

BOROUGH OF TAVISTOCK



CAMDEN COUNTY, NEW JERSEY

REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2025

BOROUGH OF TAVISTOCK
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BOROUGH OF TAVISTOCK

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Borough Committee
Borough of Tavistock
Tavistock, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the current fund of the Borough of Tavistock, in the County of Camden, State of New Jersey ("Borough"), as of December 31, 2025, and the related statements of operations and changes in fund balance - regulatory basis, the statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the current fund of the Borough as of December 31, 2025, and the results of its operations and changes in fund balance - regulatory basis of such fund for the year then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the current fund, for the year ended December 31, 2025, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), as described in Note 1.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Borough of Tavistock, in the County of Camden, State of New Jersey, as of December 31, 2025 and 2024, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

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

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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

Report on Prior Year Financial Statements

The financial statements of the Borough, as of and for the year ended December 31, 2024, were audited by Bowman & Company LLP whose owners became partners with PKF O'Connor Davies, LLP, and whose report dated July 21, 2025, expressed an unmodified opinion on the regulatory basis of accounting and an adverse opinion on accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

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

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'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in the United States of America, requirements prescribed by the Division, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, requirements prescribed by the Division, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying supplemental statements and schedules presented for the current fund, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division, 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 accompanying supplemental statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Voorhees, New Jersey
May 26, 2026

Jennifer L. Bertino.

Jennifer L. Bertino
Certified Public Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Borough Committee
Borough of Tavistock
Tavistock, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the financial statements prepared on a regulatory basis of accounting prescribed by the Division, of the Borough of Tavistock, in the County of Camden, State of New Jersey ("Borough"), 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 May 26, 2026. That report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared in accordance with the regulatory basis of accounting prescribed by the Division.

Report on Internal Control over Financial Reporting

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

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

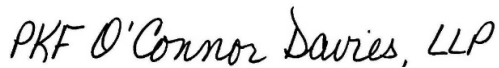
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

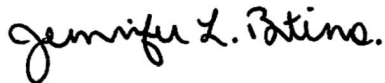
As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*, and audit requirements as prescribed by the Division.

Purpose of this Report

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



PKF O'Connor Davies, LLP
Voorhees, New Jersey
May 26, 2026



Jennifer L. Bertino
Certified Public Accountant
Registered Municipal Accountant

BOROUGH OF TAVISTOCK
CURRENT FUND
Balance Sheets - Regulatory Basis
As of December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS AND DEFERRED CHARGES</u>			
Regular Fund:			
Cash	SA-1	\$ 85,811.74	\$ 74,532.07
		<u>85,811.74</u>	<u>74,532.07</u>
Deferred Charges:			
Special Emergency (N.J.S.A. 40A:4-53):			
Master Plan	SA-4	<u>2,000.00</u>	<u>4,000.00</u>
		<u>2,000.00</u>	<u>4,000.00</u>
Total Regular Fund		<u>87,811.74</u>	<u>78,532.07</u>
Total Assets		<u>\$ 87,811.74</u>	<u>\$ 78,532.07</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-6	\$ 10,740.95	\$ 19,669.27
Reserve for Encumbrances	A-3, SA-6	3,124.15	3,241.43
Due to State of New Jersey:			
Marriage License Fees		50.00	50.00
Local School District Taxes Payable	SA-7	8,298.00	
Reserve for Payroll Deductions Payable	SA-9	2,565.14	2,539.19
Reserve for Master Plan		<u>3,311.31</u>	<u>3,311.31</u>
		<u>28,089.55</u>	<u>28,811.20</u>
Fund Balance	A-1	<u>59,722.19</u>	<u>49,720.87</u>
Total Regular Fund		<u>87,811.74</u>	<u>78,532.07</u>
Total Liabilities, Reserves, and Fund Balance		<u>\$ 87,811.74</u>	<u>\$ 78,532.07</u>

The accompanying notes to financial statements are an integral part of these statements.

