BOROUGH OF TOTOWA

PASSAIC COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF TOTOWA

PASSAIC COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 21, 2026 on our consideration of the Borough of Totowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Totowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Totowa's internal control over financial reporting and compliance.

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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR000398

Fair Lawn, New Jersey
July 21, 2026

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

ASSETS	Reference	2025	2024
Cash and Cash Equivalents	A-4	$ 22,792,689	$ 22,627,691
Cash - Change Funds	A-6	920	920
Cash - Petty Cash Funds	A-7	150	150
Grants Receivable	A-13	239,910	379,026
		23,033,669	23,007,787
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-9	663,407	805,866
Tax Title Liens Receivable	A-10	-	66,389
Property Acquired for Taxes	A-11	948,900	72,900
Revenue Accounts Receivable	A-12	30,429	40,901
Due from Assessment Trust Fund	B-3	90	1,924
Due from Animal Control Fund	B-6	564	1,022
Due from Other Trust Fund	B-8	8,371	32,427
Due from Water Utility Operating Fund	D-12	170,000	68,107
Due from Public Assistance Fund	F-2	84	324
		1,821,845	1,089,860
		$ 24,855,514	$ 24,097,647

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

	Reference	2025	2024
LIABILITIES, RESERVES, AND FUND BALANCE			
Appropriation Reserves	A-3,A-14	$ 1,076,943	$ 921,685
Encumbrance Payable	A-15	475,427	383,053
Accounts Payable	A-16	139,232	96,138
Prepaid Taxes	A-17	554,860	420,096
Tax Overpayments	A-18	97	-
Sewer Fee Overpayments	A-19	44	203
Fees Payable	A-20	11,887	32,223
County Taxes Payable-Added Taxes	A-22	50,709	43,569
County Pilot Revenue Payable	A-23	29,373	19,801
Local District School Tax Payable	A-24	6,107,542	5,792,452
Regional High School Tax Payable	A-25	5,522,320	4,501,742
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-8	66,267	68,017
Due to General Capital Fund	C-5	1,077,702	2,860,077
Due to Swim Pool Utility Operating Fund	E-9	24,745	33,295
Reserve for Unappropriated Grants	A-26	65,017	35,162
Reserve for Appropriated Grants	A-27	399,561	365,742
Reserve for Tax Appeals Pending	A-28	1,683,334	2,007,441
Miscellaneous Reserves	A-29	22,408	43,621
		17,307,468	17,624,317
Reserve for Receivables	A	1,821,845	1,089,860
Fund Balance	A-1	5,726,201	5,383,470
		$ 24,855,514	$ 24,097,647

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	2025	2024
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	$ 3,380,000	$ 3,380,000
Miscellaneous Revenue Anticipated	A-2	3,777,592	3,918,538
Receipts from Delinquent Taxes	A-2	789,963	644,816
Receipts from Current Taxes	A-2	72,263,007	65,021,176
Non-Budget Revenue	A-2	1,094,493	1,041,668
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	713,578	629,398
Swim Pool Utility Fund - Prior Year			
Operating Deficit Funding Returned	E-9	32,529	13,466
Statutory Excess - Animal Control Fund	B-6	564	771
Interfunds Returned	A	103,804	8,336
Total Income		82,155,530	74,658,169
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	8,436,665	8,126,129
Other Expenses	A-3	9,443,335	8,842,268
Capital Improvements	A-3	1,248,715	1,543,873
Deferred Charges and Statutory Expenditures	A-3	2,478,069	2,560,391
County Taxes	A-21	23,058,422	20,575,587
Due County For Added and Omitted Taxes	A-22	50,709	43,569
Local District School Tax	A-24	18,190,794	17,560,612
Regional High School Tax	A-25	15,200,142	13,345,537
Refund of Prior Year Revenue	A-4	146,839	
Interfunds Advanced	A	179,109	103,804
Total Expenditures		78,432,799	72,701,770
Excess in Revenue		3,722,731	1,956,399
Fund Balance, January 1	A	5,383,470	6,807,071
		9,106,201	8,763,470
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	3,380,000	3,380,000
Fund Balance, December 31,	A	$ 5,726,201	$ 5,383,470

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	Anticipated Budget	Anticipated Added by N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 3,380,000	-	$ 3,380,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	10,000		11,488	$ 1,488
Other	A-2	28,000		40,323	12,323
Fees and Permits	A-2	90,000		65,653	(24,347)
Fines and Costs					
Municipal Court	A-12	140,000		159,271	19,271
Interest and Costs on Taxes	A-12	180,000		260,870	80,870
Energy Receipts Tax	A-12	1,319,766		1,319,766	-
Uniform Fire Safety Act - Fees and Permits	A-12	15,000		15,924	924
Uniform Construction Code Fees	A-12	520,000		901,561	381,561
Public and Private Revenues Offset					-
With Appropriations					-
Clean Communities	A-26	25,980		25,980	-
Safe and Secure Communities Program	A-13, A-26	45,150		45,150	-
Alcohol Education and Rehabilitation Fund	A-26	2,207		2,207	-
Opioid Settlement Program	A-29	36,118		36,118	-
Municipal Alliance On Alcoholism and Drug Abuse	A-13		$ 8,277	8,277	
Special Items of General Revenue					-
Borough of Woodland Park - Construction Code Off.	A-12	113,000		113,000	-
Uniform Fire Safety Act Rebate	A-12	20,000		33,994	13,994
Hotel/Motel Occupancy Tax	A-12	90,000		95,684	5,684
Sunset Ridge Sewer Fee	A-12	21,300		21,353	53
Pilot - Totowa Med Urban Renewal LLC	A-12	188,854		188,854	-
Cable TV Franchise Fee	A-12	140,000		140,486	486
Sewer User Fees	A-12	250,000	-	291,633	41,633
Total Miscellaneous Revenues	A-1	3,235,375	8,277	3,777,592	533,940
Receipts from Delinquent Taxes	A-1,A-9	725,000	-	789,963	64,963
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-9	$ 14,871,308		$ 16,359,961	$ 1,488,653
Minimum Library Tax	A-9	1,602,979	-	1,602,979	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	16,474,287	-	17,962,940	1,488,653
Budget Revenues	A-3	$ 23,814,662	$ 8,277	$ 25,910,495	$ 2,087,556
Non-Budget Revenues	A-1,A-2			1,094,493	
				$ 27,004,988	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference		
ANALYSIS OF REALIZED REVENUES			
Allocation of Current Tax Collections			
Revenue From Collections	A-9	$	72,763,007
Less: Reserve for Tax Appeals	A-28		500,000
Revenue Realized	A-1		72,263,007
Allocated to			
Local School, Regional High School and County Taxes	A-21,A-22,A-23,A-25		56,500,067
			15,762,940
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		2,200,000
Amount for Support of Municipal Budget Appropriations	A-2	$	17,962,940
Licenses - Other			
Borough Clerk	A-12	$	16,610
Board of Health/Registrar of Vital Statistics	A-12		23,713
	A-2	$	40,323
Fees and Permits			
Borough Clerk	A-12	$	2,715
Board of Health/Registrar of Vital Statistics	A-12		17,834
Planning Board	A-12		18,750
Zoning Board of Adjustment	A-12		4,590
Police	A-12		15,072
Road Opening Permits	A-12		6,692
	A-2	$	65,653

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	
ANALYSIS OF NON-BUDGET REVENUES		
Interest on Deposits		$ 596,766
Rent		376,288
Vacant Property Fees		1,000
Administrative Fee - Police Outside Duty		98,535
Accident Reports		4,604
Refunds and Reimbursements		14,485
Other		1,725
Administrative Fee - Sr. Citizens & Veterans Deductions		1,090
	A-1,A-2	$ 1,094,493
Cash Receipts	A-4	$ 891,746
Due from Assessment Trust Fund	B-3	205
Due from Animal Control Fund	B-6	61
Due from Other Trust Fund	B-8	184,814
Due from General Capital Fund	C-5	17,418
Due from Public Assistance Trust Fund	F-2	249
	A-1,A-2	$ 1,094,493

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Appropriations		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balances Canceled
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries & Wages	$ 31,600	$ 31,600	$ 31,234	$ 366	
Municipal Clerk					
Salaries & Wages	295,351	295,351	295,351	-	
Other Expenses	35,000	40,000	38,962	1,038	
Other Expenses-Codification of Ordinances	5,000	5,000	1,195	3,805	
Grant Professional - Other Expenses	43,200	43,200	43,200	-	
Elections					
Salaries & Wages	21,653	21,653	21,653	-	
Other Expenses	15,000	20,000	19,964	36	
Financial Administration					
Salaries & Wages	92,930	92,930	92,930	-	
Other Expenses	30,000	32,000	31,149	851	
Annual Audit	55,000	55,000	55,000	-	
Assessment of Taxes					
Salaries & Wages	114,464	114,464	114,464	-	
Other Expenses	55,000	55,000	27,537	27,463	
Other Expenses - Professional Fees	50,000	50,000	49,018	982	
Collection of Taxes					
Salaries & Wages	58,335	58,335	58,330	5	
Other Expenses	17,000	17,000	14,004	2,996	
Legal Services & Costs					
Salaries & Wages	69,091	69,091	69,091	-	
Other Expenses	65,000	65,000	46,912	18,088	
Engineering Services & Costs					
Other Expenses	45,000	45,000	7,130	37,870	
Municipal Housing Administration					
Salaries & Wages	11,068	11,068	11,068	-	
Other Expenses	1,000	1,000	-	1,000	
Floodplain Administration					
Salaries & Wages	6,640	6,640	6,640	-	
Other Expenses	1,000	1,000	-	1,000	
Municipal Land Use Law (NJS 40:55D-1)					
Planning Board					
Salaries & Wages	12,251	12,251	10,751	1,500	
Other Expenses	30,000	30,000	1,928	28,072	
Board of Adjustments					
Salaries & Wages	6,220	6,220	6,220	-	
Other Expenses	30,000	30,000	475	29,525	
Insurance					
Unemployment Compensation Insurance	16,000	16,000	16,000	-	
General Liability	242,537	242,537	172,035	70,502	
Workers Compensation	186,166	186,166	169,039	17,127	
Employee Group Health	1,679,600	1,679,600	1,677,628	1,972	

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

	Appropriations		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balances Canceled
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY					
Fire					
Salaries and Wages	$ 8,153	$ 8,153	$ 8,153		
Other Expenses	180,000	180,000	82,491	$ 97,509	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Fire Officials					
Salaries and Wages	139,151	139,151	139,151	-	
Other Expenses	5,000	5,000	3,554	1,446	
Police Dispatch/911					
Salaries and Wages	215,964	215,964	181,901	34,063	
Other Expenses	2,000	2,000	-	2,000	
Police					
Salaries & Wages	5,013,416	5,013,416	4,942,215	71,201	
Other Expenses	160,000	176,000	163,295	12,705	
Vehicle Purchases				-	
First Aid Squad					
Contribution	45,000	45,000	45,000	-	
Other Expenses	18,000	18,000	-	18,000	
Emergency Management Services					
Salaries and Wages	6,703	6,703	1,264	5,439	
Other Expenses	15,000	15,000	4,293	10,707	
Municipal Prosecutor					
Salaries and Wages	25,833	25,833	25,152	681	
Other Expenses	1,000	1,000	-	1,000	
PUBLIC WORKS					
Road Repairs and Maintenance					
Salaries and Wages	769,297	769,297	697,578	71,719	
Other Expenses	95,000	95,000	73,525	21,475	
Sewer System					
Salaries & Wages	432,830	432,830	425,874	6,956	
Other Expenses	150,000	150,000	107,606	42,394	
Shade Tree Commission					
Salaries & Wages	3,231	3,231	3,231	-	
Other Expenses	15,000	15,000	956	14,044	
Garbage and Trash Removal					
Contractual	567,200	567,200	567,200	-	
Public Buildings and Grounds					
Salaries and Wages	35,480	35,480	34,152	1,328	
Other Expenses	90,000	90,000	68,930	21,070	

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

	Appropriations		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balances Canceled
OPERATIONS - WITHIN "CAPS"					
PUBLIC WORKS (Continued)					
Vehicle Maintenance					
Salaries and Wages	$ 7,228	$ 7,228	$ 7,228		
Other Expenses	105,000	105,000	101,657	$ 3,343	
Recycling Program					
Salaries & Wages	27,802	27,802	27,802	-	
Other Expenses	230,000	232,000	231,755	245	
Solid Waste Transfer Fees	440,000	396,000	353,335	42,665	
Leaf/Grass Removal				-	
Other Expenses	260,000	260,000	248,892	11,108	
Condo Services Act					
Other Expenses	30,000	30,000	-	30,000	
HEALTH AND WELFARE					
Board of Health					
Salaries & Wages	65,429	65,429	63,034	2,395	
Other Expenses	73,000	73,000	69,669	3,331	
Animal Control					
Other Expenses	18,000	18,000	12,000	6,000	
RECREATION AND EDUCATION					
Parks and Playgrounds					
Salaries & Wages	169,315	169,315	165,242	4,073	
Other Expenses	100,000	100,000	72,561	27,439	
Senior Citizen Program					
Salaries and Wages	11,336	11,336	11,336	-	
Other Expenses	12,000	12,000	6,380	5,620	
Celebration of Public Events					
Other Expenses	15,000	15,000	8,900	6,100	
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	236,570	236,570	216,817	19,753	
Other Expenses	20,000	20,000	13,122	6,878	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	13,335	13,335	12,085	1,250	
Other Expenses	1,000	1,000	250	750	

