,505.21	-	5,494.79	
TOTAL OPERATIONS WITHIN "CAPS"	1,361,962.00	1,365,462.00	1,250,143.38	11,084.65	104,233.97	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	1,361,962.00	1,365,462.00	1,250,143.38	11,084.65	104,233.97	-
Detail:						
Salaries and Wages	689,598.00	743,098.00	713,552.21	-	29,545.79	-
Other Expenses	617,364.00	622,364.00	536,591.17	11,084.65	74,688.18	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	41,752.00	41,752.00	42,233.47	-		(481.47)
Social Security System (O.A.S.I.)	55,200.00	55,200.00	51,801.75	-	3,398.25	
Unemployment Compensation Insurance	25,000.00	25,000.00	25,000.00	-	-	
Defined Contribution Retirement Program	3,500.00	3,500.00	2,265.79	-	1,234.21	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	125,452.00	125,452.00	121,301.01	-	4,632.46	(481.47)

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

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

	Appropriations		Expended			(Overexpended)/ Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,487,414.00	1,490,914.00	1,371,444.39	11,084.65	108,866.43	(481.47)
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Stormwater Management						
Other Expenses	1,000.00	1,000.00	600.00	-	400.00	
Health Insurance	3,298.00	3,298.00	-	-	3,298.00	
Garbage and Trash Removal	931.00	931.00	-	-	931.00	
Workers Compensation Insurance	1,389.00	1,389.00	1,389.00	-	-	
Interlocal Municipal Service Agreements					-	
Cape May City						
Police Protection - Contractual	337,526.00	337,526.00	337,526.00	-	-	
EMS Services	23,000.00	23,000.00	14,892.52	5,780.13	2,327.35	
Municipal Court	16,500.00	16,500.00	16,068.48	-	431.52	
Lifeguards						
Salaries and Wages	31,500.00	28,000.00	20,543.25	-	7,456.75	
	415,144.00	411,644.00	391,019.25	5,780.13	14,844.62	-
(A) Public and Private Programs Off-Set by Revenues						
Recycling Tonnage Grant	1,259.18	1,259.18	1,259.18	-	-	
NJ DOT - Lehigh and Ocean	4,266.08	4,266.08	4,266.08	-	-	
Total Public and Private Programs Off-Set by Revenues	5,525.26	5,525.26	5,525.26	-	-	-
Total Operations - Excluded from "CAPS"	420,669.26	417,169.26	396,544.51	5,780.13	14,844.62	-
Detail:						
Salaries and Wages	31,500.00	28,000.00	20,543.25	-	7,456.75	-
Other Expenses	389,169.26	389,169.26	376,001.26	5,780.13	7,387.87	-

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

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

	Appropriations		Expended			(Overexpended)/ Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
(C) Capital Improvements						
Sprinkler/Well/Bubblers for Lake	20,000.00	20,000.00	20,000.00	-	-	
Improvements to Borough Hall	60,000.00	60,000.00	12,732.26	17,000.00	30,267.74	
All Terrain Vehicle	20,000.00	20,000.00	20,000.00	-	-	
Beach Entrance Mats	16,000.00	16,000.00	15,837.46	-	162.54	
Radios	15,000.00	15,000.00	15,000.00	-	-	
Digitalized Tax Maps	24,000.00	24,000.00	11,466.00	12,534.00	-	
New Network Server	8,500.00	8,500.00	8,500.00	-	-	
Total Capital Improvements	163,500.00	163,500.00	103,535.72	29,534.00	30,430.28	-
(D) Municipal Debt Service						
Payment of Bond Principal	14,000.00	14,000.00	14,000.00	-	-	
Interest on Bonds	3,052.00	3,052.00	3,052.00	-	-	
Interest on Notes	64,980.00	64,980.00	48,734.99	-	-	16,245.01
Total Debt Service	82,032.00	82,032.00	65,786.99	-	-	16,245.01
(E) Deferred Charges						
Deferred Charges to Future Taxation Unfunded:						
Ordinance 03-2019	150,000.00	150,000.00	150,000.00	-	-	
Ordinance 07-2023	100,000.00	100,000.00	100,000.00	-	-	
Total Deferred Charges	250,000.00	250,000.00	250,000.00	-	-	-

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

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

	Appropriations		Expended			(Overexpended)/ Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Balance Cancelled
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	916,201.26	912,701.26	815,867.22	35,314.13	45,274.90	16,245.01
SUBTOTAL GENERAL APPROPRIATIONS	2,403,615.26	2,403,615.26	2,187,311.61	46,398.78	154,141.33	15,763.54
(M) Reserve for Uncollected Taxes	61,000.00	61,000.00	61,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS	$ 2,464,615.26	2,464,615.26	2,248,311.61	46,398.78	154,141.33	15,763.54

Budget	$ 2,464,615.26		Overexpended	(481.47)
Appropriations by 40A:4-87	-		Cancelled	16,245.01
	$ 2,464,615.26			15,763.54
Reserve for Uncollected Taxes		$ 61,000.00		
Federal and State Grants		5,525.26		
Disbursements		2,181,786.35		
		$ 2,248,311.61		

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

EXHIBIT - B
TRUST FUND

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Exhibit B

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2025	2024
Assets			
Animal Control Fund			
Cash	$	244.98	138.52
		244.98	138.52
Other Funds			
Cash		1,171,767.51	1,018,917.46
		1,171,767.51	1,018,917.46
		1,172,012.49	1,019,055.98
Liabilities, Reserves and Fund Balance			
Animal Control Fund			
Reserve for Animal Control Expenditures		211.20	128.20
Due to Current Fund		33.78	10.32
		244.98	138.52
Other Funds			
Due to Current Fund		2,162.94	115.67
Reserve for Escrow Deposits		44,610.94	30,662.69
Reserve for Unemployment Compensation		5,146.98	18,309.38
Reserve for Housing Expenditures - COAH		1,079,460.98	949,811.85
Reserve for Environmental Commission		6,488.53	6,263.53
Reserve for Lifeguard Trust		19,911.10	14,187.50
Lake Lily Stewardship		1,365.59	(461.16)
Reserve for P.O.A.A.		40.00	28.00
Reserve for Community Tree		5,580.00	-
Reserve for Veterans Memorial Park		7,000.45	-
		1,171,767.51	1,018,917.46
	$	1,172,012.49	1,019,055.98

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

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EXHIBIT - C
GENERAL CAPITAL FUND

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GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2025	2024
ASSETS			
Cash	$	-	1,602,688.91
Deferred Charges to Future Taxation -			
Funded		69,300.00	83,300.00
Unfunded		2,618,250.00	2,868,250.00
Interfunds and Receivables			
Federal and State Grant Receivable		106,508.00	106,508.00
		2,794,058.00	4,660,746.91
LIABILITIES, RESERVES AND FUND BALANCE			
Reserve for Encumbrances		1,006,259.94	2,310,121.92
Interfunds:			
Due to Current Fund		217,331.15	26,498.51
Bond Anticipation Notes Payable		995,000.00	1,624,500.00
Refunding Bonds Payable		69,300.00	83,300.00
Reserve for Electric Truck		80,000.00	80,000.00
Improvement Authorizations:			
Funded		10,363.86	2,236.04
Unfunded		63,853.44	182,140.83
Capital Improvement Fund		260,391.10	260,391.10
Fund Balance		91,558.51	91,558.51
	$	2,794,058.00	4,660,746.91