BOROUGH OF TAVISTOCK**CURRENT FUND**

Statements of Operations and Changes in Fund Balance - Regulatory Basis

For the Years Ended December 31, 2025 and 2024

	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>Revenue and Other Income Realized</u>			
Surplus Utilized	A-2	\$ 17,623.25	\$ 12,739.60
Miscellaneous Revenue Anticipated	A-2	3,912.96	3,862.39
Receipts from Current Taxes	A-2	376,798.46	372,096.84
Non Budget Revenues	A-2	2,097.16	5,697.64
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	SA-6	19,669.27	21,079.79
Cancellation of:			
Tax Overpayments	SA-3	58.18	102.19
Local School Taxes Payable	SA-7		453.00
Total Income		<u>420,159.28</u>	<u>416,031.45</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS":			
Salaries and Wages	A-3	63,200.00	58,200.00
Other Expenses	A-3	108,472.00	103,667.00
Deferred Charges and Statutory Expenditures	A-3	15,300.00	16,826.00
Operations Excluded from "CAPS":			
Other Expenses	A-3		448.00
Deferred Charges Excluded from "CAPS"	A-3	2,000.00	2,000.00
Local District School Tax	SA-7	47,000.00	30,404.00
County Taxes Payable	SA-8	156,562.71	171,853.87
Total Expenditures		<u>392,534.71</u>	<u>383,398.87</u>
Statutory Excess to Fund Balance		27,624.57	32,632.58
<u>Fund Balance</u>			
Balance January 1	A	<u>49,720.87</u>	<u>29,827.89</u>
		77,345.44	62,460.47
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>17,623.25</u>	<u>12,739.60</u>
Balance December 31	A	<u>\$ 59,722.19</u>	<u>\$ 49,720.87</u>

The accompanying notes to financial statements are an integral part of these statements.

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2025

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Variance</u>
Surplus Anticipated	A-1	\$ 17,623.25	-	\$ 17,623.25	-
Miscellaneous Revenues:					
Local Revenues:					
Licenses:					
Alcoholic Beverages	SA-5	1,200.00		1,500.00	\$ 300.00
Total Local Revenues		1,200.00	-	1,500.00	300.00
State Aid without Offsetting Appropriations:					
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	SA-5	2,413.00		2,412.96	(0.04)
Total State Aid without Offsetting Appropriations		2,413.00	-	2,412.96	(0.04)
Total Miscellaneous Revenues Anticipated		3,613.00	-	3,912.96	299.96
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	173,235.75		173,235.75	
Total Amount to be Raised by Taxes for Support of Municipal Budget		173,235.75	-	173,235.75	-
Total General Revenues		194,472.00	-	194,771.96	299.96
Non Budget Revenues	A-2	-	-	2,097.16	2,097.16
Total Revenues		\$ 194,472.00	-	\$ 196,869.12	\$ 2,397.12

(Continued)

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2025

<u>Analysis of Realized Revenues</u>		<u>Ref.</u>	
Allocation of Current Tax Collections:			
Revenue from Collections	SA-2	\$	376,798.46
Allocated to:			
Local School and County	SA-2		<u>203,562.71</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>173,235.75</u></u>
<u>Analysis of Non Budget Revenues</u>			
Treasurer - Receipts:			
Interest on Deposits		\$	628.49
JIF Safety Incentive Award			1,000.00
Marriage License Copies			210.00
Miscellaneous			133.67
Raffle			<u>125.00</u>
Total Non Budget Revenues	A-2	\$	<u><u>2,097.16</u></u>

The accompanying notes to financial statements are an integral part of this statement.