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

	Appropriations		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balances Canceled
OPERATIONS - WITHIN "CAPS"					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	$ 400,749	$ 402,749	$ 402,387	$ 362	
Other Expenses	20,000	20,000	10,580	9,420	
UNCLASSIFIED AND BULK PURCHASES					
Utilities:					
Electricity and Natural Gas	260,000	260,000	252,942	7,058	
Street Lighting	160,000	172,000	171,063	937	
Gasoline	140,000	140,000	108,469	31,531	
Telephone	32,000	32,000	29,667	2,333	-
Total Operations Within "CAPS"	14,162,128	14,162,128	$ 13,261,602	900,526	-
Detail:					
Salaries & Wages	8,301,425	8,303,425	8,082,334	221,091	-
Other Expenses	5,860,703	5,858,703	5,179,268	679,435	-
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"					
Deferred Charges					
Anticipated Deficit in Swim Pool Operations	137,000	137,000	131,321	-	$ 5,679
Statutory Charges					
Public Employees Retirement System	447,317	447,317	402,893	44,424	
Social Security System (O.A.S.I.)	360,000	360,000	323,663	36,337	
Police and Fireman's Retirement System	1,528,669	1,528,669	1,528,669	-	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	2,472,986	2,472,986	2,386,546	80,761	5,679
Total General Appropriations for Municipal Purposes Within "CAPS"	16,635,114	16,635,114	15,648,148	981,287	5,679
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage - Contractual	1,736,535	1,736,535	1,736,535	-	
Wayne Township Sewer - Contractual	25,000	25,000	21,353	3,647	
Recycling Tax	15,000	15,000	11,799	3,201	
Maintenance of Free Public Library	1,602,979	1,602,979	1,602,979	-	-
Insurance					
Employee Group Health	79,327	79,327	79,327	-	
General Liability	28,299	28,299	28,299	-	-
Total Operations Excluded from "CAPS"	3,487,140	3,487,140	3,480,292	6,848	-

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Appropriations		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balances Canceled
OPERATIONS - EXCLUDED FROM "CAPS"					
INTERLOCAL MUNICPAL SERVICE AGREEMENTS					
Borough of Woodland Park					
Construction Code Official					
Salaries and Wages	$ 88,090	$ 88,090	$ 88,090		
Other Expenses	24,910	24,910	480	$ 24,430	-
Total Interlocal Municipal Service Agreements	113,000	113,000	88,570	24,430	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Safe and Secure Communities Program				-	
Police - Salaries and Wages	45,150	45,150	45,150	-	
Clean Communities Grant Program	25,980	25,980	-	25,980	
Alcohol Education and Rehabilitation Fund	2,207	2,207	-	2,207	
Municipal Alliance On Alcoholism and Drug Abuse		8,277	8,204	73	
Opioid Settlement Program	36,118	36,118	-	36,118	-
Total Public and Private Programs Offset by Revenues	109,455	117,732	53,354	64,378	-
Total Operations Excluded from "CAPS"	3,709,595	3,717,872	3,622,216	95,656	-
Detail:					
Salaries & Wages	133,240	133,240	133,240	-	-
Other Expenses	3,576,355	3,584,632	3,488,976	95,656	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	1,248,715	1,248,715	1,248,715	-	-
Total Capital Improvements - Excluded from "CAPS"	1,248,715	1,248,715	1,248,715	-	-

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Appropriations		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balances Canceled
OPERATIONS - EXCLUDED FROM "CAPS"					
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges - Unfunded Ord. No. 15-2018	$ 21,238	$ 21,238	$ 10,762	-	$ 10,476
Total Deferred Charges - Municipal Excluded from "CAPS"	21,238	21,238	10,762	-	10,476
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,979,548	4,987,825	4,881,693	$ 95,656	10,476
Subtotal General Appropriations	21,614,662	21,622,939	20,529,841	1,076,943	16,155
Reserve for Uncollected Taxes	2,200,000	2,200,000	2,200,000	-	-
Total General Appropriations	$ 23,814,662	$ 23,822,939	$ 22,729,841	$ 1,076,943	$ 16,155
Reference	A-2	A-3	A-1	A,A-1	
Budget as Adopted	A-3	$ 23,814,662			
Appropriations by 40A:4-87	A-2	8,277			
		$ 23,822,939			

Cash Disbursed	A-4	$ 18,647,616
Encumbrance Payable	A-15	475,427
Due to Other Trust Fund	B-8	16,000
Due to General Capital Fund	C-5	1,259,477
Due to Swim Pool Utility Operating Fund	E-9	131,321
Reserve for Uncollected Taxes	A-2	2,200,000
	A-3	$ 22,729,841

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

	Reference	2025	2024
ASSETS			
ASSESSMENT TRUST FUND			
Cash	B-1,B-2	$ 90	$ 5,642
		90	5,642
ANIMAL CONTROL FUND			
Cash	B-1	2,091	2,766
		2,091	2,766
OTHER TRUST FUND			
Cash and Cash Equivalents	B-1	7,441,928	6,382,808
Due from Swim Pool Utility Operating Fund	E-10	100	
Due from Water Utility Operating Fund	D-13	3,500	7,500
		7,445,528	6,390,308
		$ 7,447,709	$ 6,398,716

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2025 AND 2024
(Continued)

	Reference	2025	2024
LIABILITIES, RESERVES AND FUND BALANCE			
ASSESSMENT TRUST FUND			
Due to Current Fund	B-3	$ 90	$ 1,924
Due to General Capital Fund	C-6	-	3,718
		90	5,642
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-5	-	1
Due to Current Fund	B-6	564	1,022
Reserve for Animal Control Expenditures	B-4	1,527	1,743
		2,091	2,766
OTHER TRUST FUND			
Escrow Deposits Payable	B-7	1,515,806	1,572,837
Premium Received at Tax Sale	B-9	450,200	208,300
Payroll Deductions Payable	B-10	18,164	14,756
Due to Current Fund	B-8	8,371	32,427
Due to State - Unemployment Claims	B-11	231	-
Reserve for Unemployment Insurance	B-12	272,666	271,498
Miscellaneous Reserves and Deposits	B-13	5,180,090	4,290,490
		7,445,528	6,390,308
		$ 7,447,709	$ 6,398,716

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	2025	2024
ASSETS			
Cash and Cash Equivalents	C-2,C-3	$ 4,106,472	$ 2,634,804
Grants Receivable	C-4	3,316,540	4,096,169
Due from Current Fund	C-5	1,077,702	2,860,077
Due from Assessment Trust Fund	C-6	-	3,718
Deferred Charges to Future Taxation			
Unfunded	C-7	-	386,492
		$ 8,500,714	$ 9,981,260
LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrances Payable	C-8	$ 3,108,575	$ 2,185,294
Improvement Authorizations			
Funded	C-14	3,522,803	5,094,083
Unfunded	C-14	-	375,730
Capital Improvements Fund	C-9	639,194	919,519
Reserve for:			
Sewer Connection Charges	C-10	21,800	16,800
Capital Improvements and Acquisitions	C-11	1,042,183	1,042,183
Field Improvements	C-13	164,487	164,487
Land Sale Proceeds	C-12	850	850
Grants Receivable	C-4	-	181,492
Fund Balance	C-1	822	822
		$ 8,500,714	$ 9,981,260

There were Bonds and Notes Authorized But Not Issued on December 31, 2025 and 2024 of $0 and $386,492, respectively (See Exhibit C-15).

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

	Reference	2025	2024
Balance, January 1	C	$ 822	$ 822
Balance, December 31	C	$ 822	$ 822

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
ASSETS			
OPERATING FUND			
Cash and Cash Equivalents	D-5	$ 4,482,649	$ 4,366,262
Receivables With Full Reserves			
Consumer Accounts Receivable	D-8	531,420	623,285
Total Operating Fund		5,014,069	4,989,547
CAPITAL FUND			
Cash	D-5,D-7	260,249	204,514
Due from Water Utility Operating Fund	D-17	30,000	55,735
Fixed Capital	D-9	5,379,822	5,341,787
Fixed Capital Authorized and Uncompleted	D-10	994	994
Total Capital Fund		5,671,065	5,603,030
		$ 10,685,134	$ 10,592,577

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2025 AND 2024
(Continued)

	Reference	2025	2024
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-11	$ 47,400	$ 481,027
Encumbrances Payable	D-14	439,386	362,570
Accounts Payable	D-15	2,371	1,530
Water Rent Overpayments	D-16	13,671	4,709
Due to Current Fund	D-12	170,000	68,107
Due to Other Trust Fund	D-13	3,500	7,500
Due to Water Utility Capital Fund	D-17	30,000	55,735
		706,328	981,178
Reserve for Receivables	D	531,420	623,285
Fund Balance	D-1	3,776,321	3,385,084
Total Operating Fund		5,014,069	4,989,547
CAPITAL FUND			
Improvement Authorizations			
Funded	D-18	994	994
Capital Improvement Fund	D-19	251,175	221,175
Reserve for Amortization	D-20	5,379,822	5,341,787
Deferred Reserve for Amortization	D-21	994	994
Reserve for Water Tower Fees	D-22	14,219	14,219
Fund Balance	D-2	23,861	23,861
Total Capital Fund		5,671,065	5,603,030
		$ 10,685,134	$ 10,592,577

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

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-3	$ 400,000	$ 325,000
Water Usage Charges	D-3	3,605,736	3,438,417
Miscellaneous Fees	D-3	399,211	371,954
Interest on Delinquent Accounts	D-3	26,317	38,408
Interest on Investments	D-3	104,333	93,435
Non-Budget Revenues	D-3	8,841	30,125
Other Credits			
Appropriation Reserves Lapsed	D-11	375,569	649,922
Total Income		4,920,007	4,947,261
EXPENDITURES			
Operating	D-4	3,854,915	3,694,858
Capital Improvements	D-4	70,000	70,000
Deferred Charges and Statutory Expenditures	D-4	203,855	207,409
Total Expenditures		4,128,770	3,972,267
Excess in Revenues		791,237	974,994
Fund Balance, January 1,	D	3,385,084	2,735,090
		4,176,321	3,710,084
Decreased by:			
Utilized as Anticipated Revenue	D-1,D-3	400,000	325,000
Balance, December 31,	D	$ 3,776,321	$ 3,385,084

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	2025	2024
Balance, January 1,	D	$ 23,861	$ 1,961
Increased by:			
Funded Improvement Authorizations Cancelled	D-2	-	21,900
Balance, December 31,	D	$ 23,861	$ 23,861

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	Anticipated	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	$ 400,000	$ 400,000	
Water Usage Charges	D-1,D-8	3,308,770	3,605,736	$ 296,966
Miscellaneous Fees	D-1,D-3	350,000	399,211	49,211
Interest on Delinquent Accounts	D-1,D-6	20,000	26,317	6,317
Interest on Investments	D-1,D-5	50,000	104,333	54,333
Budget Revenues	D-4	$ 4,128,770	4,535,597	$ 406,827
Non-Budget Revenues	D-1, D-3		8,841	
			$ 4,544,438	

Analysis of Realized Revenue

Miscellaneous Fees		
Consumer Accounts Receivable		
Collected		
Sprinkler Fees		$ 348,347
Meters		41,373
Final Meter Readings		9,491
	D-3, D-8	$ 399,211

Analysis of Non-Budget Revenues

Service Line Charge		$ 8,386
Temporary Meters		455
	D-3, D-5	$ 8,841

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Appropriated		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
OPERATING				
Salaries and Wages	$ 815,231	$ 815,231	$ 810,185	$ 5,046
Other Expenses	3,041,354	3,039,684	2,999,295	40,389
Total Operating	3,856,585	3,854,915	3,809,480	45,435
CAPITAL IMPROVEMENTS				
Capital Improvement Fund	30,000	30,000	30,000	-
Capital Outlay	40,000	40,000	38,035	1,965
Total Capital Improvements	70,000	70,000	68,035	1,965
DEFERRED CHARGES AND STATUTORY				
Statutory Expenditures				
Contribution to				
Public Employees Retirement System	136,185	136,185	136,185	-
Social Security System (O.A.S.I.)	62,500	64,170	64,170	-
Unemployment Compensation Insurance (NJSA 43:21-3 et seq.)	3,500	3,500	3,500	-
Total Deferred Charges and Statutory Expenditures	202,185	203,855	203,855	-
	$ 4,128,770	$ 4,128,770	$ 4,081,370	$ 47,400
Reference	D-3	D-4	D-1	D, D-1

Cash Disbursed	D-5	$ 3,438,484
Encumbrances Payable	D-14	439,386
Due to Current Fund	D-12	170,000
Due to Other Trust Fund	D-13	3,500
Due to Water Utility Capital Fund	D-18	30,000
		$ 4,081,370

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIM POOL UTILITY FUND
AS OF DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
ASSETS			
OPERATING FUND			
Cash	E-5	$ 166	$ 584
Due from Current Fund	E-9	24,745	33,295
Due from Swim Pool Utility Capital Fund	E-12	-	3
Total Operating Fund		24,911	33,882
CAPITAL FUND			
Cash	E-5,E-6	192	195
Fixed Capital	E-7	627,709	596,002
Total Capital Fund		627,901	596,197
		$ 652,812	$ 630,079
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	E-4, E-8	$ 21,617	$ 31,170
Encumbrances Payable	E-11	2,585	2,103
Due to Other Trust Fund	E-10	100	-
		24,302	33,273
Fund Balance	E-1	609	609
Total Operating Fund		24,911	33,882
CAPITAL FUND			
Due to Swim Pool Utility Operating Fund	E-12	-	3
Reserve for Amortization	E-13	627,709	596,002
Fund Balance	E-2	192	192
Total Capital Fund		627,901	596,197
		$ 652,812	$ 630,079

There were no bonds and notes authorized but not issued on December 31, 2025 and 2024.