There were bonds and notes authorized but not issued at December 31,

2024	1,243,750.00
2025	1,623,250.00

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

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,

		2025	2024
Beginning Balance January 1	$	91,558.51	91,558.51
Increased by:			
None			
Decreased by:			
None			
Ending Balance December 31	$	91,558.51	91,558.51

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

EXHIBIT - D
WATER AND SEWER UTILITY FUND

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Exhibit D

WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2025	2024
Assets			
Operating Fund:			
Cash	$	314,689.54	195,876.87
Investment in Utility Capital BAN		-	15,000.00
Due from Water & Sewer Capital Fund		87,692.03	87,692.03
		402,381.57	298,568.90
Receivables With Full Reserves			
Consumer Accounts Receivable		38,805.60	27,366.85
		38,805.60	27,366.85
Total Operating Fund		441,187.17	325,935.75
Capital Fund:			
Cash		79,127.55	-
Fixed Capital:			
Completed		5,511,379.62	5,511,379.62
Authorized and Uncompleted		75,000.00	75,000.00
Total Capital Fund		5,665,507.17	5,586,379.62
	$	6,106,694.34	5,912,315.37

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

Exhibit D

WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2025	2024
Liabilities, Reserves and Fund Balance			
Operating Fund:			
Appropriation Reserves	$	97,298.92	39,385.98
Prepaid & Overpaid Rents		9,038.82	4,750.66
Reserve for Encumbrances		42,998.97	4,631.49
Accrued Interest on Bonds and Notes		567.60	682.27
		149,904.31	49,450.40
Reserve for Receivables		38,805.60	27,366.85
Fund Balance		252,477.26	249,118.50
Total Operating Fund		441,187.17	325,935.75
Capital Fund:			
Refunding Bonds Payable		425,700.00	511,700.00
Bond Anticipation Notes Payable		-	15,000.00
Improvement Authorizations			
Unfunded		5,936.44	5,936.44
Reserve for Amortization		5,105,632.12	4,925,504.57
Due To Water & Sewer Operating Fund		87,692.03	87,692.03
Reserve for Issuance Costs		5,944.43	5,944.43
Capital Improvement Fund		5,250.00	5,250.00
Fund Balance		29,352.15	29,352.15
Total Capital Fund		5,665,507.17	5,586,379.62
	$	6,106,694.34	5,912,315.37

There were bonds and notes authorized but not issued at December 31,

2024	134,175.05
2025	55,047.50

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

WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

		2025	2024
Revenue and Other Income Realized			
Fund Balance Utilized	$	152,462.05	182,069.00
Water and Sewer Rents		1,043,591.71	945,330.82
Miscellaneous:			
Unanticipated Revenue		16,109.35	10,595.62
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		36,005.08	90,501.87
Total Income		1,248,168.19	1,228,497.31
Expenditures:			
Operations:			
Salaries and Wages		163,000.00	144,000.00
Other Expenses		708,069.00	636,450.00
Capital Improvements		80,000.00	140,000.00
Debt Service		119,633.33	152,859.70
Deferred Charges and Statutory Expenditures		21,645.05	8,720.00
Total Expenditures		1,092,347.38	1,082,029.70
Excess in Revenue		155,820.81	146,467.61
Fund Balance January 1		249,118.50	284,719.89
		404,939.31	431,187.50
Decreased By:			
Utilization as Anticipated Revenue		152,462.05	182,069.00
Balance December 31	$	252,477.26	249,118.50

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

WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31,

		2025	2024
Beginning Balance January 1,	$	29,352.15	29,352.15
No Activity in 2025		-	-
Ending Balance December 31,	$	29,352.15	29,352.15

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

WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Anticipated Budget	Realized	Excess or (Deficit)
Operating Fund Balance Anticipated	$ 152,462.05	152,462.05	-
Anticipated Revenue:			
Water & Sewer Rents	940,000.00	1,043,591.71	103,591.71
	940,000.00	1,043,591.71	103,591.71
Total Revenue	$ 1,092,462.05	1,196,053.76	103,591.71

Analysis of Realized Revenue:		
Water & Sewer Rents		$ 1,043,591.71
Miscellaneous Revenue Not Anticipated:		
Bank Interest	7,009.35	
Water Connections	700.00	
Miscellaneous	8,400.00	
		$ 16,109.35

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

Exhibit D-4

WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended			(Overexpended)
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
Operations:						
Salaries and Wages	$ 163,000.00	163,000.00	143,451.80		19,548.20	
Other Expenses	708,069.00	708,069.00	630,997.63	1,336.89	75,734.48	-
	871,069.00	871,069.00	774,449.43	1,336.89	95,282.68	-
Capital Improvements:						
Capital Outlay	50,000.00	50,000.00	38,337.92	11,662.08	0.00	-
Capital Outlay - Water Main Improvements	30,000.00	30,000.00	-	30,000.00	-	
	80,000.00	80,000.00	38,337.92	41,662.08	0.00	-
Debt Service:						
Payment of Bond Principal	86,000.00	86,000.00	86,000.00	-	-	-
Payment of Bond Anticipation Notes	15,000.00	15,000.00	15,000.00	-		-
Interest on Bonds	18,748.00	18,748.00	18,633.33	-	-	114.67
						-
	119,748.00	119,748.00	119,633.33	-	-	114.67
Deferred Charges and Statutory Expenditures:						
Capital Ordinance Funding	9,175.05	9,175.05	9,175.05	-	-	
Social Security System (O.A.S.I.)	12,470.00	12,470.00	10,453.76	-	2,016.24	
	21,645.05	21,645.05	19,628.81	-	2,016.24	-
	$ 1,092,462.05	1,092,462.05	952,049.49	42,998.97	97,298.92	114.67

Accrued Interest on Bonds and Notes	$ 18,633.33
Cash Disbursed	933,416.16
	$ 952,049.49

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

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

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Exhibit E

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

		2025	2024
Assets			
Land, Buildings and Improvements	$	1,449,746.88	1,425,029.88
Machinery and Equipment		1,535,376.43	1,468,260.87
Total General Fixed Assets		2,985,123.31	2,893,290.75
Fund Balance			
Investment in General Fixed Assets	$	2,985,123.31	2,893,290.75

The accompanying Notes to the Fiancial Statements are an integral part of this statement

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NOTES TO FINANCIAL STATEMENTS

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Cape May Point is a shore community located at the southern tip of the State of New Jersey in the County of Cape May. The population according to the 2020 census is 307.

The Borough was incorporated in 1878 and operates under a commission form of government. The Mayor is a member of the Borough Commission and is the Chief Executive Officer of the Borough. The Mayor is elected by the Commissioners. The Borough Commission is the law-making body and passes all Resolutions and Ordinances.

Except as noted below, the financial statements of the Borough of Cape May Point include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Cape May Point, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough has no component units.

B. Description of Funds

The accounting policies of the Borough of Cape May Point conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 the respect to public funds. Under this method of accounting, the Borough of Cape May Point accounts for its financial transactions through the following separate funds:

<u>Current Fund</u> -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

<u>Trust Funds</u> -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

<u>General Capital Fund</u> -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

<u>Water and Sewer Operating and Capital Funds</u> -- account for the operations of the water and sewer utility and acquisition of water and sewer capital facilities other than those acquired in the Current and General Capital Funds.