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2025

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"						
General Government Functions:						
Municipal Clerk						
Salaries and Wages	\$ 41,000.00	\$ 41,000.00	\$ 41,000.00			
Other Expenses	10,000.00	10,000.00	4,673.18		\$ 5,326.82	
Financial Administration						
Salaries and Wages	10,000.00	10,000.00	10,000.00			
Other Expenses	1,500.00	1,500.00	961.50		538.50	
Audit Services						
Other Expenses	19,000.00	19,000.00	15,500.00			\$ 3,500.00
Revenue Administration (Tax Collector)						
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses	4.00	4.00			4.00	
Assessment of Taxes						
Salaries and Wages	2,200.00	2,200.00	2,200.00			
Other Expenses	100.00	100.00			100.00	
Legal Services						
Contractual	13,800.00	13,800.00	9,673.81	\$ 3,030.81	1,095.38	
Engineering Services and Costs						
Other Expenses	2,000.00	2,000.00				2,000.00
Land Use Administration:						
Planning and Zoning Board of Adjustments						
Other Expenses	1,000.00	1,000.00			1,000.00	
Insurance:						
General Liability	7,834.00	7,834.00	7,834.00			
Workers Compensation	7,834.00	7,834.00	7,834.00			
Public Safety Functions:						
Police						
Other Expenses	22,425.00	22,425.00	22,425.00			
Fire						
Other Expenses	12,275.00	12,275.00	12,275.00			
Public Works Function:						
Road Repair and Maintenance						
Other Expenses	14,800.00	14,800.00	14,800.00			
Health and Human Services Functions:						
Public Health Services						
Salaries and Wages	5,000.00	5,000.00	4,500.00		500.00	

(Continued)

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2025

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (CONT'D)						
Street Lighting:						
Other Expenses	\$ 1,400.00	\$ 1,400.00	\$ 958.66	\$ 93.34	\$ 348.00	
Total Operations within "CAPS"	177,172.00	177,172.00	159,635.15	3,124.15	8,912.70	\$ 5,500.00
Detail:						
Salaries and Wages	\$ 63,200.00	\$ 63,200.00	\$ 62,700.00	-	\$ 500.00	-
Other Expenses	113,972.00	113,972.00	96,935.15	\$ 3,124.15	8,412.70	\$ 5,500.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 8,299.00	\$ 8,299.00	\$ 8,299.00			
Social Security	7,000.00	7,000.00	5,172.75		\$ 1,827.25	
Unemployment Compensation Insurance	1.00	1.00			1.00	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	15,300.00	15,300.00	13,471.75	-	1,828.25	-
Total General Appropriations for Municipal Purposes within "CAPS"	192,472.00	192,472.00	173,106.90	\$ 3,124.15	10,740.95	\$ 5,500.00
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"						
Deferred Charges:						
Special Emergency Authorization - 5 Years (N.J.S.A. 40A:4-53)	2,000.00	2,000.00	2,000.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	2,000.00	2,000.00	2,000.00	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	-	-	-
Total General Appropriations	\$ 194,472.00	\$ 194,472.00	\$ 175,106.90	\$ 3,124.15	\$ 10,740.95	\$ 5,500.00
	<u>Ref.</u>	A-2				
Deferred Charges:						
Special Emergency Authorization	SA-4		\$ 2,000.00			
Disbursements	SA-1		173,106.90			
			\$ 175,106.90			

The accompanying notes to financial statements are an integral part of this statement.

BOROUGH OF TAVISTOCK
Notes to Financial Statements
For the Year Ended December 31, 2025

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Tavistock (hereafter referred to as the "Borough") was incorporated as a Borough in 1921. The Borough, located in western Camden County, is approximately ten miles from the City of Philadelphia. According to the 2020 census, the population is 9.

The Borough operates under the Walsh Act form of New Jersey municipal government and uses the commission form of government. The governing body is comprised of three Commissioners who are elected to serve four-year terms. One Commissioner is chosen to serve as Mayor.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough contain the current fund in accordance with the *Requirements of Audit* (the "*Requirements*") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the current fund. This fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 225), except that the useful life of such property is at least five years. The Borough has no fixed assets and is not required to maintain a fixed asset reporting system as required by N.J.A.C. 5:30-5.6.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. The Borough has no foreclosed property.

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

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Balance - Fund balance included in the current fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheets of the Borough's current 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.

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

School Taxes - The Borough of Tavistock Board of Education was dissolved by the Governor of New Jersey in 2011. As a result, the Borough entered into a tuition agreement with the Borough of Haddonfield Board of Education to allow the Borough's students to attend the Haddonfield School District. The Borough is responsible for levying and collecting school taxes and remitting to the Borough of Haddonfield School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local Improvement", i.e., assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded. The Borough has no long-term debt.