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SWIM POOL UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
REVENUE AND OTHER INCOME REALIZED			
Swimming Pool Fees	E-3	$ 73,692	$ 72,491
Miscellaneous Fees	E-3	17,450	15,859
Non-Budget Revenue	E-3	137	137
Total Income		91,279	88,487
EXPENDITURES			
Operating	E-4	196,000	188,000
Capital Improvements	E-4	17,000	17,000
Deferred Charges and Statutory Expenditures	E-4	9,600	31,697
Total Expenditures		222,600	236,697
Deficit in Revenue		(131,321)	(148,210)
Adjustments to Income Before Fund Balance Realized from General Budget for Anticipated Deficit	E-3	131,321	148,210
Statutory Excess to Fund Balance		-	-
Fund Balance, January 1	E	609	609
Fund Balance, December 31	E	$ 609	$ 609

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SWIM POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Reference	2025	2024
Fund Balance, January 1	E	$ 192	$ 192
Fund Balance, December 31	E	$ 192	$ 192

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
STATEMENT OF REVENUES - REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Reference	Anticipated	Realized	Excess or (Deficit)
Swim Pool Fees	E-1,E-3	$ 70,800	$ 73,692	$ 2,892
Miscellaneous Revenues	E-1,E-3	14,800	17,450	2,650
Deficit (General Budget)	E-1, E-9	137,000	131,321	(5,679)
Budget Revenues	E-4	$ 222,600	222,463	$ (137)
Non-Budget Revenues	E-1,E-3		137	
			$ 222,600	
Analysis of Swim Pool Fees				
Membership Fees			$ 61,865	
Guest Fees			11,827	
	E-3,E-5		$ 73,692	
Analysis of Miscellaneous Revenue				
Snack Bar Lease			$ 11,878	
Party Fees			2,775	
Swimming Lessons			2,010	
Movie Night			787	
	E-3,E-5		$ 17,450	
Analysis of Non-Budget Revenues				
Interest on Deposits				
Cash Receipts	E-5		133	
Due from Swim Pool Utility Capital Fund	E-12		4	
	E-3		$ 137	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

		Appropriated		Expended	
		Budget	Budget After Modification	Paid or Charged	Reserved
OPERATING					
Salaries and Wages		$ 116,000	$ 116,000	$ 115,044	$ 956
Other Expenses		80,000	80,000	70,513	9,487
Total Operating		196,000	196,000	185,557	10,443
CAPITAL IMPROVEMENTS					
Capital Outlay		17,000	17,000	6,707	10,293
Total Capital Improvements		17,000	17,000	6,707	10,293
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures					
Contribution to Social Security System (O.A.S.I.)		9,500	9,500	8,719	781
Unemployment Compensation Insurance (NJSA 43:21-3 et seq.)		100	100	-	100
Total Deferred Charges and Statutory Expenditures		9,600	9,600	8,719	881
		$ 222,600	$ 222,600	$ 200,983	$ 21,617
	Reference	E-3	E-4	E-1	E,E-1
Cash Disbursed	E-5			$ 198,398	
Encumbrances Payable	E-11			2,585	
				$ 200,983	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	Reference	2025	2024
ASSETS			
Cash	F-1	$ 11,340	$ 11,580
LIABILITIES AND RESERVES			
Due to Current Fund	F-2	84	324
Reserve for Public Assistance	F-3	11,256	11,256
Total Liabilities and Reserves		$ 11,340	$ 11,580

The Accompanying Notes are an Integral Part of these Financial Statements

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

	2025	2024
Land	$ 26,544,839	$ 26,544,839
Land Improvements	1,592,227	1,592,227
Buildings and Building Improvements	16,801,544	16,794,794
Machinery and Equipment	9,749,219	9,154,845
	$ 54,687,829	$ 54,086,705
Investment in Fixed Assets	$ 54,687,829	$ 54,086,705

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Totowa (the "Borough") was incorporated in 1898 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings, provides leadership in the development of community projects and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by State law. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, water supply and distribution and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

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

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

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

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Swim Pool Utility Fund - This fund is used to account for the revenues and expenditures for operation of the Borough's swimming and recreational facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the swim pool utility is accounted for in the capital section of the fund.

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

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the water and swim pool utility funds. The Borough's infrastructure is not reported in the account group.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

Utility Revenues/Receivables – Water utility charges are levied quarterly based upon a minimum service charge and if applicable, an excess consumption or usage charge. Swim pool utility charges are based on a flat fee by membership or service type (i.e. family, single, guest, etc.). Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water and swim pool utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. The Borough has elected not to implement GASB 101 "Compensated Absences" to determine its compensated absences liability. The Borough has reported compensated absences liability for only vested employees eligible for such payments. GAAP requires the liability to be determined for both vested and non-vested employees and that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the proprietary funds and government-wide financial statements.

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

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

Operating Deficits – Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Leases Receivable – Leases for the use of the Borough's land, building, and equipment or property are recorded as revenue when repayment is received during the year. GAAP requires non-cancellable leases receivable to be recorded at year-end with an offsetting deferred outflow of resources in both the fund and government-wide financial statements.

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Totowa has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of $2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 1996 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1996 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water and swim pool utility funds 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 Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund
Water Utility Capital Fund
Swim Pool Utility Capital Fund
Public Assistance Fund

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

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2025 the Borough Council increased the original budget by $8,277. The increase in 2025 was funded by additional aid allotted to the Borough. During 2024 the Borough did not increase the original budget, in addition, the governing body approved several budget transfers during 2025 and 2024.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to $250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At December 31, 2025 and 2024, the book value of the Borough's deposits were $36,537,586 and $33,722,616 and bank and brokerage firm balances of the Borough's deposits amounted to $37,890,406 and $34,257,553, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

	Bank Balance	
Depository Account	2025	2024
Insured	$ 35,846,061	$ 32,408,269
Uninsured and Collateralized	2,044,345	1,849,284
	$ 37,890,406	$ 34,257,553

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2025 and 2024, the Borough's bank balances of $2,044,345 and $1,849,284 were exposed to custodial credit risk as follows:

Depository Account	2025	2024
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	$ 2,044,345	$ 1,849,284

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

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

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

Investment Type:	Maturities	Valuation Basis	2025	2024
Non-Negotiable Certificates of Deposit	Less Than 1 Year	Book Value	$ 2,561,350	$ 2,515,300

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial credit risk. As of December 31, 2025 and 2024, none of the Borough's investments were exposed to custodial credit risk. The Board's investments are insured by FDIC and GUDPA.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

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

Investments are valued based on price data obtained from observed transactions and market price quotations provided by the respective financial institution. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2025 and 2024 are categorized as Level 2.

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2025 consisted of the following:

	Current	Water Utility	Total
2025			
Property Taxes	$ 663,407		$ 663,407
Water Utility Charges and Fees	-	$ 531,420	531,420
	$ 663,407	$ 531,420	$ 1,194,827

In 2025, the Borough collected $789,963 and $623,285 from delinquent taxes and utility charges and fees, which represented 91% and 100% of the delinquent tax and water charges receivable at December 31, 2024.

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

Receivables at December 31, 2024 consisted of the following:

2024			
Property Taxes	$ 805,866		$ 805,866
Tax Title Liens	66,389		66,389
Water Utility Charges and Fees	-	$ 623,285	623,285
	$ 872,255	$ 623,285	$ 1,495,540

In 2024, the Borough collected $644,816 and $593,713 from delinquent taxes and utility charges and fees, which represented 91% and 100% of the delinquent tax and water charges receivable at December 31, 2023.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	2025		2024	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	$ 179,109	$ 1,102,447	$ 103,804	$ 2,893,372
Trust Funds:				
Assessment Trust		90		5,642
Animal Control		564		1,022
Other Trust	3,600	8,371	7,500	32,427
General Capital Fund	1,077,702		2,863,795	
Water Utility Fund				
Operating		203,500		131,342
Capital	30,000		55,735	
Swim Pool Utility Fund				
Operating	24,745	100	33,298	
Capital				3
Public Assistance Trust Fund	-	84	-	324
Total	$ 1,315,156	$ 1,315,156	$ 3,064,132	$ 3,064,132

The above balances are the result of revenues earned or appropriations budgeted in one fund which are due to another fund and/or expenditures being paid by one fund on behalf of another.

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

NOTE 6 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral or credit to fund balance of not more than 50% of the annual school levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2025 and 2024 are as follows:

	Local District School		Regional District School	
	2025	**2024**	**2025**	**2024**
Balance of Tax	$ 9,132,808	$ 8,817,718	$ 7,615,329	$ 6,594,751
Deferred	3,025,266	3,025,266	2,093,009	2,093,009
Taxes Payable	$ 6,107,542	$ 5,792,452	$ 5,522,320	$ 4,501,742

NOTE 7 FUND BALANCES APPROPRIATED

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

	2025		2024	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 5,486,291	$ 3,550,000	$ 5,004,444	$ 3,380,000
Non-Cash Surplus	239,910	-	379,026	-
	$ 5,726,201	$ 3,550,000	$ 5,383,470	$ 3,380,000
Water Utility Operating Fund				
Cash Surplus	$ 3,776,321	$ 650,000	$ 3,385,084	$ 400,000
Non-Cash Surplus	-	-	-	-
	$ 3,776,321	$ 650,000	$ 3,385,084	$ 400,000
Swim Pool Utility Operating Fund				
Cash Surplus	$ 609		$ 609	
Non-Cash Surplus	-	-	-	-
	$ 609	$ -	$ 609	$ -

NOTE 8 FIXED ASSETS

A. General Fixed Assets

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

	Balance December 31, 2024	Additions	Retirements	Balance, December 31, 2025
2025				
Land	$ 26,544,839			$ 26,544,839
Land Improvements	1,592,227			1,592,227
Buildings and Building Improvements	16,794,794	$ 6,750		16,801,544
Machinery and Equipment	9,154,845	594,374	$ -	9,749,219
	$ 54,086,705	$ 601,124	$ -	$ 54,687,829

	Balance December 31, 2023	Additions	Retirements	Balance, December 31, 2024
2024				
Land	$ 26,544,839			$ 26,544,839
Land Improvements	1,592,227			1,592,227
Buildings and Building Improvements	16,794,794			16,794,794
Machinery and Equipment	8,503,537	$ 651,308	$ -	9,154,845
	$ 53,435,397	$ 651,308	$ -	$ 54,086,705

NOTE 8 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets

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

Water Utility Fund	Balance December 31, 2024	Increases	Decreases	Balance, December 31, 2025
2025				
Fixed Capital				
System and System Improvements	$ 5,135,427	$ 38,035		$ 5,173,462
Vehicles and Equipment	206,360	-	-	206,360
	$ 5,341,787	$ 38,035	$ -	$ 5,379,822

	Balance December 31, 2023	Increases	Decreases	Balance, December 31, 2024
2024				
Fixed Capital				
System and System Improvements	$ 4,949,902	$ 185,525		$ 5,135,427
Vehicles and Equipment	206,360	-	-	206,360
	$ 5,156,262	$ 185,525	$ -	$ 5,341,787

Swim Pool Utility Fund	Balance December 31, 2024	Increases	Decreases	Balance, December 31, 2025
2025				
Fixed Capital				
Facility and Facility Improvements	$ 596,002	$ 6,707	-	$ 602,709
Equipment	-	25,000	-	25,000
	$ 596,002	$ 31,707	$ -	$ 627,709

Swim Pool Utility Fund	Balance December 31, 2023	Increases	Decreases	Balance, December 31, 2024
2024				
Fixed Capital				
Facility and Facility Improvements	$ 596,002	$ -	$ -	$ 596,002
	$ 596,002	$ -	$ -	$ 596,002

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	2025	2024
Authorized But Not Issued		
General		
Bonds and Notes	$ -	$ 386,492
Total Authorized But Not Issued	$ -	$ 386,492

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .000% and .009% at December 31, 2025 and 2024, respectively.