<u>General Fixed Assets Account Group</u> -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the borough's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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 the Encumbrance Accounting System. Outstanding encumbrances at December 31st are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations or principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

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

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

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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 except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of $2,000 are capitalized.

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.

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized.

The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements.

The utility does not record depreciation on fixed assets.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Borough of Cape May Point to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first $1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of $1,500.00 becoming delinquent after due date and if a delinquency is in excess of $10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The Borough operates a water and sewer utility fund. Rates are determined by ordinance and changed as necessary. Water and sewer charges are based on flat fees and usage based on the type of Borough. Charges are billed annually and due in quarterly installments on December 1, March 1, June 1 and September 1.

Interest on Delinquent Utility Charges -- It is the policy of the Borough to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first $1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of $1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the Borough of Cape May Point to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets with the exception of certain projects financed by the New Jersey Environmental Trust.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, “Financial Reporting Model Improvements”. This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, will not have any significant effect on the Borough’s financial reporting.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, “Disclosure of Certain Capital Assets”. This statement, which is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, will not have any significant effect on the Borough’s financial reporting.

In December 2025, the Governmental Accounting Standards Board (GASB) issued Statement No. 105, “Subsequent Events.” This statement is effective for fiscal years beginning after June 15, 2026, and will not have any effect on the City’s financial reporting.

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 Borough is required to establish a reserve for uncollected taxes. The 2025 and 2024 statutory budgets included a reserve for uncollected taxes in the amount of $61,000.00 and $59,000.00. To balance the budget, the Borough is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2025 and 2024 statutory budgets was $254,013.92 and $200,000.00. In addition, the Borough operates a self-liquidating water and sewer utility. Under New Jersey Statutes a separate budget for each utility must be adopted concurrently with the operating budget of the Borough. The utility budgets must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the water and sewer budget in 2025 and 2024 statutory budgets was $152,462.05 and $182,069.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Board of Commissioners. The following significant budget transfers were approved in the 2025 and 2024 calendar years:

Budget Category		2025	2024
Current Fund:			
Beach Fee - S&W	$	(3,000)	(6,900)
Beach Fee - OE		3,000	3,100
Lifeguards - S&W		(3,500)	2,012
Lifeguards - OE			(2,012)
Animal Control - OE			(2,000)
Legal Services and Costs - OE		3,500	
Insurance - Employee Group Health			3,800
Interlocal Agreements - EMS Services			2,000
Water and Sewer Utility:		None	None

NJSA 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 and 2024, the following significant budget insertions were approved:

Budget Category	2025	2024
	None	
ARP - Firefighters Grant		$ 15,404
Green Communities		3,000
Recycling Tonnage Grant		1,259
Clean Communities Program		4,266

The Borough 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 the 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. There were no emergency or special emergency appropriations authorized during 2025.

NOTE 3: INVESTMENTS

As of December 31, 2025 and 2024, the Borough had no investments.

Interest 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 allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: 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.

Concentration of Credit Risk. The Borough places no limit on the amount that they can invest in any one issuer.

NOTE 4: 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 the 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. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Borough relative to the happening of a future condition. As of December 31, 2025 and 2024, $91,305.53 of the Borough's bank balance of $2,783,807.18 and $69,104.61 of the Borough's bank balance of $3,772,439.77 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2025 and 2024:

	Balance 12/31/2024	Additions	Retirements/ Adjustments	Balance 12/31/2025
Land, Buildings and Improvements	$ 1,425,030	24,717	-	1,449,747
Equipment and Machinery	1,468,261	86,847	(19,731)	1,535,376
	$ 2,893,291	111,564	(19,731)	2,985,123

	Balance 12/31/2023	Additions	Retirements/ Adjustments	Balance 12/31/2023
Land, Buildings and Improvements	$ 1,425,030	-	-	1,425,030
Equipment and Machinery	1,202,485	241,319	24,457	1,468,261
	$ 2,627,515	241,319	24,457	2,893,291

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/24	Issued	Retired	Balance 12/31/25
Bond Anticipation Notes payable:				
General Capital	$ 1,624,500.00	995,000.00	1,624,500.00	995,000.00
Water & Sewer Utility	15,000.00		15,000.00	-
	$ 1,639,500.00	995,000.00	1,639,500.00	995,000.00

	Balance 12/31/23	Issued	Retired	Balance 12/31/24
Bond Anticipation Notes payable:				
General Capital	$ -	1,624,500		1,624,500
Water & Sewer Utility	65,000.00	15,000.00	65,000.00	15,000.00
	$ 65,000.00	1,639,500.00	65,000.00	1,639,500.00

The General Capital Fund note is due on July 14, 2026, with interest payable at 4.0%. As of December 31, 2025, the Borough has authorized but not issued bonds in the amount of $1,623,250.00 and $55,047.50 in the General Capital Fund and Water and Sewer Utility Capital Fund respectively.

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NOTE 7: LONG-TERM DEBT

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

	Balance 12/31/2024	Issued	Retired	Balance 12/31/2024	Amounts Due Within One Year
Other liabilities:					
Loans Payable					
General	$ 83,300		14,000	69,300	14,000
Utility	511,700		86,000	425,700	86,000
Total long-term liabilities	$ 595,000	-	100,000	495,000	100,000

	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Amounts Due Within One Year
Other liabilities:					
Loans Payable					
General	$ 96,600		13,300	83,300	14,000
Utility	593,400		81,700	511,700	86,000
Total long-term liabilities	$ 690,000	-	95,000	595,000	100,000

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Borough:

$190,400 Refunding Bonds dated February 25, 2016, due in annual installments through December 15, 2038, bearing interest at rates varying from 2% to 4%. The balance remaining as of December 31, 2025, is $69,300.00.

Outstanding bonds whose principal and interest are paid from the Utility Operating Fund of the Borough:

$1,169,600 Water and Sewer Utility Refunding Bonds dated February 25, 2016, due in annual installments through December 15, 2038, bearing interest at rates varying from 2% to 4%. The balance remaining as of December 31, 2025, is $595,000.00.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Loans Outstanding

Year Ending	General Capital Fund		Utility Capital Fund	
December 31	Principal	Interest	Principal	Interest
2026	$ 14,000.00	2,632.00	86,000.00	16,168.00
2027	12,600.00	2,212.00	77,400.00	13,588.00
2028	11,900.00	1,708.00	73,100.00	10,492.00
2029	7,700.00	1,232.00	47,300.00	7,568.00
2030	3,500.00	924.00	21,500.00	5,676.00
2031-2035	15,400.00	2,520.00	94,600.00	15,480.00
2036-2038	4,200.00	336.00	25,800.00	2,064.00
	$ 69,300.00	11,564.00	425,700.00	$ 71,036.00

Summary of Municipal Debt

		Year 2025	Year 2024	Year 2023
Issued:				
General:				
Bonds and Notes	$	1,064,300.00	1,707,800.00	96,600.00
Water/Sewer Utility:				
Bonds and Notes		425,700.00	526,700.00	658,400.00
Total Issued		1,490,000.00	2,234,500.00	755,000.00
Less:				
Funds Temporarily Held to Pay Bonds and Notes:				
General		-	-	-
Water and Sewer Utility		-	-	-
Net Debt Issued		1,490,000.00	2,234,500.00	755,000.00
Authorized But Not Issued:				
General:				
Bonds and Notes		1,623,250.00	1,243,750.00	1,568,750.00
Water/Sewer Utility:				
Bonds and Notes		55,047.50	134,175.05	59,175.05
Total Authorized But Not Issued		1,678,297.50	1,377,925.05	1,627,925.05
Net Bonds and Notes Issued and Authorized But Not Issued	$	3,168,297.50	3,612,425.05	2,382,925.05

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.308%

		Gross Debt	Deductions	Net Debt
Water & Sewer Utility Debt	$	480,747.50	480,747.50	-
General Debt		2,687,550.00	-	2,687,550.00
	$	3,168,297.50	480,747.50	2,687,550.00

Net debt $2,687,550.00 is divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, $873,004,781.67 = 0.308%.