Compensated Absences and Postemployment Benefits - Compensated absences for paid time off (PTO), sick leave, vacation leave, compensatory time, and certain types of sabbatical leave, and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles**Recently Issued Accounting Pronouncements**

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

Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve financial reporting requirements for subsequent events. The purposes of the improvements are to (a) clarify the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (b) specifying the information items that are required to be disclosed about subsequent events. The Statement will become effective for the Borough in the year ending December 31, 2027. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Borough.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2025, the Borough's bank balance of \$85,811.74 was insured by the Federal Deposit Insurance Corporation.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>\$ 1.454</u>	<u>\$ 1.436</u>	<u>\$ 1.447</u>	<u>\$ 1.744</u>	<u>\$ 1.786</u>
Apportionment of Tax Rate:					
Municipal	\$.669	\$.655	\$.647	\$.784	\$.766
County	.584	.643	.667	.769	.830
County Open Space	.020	.021	.019	.020	.020
District School	.181	.117	.114	.171	.170

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2025	\$ 25,918,700.00
2024	25,918,700.00
2023 ^(r)	25,919,696.00
2022	17,166,296.00
2021	17,166,296.00

^(r) reassessment

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2025	\$ 376,798.46	\$ 376,798.46	100.00%
2024	372,096.84	372,096.84	100.00%
2023	375,033.63	375,033.63	100.00%
2022	299,369.74	299,369.74	100.00%
2021	306,590.04	306,590.04	100.00%

Note 4: FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2025	\$ 59,722.19	\$ 18,185.00 ⁽¹⁾	30.45%
2024	49,720.87	17,623.25	35.44%
2023	29,827.89	12,739.60	42.71%
2022	20,739.63	12,739.60	61.43%
2021	28,556.28	15,578.00	54.55%

⁽¹⁾ as introduced

Note 5: PENSION PLANS

N.J.A.C. 5:30-6.1 allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pensions' reporting on GASB No. 68, *Accounting and Financial Reporting for Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2025 was not available; therefore, the information from the measurement period June 30, 2024 is disclosed below.

A substantial number of the Borough's employees participate in the Public Employees' Retirement System ("PERS") which is administered by the New Jersey Division of Pensions and Benefits. In addition, certain Borough employees may be eligible to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly Prudential Financial) for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. As a local participation employer of these pension plans, the Borough is referred to as "Employer" throughout this Note. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, and disability benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Employer, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are state or local officials who are elected or appointed on or after July 1, 2007; employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 5: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 5: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - *Special Funding Situation Component* - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Employer's contractually required contribution rate for the year ended December 31, 2024 was 16.85% of the Employer's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2024, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2024 is \$8,298.00, and is payable by April 1, 2025. Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2023, the Employer's contractually required contribution to the pension plan for the year ended December 31, 2023 was \$9,825.00, which was paid on April 1, 2024.

Employee contributions to the Plan for the year ended December 31, 2024 were \$3,693.76.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Employer, under Chapter 133, P.L. 2001, for the year ended December 31, 2024 was .54% of the Employer's covered payroll.

Based on the most recent PERS measurement date of June 30, 2024, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2024 was \$267.00. For the prior year measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Employer, to the pension plan for the year ended December 31, 2023 was \$332.00.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Employer contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2025, no Borough employees participated in the Defined Contribution Retirement Program.

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Pension Liability - As of December 31, 2024, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Employer's proportionate share of the PERS net pension liability was \$82,863.00. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. The Employer's proportion of the net pension liability was based on a projection of the Employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2024 measurement date, the Employer's proportion was 0.0006098240%, which was a decrease of 0.0001252901% from its proportion measured as of June 30, 2023.

Pension (Benefit) Expense - For the year ended December 31, 2024, the Employer's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2024 measurement date was \$(3,926.00). This (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in Note 1; however, as previously mentioned, for the year ended December 31, 2024, the Employer's contribution to PERS was \$9,825.00, and was paid on April 1, 2024.