	Gross Debt	Deductions	Net Debt
2025			
General Debt			$ -
School Debt			
Utility Debt	-	-	-
Total	$ -	$ -	$ -

	Gross Debt	Deductions	Net Debt
2024			
General Debt	$ 386,492		$ 386,492
School Debt			
Utility Debt	-	-	-
Total	$ 386,492	$ -	$ 386,492

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	2025	2024
3-1/2% of Equalized Valuation Basis (Municipal)	$ 159,281,487	$ 143,992,936
Net Debt	-	386,492
Remaining Borrowing Power	$ 159,281,487	$ 143,606,444

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

Capital Project/Purpose	Commitment	Estimated Date of Acquisition/ Completion
2025		
New Pumper Fire Truck	$760,938	2026
Various Sanitary Sewer Main Rehabilitation Projects	495,815	2026
PAL Field Lighting	217,509	2026
Various Road Improvements	511,569	2026
2024		
New Pumper Fire Truck	$760,938	2026
Various Road Improvements	321,718	2025
Various Sanitary Sewer Main Rehabilitation Projects	292,396	2025
William Place Sewer Pump Station Upgrade	106,370	2025

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate $836,847 and $664,981 at December 31, 2025 and 2024, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2025 and 2024, the Borough has reserved in the Other Trust Fund $590,930 and $590,930, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

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

2025	Balance, December 31, 2024	Additions	Reductions	Balance, December 31, 2025	Due Within One Year
Compensated Absences *	$ 664,981	$ 171,866		$ 836,847	
Net Pension Liability - PERS **(1)**	6,475,819			6,475,819	
Net Pension Liability - PFRS **(1)**	11,412,307	-	-	11,412,307	-
Total Other Long-Term Liabilities	$ 18,553,107	$ 171,866	$ -	$ 18,724,973	$ -

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

2024	Balance, December 31, 2023	Additions	Reductions	Balance, December 31, 2024	Due Within One Year
Compensated Absences *	$ 650,043	$ 14,938		$ 664,981	$ 50,000
Net Pension Liability - PERS	7,400,795		$ 924,976	6,475,819	
Net Pension Liability - PFRS	11,725,138	1,215,838	1,528,669	11,412,307	-
Total Other Long-Term Liabilities	$ 19,775,976	$ 1,230,776	$ 2,453,645	$ 18,553,107	$ 50,000

* The change in compensated absence liability is presented as a net change.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

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

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

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

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

Year Ended December 31	PFRS	PERS (1)	DCRP
2025	$ 1,528,669	$ 648,502	$ 11,098
2024	1,412,691	682,899	None
2023	1,323,652	670,550	None

(1) Includes Library portion of contribution for the year.

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

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

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

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

Public Employees Retirement System (PERS)

At December 31, 2024, the Borough reported a liability of $6,475,819 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Borough's proportionate share was 0.04766 percent, which was a decrease of 0.00344 percent from its proportionate share measured as of June 30, 2023 of 0.05110 percent.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2024, the pension system has determined the Borough's pension expense to be $39,980 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of $682,899. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 129,723	$ 17,240
Changes of Assumptions	8,045	73,680
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		300,266
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	222,289	711,830
Total	$ 360,057	$ 1,103,016

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

Year Ending December 31,	Total
2025	$ (349,140)
2026	102,139
2027	(325,697)
2028	(164,955)
2029	(5,306)
Thereafter	-
	$ (742,959)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Mortality Rates

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

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

2024	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	$ 8,604,771	$ 6,475,819	$ 4,664,092

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

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2024, the Borough reported a liability of $11,412,307 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Borough's proportionate share was 0.11051 percent, which was an increase of 0.00439 percent from its proportionate share measured as of June 30, 2023 of 0.10612 percent.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2024, the pension system has determined the Borough pension expense to be $609,884 for PFRS based on the actuarial valuations which is less than the actual contributions reported in the Borough's financial statements of $1,412,691. At December 31, 2024, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 718,966	$ 390,694
Changes of Assumptions	18,041	335,161
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		89,322
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	1,341,044	106,694
Total	$ 2,078,051	$ 921,871

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

Year Ending December 31,	Total
2025	(98,253)
2026	897,594
2027	96,678
2028	76,021
2029	169,292
Thereafter	14,848
	$ 1,156,180

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Mortality Rates

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Long-Term Expected Rate of Return

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

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

Discount Rate

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Sensitivity of Net Pension Liability

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

2024	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 16,305,648	$ 11,412,307	$ 7,337,227

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

Special Funding Situation – PFRS

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

At December 31, 2024, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is $2,249,912. For the year ended December 31, 2024, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is $258,834, which is the same as the actual contributions the State made on behalf of the Borough of $258,834. At December 31, 2024 (measurement date June 30, 2024) the State's share of the PFRS net pension liability attributable to the Borough was 0.11051 percent, which was an increase of 0.00439 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of .10612 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported in the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

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

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

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

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

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

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

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

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

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

Actuarial Methods and Assumptions

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough is not required to make contributions to the State Plan under a special funding situation. The State as a non-employer contributing entity makes contributions to the Plan on-behalf of the Borough under a special funding situation.

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

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

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

The non-employer special funding allocation percentages presented as the State's proportion share was based on eligible plan members subject to the special fund situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

At December 31, 2024, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is $11,151,229. For the year ended December 31, 2024 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is $1,080,366. At December 31, 2024, (measurement date June 30, 2024), the State's share of the OPEB liability attributable to the Borough was 0.22867 percent, which was a decrease of 0.01005 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of 0.23872 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Actuarial Assumptions

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

	2024
Salary Increases*	
PERS:	
Rate For All Future Years	2.75% to 6.55% Based on Years of Service
PFRS:	
Rate For All Future Years	3.25% to 16.25% Based on Years of Service

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Mortality Rates

Pre-retirement healthy mortality

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

Post-retirement healthy mortality

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

Disabled retiree mortality

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

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

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

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

Health Care Trends

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

Discount Rate

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

OPEB Plan Fiduciary Net Position

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

NOTE 14 RISK MANAGEMENT

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

The Borough of Totowa is a member of the New Jersey Intergovernmental Insurance Fund (NJIIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is a risk-sharing public entity pool. The NJIIF coverage amounts are on file with the Borough.

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

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

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

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

Year Ended December 31	Borough Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2025	$ 19,600	$ -	$ 1,635	$ 20,067	$ 272,666
2024	19,500	7,273	2,435	31,767	271,498
2023	19,500	7,061	2,118	13,388	274,057

NOTE 15 CONTINGENT LIABILITIES

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

Pending Litigation

Occidental Chemical Corp. v. Passaic Valley Sewerage Commission ("PVSC"), et al, (Civil Action).
Occidental Chemical Corporation has filed a federal lawsuit seeking contribution and cost recovery under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). The Borough of Totowa is a member municipality of PVSC and it is anticipated that the Borough of Totowa will be served with the lawsuit in the near future. This is similar to the lawsuit the Borough was involved in from 2005 to 2013 which alleged that various chemical companies polluted the Passaic River. Occidental is alleging that Totowa contributed to the contamination by discharging contaminants into the River. In the opinion of the Borough Attorney the potential exposure at this time is unknown.

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Litigation (Continued)

Estate of an Individual v. Borough of Totowa, et al., The Plaintiff's Estate alleges that on April 28, 2012, plaintiff was 10 years old and playing softball at the Totowa PAL Softball field when they fell to their knees near a wooden light pole located on the first base side of the field. According to the complaint, there were 2 metal conduit pipes running up the pole and that while getting up Plaintiff gripped the conduits receiving an electrical shock. It is alleged that Decedent suffered fractures to their arms, burns, long term neurological damage, anxiety, Dieter depression, emotional distress and various other mental complication which led to her death on September 14, 2021. Plaintiff Estate was seeking $2,000,000 in damages.

The case was settled in February of 2026 for $300,000 with the Borough responsible for $250,000 and PSE&G responsible for $50,000.

Individual vs. Borough of Totowa, (Tort Claim). This individual resides at a property in the Borough of Totowa. On September 1, 2021 and September 2, 2021, the individual alleges that they sustained damage to their home and property from flooding during Tropical Storm Ida. The individual claims the flooding was caused as a result of the Borough's failure to maintain a drainage swale on the adjoining property. The Tort Claim was denied by the Borough's insurance carrier on August 11, 2022. The individual is seeking $759,000 in damages.

Individuals vs. Borough of Totowa. The lawsuit alleges that the Plaintiffs have been the victims of repeated catastrophic flooding caused by the actions and inactions of the 3 defendants. There are 3 specific counts against the Borough of Totowa. The first claim alleges that Totowa violated the Plaintiffs equal protection rights under the 14th Amendment to the U.S. Constitution. This includes allegations that Totowa ignored the flooding at the property owned by Plaintiffs, failed to investigate the municipal stormwater management system, failed to address or alleviate the flooding on their street and offered aid to their neighbors but not to them.

The second claim is for negligence alleging that the Borough of Totowa knew or should have known the stormwater management system was inadequate to prevent flooding on their property. This count includes the allegation that Totowa breached its duty by failing to design, maintain or enforce a functioning stormwater management plan. Claims 1 and 2 also allege that Totowa approved unrestricted development around their property. The last claim against the Borough of Totowa alleges an unlawful taking of their property without just compensation.

A Tort Claim was previously filed on behalf of the Plaintiffs and was turned over to the Borough's insurance carrier. The Tort Claim was denied by the carrier on August 11, 2022. A copy of the lawsuit has been forwarded to the Borough's insurance carriers, who will review same and make a determination of coverage.

Estate of an Individual vs Borough of Totowa (Tort Claim). The Tort Claim stems from an incident which occurred on September 20, 2023. The Notice alleges that on that date, a Totowa Police Officer began a pursuit of an individual who was driving a motorized scooter. The claimants allege that the Officer pursued the individual from Totowa into Paterson causing him to crash into a vehicle at an intersection in Paterson. The crash caused the individual and a passenger to be ejected from the scooter with the individual suffering fatal injuries.

A copy of the Tort Claim was forwarded to the Borough's insurance carrier to review and make a determination of coverage. As of the date of audit a lawsuit has not been filed.

Individuals vs Borough of Totowa (Tort Claim). A second Notice of Tort Claim has been filed with the Borough of Totowa in connection with the death of an individual on September 20, 2023.

The claim alleges that on September 20th, a Totowa Police Officer began a pursuit of an individual who was driving a motorcycle/moped. The claimant alleges that the Officer pursued this individual from Totowa into Paterson causing him to crash into a vehicle at an intersection in Paterson. The passenger on the moped alleges that he sustained significant bodily injuries when he was ejected from the moped. The passenger also names the Borough of Woodland Park and City of Paterson Police Departments in his Tort Claim as being responsible for his injuries. The passenger states that as a result of the accident, he has sustained psychological injuries as well as orthopedic and neurological injuries to his pelvis, feet and lower back which are permanent in nature. The amount of damages being sought is $10,000,000.

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2025 and 2024. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2025 and 2024, the Borough reserved $1,683,334 and $2,007,441, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. The Borough had no debt outstanding at December 31, 2025 and 2024, and therefore had no estimated arbitrage earnings due to the IRS.

NOTE 17 LEASES RECEIVABLE

The Borough entered into non-cancellable leases for the use of Borough owned land, building and equipment. The initial lease receivable is determined at the present value of payments expected to be received during the lease term.

Leases receivable at December 31 are comprised of the following:

On March 1, 2012 the Borough began leasing real property to a third party. The initial lease was for 5 years and the lease renews for 3 additional 5 year terms upon notification by the leasee to the Borough of its intension to renew the lease no less than 6 months prior to expiration. The Borough will receive annual payments of $109,106 to $17,821. The Borough recognized $100,620 and $88,131 in lease revenue for 2025 and 2024, respectively, which includes interest earning of $6,021 and $8,478, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings, is $128,534 and $223,133, respectively, for the lease term ending February 28, 2027.

On April 1, 2012 the Borough began leasing real property to a third party. The initial lease was for 5 years and the lease renews for 3 additional 5 year terms upon notification by the leasee to the Borough of it's intension to renew the lease no less than 6 months prior to expiration. The Borough will receive annual payments of $157,291 to $39,797. The Borough recognized $149,801 and $142,668 in lease revenue for 2025 and 2024, respectively, which includes interest earnings of $9,295 and $12,928, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings, is $191,451 and $331,957, respectively, for the lease term ending March 31, 2027.