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

3-1/2% of Equalized Valuation Basis	$	30,555,167.36
Net Debt		2,687,550.00
	$	27,867,617.36

NOTE 8: 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 year ending December 31, 2026 and 2025 were as follows:

		2026	2025
Current Fund	$	197,324.92	254,013.92
Water/Sewer Utility		170,975.50	152,462.05

NOTE 9: SCHOOL TAXES

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2025	12/31/2024
Balance of Tax	$ 37,749	$ 37,749
Tax Payable	$ 37,749	37,749

NOTE 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	Balance December 31, 2025	Balance December 31, 2024
Prepaid Taxes - Cash Liability	$ 128,384.60	125,637.55

NOTE 11: PENSION FUNDS

Description of Plans

Substantially all of the Borough's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrprts.shtml.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008, under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15c-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% through December 31, 2024, of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The Borough's contributions to PERS for the years ended December 31, 2025, 2024, and 2023 were $41,752.00, $46,170.00, and $37,543.00.

The total payroll for the year ended December 31, 2025, was $821.562.26. Payroll covered by PERS was $235,299.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of that system.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years.
- For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an $8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2024:

Public Employees' Retirement System

The Municipality has a liability of $416,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, that was rolled forward to June 30, 2024. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Municipality's proportion would be 0.0030683745%, which would be an increase of 3.06% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2025, the Municipality would have recognized pension expense of $12,989. At December 31, 2025, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	$ 8,352	(1,110)
Changes of assumptions	518	(4,744.00)
Changes in proportion	48,834	(66,220)
Net difference between projected and actual earnings on pension plan investments	-	(19,332)
Total	$ 57,704	(91,406)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2025	$	(108,084)
2026	$	143,258
2027	$	(41,234)
2028	$	(29,044)
2029	$	1,402
Total	$	(33,702)

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real estate	8.00%	10.95%
Real assets	3.00%	8.20%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.10%

Discount Rate

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

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	$ 507,238	416,932	340,152

Pension plan fiduciary net position.

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

NOTE 13: ECONOMIC DEPENDENCY

The Borough of Cape May Point is not economically dependent on any one business. The tourism industry is a major source of tax revenue for the Borough.

NOTE 14: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Borough maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2025 and 2024 the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Borough has a general liability limit of $100,000 under JIF, which increases to $5,000,000 under MEL.

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

Calendar Year		Borough Contributions	Amount Reimbursed	Ending Balance
2025	$	25,000.00	38,162.40	5,146.98
2024		32,843.98	71,743.79	18,309.38
2023		5,000.00	8,813.78	57,209.19

NOTE 15: INTERFUND BALANCES

As of December 31, 2025, the following interfunds were included on the balance sheets of the various funds of the Borough of Cape May Point:

		Due From	Due To
Current Fund:			
Animal Control Fund	$	33.78	
Grant Fund		-	
General Capital Fund		217,331.15	
Trust Other Fund		2,162.94	
Grant Fund:			
Current Fund			-
Trust Fund:			
Current Fund - Animal Control			33.78
Current - Trust Other			2,162.94
General Capital Fund			
Current Fund			217,331.15
Utility Operating Fund:			
Utility Capital Fund		87,692.03	
Utility Capital Fund:			
Utility Operating Fund			87,692.03
	$	307,219.90	307,219.90

The balances are primarily the result of disbursements made from the various funds which were not reimbursed prior to year-end.

NOTE 16: CONTINGENT LIABILITIES

From time to time, the Borough is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Borough's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

NOTE 17: FEDERAL AND STATE GRANTS

In the normal course of operations, the Borough received grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

NOTE 18: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 26, 2026, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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SUPPLEMENTARY INFORMATION

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

The Honorable Mayor and
Members of the Board of Commissioners
Borough of Cape May Point, New Jersey
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Borough of Cape May Point, State of New Jersey, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 26, 2026, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Cape May Point prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

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.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

June 26, 2026

BOROUGH OF CAPE MAY POINT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2025

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	**Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting".**
Internal control over financial reporting:	
1) Material Weakness identified?	**NO**
2) Significant Deficiency identified?	**NO**
Non-Compliance material to Financial Statements – Regulatory Basis noted?	**NO**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that is required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

A corrective action plan is not required for 2025.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

CURRENT FUND
SCHEDULE OF CASH - TREASURER

		Current Fund		Grant Fund	
Balance December 31,2024	$		903,520.94		-
Increased by Receipts:					
Taxes Receivable		3,651,821.29			
Prepaid Taxes		128,384.60			
Revenue Accounts Receivable		591,213.72			
Tax Overpayments		76.60			
Due from State - Senior and Veterans Deductions		3,250.00			
Due from State - Marriage Licenses		375.00			
Due from General Capital Fund		26,498.51			
Due from Grant Fund		81,677.15			
Federal and State Unappropriated				5,163.63	
Federal and State Receivables				599,819.41	
			4,483,296.87		604,983.04
			5,386,817.81		604,983.04
Decreased by Disbursements:					
Current Year Appropriation		2,181,786.35			
Prior Year Appropriations		30,773.71			
County Taxes		1,887,225.52			
Local District School Taxes		103,118.00			
Payroll Payable		4.24			
Due to State - Marriage Licenses		350.00			
Due from Trust Fund - Other		2,047.27			
Due from Capital Fund		217,331.15			
Due to Current Fund				81,677.15	
Federal and State Disbursements				405,634.31	
			4,422,636.24		487,311.46
Balance December 31,2025	$		964,181.57		117,671.58

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

Year	Balance Dec. 31,2024	Current Year Levy	Added Taxes	Collections by Cash 2024	Collections by Cash 2025	Adjustments	Balance Dec. 31,2025
Prior	$ 21,530.74				21,440.30	90.44	0.00
	21,530.74	-	-	-	21,440.30	90.44	0.00
2025		3,793,154.81	14,677.46	134,751.04	3,633,630.99	6,555.18	32,895.06
	$ 21,530.74	3,793,154.81	14,677.46	134,751.04	3,655,071.29	6,645.62	32,895.06

3,651,821.29	Cash Receipts
3,250.00	Senior Citizens and Veterans
-	Overpayments Applied
3,655,071.29	