For the year ended December 31, 2024, the State's proportionate share of the PERS pension (benefit) expense, associated with the Employer, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2024 measurement date, was \$267.00. This on-behalf (benefit) expense is not recognized by the Employer because of the regulatory basis of accounting as described in Note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2024, the Employer had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 1,660.00	\$ 221.00
Changes of Assumptions	103.00	943.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	3,842.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	814.00	24,340.00
Contributions Subsequent to the Measurement Date	4,149.00	-
	<u>\$ 6,726.00</u>	<u>\$ 29,346.00</u>

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Deferred outflows of resources in the amount of \$4,149.00 will be included as a reduction of the net pension liability during the year ending December 31, 2025. These amounts were based on an estimated April 1, 2026 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2024 to the Employer's year end of December 31, 2024.

The Employer will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
June 30, 2024	5.08	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2020	5.00	-
June 30, 2021	-	5.00
June 30, 2022	5.00	-
June 30, 2023	-	5.00
June 30, 2024	-	5.00
Changes in Proportion		
Year of Pension Plan Deferral:		
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04
June 30, 2023	5.08	5.08
June 30, 2024	5.08	5.08

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending Dec 31,</u>	
2025	\$ (10,020.00)
2026	(3,525.00)
2027	(8,077.00)
2028	(4,871.00)
2029	(276.00)
	<u>\$ (26,769.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods included 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%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2018 - June 30, 2021

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

Note 5: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

<u>PERS</u>		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-US Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market 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%
	<u>100.00%</u>	

Discount Rate -

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

Note 5: PENSION PLANS (CONT'D)**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following presents the Employer's proportionate share of the net pension liability as of the June 30, 2024 measurement date, calculated using a discount rate of 7.00%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	<u>\$ 110,105.00</u>	<u>\$ 82,863.00</u>	<u>\$ 59,681.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Supplementary Pension Information

In accordance with GASBS 68, the following information is also presented for the PERS pension plan. These schedules are presented to illustrate the requirements to show information for 10 years.

Schedule of the Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Ten Plan Years)

	Measurement Date Ended June 30,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the Net Pension Liability	0.0006098240%	0.0007351141%	0.0008198736%	0.0008109357%	0.0008212444%
Proportionate Share of the Net Pension Liability	\$ 82,863.00	\$ 106,477.00	\$ 123,730.00	\$ 96,067.00	\$ 133,923.00
Covered Payroll (Plan Measurement Period)	\$ 48,500.00	\$ 55,804.00	\$ 60,420.00	\$ 59,428.00	\$ 59,428.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	170.85%	190.81%	204.78%	161.65%	225.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%
	Measurement Date Ended June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	0.0008031208%	0.0007917144%	0.0007636066%	0.0007558654%	0.0009712331%
Proportionate Share of the Net Pension Liability	\$ 144,710.00	\$ 155,885.00	\$ 177,755.00	\$ 223,866.00	\$ 218,022.00
Covered Payroll (Plan Measurement Period)	\$ 57,076.00	\$ 55,600.00	\$ 52,900.00	\$ 52,000.00	\$ 66,400.00
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	253.54%	280.37%	336.02%	430.51%	328.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%

Note 5: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Ten Years)***

	Year Ended December 31,				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 8,298.00	\$ 9,825.00	\$ 10,339.00	\$ 9,497.00	\$ 8,984.00
Contribution in Relation to the Contractually Required Contribution	(8,298.00)	(9,825.00)	(10,339.00)	(9,497.00)	(8,984.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 49,250.00	\$ 48,500.00	\$ 50,004.00	\$ 60,420.00	\$ 59,924.00
Contributions as a Percentage of Covered Payroll	16.85%	20.26%	20.68%	15.72%	14.99%
	Year Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 7,812.00	\$ 7,875.00	\$ 7,074.00	\$ 6,715.00	\$ 8,350.00
Contribution in Relation to the Contractually Required Contribution	(7,812.00)	(7,875.00)	(7,074.00)	(6,715.00)	(8,350.00)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll (Calendar Year)	\$ 58,840.00	\$ 56,707.00	\$ 54,925.00	\$ 52,675.00	\$ 52,417.00
Contributions as a Percentage of Covered Payroll	13.28%	13.89%	12.88%	12.75%	15.93%

Other Notes to Supplementary Pension Information**Changes in Benefit Terms**

Chapter 249, P.L. 2023 extends provisions of Chapter 498, P.L. 2021 for calendar years 2023 or 2024 to allow for a temporary return to employment by a former employee of the Legislature after retirement from PERS.