NOTE 17 LEASES RECEIVABLE (Continued)

On October 1, 2014 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years and the lease renews for 3 additional 5 year terms unless the leasee notifies the Borough it's intension not to renew the lease at least 6 months prior to expiration. On October 1, 2024 the lease renewed for a five year period ending September 30, 2029. The Borough will receive annual payments of $143,191 to $111,371. The Borough recognized $123,694 and $117,804 in lease revenue for 2025 and 2024, respectively, which includes interest earning of $26,465 and $8,215, respectively. As of December 31, 2025 and 2024 the Borough's receivable for lease payments, exclusive of future interest earnings, is $467,050 and $564,279, respectively, for the lease term ending September 30, 2029.

The future lease revenue payments as of December 31, 2025 were as follows:

Calendar Year	Principal	Interest	Total
2026	$ 371,104	$ 30,627	$ 401,731
2027	176,387	17,603	193,990
2028	131,957	11,235	143,192
2029	107,587	3,784	111,371
Total	$ 787,035	$ 63,249	$ 850,284

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF TOTOWA
STATEMENT OF CURRENT CASH - TREASURER

Balance, December 31, 2024		$ 22,627,691
Increased by Receipts:		
Tax Collector	$ 73,931,240	
Non-Budget Revenue	891,746	
Revenue Accounts Receivable	3,398,787	
Grants Receivable	14,331	
NJ Senior Citizens' and Veterans' Deductions	54,500	
Sewer Fee Overpayments	44	
Fees Payable	63,468	
County PILOT Revenue Payable	9,572	
Reserve for Unappropriated Grants	62,877	
Miscellaneous Reserves	14,905	
Received from Assessment Trust Fund	2,039	
Received from Animal Control Fund	1,083	
Received from Other Trust Fund	224,870	
Received from General Capital Fund	877,244	
Received for Water Utility Operating Fund	178,511	
Received from Public Assistance Trust Fund	489	
		79,725,706
		102,353,397
Decreased by Disbursements:		
2025 Budget Appropriations	18,647,616	
2024 Appropriation Reserves	25,793	
Encumbrances Payable	383,053	
Fees Payable	83,804	
Accounts Payable	700	
Refund of Tax Overpayments	38,789	
Reserve for Appropriated Grants	104,701	
Reserve for Tax Appeals	824,107	
County Taxes Payable	23,058,422	
Added County Taxes Payable	43,569	
Local District School Tax	17,875,704	
Regional High School Tax	14,179,564	
Payments made for Other Trust Fund	32,000	
Payments made to General Capital Fund	3,728,301	
Payments made to Swim Utility Operating Fund	107,342	
Payments made to Water Utility Operating Fund	110,404	
Payments made for Water Utility Operating Fund	170,000	
Refund of Prior Year Revenue	146,839	
		79,560,708
Balance, December 31, 2025		$ 22,792,689

EXHIBIT A-5

BOROUGH OF TOTOWA
STATEMENT OF CASH - TAX COLLECTOR

Received:		
Taxes Receivable	$ 73,076,624	
Tax Overpayments	38,886	
Interest and Cost on Taxes	260,870	
Prepaid Taxes	554,860	
		$ 73,931,240
Decreased by:		
Payments to Treasurer		$ 73,931,240

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

Title	Balance, December 31, 2024	Balance, December 31, 2025
Tax Collector	$ 300	$ 300
Treasurer - Deputy Tax Collector	50	50
Court Clerk	370	370
Building Department	200	200
	$ 920	$ 920

EXHIBIT A-7

STATEMENT OF PETTY CASH FUNDS

Office	Balance, December 31, 2024	Balance, December 31, 2025
Borough Clerk	$ 150	$ 150

BOROUGH OF TOTOWA
STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Balance, December 31, 2024		$ 68,017
Increased by:		
Received in Cash from the State		54,500
		122,517
Decreased by:		
Senior Citizens' and Veterans' Deductions Allowed Per Tax Billings	$ 54,500	
Senior Citizens' and Veterans' Deductions Allowed by the Tax Collector - Current Year	1,750	
		56,250
Balance, December 31, 2025		$ 66,267

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

Year	Balance, December 31, 2024	2025 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collections 2024	Collections 2025	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2025
2018	$ 2,178								$ 2,178
2019	2,182								2,182
2020	2,214								2,214
2021	2,175								2,175
2022	2,227								2,227
2023	3,369				$ 1,000				2,369
2024	791,521	-	-	-	788,963	-	$ 66	$ -	2,492
	805,866	-	-	-	789,963	-	66	-	15,837
2025	-	$ 73,665,674	$ -	$ 420,096	72,286,661	$ 56,250	243,223	$ 11,874	647,570
	$ 805,866	$ 73,665,674	$ -	$ 420,096	$ 73,076,624	$ 56,250	$ 243,289	$ 11,874	$ 663,407

	Analysis of 2025 Property Tax Levy		
Tax Yield			
General Purpose Tax		$ 72,935,784	
Added Taxes (RS 54:4-36.1 et seq.)		160,534	
Added Taxes - Reverse Tax Appeals		569,356	
			$ 73,665,674
Tax Levy			
Regional High School Taxes		$ 15,200,142	
Local District School Taxes		18,190,794	
County Taxes			
County Tax	$ 22,579,747		
Open Space Tax	478,675		
Due County for Added Tax	50,709		
		23,109,131	
Local Tax for Municipal Purposes	14,871,308		
Minimum Library Tax	1,602,979		
Add: Additional Tax Levied	691,320		
		17,165,607	
			$ 73,665,674

EXHIBIT A-10

BOROUGH OF TOTOWA
STATEMENT OF TAX TITLE LIENS

Balance, December 31, 2024	$ 66,389
Increased by:	
Transfers from Taxes Receivable	11,874
	78,263
Decreased by:	
Transferred to Foreclosed Properties	78,263

EXHIBIT A-11

STATEMENT OF PROPERTY ACQUIRED FOR TAXES - AT ASSESSED VALUATIONS

Balance, December 31, 2024		$ 72,900
Increased by:		
Transfer from Taxes Title Liens	$ 78,263	
Adjustment to Assessed Valuation	797,737	
		$ 876,000
Balance, December 31, 2025		$ 948,900

Analysis of Balance

Block	Lot	Amount
41	8	$ 5,500
112	65	3,300
115	26	600
122	6	5,000
122	8	6,600
123	5	7,800
125	8	5,100
171A	5	28,500
172	1	5,000
182	17	5,500
75	23	345,300
75	24	263,400
75	27	267,300
		$ 948,900

BOROUGH OF TOTOWA
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, 2024	Accrued In 2025	Collected by Treasurer	Collected by Tax Collector	Balance, December 31, 2025
Borough Clerk					
Licenses					
Alcoholic Beverages		$ 11,488	$ 11,488		
Other		16,610	16,610		
Fees and Permits		2,715	2,715		
Tax Collector					
Interest and Costs on Taxes	$ 27,138	250,054		$ 260,870	$ 16,322
Board of Health/Registrar of Vital Statistics					
Licenses		23,713	23,713		
Fees and Permits		17,834	17,834		
Planning Board					
Fees and Permits		18,750	18,750		
Zoning Board of Adjustments					
Fees and Permits		4,590	4,590		
Building Department					
Uniform Construction Code Fees		901,561	901,561		
Police Department					
Fees and Permits		15,072	15,072		
Road Opening Permits - Fees and Permits		6,692	6,692		
Municipal Court					
Fines and Costs	11,919	161,444	159,271		14,092
Energy Receipts Tax		1,319,766	1,319,766		
Fire Inspection Official					
Uniform Fire Safety Act Fees		15,924	15,924		
Uniform Fire Safety Act Rebate		33,994	33,994		
Sewer User Fees	1,844	289,804	291,633		15
Sunset Ridge Sewer Fee		21,353	21,353		
Cable Television Franchise Fee		140,486	140,486		
Borough of Woodland Park -					
Construction Code Official		113,000	113,000		
Pilot - Totowa Med Urban Renewal LLC		188,854	188,854		-
Hotel/Motel Tax	-	95,684	95,684	-	-
	$ 40,901	$ 3,649,388	$ 3,398,990	$ 260,870	$ 30,429
Cash Receipts			$ 3,398,787	$ 260,870	
Sewer Overpayment Applied			203	-	
			$ 3,398,990	$ 260,870	

BOROUGH OF TOTOWA
STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2024	Awards Accrued	Received	Balance, December 31, 2025
Municipal Alliance Program	$ 54,143	$ 8,277		$ 62,420
Body Worn Camera Grant	24,456			24,456
Recycling Tonnage Grant	-			-
NJ Department of Transportation	36,262			36,262
NJ Stewardship Grant - State Forestry	101			101
NJ DOT Highway Safety	2,894			2,894
NJ DOT Road Improvement Program	231,170		$ 173,377	57,793
Spotted Lanternfly Prevention Program	20,000			20,000
Stormwater Assistance Grant	10,000			10,000
Safe and Secure Communities Program	-	40,315	14,331	25,984
	$ 379,026	$ 48,592	$ 187,708	$ 239,910

Cash Receipts	$ 14,331
Due from General Capital Fund	173,377
	$ 187,708

BOROUGH OF TOTOWA
STATEMENT OF 2024 APPROPRIATION RESERVES

	December 31, 2024	After Modification	Expended	Balance Lapsed
SALARIES AND WAGES				
Municipal Clerk	$ 17	$ 17		$ 17
Collection of Taxes	5	5		5
Planning Board	1,500	1,500		1,500
Police Dispatch/911	13,866	13,866		13,866
Police	37,581	37,581		37,581
Emergency Management Services	22	22		22
Municipal Prosecutor	1,400	1,400		1,400
Road Repairs and Maintenance	66,389	66,389		66,389
Sewer System	71	71		71
Public Buildings and Grounds	7,200	7,200		7,200
Board of Health	1,736	1,736		1,736
Parks and Playgrounds	16,646	16,646		16,646
Senior Citizen Program	1	1		1
Municipal Court	1,992	1,992		1,992
Public Defender	750	750		750
Construction Code Official	968	968	-	968
	150,144	150,144	-	150,144
OTHER EXPENSES				
Municipal Clerk	14,806	14,806	$ 114	14,692
Elections	1,707	1,707	-	1,707
Financial Administration	-	80	49	31
Assessment of Taxes	30,306	30,306	-	30,306
Collection of Taxes	678	698	29	669
Legal Services and Costs	839	2,839	1,147	1,692
Engineering Services & Costs	22,256	22,256	4,590	17,666
Municipal Housing Administration	1,000	1,000	-	1,000
Floodplain Administration	1,000	1,000	-	1,000
Planning Board	18,744	18,744	17	18,727
Board of Adjustment	19,201	19,201	17	19,184
Insurance				
General Liability	3,388	3,388	-	3,388
Employee Group Health	78,778	78,778	(99,600)	178,378
Fire	77,397	95,397	90,666	4,731
Uniform Fire Code	749	749	-	749
Police Dispatch/911	1,574	1,574	-	1,574
Police	16,351	21,351	8,613	12,738
First Aid Squad	17,000	17,500	17,267	233
Emergency Management Services	936	936	-	936
Municipal Prosecutor	1,425	1,425	-	1,425
Road Repairs and Maintenance	10,894	10,894	966	9,928
Sewer System	48,126	38,126	2,916	35,210

BOROUGH OF TOTOWA
STATEMENT OF 2024 APPROPRIATION RESERVES

	December 31, 2024	After Modification	Expended	Balance Lapsed
OTHER EXPENSES: (Continued)				
Shade Tree Commission	$ 10,132	$ 10,132	$ -	$ 10,132
Public Buildings and Grounds	-	14,400	12,691	1,709
Vehicle Maintenance	12,693	12,693	308	12,385
Recycling Program	925	925	-	925
Leaf Grass Removal	14,219	14,219		14,219
Leaf Grass Removal oe	28,724	28,724		28,724
Condo Services Act	29,000	29,000	28,875	125
Board of Health	4,737	4,737	96	4,641
Parks and Playgrounds	30,365	30,365	33	30,332
Senior Citizen Program	996	996	-	996
Celebration of Public Events	5,778	5,778	-	5,778
Municipal Court	8,221	8,221	-	8,221
Public Defender	1,000	1,000	-	1,000
Construction Code Official	6,950	6,950	252	6,698
Utilities		-		-
Electricity and Natural Gas	626	626	541	85
Street Lighting	885	885	-	885
Gasoline	35,703	5,703	-	5,703
Telephone	64	64	-	64
Public Employees Retirement System	42,394	42,394	-	42,394
Social Security System (O.A.S.I.)	25,492	25,492	-	25,492
Wayne Township Sewerage - Contractual	3,638	3,638	-	3,638
Recycling Tax	982	982	-	982
Maintenance of Free Public Library	1	1	-	1
Borough of Woodland Park - Construction Code Officials	2,341	2,341	-	2,341
Drug and Alcohol Municipal Alliance	2,975	2,975	2,975	-
Lead Grant Assistance Program	20,600	20,600	20,600	-
Stormwater Assistance Grant	25,000	25,000	25,000	-
Clean Communities Grant Program	22,873	22,873	22,873	-
Alcohol Education and Rehabilitation Fund	2,596	2,596	2,596	-
Recycling Tonnage Grant	25,889	25,889	25,889	-
Spotted Lanternfly Prevention Grant	20,000	20,000	20,000	-
Opioid Settlement Program	18,587	18,587	18,587	-
	771,541	771,541	208,107	563,434
	$ 921,685	$ 921,685	$ 208,107	$ 713,578