Analysis of Current Year Tax Levy

Tax Yield:		
General Property Tax	3,793,154.81	
Added Taxes (54:4-63.1 et. Seq.)	14,677.46	
		3,807,832.27
Tax Levy:		
General County Taxes	1,543,134.93	
County Library Taxes	246,121.05	
County Open Space Taxes	91,122.21	
County Added and Omitted Taxes	7,281.25	
Total County Taxes		1,887,659.44
Local School District Tax		103,118.00
Additional Local School District Tax		-
Local Tax for Municipal Purposes	1,808,088.08	
Add: Additional Tax Levied	8,966.75	
		1,817,054.83
		3,807,832.27

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

		Balance Dec. 31,2024	Accrued	Collected by Treasurer	Balance Dec. 31,2025
Licenses:					
Other	$		52,320.00	52,320.00	-
Fines and Costs:					
Municipal Court		-	1,467.54	1,455.04	12.50
Interest and Costs on Taxes			4,206.53	4,206.53	-
Interest Earned on Investments			43,529.36	43,529.36	-
Energy Receipts Tax			26,488.20	26,488.20	-
Beach Fees			289,195.00	289,195.00	-
Miscellaneous Revenue Not Anticipated			174,019.59	174,019.59	-
	$	-	591,226.22	591,213.72	12.50

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31,2024	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
REVENUE AND FINANCE				
Director's Office				
Other Expenses	$ 195.00	195.00	-	195.00
Administrative Consultant				
Salaries and Wages	5,172.50	5,172.50	-	5,172.50
Municipal Clerk's Office				
Other Expenses	3,307.17	3,307.17	202.00	3,105.17
Computer Operations				
Other Expenses	1,976.16	1,976.16	37.53	1,938.63
Elections				
Other Expenses	740.98	740.98	-	740.98
Financial Administration				
Salaries and Wages	807.50	807.50	-	807.50
Other Expenses	2,950.90	2,950.90	1,005.71	1,945.19
Assessment of Taxes				
Salaries and Wages	34.70	34.70	-	34.70
Other Expenses	168.96	168.96	-	168.96
Collection of Taxes				
Salaries and Wages	34.70	34.70	-	34.70
Other Expenses	823.00	823.00	823.00	-
Legal Services & Costs				
Other Expenses	3,855.47	3,855.47	1,548.33	2,307.14
Planning Board				
Salaries and Wages	1,971.13	1,971.13	-	1,971.13
Other Expenses	1,090.00	1,090.00	840.00	250.00

Exhibit A - 8

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31,2024	Balance After Transfers	Paid or Charges	Balance Lapsed
Advertising & Printing				
Other Expenses	140.04	140.04	13.50	126.54
Insurance				
Employee Group Health	559.62	559.62	(3,851.45)	4,411.07
Health Benefit Waiver				
Salaries and Wages	500.00	500.00	-	500.00
PUBLIC AFFAIRS AND PUBLIC SAFETY				
Director's Office				
Other Expenses	223.15	223.15	-	223.15
Beach Fee Program				
Salaries and Wages	9.25	9.25	-	9.25
Other Expenses	2,981.23	2,981.23	2,700.00	281.23
Lifeguards				
Other Expenses	428.17	428.17	400.66	27.51
Animal Control				
Other Expenses	4,500.00	4,500.00	-	4,500.00
Code Enforcement Official				
Salaries and Wages	2,869.21	2,869.21	-	2,869.21
Other Expenses	700.00	700.00	-	700.00
Rental Fire Inspector				
Salaries and Wages	38.45	38.45	-	38.45

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31,2024	Balance After Transfers	Paid or Charges	Balance Lapsed
PUBLIC WORKS, PARKS AND PUBLIC PROPERTY				
Director's Office				
Other Expenses	1,607.80	1,607.80	-	1,607.80
Engineering Services and Costs				
Other Expenses	11,484.32	11,484.32	5,891.03	5,593.29
Public Works Maintenance				
Salaries and Wages	4,958.80	4,958.80	-	4,958.80
Beach Restoration and Maintenance				
Other Expenses	57.49	57.49	-	57.49
Garbage and Trash Removal				
Other Expenses	4,880.00	4,880.00	4,880.00	-
Parks & Public Property				
Other Expenses	22,078.42	22,078.42	2,242.41	19,836.01
Public Buildings and Grounds				
Other Expenses	1,134.97	1,134.97	1,134.97	-
Construction Code Official				
Salaries and Wages	692.30	692.30	-	692.30
Other Expenses	250.00	250.00	-	250.00
Emergency Management Services				
Other Expenses	200.00	200.00	-	200.00
Cape May Point Environmental Commission				
Other Expenses	4,850.78	4,850.78	-	4,850.78

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31,2024	Balance After Transfers	Paid or Charges	Balance Lapsed
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	7,150.50	7,150.50	2,320.13	4,830.37
Telephone	1,154.52	1,154.52	305.42	849.10
Street Lighting	265.35	265.35	265.35	-
STATUTORY EXPENDITURES				
Social Security System	2,360.67	2,360.67	-	2,360.67
DCRP	1,304.57	1,304.57	-	1,304.57
OPERATIONS EXCLUDED FROM CAPS				
Stormwater Management	400.00	400.00	-	400.00
Health Insurance	413.00	413.00	-	413.00
General Liability Insurance	1,770.00	1,770.00	-	1,770.00
Garbage and Trash Removal	6,602.55	6,602.55	1,692.47	4,910.08
Recycling Costs	4,290.00	4,290.00	4,290.00	-
Interlocal Municipal Service Agreements				
Cape May City				
EMS Services	4,032.65	4,032.65	4,032.65	-
Municipal Court	309.89	309.89	-	309.89
CAPITAL IMPROVEMENTS				
Beach Entrance Mats	162.54	162.54	-	162.54
Lifeguard Boat	250.00	250.00	-	250.00
	$ 118,738.41	118,738.41	30,773.71	87,964.70

Reserve for Encumbrances	$ 7,390.82
Appropriation Reserves	111,347.59
	$ 118,738.41

Cash Disbursed	$ 30,773.71
	$ 30,773.71

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31,2024				
School Tax Payable	$	37,749.00		
School Tax Deferred		-		
			$	37,749.00
Increased by:				
Levy - School Year July 1 to June 30				103,118.00
				140,867.00
Decreased by:				
Payments				103,118.00
Balance December 31,2025				
School Tax Payable	$	37,749.00		
School Tax Deferred		-		
			$	37,749.00
Current Year Liability for Local School District School Tax:				
Tax Paid				103,118.00
Tax Payable Ending				37,749.00
				140,867.00
Less: Tax Payable Beginning				37,749.00
Amount charged to Current Year Operations			$	103,118.00

Exhibit A - 10

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Purpose	Balance Dec. 31,2024	Transferred From Revenues	Received	Cancelled	Balance Dec. 31,2025
FEDERAL GRANTS:					
ARP - Firefighters Grant	$ 454.16		454.16		-
ARP - Cape May County	400,000.00		400,000.00		-
Total Federal	400,454.16	-	400,454.16	-	-
STATE GRANTS:					
Water Conservation Grant	570.00				570.00
NJ DOT - Yale Avenue	85,000.00		85,000.00		-
Recycling Tonnage Grant	5,923.10	-			5,923.10
NJ DOT Alexander Avenue Phase I	34,021.25				34,021.25
NJ DOT Grant - Lehigh/Ocean	152,487.00	-	114,365.25		38,121.75
DOT - Harvard Avenue	40,000.00				40,000.00
NJ Stormwater Assistance Grant	10,000.00				10,000.00
Clean Communities	4,000.00	-			4,000.00
Total State	332,001.35	-	199,365.25	-	132,636.10
OTHER GRANTS:					
JIF Cyber Security Grant					-
JIF Safety Grant	100.00				100.00
CMP Taxpayer Association - Lifeguard EMT	2,000.00	-			2,000.00
Total Other	2,100.00	-	-	-	2,100.00
	$ 734,555.51	-	599,819.41	-	134,736.10