Changes in Assumptions

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

Discount Rate				Long-term Expected Rate of Return			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	6.28%	2024	7.00%	2019	7.00%
2023	7.00%	2018	5.66%	2023	7.00%	2018	7.00%
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2025, the following deferred charge is shown on the balance sheets:

<u>Description</u>	<u>Balance December 31, 2025</u>	<u>2026 Budget Appropriation</u>
Special Emergency - Master Plan	\$ 2,000.00	\$ 2,000.00

The appropriation in the 2026 Budget as introduced is not less than that required by the statutes.

Note 7: RISK MANAGEMENT

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

Joint Insurance Pool - The Borough is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Borough's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$500,000.00 based on the line of coverage for each insured event.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Camden County Municipal Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054

SUPPLEMENTAL EXHIBITS
CURRENT FUND

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Current Cash
For the Year Ended December 31, 2025

		<u>Regular</u>
Balance December 31, 2024		\$ 74,532.07
Increased by Receipts:		
Miscellaneous Revenue not Anticipated	\$ 2,097.16	
Taxes Receivable	376,798.46	
Tax Overpayments	58.18	
Revenue Accounts Receivable	3,912.96	
Reserve for Payroll Deductions Payable	<u>25,977.01</u>	
		<u>408,843.77</u>
		483,375.84
Decreased by Disbursements:		
Budget Appropriations	173,106.90	
Appropriation Reserves	3,241.43	
Local District School Taxes Payable	38,702.00	
County Taxes Payable	156,562.71	
Reserve for Payroll Deductions Payable	<u>25,951.06</u>	
		<u>397,564.10</u>
Balance December 31, 2025		<u><u>\$ 85,811.74</u></u>

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2025

<u>Year</u>	<u>Balance</u> <u>December 31, 2024</u>	<u>Levy</u>	<u>Collections:</u> <u>2025</u>	<u>Balance</u> <u>December 31, 2025</u>
2025	<u>-</u>	<u>\$ 376,798.46</u>	<u>\$ 376,798.46</u>	<u>-</u>
<u>Analysis of 2025 Property Tax Levy:</u>				
Tax Yield:				
General Purpose Tax				<u>\$ 376,798.46</u>
Tax Levy:				
Local District School Tax			\$ 47,000.00	
County Taxes:				
County Tax		\$ 142,331.65		
County Library Tax		9,015.06		
County Open Space Tax		<u>5,216.00</u>		
			156,562.71	
Local Tax for Municipal Purposes			<u>173,235.75</u>	
				<u>\$ 376,798.46</u>

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2025

Increased by:		
Receipts - Collector	\$	58.18
Decreased by:		
Cancellations:		
Operations	\$	58.18

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Deferred Charges
For the Year Ended December 31, 2025

	Balance <u>December 31, 2024</u>	Raised in 2025 <u>Budget</u>	Balance <u>December 31, 2025</u>
Special Emergency (N.J.S.A. 40A:4-53)	<u>\$ 4,000.00</u>	<u>\$ 2,000.00</u>	<u>\$ 2,000.00</u>

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2025

	<u>Accrued</u>	<u>Collections</u>
Miscellaneous Revenues:		
Licenses:		
Alcoholic Beverages	\$ 1,500.00	\$ 1,500.00
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	<u>2,412.96</u>	<u>2,412.96</u>
	<u>\$ 3,912.96</u>	<u>\$ 3,912.96</u>