Cash Disbursed	$ 25,793
Transferred to:	
Accounts Payable	43,794
Reserve for Appropriated Grants	138,520
	$ 208,107

EXHIBIT A-15

BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2024	$ 383,053
Increased by:	
Charges to 2025 Budget Appropriations	475,427
	858,480
Decreased by:	
Payments	383,053
Balance, December 31, 2025	$ 475,427

EXHIBIT A-16

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2024	$ 96,138
Increased by:	
Charged to 2024 Appropriation Reserves	43,794
	139,932
Decreased by:	
Payments	700
Balance, December 31, 2025	$ 139,232

EXHIBIT A-17

BOROUGH OF TOTOWA
STATEMENT OF PREPAID TAXES

Balance, December 31, 2024	$ 420,096
Increased by:	
Collection of 2025 Taxes	554,860
	974,956
Decreased by:	
Application to 2024 Taxes Receivable	420,096
Balance, December 31, 2025	$ 554,860

EXHIBIT A-18

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2024	$ -
Increased by:	
Overpayments in 2025	38,886
	38,886
Decreased by:	
Refunds	38,789
Balance, December 31, 2025	$ 97

EXHIBIT A-19

STATEMENT OF SEWER FEE OVERPAYMENTS

Balance, December 31, 2024	$ 203
Increased by:	
Overpayments in 2025	44
	247
Decreased by:	
Applied to 2025 Revenue Accounts Receivable	203
Balance, December 31, 2025	$ 44

EXHIBIT A-20

BOROUGH OF TOTOWA
STATEMENT OF FEES PAYABLE

	Balance, December 31, 2024	Received	Disbursed	Balance, December 31, 2025
Due to State				
Construction Code Training Fees	$ 30,632	$ 61,293	$ 81,296	$ 10,629
Elevator Inspection Fees	228		258	(30)
Marriage License Fees	1,363	2,175	2,250	1,288
	$ 32,223	$ 63,468	$ 83,804	$ 11,887

EXHIBIT A-21

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2025 Levy		
General County	$ 22,579,747	
County Open Space Preservation	478,675	
		$ 23,058,422
Decreased by:		
Payments		$ 23,058,422

EXHIBIT A-22

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2024	$ 43,569
Increased by:	
County Share of 2025	
Added Tax Levy (RS 54:4-63.1 et seq.)	50,709
	94,278
Decreased by:	
Payments	43,569
Balance, December 31, 2025	$ 50,709

EXHIBIT A-23

BOROUGH OF TOTOWA
STATEMENT OF COUNTY PILOT REVENUE PAYABLE

Balance, December 31, 2024	$ 19,801
Increased by:	
County Share of 2025 Pilot Revenue	9,572
Balance, December 31, 2025	$ 29,373

EXHIBIT A-24

STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2024		
School Tax Payable	$ 5,792,452	
School Tax Deferred	3,025,266	
		$ 8,817,718
Increased by:		
Levy - School Year July 1, 2025 to June 30, 2026		18,190,794
		27,008,512
Decreased by:		
Payments		17,875,704
Balance, December 31, 2025		
School Tax Payable	6,107,542	
School Tax Deferred	3,025,266	
		$ 9,132,808

Analysis of Amount Charged to Operations

2025 Liability for Local District School Tax	
Tax Paid	$ 17,875,704
Tax Payable at December 31, 2025	6,107,542
	23,983,246
Less: Tax Payable at December 31, 2024	5,792,452
Amount Charged to 2025 Operations	$ 18,190,794

BOROUGH OF TOTOWA
STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE

Balance, December 31, 2024		
School Tax Payable	$ 4,501,742	
School Tax Deferred	2,093,009	
		$ 6,594,751
Increased by:		
Levy - School Year July 1, 2025 to June 30, 2026		15,200,142
		21,794,893
Decreased by:		
Payments		14,179,564
Balance, December 31, 2025		
School Tax Payable	5,522,320	
School Tax Deferred	2,093,009	
		$ 7,615,329

Analysis of Amount Charged to Operations

2025 Liability for Regional High School Tax	
Tax Paid	$ 14,179,564
Tax Payable at December 31, 2025	5,522,320
	19,701,884
Less: Tax Payable at December 31, 2024	4,501,742
Amount Charged to 2025 Operations	$ 15,200,142

EXHIBIT A-26

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS

	Balance, December 31, 2024	Received	Anticipated in 2025 Budget	Balance, December 31, 2024
Clean Communities Program	$ 25,980	$ 25,767	$ 25,980	$ 25,767
Safe and Secure Communities Program	4,835		4,835	-
Alcohol Ed & Rehabilitation Fund	2,207	722	2,207	722
Body Armor Grant	1,265	2,380		3,645
Passaic County Historic Grant	875	-	-	875
Recycling Tonnage Grant	-	34,008	-	34,008
	$ 35,162	$ 62,877	$ 33,022	$ 65,017

EXHIBIT A-27

STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance, December 31, 2024	Transferred From 2025 Appropriation Reserves	Expended	Balance, December 31, 2025
Clean Communities Program	$ 59,811	$ 22,873	$ 6,953	$ 75,731
Alcohol Ed & Rehabilitation Fund	1,586	2,596		4,182
Body Armor Replacement Fund	1,512			1,512
Drunk Driving Enforcement Fund	136			136
FEMA - Firefighters Equipment - Local	4,608			4,608
FEMA - Firefighters Equipment - Federal	3,543			3,543
Soldiveri - Recreation	409			409
Drug and Alcohol Municipal Alliance	47,675	2,975		50,650
Safe Corridors - Federal	26,770			26,770
NJ DOT Highway Safety	2,894			2,894
Recycling Tonnage Grant	112,816	25,889	97,748	40,957
Fire Prevention - FM Global	1,261			1,261
State Forestry Grant - Federal	2,125			2,125
Body Worn Camera	836			836
Distracted Driver Grant	7,200			7,200
MJUCF State Forestry	101			101
ARP Firefighter Grant - Acquisition of Equipment	29,000			29,000
NJDOT Road Improvement Project - State Share	63,459			63,459
Lead Grant Assistance Program		20,600		20,600
Stormwater Assistance Grant		25,000		25,000
Spotted Lanternfly Prevention Grant		20,000		20,000
Opioid Settlement Program	-	18,587	-	18,587
	$ 365,742	$ 138,520	$ 104,701	$ 399,561

EXHIBIT A-28

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR TAX APPEALS PENDING

Balance, December 31, 2024		$ 2,007,441
Increased by:		
Transfer from Current Year Tax Collections		500,000
		2,507,441
Decreased by:		
Tax Appeal Refunds		824,107
Balance, December 31, 2025		$ 1,683,334

EXHIBIT A-29

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, 2024	Cash Receipts	Anticipated in 2025 Budget	Balance, December 31, 2025
Codification of Ordinances	$ 7,503			$ 7,503
National Opioid Settlement	36,118	$ 14,905	36,118	14,905
	$ 43,621	$ 14,905	$ 36,118	$ 22,408

TRUST FUND

BOROUGH OF TOTOWA
STATEMENT OF CASH - TREASURER

	Assessments		Animal Control		Other	
Balance, December 31, 2024		$ 5,642		$ 2,766		$ 6,382,808
Increased by:						
Interest on Deposits	$ 115		$ 61		$ 79,202	
Miscellaneous Fees	90					
Miscellaneous Reserves					1,784,719	
Received from Current Fund					32,000	
Received for Current Fund					107,247	
Received from Water Utility Operating Fund					7,500	
Escrow Deposits					441,577	
Premiums Received from Tax Sale					302,900	
Dog License Fees Collected			789			
Due State of NJ - Dog Registration Fees			218			
Net Pay and Payroll Deduction Deposits	-		-		10,745,485	
		205		1,068		13,500,630
		5,847		3,834		19,883,438
Decreased by Disbursements:						
Due State of NJ - Dog Registration Fees			219			
Reserve for Animal Control Expenditures			441			
Miscellaneous Reserves					895,119	
Due to State - Unemployment Claims					19,836	
Escrow Deposits Payable					498,608	
Tax Sale Premiums Refunded					61,000	
Payments made to Current Fund	2,039		1,083		224,870	
Payments made to General Capital Fund	3,718					
Payroll Disbursements	-		-		10,742,077	
		5,757		1,743		12,441,510
Balance , December 31, 2025		$ 90		$ 2,091		$ 7,441,928

EXHIBIT B-2

BOROUGH OF TOTOWA
ANALYSIS OF ASSESSMENT CASH

	Balance December 31, 2025
Due to Current Fund	$ 90
	$ 90

EXHIBIT B-3

STATEMENT OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND

Balance, December 31, 2024		$ 1,924
Increased by:		
Interest Earnings	$ 115	
Miscellaneous Fees	90	
		205
		2,129
Decreased by:		
Payments Made to Current Fund		2,039
Balance, December 31, 2025		$ 90

EXHIBIT B-4

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

Balance, December 31, 2024		$ 1,743
Increased by:		
Dog License Fees Collected		789
		2,532
Decreased by:		
Disbursements for Expenditures Under R.S. 4: 19~ 15.11	$ 441	
Statutory Excess Due Current Fund	564	
		1,005
Balance, December 31, 2025		$ 1,527

License Fees Collected	
2023	$ 805
2024	722
	$ 1,527

EXHIBIT B-5

STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND

Balance, December 31, 2024	$ 1
Increased by;	
Dog License Registration Fees Collected	218
	219
Decreased by:	
Payments	$ 219

EXHIBIT B-6

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2024		$ 1,022
Increased by:		
Interest Earnings	$ 61	
Statutory Excess in Reserve for Animal Control Expenditures	564	
		625
		1,647
Decreased by:		
Payments to Current Fund		1,083
Balance, December 31, 2025		$ 564

EXHIBIT B-7

BOROUGH OF TOTOWA
STATEMENT OF ESCROW DEPOSITS PAYABLE
OTHER TRUST FUND

Balance, December 31, 2024		$ 1,572,837
Increased by:		
Cash Receipts		441,577
		2,014,414
Decreased by:		
Cash Disbursements		498,608
Balance, December 31, 2025		$ 1,515,806

EXHIBIT B-8

STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2024		$ 32,427
Increased by:		
Interest on Deposits	$ 77,567	
Receipts for Current Fund - Non Budget Revenues	107,247	
Receipts from Current Fund	32,000	
		216,814
		249,241
Decreased by:		
Payments to Current Fund	224,870	
2025 Budget Appropriation - Unemployment Compensation Insurance	16,000	
		240,870
Balance, December 31, 2025		$ 8,371

EXHIBIT B-9

BOROUGH OF TOTOWA
STATEMENT OF PREMIUMS RECEIVED AT TAX SALE
OTHER TRUST FUND

Balance, December 31, 2024		$ 208,300
Increased by:		
Cash Receipts	302,900	
		511,200
Decreased by:		
Refunds	61,000	
Balance, December 31, 2025		$ 450,200

EXHIBIT B-10

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Balance, December 31, 2024		$ 14,756
Increased by:		
Net Payroll and Payroll Deduction Deposits	10,745,485	
		10,760,241
Decreased by:		
Payroll Disbursements	10,742,077	
Balance, December 31, 2025		$ 18,164

EXHIBIT B-11

STATEMENT OF DUE TO STATE - UNEMPLOYMENT CLAIMS
OTHER TRUST FUND

Increased by:		
Unemployment Claims Charged to Reserve		$ 20,067
Decreased by:		
Payments to State	19,836	
Balance, December 31, 2025		$ 231

EXHIBIT B-12

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE
OTHER TRUST FUND

Balance, December 31, 2024			$ 271,498
Increased by:			
2025 Budget Appropriations:			
Due From Current Fund	$ 16,000		
Due From Swim Utility Operating Fund	100		
Due From Water Utility Operating Fund	3,500		
		$ 19,600	
Interest on Deposits		1,635	
			21,235
			292,733
Decreased by:			
Unemployment Claims Due to State			20,067
Balance, December 31, 2025			$ 272,666

EXHIBIT B-13

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND

	Balance December 31, 2024	Increases	Decreases	Balance December 31, 2025
Reserve for Recycling Program Fees	$ 104,595	$ 45,405	$ 35,184	$ 114,816
Reserve for Historical Society Donations	942			942
Reserve for Municipal Alliance Donations	37,472	501	5,000	32,973
Reserve for Recreation Program Fees	102,041	147,259	131,571	117,729
Reserve for Polling Place Deposit	146			146
Reserve for Affordable Housing Fees	3,305,560	1,048,474	185,476	4,168,558
Reserve for Police Outside Duty Fees	(787)	532,896	509,891	22,218
Reserve for Accumulated Absence Liability	590,930			590,930
Reserve for Storm Recovery Costs	126,763		27,905	98,858
Reserve for POAA Fees	2,061	764	92	2,733
Reserve for Public Defender	7,923	2,440		10,363
Reserve for Shade Tree Donations	1,500	6,750		8,250
Reserve for Disposal of Forfeited Property	11,344	230	-	11,574
	$ 4,290,490	$ 1,784,719	$ 895,119	$ 5,180,090
Cash Receipts		$ 1,784,719		
Cash Disbursements		-	$ 895,119	
		$ 1,784,719	$ 895,119	