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31,2024					
	Appropriated	Reserve for Encumbrances	2025 Appropriations	Disbursed	Encumbrances	Balance Dec. 31,2025
FEDERAL, STATE & OTHER GRANTS:						
Recycling Tonnage Grant						
2021	$ 739.95			739.95		-
2020	1,286.05			1,286.05		-
2019	500.58			500.58		0.00
2023	832.74			832.74		-
2024	6,200.11		1,259.18	6,558.71		900.58
Municipal Court Alcohol Education Program						
2005	6.51					6.51
2010	50.27					50.27
2014	52.77					52.77
2015	59.08					59.08
2016	60.43					60.43
Clean Communities Program						
2023	2,106.78			2,106.78		(0.00)
2024	8,000.00		4,266.08	3,648.48		8,617.60
Sustainable NJ Grant	1,366.23					1,366.23
Municipal Stormwater Regulation	2,305.57					2,305.57
JIF Safety Grant	1,850.55			1,850.55		-
JIF Cyber Security Grant	1,450.00					1,450.00
JIF Safety Grant	1,412.73			53.93		1,358.80
NJ DOT -Lehigh/Ocean Avenues	-	152,487.00	-	141,936.09		10,550.91
NJ DOT Alexander Avenue Phase I	136,085.00					136,085.00
ARP - Firefighters Grant	454.16					454.16
Cape May County ARP Grant	-	313,135.00		246,120.45	8,174.70	58,839.85
Dune Grass Grant	6,278.10					6,278.10
Comcast Technology Grant	3,610.97					3,610.97
CMP Taxpayer Association - Lifeguard EMT	2,000.00		-			2,000.00
Total	$ 176,708.58	465,622.00	5,525.26	405,634.31	8,174.70	234,046.83

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

Purpose	Balance Dec. 31,2024	Transferred Appropriations	Received	Balance Dec. 31,2025
FEDERAL GRANTS:				
None	$			-
Total Federal	-	-	-	-
STATE GRANTS:				
Clean Communities	4,266.08	4,266.08	4,231.16	4,231.16
Recycling Tonnage Grant	1,259.18	1,259.18	932.47	932.47
Total State	5,525.26	5,525.26	5,163.63	5,163.63
OTHER GRANTS:				
Cape May County Recycling Rebate	5,022.52			5,022.52
Total Other	5,022.52	-	-	5,022.52
	$ 10,547.78	5,525.26	5,163.63	10,186.15

Exhibit B-1

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2024		$	138.52
Increased By Receipts:			
Dog Licenses Fees	109.20		
State License Fees	7.20		
Interest Earned on Deposits - Due Current Fund	4.46		
			120.86
			259.38
Decreased By Disbursements:			
Due to State of NJ	7.20		
Dog Fund Expenditures	7.20		
			14.40
Balance December 31, 2025		$	244.98

Exhibit B-2

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2024		$	1,018,917.46
Increased By Receipts:			
Housing Fees - COAH	162,277.09		
Developers Escrow Fees	20,612.50		
Lifeguard Trust	27,974.00		
Lake Lily Stewardship	11,743.00		
Environmental Commission	500.00		
Unemployment Compensation	25,000.00		
Parking Offenses Adjudication Act	5,137.00		
Community Tree	7,250.00		
Veterans Memorial Park	57,980.00		
Interest Earned on Deposits - Due Current Fund	2,047.27		
			320,520.86
			1,339,438.32
Decreased By Disbursements:			
Housing Fees - COAH	32,627.96		
Developers Escrow Fees Returned	6,664.25		
Unemployment Claims	38,162.40		
Lake Lily Stewardship	9,916.25		
Lifeguard Trust	22,250.40		
Environmental Commission	275.00		
Parking Offenses Adjudication Act	5,125.00		
Community Tree	1,670.00		
Veterans Memorial Park	50,979.55		
			167,670.81
Balance December 31, 2025		$	1,171,767.51

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2024		$	128.20
Increased By:			
Dog Licenses Fees Collected	109.20		
			109.20
			237.40
Decreased By:			
Statutory Excess - Due to Current Fund	19.00		
Expenditures	7.20		
			26.20
Balance December 31, 2025		$	211.20

License Fees Collected	Year		
	2023		102.00
	2024		109.20
		$	211.20

Exhibit B-4

TRUST FUND
SCHEDULE OF DUE (FROM) / TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2024		$	10.32
Increased By:			
Interest Earnings	4.46		
Statutory Excess - Due to Current Fund	19.00		
			23.46
			33.78
Decreased By:			
Due to Current Fund			
Interest Earned on Deposits			
Paid to State of New Jersey			
			-
Balance December 31, 2025		$	33.78

Exhibit B-5

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2024		$	-
Increased By:			
Cash Receipts	7.20		
			7.20
			7.20
Decreased By:			
Cash Disbursements	7.20		
			7.20
Balance December 31, 2025		$	-

TRUST FUND
SCHEDULE OF OTHER RESERVES

Title		Balance Dec. 31, 2024	Other Cash Receipts	Cash Disbursed	Balance Dec. 31, 2025
Unemployment Compensation	$	18,309.38	25,000.00	38,162.40	5,146.98
Lifeguard Trust		14,187.50	27,974.00	22,250.40	19,911.10
Parking Offenses Adjudication Act		28.00	5,137.00	5,125.00	40.00
Developers Escrow		30,662.69	20,612.50	6,664.25	44,610.94
Environmental Commission		6,263.53	500.00	275.00	6,488.53
COAH		949,811.85	162,277.09	32,627.96	1,079,460.98
Lake Lily Stewardship		(461.16)	11,743.00	9,916.25	1,365.59
Community Tree		-	7,250.00	1,670.00	5,580.00
Veterans Memorial Park		-	57,980.00	50,979.55	7,000.45
	$	1,018,801.79	318,473.59	167,670.81	1,169,604.57

GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2024		$	1,602,688.91
Increased by:			
Budget Appropriations:			
Deferred Charges to Future Taxation - Unfunded	250,000.00		
Due from Current Fund	217,331.15		
Bond Anticipation Notes	995,000.00		
			1,462,331.15
			3,065,020.06
Decreased by:			
Improvement Authorizations	(896,100.37)		
Encumbrances	2,310,121.92		
Bond Anticipation Notes	1,624,500.00		
Due from Current Fund	26,498.51		
			3,065,020.06
Balance December 31, 2025		$	-