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2025

	<u>Balance December 31, 2024</u>		<u>Balance after Modification</u>	<u>Disbursements - Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Encumbrances</u>	<u>Reserved</u>			
OPERATIONS - WITHIN "CAPS"					
General Government Functions:					
Administrative and Executive					
Salaries and Wages		\$ 0.04	\$ 0.04		\$ 0.04
Other Expenses	\$ 91.68	7,915.55	8,007.23		8,007.23
Financial Administration					
Other Expenses		552.00	552.00		552.00
Revenue Administration (Tax Collector)					
Salaries and Wages		500.00	500.00		500.00
Other Expenses		4.00	4.00		4.00
Assessment of Taxes					
Other Expenses		100.00	100.00		100.00
Legal Services					
Contractual	3,057.39	1,136.61	4,194.00	\$ 3,057.39	1,136.61
Land Use Administration:					
Planning and Zoning Board of Adjustments					
Other Expenses		2,000.00	2,000.00		2,000.00
Public Works Functions:					
Road Repair and Maintenance					
Other Expenses		4,272.18	4,272.18		4,272.18
Health and Human Services Functions:					
Salaries and Wages		500.00	500.00		500.00
Street Lighting:					
Other Expenses	<u>92.36</u>	<u>406.88</u>	<u>499.24</u>	<u>184.04</u>	<u>315.20</u>
Total Operations within "CAPS"	<u>3,241.43</u>	<u>17,387.26</u>	<u>20,628.69</u>	<u>3,241.43</u>	<u>17,387.26</u>
Detail:					
Salaries and Wages	-	\$ 1,000.04	\$ 1,000.04	-	\$ 1,000.04
Other Expenses	<u>\$ 3,241.43</u>	<u>16,387.22</u>	<u>19,628.65</u>	<u>\$ 3,241.43</u>	<u>16,387.22</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Contribution to:					
Social Security		\$ 2,281.01	\$ 2,281.01		\$ 2,281.01
Unemployment Compensation Insurance		1.00	1.00		1.00
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	<u>-</u>	<u>2,282.01</u>	<u>2,282.01</u>	<u>-</u>	<u>2,282.01</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>\$ 3,241.43</u>	<u>19,669.27</u>	<u>22,910.70</u>	<u>\$ 3,241.43</u>	<u>19,669.27</u>
Total General Appropriations	<u>\$ 3,241.43</u>	<u>\$ 19,669.27</u>	<u>\$ 22,910.70</u>	<u>\$ 3,241.43</u>	<u>\$ 19,669.27</u>

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Local District School Taxes Payable
For the Year Ended December 31, 2025

Increased by:		
Calendar Year Levy		\$ 47,000.00
Decreased by:		
Disbursements		<u>38,702.00</u>
Balance December 31, 2025		<u><u>\$ 8,298.00</u></u>

CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2025

Levy:		
County Tax	\$ 142,331.65	
County Library Tax	9,015.06	
County Open Space Tax	<u>5,216.00</u>	
		\$ 156,562.71
Decreased by:		
Disbursements		<u><u>\$ 156,562.71</u></u>

BOROUGH OF TAVISTOCK
CURRENT FUND
Statement of Reserve for Payroll Deductions Payable
For the Year Ended December 31, 2025

Balance December 31, 2024	\$ 2,539.19
Increased by:	
Receipts	<u>25,977.01</u>
	28,516.20
Decreased by:	
Disbursements	<u>25,951.06</u>
Balance December 31, 2025	<u><u>\$ 2,565.14</u></u>

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

BOROUGH OF TAVISTOCK
Schedule of Findings and Recommendations
For the Year Ended December 31, 2025

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None.

BOROUGH OF TAVISTOCK
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.

BOROUGH OF TAVISTOCK
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety</u>
Joseph Del Duca	Mayor	
Marc Rubino	Commissioner	
Elaine Damm	Commissioner	
Denise Moules	Borough Clerk/ Administrator / Chief Financial Officer	(1)
Kristy Emmett	Tax Collector / Tax Search Officer	(1)
Ron Breining	Tax Assessor	
Stuart Platt, Esq.	Solicitor	

(1) Surety bond coverage provided by the Camden County Municipal Joint Insurance Fund

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Borough officials during the course of the audit.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Jennifer L. Bertino.

Jennifer L. Bertino
Certified Public Accountant
Registered Municipal Accountant