GENERAL CAPITAL FUND

BOROUGH OF TOTOWA
STATEMENT OF CASH AND CASH EQUIVALENTS - TREASURER

Balance, December 31, 2024		$ 2,634,804
Increased by:		
Interest Earnings	$ 17,418	
Grants Receivable	1,133,470	
Grant Receipts for Current Fund	173,377	
Received from Assessment Trust	3,718	
Reserve for Sewer Connection Charges	5,000	
Received from Current Fund	3,728,301	
		5,061,284
		7,696,088
Decreased by:		
Improvement Authorizations	1,914,281	
Encumbrances Payable	798,091	
Payments to Current Fund	877,244	
		3,589,616
Balance, December 31, 2025		$ 4,106,472

BOROUGH OF TOTOWA
ANALYSIS OF GENERAL CAPITAL CASH AND CASH EQUIVALENTS

		Balance, December 31, 2025
Fund Balance		$ 822
Capital Improvement Fund		639,194
Encumbrances Payable		3,108,575
Due from Current Fund		(1,077,702)
Grants Receivable		(3,316,540)
Reserve for Sewer Connection Charges		21,800
Reserve for Capital Improvements and Acquisitions		1,042,183
Reserve for Land Sale Proceeds		850
Reserve for Field Improvements		164,487
Improvement Authorizations:		
Ordinance Number	Description	
08-12/ 06-13/ 10-13/ 05-14/ 09-15/12-16/ 07-17/ 12-18	Various Sanitary Sewer, Storm Sewer, and Road Improvements	54,641
07-19	Various Capital Improvements and Acquisitions	4,109
08-20	Various Capital Improvements and Acquisitions	124,462
07-21	Various Capital Improvements and Acquisitions	91,009
03-22	Various Capital Improvements and Acquisitions	256,120
07-23	Various Capital Improvements and Acquisitions	485,228
08-24	Various Improvements and Acquisitions	667,755
04-25	Various Improvements and Acquisitions - 2025	3,848
08-25	Various Improvements and Acquisitions - 2025	1,789,784
15-25	Acquisition of Property	45,847
		$ 4,106,472

BOROUGH OF TOTOWA
STATEMENT OF GRANTS RECEIVABLE

Ord. No.	Agency	Balance, December 31, 2024	Grant Award	Collections	Canceled Receivable	Balance, December 31, 2025	Balance Pledged to: Improvement Authorization
12-13	Community Development Block Grant	$ 90,752			$ 90,752		
12-13	Green Acres Grant	90,740			90,740		
08-15	Passaic County Open Space	23,107			23,107		
13-16	Passaic County Open Space	9,633			9,633		
07-17	Community Development Block Grant	33,438			33,438		
02-18	Passaic County Open Space	63			63		
07-19	Dept. of Transportation	270,000				$ 270,000	$ 270,000
08-20	Dept. of Transportation	411,192		$ 191,799		219,393	219,393
07-21	Dept. of Transportation	85,150				85,150	85,150
07-21	Community Development Block Grant	61,738		61,738		-	-
03-22	Dept. of Transportation	380,467		154,001		226,466	226,466
03-22	Community Development Block Grant	100,762		69,789		30,973	30,973
03-22	Federal Community Development Grant	649,000				649,000	649,000
03-22	Passaic County Open Space	300,000		99,000		201,000	201,000
07-23	Community Development Block Grant	100,000				100,000	100,000
05-24	Dept. of Transportation	1,021,843		260,132	86,711	675,000	675,000
05-24	Local Recreation Improvement Grant	71,000		71,000		-	-
05-24	Passaic County Open Space	227,284		226,011		1,273	1,273
08-24	Community Development Block Grant	100,000				100,000	100,000
08-24	ARP Firefighter Grant	70,000				70,000	70,000
08-25	Community Development Block Grant		$ 80,000			80,000	80,000
08-25	Dept. of Transportation		351,522			351,522	351,522
08-25	Local Recreation Improvement Grant		63,000			63,000	63,000
08-25	Passaic County Open Space	-	193,763	-	-	193,763	193,763
		$ 4,096,169	$ 688,285	$ 1,133,470	$ 334,444	$ 3,316,540	$ 3,316,540

Improvement Authorizations	$ 152,952
Reserve for Grants Receivable	181,492
	$ 334,444

EXHIBIT C-5

BOROUGH OF TOTOWA
STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2024		$ 2,860,077
Increased by:		
Payments to Current Fund	$ 877,244	
2025 Budget Appropriation:		
Capital Improvement Fund	1,248,715	
Deferred Charge Unfunded - Ord 15-2018	10,762	
		2,136,721
		4,996,798
Decreased by:		
Interest Earnings	$ 17,418	
Grant Receipt for Current Fund	173,377	
Receipts from Current Fund	3,728,301	
		3,919,096
Balance, December 31, 2025		$ 1,077,702

EXHIBIT C-6

STATEMENT OF DUE FROM ASSESSMENT TRUST FUND

Balance, December 31, 2024	$ 3,718
Decreased by:	
Received from Assessment Trust Fund	3,718

BOROUGH OF TOTOWA
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, December 31, 2024	Funded by Budget Appropriation	Authorizations Cancelled	Balance, December 31, 2025
	General Improvements				
12-13	Flood Acquisition Project	$ 179,492		$ 179,492	-
08-17	Various Road Improvements	175,000		175,000	-
15-18	Acquisition of Property	32,000	$ 10,762	21,238	-
		$ 386,492	$ 10,762	$ 375,730	$ -

EXHIBIT C-8

BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2024	$ 2,185,294
Increased by:	
Charged to Improvement Authorizations	1,721,372
	3,906,666
Decreased by:	
Cash Disbursements	798,091
Balance, December 31, 2025	$ 3,108,575

EXHIBIT C-9

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2024		$ 919,519
Increased by:		
Funded Improvement Authorizations Cancelled	$ 944,675	
2025 Budget Appropriation Due from Current Fund	1,248,715	
		2,193,390
		3,112,909
Decreased by:		
Appropriated to Finance Improvement Authorizations		2,473,715
Balance, December 31, 2025		$ 639,194

EXHIBIT C-10

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR SEWER CONNECTION CHARGES

Balance, December 31, 2024	$ 16,800
Increased by:	
Cash Receipts	5,000
Balance, December 31, 2025	$ 21,800

EXHIBIT C-11

STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS AND ACQUISITIONS

	Balance December 31, 2024	Balance December 31, 2025
Reserve for Sanitary Sewer Improvements	$ 750,183	$ 750,183
Reserve for Acquisition of Fire Truck	292,000	292,000
	$ 1,042,183	$ 1,042,183

EXHIBIT C-12

STATEMENT OF RESERVE FOR LAND SALE PROCEEDS

Balance, December 31, 2024	$ 850
Balance, December 31, 2025	$ 850

EXHIBIT C-13

STATEMENT OF RESERVE FOR FIELD IMPROVEMENTS

Balance, December 31, 2024	$ 164,487
Balance, December 31, 2025	$ 164,487

EXHIBIT C-14

BOROUGH OF TOTOWA
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2024 Funded	Balance, December 31, 2024 Unfunded	2025 Authorizations: Capital Improvement Fund	2025 Authorizations: Grant Awards	Paid or Charged	Authorizations Cancelled	Balance, December 31, 2025 Funded	Balance, December 31, 2025 Unfunded
	General Improvements									
08-12/ 06-13/ 10-13/ 05-14/ 09-15/ 12-16/ 07-17/ 12-18	Various Sanitary Sewer, Storm Sewer and Road Improvements	$ 1,108,429	$ 57,874					$ 57,874		
03-13	Replacement of 24" Sanitary Sewer Force Main(Phase IV)	1,110,000	66,848				$ 12,207		$ 54,641	
12-13	Flood Acquisition Project	1,250,000	868	$ 179,492				180,360		
08-15	Improvements to Lincoln Field	127,677	23,107					23,107		
10-15	Various Road Improvements	858,000	140					140		
15-15	Various Capital Improvements and Acquisitions	600,000	28,051					28,051		
16-15	Purchase and Installation of a Generator	52,000	5,683					5,683		
11-16	Various Capital Improvements and Acquisitions-2016	641,000	19,113					19,113		
13-16	Installation of Tennis Courts at Lincoln Field	132,720	9,633					9,633		
06-17	Various Capital Improvements and Acquisitions-2017	640,000								
08-17	Various Road Improvements	800,000	743	175,000				175,743		
02-18	Various Park Improvements	391,800	18,775					18,775		
11-18/ 14-18	Various Capital Improvements and Acquisitions-2018	2,118,000	27,640					27,640		
15-18	Acquisition of Property	400,000		21,238				21,238		
07-19	Various Capital Improvements and Acquisitions-2019	1,640,233	4,109						4,109	
08-20	Various Capital Improvements and Acquisitions-2020	2,454,192	270,574				146,112		124,462	
07-21	Various Capital Improvements and Acquisitions-2021	1,823,600	461,133				370,124		91,009	
03-22	Various Capital Improvements and Acquisitions-2022	3,960,554	1,451,387				1,195,267		256,120	
07-23	Various Capital Improvements and Acquisitions-2023	1,095,000	860,228				375,000		485,228	
05-24	Various Capital Improvements and Acquisitions-2024	1,931,000	908,910				2,910	906,000	-	
08-24	Various Improvements and Acquisitions - 2024	1,103,000	879,267				211,512		667,755	
04-25	Various Improvements and Acquisitions - 2025	290,000	-		$ 290,000		286,152		3,848	
08-25	Various Improvements and Acquisitions - 2025	2,487,000	-		1,798,715	$ 688,285	697,216		1,789,784	
15-25	Acquisition of Property	385,000	-	-	385,000	-	339,153	-	45,847	-
			$ 5,094,083	$ 375,730	$ 2,473,715	$ 688,285	$ 3,635,653	$ 1,473,357	$ 3,522,803	$ -

Cash Disbursements	$ 1,914,281	
Encumbrances Payable	1,721,372	
Capital Improvement Fund		$ 944,675
Deferred Charges Unfunded		375,730
Grant Receivable	-	152,952
	$ 3,635,653	$ 1,473,357

BOROUGH OF TOTOWA
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Purpose	Balance, December 31, 2024	Funded by Budget Appropriation	Authorizations Cancelled	Balance, December 31, 2025 Capital Fund
General Improvements					
12-13	Flood Acquisition Project	$ 179,492		$ 179,492	-
08-17	Various Road Improvements	175,000		175,000	-
15-18	Acquisition of Property	32,000	10,762	21,238	-
		$ 386,492	$ 10,762	$ 375,730	$ -

WATER UTILITY FUND

BOROUGH OF TOTOWA
STATEMENT OF CASH AND CASH EQUIVELENTS - WATER TREASURER

		Operating		Capital
Balance, December 31, 2024		$ 4,366,262		$ 204,514
Increased by Receipts:				
Collector	$ 4,040,226			
Interest Earned	104,333			
Non-Budget Revenues	8,841			
Receipts from Current Fund	110,404			
Receipts from Water Utility Capital Fund	-		$ 55,735	
		4,263,804		55,735
		8,630,066		260,249
Decreased by Disbursements:				
2025 Budget Appropriations	3,438,484			
2024 Appropriation Reserves	104,017			
Encumbrances Payable	362,570			
Accounts Payable	600			
Payments to Current Fund	178,511			
Payments to Water Utility Capital	55,735			
Payments to Other Trust Fund	7,500		-	
		4,147,417		-
Balance, December 31, 2025		$ 4,482,649		$ 260,249

EXHIBIT D-6

BOROUGH OF TOTOWA
STATEMENT OF CASH - WATER COLLECTOR
WATER UTILITY OPERATING FUND

Received in 2025		
Consumer Accounts Receivable - Water Usage Charges	$ 3,601,027	
Consumer Accounts Receivable - Miscellaneous Fees	399,211	
Interest on Delinquent Accounts	26,317	
Overpayments	13,671	
		$ 4,040,226
Decreased by:		
Payment to Treasurer		$ 4,040,226

EXHIBIT D-7

ANALYSIS OF CASH
WATER UTILITY CAPITAL FUND

		Balance, December 31, 2025
Fund Balance		$ 23,861
Capital Improvement Fund		251,175
Reserve for Water Tower Fees		14,219
Due from Water Utility Operating Fund		(30,000)
Improvement Authorizations:		
Ord. No.	Description	
04-24	Acquisition of Fire Hydrants	994
		$ 260,249