Exhibit C - 3

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2024	Receipts: Miscellaneous	Receipts: Debt Issued	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfers: From	Transfers: To	Balance Dec. 31, 2025
Fund Balance	$ 91,558.51							91,558.51
Due from Current Fund	26,498.51	217,331.15			26,498.51			217,331.15
Capital Improvement Fund	260,391.10	-				-		260,391.10
Reserve for Encumbrances	2,310,121.92				2,310,121.92		1,006,259.94	1,006,259.94
Reserve for Electric Truck	80,000.00							80,000.00
Federal & State Grant Receivable	(106,508.00)							(106,508.00)
Improvement Authorizations:								
03-19 Various Capital Improvements:								
(a) Reconstruction of Roads:								
Ocean, Pavilion & Central Aves	(57,300.00)	18,000.00						(39,300.00)
Pearl, Brainard & Yale	(141,240.00)	43,000.00						(98,240.00)
(b) Lake Lily Improvements	(66,900.00)	20,000.00						(46,900.00)
(c) Yale Avenue Improvements	(224,560.00)	69,000.00						(155,560.00)
02-22a Road Improvements - Harvard Ave	101.04			(34,371.67)		31,345.54		3,127.17
02-22b Beach Patrol Equipment - PWC Sled	55.00							55.00
04-22a Maintenance Building - Engineering	800.00			800.00				-
04-22b Pole Barn - Engineering	750.00			660.19				89.81
06-2023 Road Engineering	530.00			(6,561.88)			-	7,091.88
07-2023 Purchase of Fire Truck	(688,423.00)	100,000.00		(859,673.00)		901,534.00	-	(630,284.00)
01-2024a Various Road Improvements	-			(3,617.50)	55,200.00	3,617.50		(55,200.00)
01-2024b Purchase of Public Works Truck	27,701.95			-	58,900.00	-	-	(31,198.05)
01-2024c Public Works Building	89,111.88			6,663.49	515,400.00	69,762.90	-	(502,714.51)
	$ 1,602,688.91	467,331.15	-	(896,100.37)	2,966,120.43	1,006,259.94	1,006,259.94	-

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2024		$	260,391.10
Increased by:			
None			
			-
			260,391.10
Decreased by:			
None			
			-
Balance December 31, 2025		$	260,391.10

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2024		$ 83,300.00
Increased by:		
None	-	
		-
		83,300.00
Decreased by:		
Refunding Bonds Paid	14,000.00	
		14,000.00
Balance December 31, 2025		$ 69,300.00

Exhibit C - 6

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

Ord #	Improvement Description	Balance Dec. 31, 2024	Raised in 2025 Budget	Balance Dec. 31, 2025	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
03-19	Various Capital Improvements:						
	(a) Reconstruction of Roads:						
	Ocean, Pavilion & Central Aves	$ 57,300.00	18,000.00	39,300.00		39,300.00	
	Pearl, Brainard & Yale	141,240.00	43,000.00	98,240.00		98,240.00	
	(b) Lake Lily Improvements	66,900.00	20,000.00	46,900.00		46,900.00	
	(c) Yale Avenue Improvements	224,560.00	69,000.00	155,560.00		155,560.00	
07-2023	Purchase of Fire Truck	753,750.00	100,000.00	653,750.00		630,284.00	23,466.00
01-2024	Various Capital Improvements						
	(a) Various Road Improvements	142,500.00		142,500.00	87,300.00	55,200.00	
	(b) Purchase of Public Works Truck	152,000.00		152,000.00	93,100.00	31,198.05	27,701.95
	(c) Public Works Building	1,330,000.00		1,330,000.00	814,600.00	502,714.51	12,685.49
		$ 2,868,250.00	250,000.00	2,618,250.00	995,000.00	1,559,396.56	63,853.44

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2024 Funded	Balance December 31, 2024 Unfunded	Authorizations Capital Improvement Fund	Authorizations Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2025 Funded	Balance December 31, 2025 Unfunded
02-22a	Road Improvements - Harvard Ave	6/28/2022	230,000.00	101.04				(3,026.13)	3,127.17	
02-22b	Beach Patrol Equipment - PWC Sled	6/28/2022	2,700.00	55.00				-	55.00	
04-22a	Maintenance Building - Engineering	8/11/2022	80,000.00	800.00				800.00	-	
04-22b	Pole Barn - Engineering	8/11/2022	80,000.00	750.00				660.19	89.81	
06-2023	Road Engineering	2023	21,000.00	530.00				(6,561.88)	7,091.88	
07-2023	Purchase of Fire Truck	4/18/2023	925,000.00		65,327.00			41,861.00		23,466.00
01-2024b	Purchase of Public Works Truck	1/23/2024	160,000.00		27,701.95			-		27,701.95
01-2024c	Public Works Building	1/23/2024	1,400,000.00		89,111.88			76,426.39		12,685.49
				$ 2,236.04	182,140.83	-	-	110,159.57	10,363.86	63,853.44
						Cash Disbursed		(896,100.37)		
						Encumbered		1,006,259.94		
								110,159.57		

Exhibit C - 8

GENERAL CAPITAL FUND
SCHEDULE OF REFUNDING BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2025 Date	Amount	Interest Rate	Balance Dec. 31, 2024	Decreased	Balance Dec. 31, 2025
Refunding Bonds Series 2016	2/25/2016	190,400	12/15/2026	14,000.00	3.00%	$ 83,300.00	14,000.00	69,300.00
			12/15/2027	12,600.00	3.00%			
			12/15/2028	11,900.00	4.00%			
			12/15/2029	7,700.00	4.00%			
			12/15/2030	3,500.00	4.00%			
			12/15/2031	3,500.00	4.00%			
			12/15/2032	3,500.00	4.00%			
			12/15/2033	3,500.00	4.00%			
			12/15/2034	3,500.00	4.00%			
			12/15/2035	1,400.00	4.00%			
			12/15/2036	1,400.00	4.00%			
			12/15/2037	1,400.00	4.00%			
			12/15/2038	1,400.00	4.00%			
						$ 83,300.00	14,000.00	69,300.00

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GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
Various Capital Improvements	01-2024								
(a) Various Road Improvements		10/15/2024	10/15/2024	7/15/2025	4.000%	142,500.00		142,500.00	-
			7/15/2025	7/14/2026	4.000%		87,300.00		87,300.00
(b) Purchase of Public Works Truck		10/15/2024	10/15/2024	7/15/2025	4.000%	152,000.00		152,000.00	-
			7/15/2025	7/14/2026	4.000%		93,100.00		93,100.00
(c) Public Works Building		10/15/2024	10/15/2024	7/15/2025	4.000%	1,330,000.00		1,330,000.00	-
			7/15/2025	7/14/2026	4.000%		814,600.00		814,600.00
						$ 1,624,500.00	$ 995,000.00	$ 1,624,500.00	$ 995,000.00

Exhibit C - 10

GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2024	ABNI Re-Established	Current Fund Budget	Balance Dec. 31, 2025
03-19	Various Capital Improvements:				
	(a) Reconstruction of Roads:				
	Ocean, Pavilion & Central Aves	$ 57,300.00		18,000.00	39,300.00
	Pearl, Brainard & Yale	141,240.00		43,000.00	98,240.00
	(b) Lake Lily Improvements	66,900.00		20,000.00	46,900.00
	(c) Yale Avenue Improvements	224,560.00		69,000.00	155,560.00
07-2023	Purchase of Fire Truck	753,750.00		100,000.00	653,750.00
01-2024	Various Capital Improvements				
	(a) Various Road Improvements		55,200.00		55,200.00
	(b) Purchase of Public Works Truck		58,900.00		58,900.00
	(c) Public Works Building		515,400.00		515,400.00
		$ 1,243,750.00	629,500.00	250,000.00	1,623,250.00

WATER AND SEWER UTILITY FUNDS
SCHEDULE OF CASH

	Operating		Capital	
Balance December 31, 2024	$	195,876.87		-
Increased by Receipts:				
Water and Sewer Rent Collected	1,038,841.05			
Miscellaneous Revenue Not Anticipated	16,109.35			
BAN Investment Redeemed	15,000.00			
Utility Rent Overpayments	6,894.74			
Prepaid Utility Rent	2,144.08			
Budget Appropriations:				
Deferred Charges to Future Taxation			9,175.05	
LEAP Grant			69,952.50	
		1,078,989.22		79,127.55
		1,274,866.09		79,127.55
Decreased by Disbursements:				
Current Appropriations	933,416.16			
Accrued Interest on Bonds and Notes	18,748.00			
Appropriation Reserves	8,012.39			
		960,176.55		-
Balance December 31, 2025	$	314,689.54		79,127.55

Exhibit D-6

WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2024	Receipts: Bond Antic. Notes	Receipts: Misc.	Disbursements: Improvement Authorizations	Disbursements: Misc.	Transfers: From	Transfers: To	Balance Dec. 31, 2025
Fund Balance	$ 29,352.15					$	$	29,352.15
Capital Improvement Fund	5,250.00							5,250.00
Due to Water and Sewer Operating Fund	87,692.03							87,692.03
Cost of Issuance Escrow	5,944.43							5,944.43
Improvement Authorizations								
Ord. Number								
16-2015 Installation of New Water Meters	(59,175.05)		9,175.05					(50,000.00)
2-2024 Vacuum Excavator	(69,063.56)		69,952.50	-				888.94
	$ -	-	79,127.55	-	-	$ -	$ -	79,127.55

WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2024		$	27,366.85
Increased By:			
Rents Levied	1,055,030.46		
			1,055,030.46
			1,082,397.31
Decreased By:			
Collections - Rents	1,038,841.05		
Overpayments Applied	4,750.66		
			1,043,591.71
Balance December 31, 2025		$	38,805.60

Exhibit D-8

WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

		Balance Dec. 31, 2024	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages	$	8,544.68	8,544.68	-	8,544.68
Other Expenses		25,805.50	25,805.50	3,942.39	21,863.11
Capital Improvements:					
Capital Outlay		9,549.01	9,549.01	4,070.00	5,479.01
Capital Outlay - Emergency Sewer Repair		118.28	118.28	-	118.28
TOTALS	$	44,017.47	44,017.47	8,012.39	36,005.08

Exhibit D-9

WATER AND SEWER OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS,
NOTES AND LOANS PAYABLE AND ANALYSIS OF BALANCE

Balance December 31, 2024		$	682.27
Increased By:			
Budget Appropriation:			
Interest on Bonds, Notes and Loans	18,633.33		
			18,633.33
			19,315.60
Decreased By:			
Interest Paid on Bonds and Loans	18,748.00		
			18,748.00
Balance December 31, 2025		$	567.60

Analysis of Accrued Interest December 31, 2025

Principal Outstanding Dec. 31, 2025	Interest Rate	From	To	Days	Amount
425,700.00	Var	12/15/2025	12/31/2025	16	567.60
425,700.00					567.60

Exhibit D-10

WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2024		Deferred Charges to Future Revenue	Paid or Charged	Balance December 31, 2025	
				Funded	Unfunded			Funded	Unfunded
2-2024	Vacuum Excavator	1/23/2024	75,000.00		5,936.44	-	-		5,936.44
				$ -	$ 5,936.44	$ -	$ -	-	$ 5,936.44

Exhibit D-11

WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF REFUNDING BONDS

Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2025 Date	Amount	Interest Rate	Balance Dec. 31, 2024	Decreased	Balance Dec. 31, 2025
Refunding Bonds Series 2016	2/25/2016	$ 1,169,600	12/15/2026	86,000.00	3.00%	$ 511,700.00	86,000.00	425,700.00
			12/15/2027	77,400.00	3.00%			
			12/15/2028	73,100.00	4.00%			
			12/15/2029	47,300.00	4.00%			
			12/15/2030	21,500.00	4.00%			
			12/15/2031	21,500.00	4.00%			
			12/15/2032	21,500.00	4.00%			
			12/15/2033	21,500.00	4.00%			
			12/15/2034	21,500.00	4.00%			
			12/15/2035	8,600.00	4.00%			
			12/15/2036	8,600.00	4.00%			
			12/15/2037	8,600.00	4.00%			
			12/15/2038	8,600.00	4.00%			
						$ 511,700.00	86,000.00	425,700.00
						-	-	-
							-	

Exhibit D-12

WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Increased	Decreased	Balance Dec. 31, 2025
16-2015	Installation of New Water Meters	2/11/2016 *	2/5/2024	2/4/2025	0.000%	$ 15,000.00		15,000.00	-
						$ 15,000.00	-	15,000.00	-
				Renewed				$ -	
				Paid by Budget Appropriation				15,000.00	
								$ 15,000.00	

* = This Note is held by the Water & Sewer Operating Fund

Exhibit D-13

WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2024	Authorizations	Funded by Budget Appropriation	Grant Proceeds	Balance Dec. 31, 2025
16-2015	Installation of New Water Meters	$ 59,175.05		9,175.05		50,000.00
2-2024	Vacuum Excavator	75,000.00			69,952.50	5,047.50
		$ 134,175.05	-	9,175.05	69,952.50	55,047.50

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BOROUGH OF CAPE MAY POINT

PART II

GENERAL COMMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2025

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GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 2025, the bid threshold increased to $53,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that no bids were sought by public advertising during 2025.

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

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 2, 2025 adopted the following resolution as follows:

WHEREAS, N.J.S.A. 54:4-67 authorizes a Municipality to access certain interest penalties for delinquencies in payment of installments of taxes and assessments;

NOW, THEREFORE, BE IT RESOLVED, by the Commissioners of the Borough of Cape May Point, County of Cape May, and State of New Jersey, that pursuant to N.J.S.A. 54:4-67, interest shall be charged on unpaid taxes at the rate of eight percent (8%) per annum on the first $1,500.00 of the delinquency, and at the rate of eighteen percent (18%) per annum on any amount in excess of $1,500.00, to be calculated from the date the tax was payable until the date of actual payment provided that no interest shall be charged if payment of any installment is made on or before the tenth calendar day following the date upon which the same became payable. Should the combination of interest, taxes, and other municipal charges accumulate to a total delinquency in excess of $10,000.00 an additional interest penalty shall be added at the rate of six percent (6%) per annum on top of all other taxes, interest and charges due.

It appears from an examination of the collector's records that interest was charged in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was not held in 2025.

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

Year	Number
2025	-
2024	-
2023	-

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

Type	Number Mailed
Payments of 2025 and 2026 Taxes	10
Delinquent Taxes	5
Payment of Water and Sewer Rents	10
Delinquent Water and Sewer Rents	5
Total	30

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

> "All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either
>
> a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
> b. be deposited to the credit of the local unit in its designated legal depository."

Our examination found that municipal funds were deposited within the mandated time.

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the Borough Commissioners in response to comments, if any.

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia

Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

June 26, 2026