BOROUGH OF TOTOWA
STATEMENT OF CONSUMERS' ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2024			$ 623,285
Increased by:			
Water Usage Charges Levied		$ 3,511,664	
Miscellaneous Fees and Charges		401,418	
			3,913,082
			4,536,367
Decreased by:			
Collections:			
Water Usage Charges	$ 3,601,027		
Overpayments Applied to Water Usage Charges	4,709		
		3,605,736	
Miscellaneous Fees		399,211	
			4,004,947
Balance, December 31, 2025			$ 531,420

EXHIBIT D-9

BOROUGH OF TOTOWA
STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND

	Balance, December 31, 2024	Additions Budget Capital Outlay	Balance, December 31, 2025
Distribution Mains, Lines and Accessories	$ 2,633,570		$ 2,633,570
Pump Stations	971,218		971,218
Water Tanks and Towers	933,756		933,756
Water Meters and Hydrants	596,883	$ 38,035	634,918
Vehicles and Heavy Equipment	88,319		88,319
Billing and Accounting Systems	31,011		31,011
Telemetering Machine	22,300		22,300
Supervisory Control and Data Acquisition System	49,800		49,800
Leak Detection System	14,930	-	14,930
	$ 5,341,787	$ 38,035	$ 5,379,822
2025 Budget Appropriations		$ 38,035	

EXHIBIT D-10

STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Balance December 31, 2024	Balance, December 31, 2025
04-24	Acquisition of Fire Hydrant	$ 994	$ 994
		$ 994	$ 994

BOROUGH OF TOTOWA
STATEMENT OF 2024 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance, December 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
OPERATING				
Salaries and Wages	$ 24,541	$ 24,541		$ 24,541
Other Expenses	446,936	446,936	$ 105,458	341,478
	471,477	471,477	105,458	366,019
CAPITAL IMPROVEMENTS				
Capital Outlay	3,481	3,481	-	3,481
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Contribution to Social Security System (O.A.S.I)	6,069	6,069	-	6,069
	6,069	6,069	-	6,069
	$ 481,027	$ 481,027	$ 105,458	$ 375,569

Cash Disbursements	$ 104,017
Accounts Payable	1,441
	$ 105,458

EXHIBIT D-12

BOROUGH OF TOTOWA
STATEMENT OF DUE TO CURRENT FUND
WATER UTILITY OPERATING FUND

Balance, December 31, 2024		$ 68,107
Increased by:		
Payments Made by Current Fund - Water Operating Budget Appropriations	$ 170,000	
Receipts from Current Fund	110,404	
		280,404
		348,511
Decreased by:		
Payments to Current Fund		178,511
Balance, December 31, 2025		$ 170,000

EXHIBIT D-13

STATEMENT OF DUE TO OTHER TRUST FUND
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$ 7,500
Increased by:	
2025 Budget Appropriations - Unemployment Compensation Insurance	3,500
	11,000
Decreased by:	
Cash Disbursed	7,500
Balance, December 31, 2025	$ 3,500

EXHIBIT D-14

BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$ 362,570
Increased by:	
Charges to 2025 Budget Appropriations	439,386
	801,956
Decreased by:	
Payments	362,570
Balance, December 31, 2025	$ 439,386

EXHIBIT D-15

STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$ 1,530
Increased by:	
Charges to 2024 Appropriation Reserves	1,441
	2,971
Decreased by:	
Cash Disbursements	600
Balance, December 31, 2025	$ 2,371

EXHIBIT D-16

STATEMENT OF WATER RENT OVERPAYMENTS
WATER UTILITY OPERATING FUND

Balance, December 31, 2024	$ 4,709
Increased by:	
Overpayments in 2025	13,671
	18,380
Decreased by:	
Applied to Consumer Accounts Receivable	4,709
Balance, December 31, 2025	$ 13,671

EXHIBIT D-17

BOROUGH OF TOTOWA
STATEMENT OF DUE FROM WATER UTILITY OPERATING FUND
WATER UTILITY CAPITAL FUND

Balance, December 31, 2024	$ 55,735
Increased by:	
2025 Budget Appropriation:	
Capital Improvement Fund	30,000
	85,735
Decreased by:	
Received from Water Utility Operating Fund	55,735
Balance, December 31, 2025	$ 30,000

EXHIBIT D-18

STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2024 Funded	Balance, December 31, 2024 Unfunded	Balance, December 31, 2025 Funded	Balance, December 31, 2025 Unfunded
04-24	Acquisition of Fire Hydrant	150,000	-	$ 994	$ 994	$ -
			$ -	$ 994	$ 994	$ -

EXHIBIT D-19

BOROUGH OF TOTOWA
STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND

Balance, December 31, 2024	$ 221,175
Increased by:	
2025 Budget Appropriation - Due from Water Utility Operating Fund	30,000
Balance, December 31, 2025	$ 251,175

EXHIBIT D-20

STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

Balance, December 31, 2024	$ 5,341,787
Increased by:	
2025 Budget Appropriations:	
Capital Outlay	38,035
Balance, December 31, 2025	$ 5,379,822

EXHIBIT D-21

BOROUGH OF TOTOWA
STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Balance, December 31, 2024	Balance, December 31, 2025
04-24	Acquisition of Fire Hydrant	994	$ 994
		$ 994	$ 994

EXHIBIT D-22

STATEMENT OF RESERVE FOR WATER TOWER FEES
WATER UTILITY CAPITAL FUND

Balance, December 31, 2024	$ 14,219
Balance, December 31, 2025	$ 14,219

SWIM POOL UTILITY FUND

EXHIBIT E-5

BOROUGH OF TOTOWA
STATEMENT OF SWIM POOL UTILITY CASH - TREASURER

		Operating		Capital
Balance, December 31, 2024		$ 584		$ 195
Increased by Receipts:				
Swim Pool Fees	$ 73,692			
Miscellaneous Revenue	17,450			
Received from Current Fund	107,342			
Received from Swim Pool Utility Capital Fund	7			
Interest Earned on Deposits	133		$ 4	
		198,624		4
		199,208		199
Decreased by Disbursements:				
2024 Budget Appropriations	198,398			
Encumbrances Payable	644			
Payments to Swim Pool Utility Operating Fund	-		7	
		199,042		7
Balance, December 31, 2025		$ 166		$ 192

EXHIBIT E-6

ANALYSIS OF SWIM POOL UTILITY CAPITAL FUND - CASH

	Balance, December 31, 2025
Fund Balance	$ 192

EXHIBIT E-7

BOROUGH OF TOTOWA
STATEMENT OF FIXED CAPITAL
SWIM POOL UTILITY CAPITAL FUND

Description	Balance, December 31, 2024	Additions: 2025 Budget Capital Outlay	Additions: General Capital Ordinance	Balance, December 31, 2025
Improvement of Municipal Swimming Pool	$ 454,908	$ 6,707		$ 461,615
Various Improvements on the Site of Existing Swimming Pool Facility	141,094	-		141,094
Various Pool Equipment	-	-	$ 25,000	25,000
	$ 596,002	$ 6,707	$ 25,000	$ 627,709

EXHIBIT E-8

STATEMENT OF 2024 APPROPRIATION RESERVES
SWIM POOL UTILITY OPERATING FUND

	Balance, December 31, 2024	Balance After Transfer	Paid or Charged	Balance Lapsed
Operating				
Salaries and Wages	$ 2,740	$ 2,740		$ 2,740
Other Expenses	10,765	12,224		12,224
CAPITAL IMPROVEMENTS				
Capital Outlay	17,000	17,000	-	17,000
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Contribution to Social Security System (O.A.S.I.)	565	565	-	565
Unemployment Compensation Insurance (NJ 43:21-3 et seq.)	100	100	100	-
	$ 31,170	$ 32,629	$ 100	$ 32,529

Balance. December 31, 2024	$ 31,170		
Encumbrances Payable Cancelled	1,459		
Due to Other Trust Fund		$ 100	
Due to Current Fund	-	-	$ 32,529
	$ 32,629	$ 100	$ 32,529

EXHIBIT E-9

BOROUGH OF TOTOWA
STATEMENT OF DUE FROM CURRENT FUND
SWIM POOL UTILITY OPERATING FUND

Balance, December 31, 2024		$ 33,295
Increased by:		
Anticipated Revenue - Deficit (General Budget)		131,321
		164,616
Decreased by:		
2024 Appropriations Reserves Lapsed - Prior Year Deficit Funding Returned	$ 32,529	
Receipts from Current Fund	107,342	
		139,871
Balance, December 31, 2025		$ 24,745

EXHIBIT E-10

STATEMENT OF DUE TO OTHER TRUST FUND
SWIM POOL UTILITY FUND

Increased by:	
2024 Appropriation Reserves - Unemployment Compensation Insurance	$ 100
Balance, December 31, 2025	$ 100

EXHIBIT E-11

BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE
SWIM POOL UTILITY OPERATING FUND

Balance, December 31, 2024		$ 2,103
Increased by:		
Charges to 2025 Budget Appropriations		2,585
		4,688
Decreased by:		
Cash Disbursed	$ 644	
Cancelled Encumbrances Restored to Appropriation Reserves	1,459	
		2,103
Balance, December 31, 2025		$ 2,585

EXHIBIT E-12

STATEMENT OF DUE TO SWIM POOL UTILITY OPERATING FUND
SWIM POOL UTILITY CAPITAL FUND

Balance, December 31, 2024	$ 3
Increased by:	
Interest Earned	4
	7
Decreased by:	
Payments to Swim Pool Utility Operating Fund	7

EXHIBIT E-13

STATEMENT OF RESERVE FOR AMORTIZATION
SWIM POOL UTILITY CAPITAL FUND

Balance, December 31, 2024		$ 596,002
Increased by:		
2025 Budget Appropriations - Capital Outlay	$ 6,707	
General Capital Fund Ordinance	25,000	
		31,707
Balance, December 31, 2025		$ 627,709

PUBLIC ASSISTANCE FUND

BOROUGH OF TOTOWA
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER

	Total	Account #1	Account #2
Balance, December 31, 2024	$ 11,580	$ 7,443	$ 4,137
Increased by:			
Interest Earned	249	158	91
	249	158	91
	11,829	7,601	4,228
Decreased by:			
Payments to Current Fund	489	482	7
	489	482	7
Balance, December 31, 2025	$ 11,340	$ 7,119	$ 4,221

EXHIBIT F-2

BOROUGH OF TOTOWA
STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2024	$ 324
Increased by:	
Interest Earnings	249
	573
Decreased by:	
Payments to Current Fund	489
Balance, December 31, 2025	84

EXHIBIT F-3

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	Total	Account #1	Account #2
Balance, December 31, 2024	$ 11,256	$ 7,331	$ 3,925
Increased by:			
Revenues	-	-	-
	11,256	7,331	3,925
Decreased by:			
Expenditures	-	-	-
Balance, December 31, 2025	$ 11,256	$ 7,331	$ 3,925

EXHIBIT F-4

STATEMENT OF PUBLIC ASSISTANCE REVENUES

	Total	Account #1	Account #2
Interest Earnings - Due to Current Fund	$ 249	$ 158	$ 91
Total Receipts	$ 249	$ 158	$ 91

BOROUGH OF TOTOWA
STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	Total	Account #1	Account #2
Due to Current Fund	$ 489	$ 482	$ 7
Total Disbursements	$ 489	$ 482	$ 7

BOROUGH OF TOTOWA

PASSAIC COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS

LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Totowa which comprise the balance sheets – regulatory basis of the various funds and account group as of December 31, 2025, and the related statements of operations and changes in fund balance – regulatory basis, statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year then ended and the related notes to the financial statements, and have issued our report thereon dated July 21, 2026. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of this Report

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

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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR000398

Fair Lawn, New Jersey
July 21, 2026

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

Federal Program		State Account Number	AL Number	Grant Year	Award Amount	2025 Grant Receipts	Balance December 31, 2024	Revenue Realized	Expended	Cancelled	Balance December 31, 2025	Cumulative Expended
U.S. Dept. of Housing and Urban Development												
Community Development Block Grant												
(Passed through the County of Passaic)			14.218									
Flood Acquisition Project Ord. 12-2013	Capital	N/A		2013	$ 925,000		$ 90,752			$ 90,752	$ -	$ 925,000
Sewer Main Improvements Ord. 07-2017	Capital	N/A		2017	100,000		33,438			33,438	-	100,000
Sewer Main Improvements Ord. 7-2021	Capital	N/A		2021	105,000	$ 61,738	61,738		$ 61,738		-	105,000
Sewer Main Improvements Ord. 3-2022	Capital	N/A		2022	100,762	69,789	100,762		69,789	-	30,973	69,789
PAL Field Lighting Project Ord. 03-2022	Capital	N/A		2022	649,000		649,000				649,000	-
Various Capital Improvements Ord 7-2023	Capital	N/A		2023	100,000		100,000			-	100,000	-
Various Capital Improvements Ord 8-2024	Capital	N/A		2024	100,000		100,000		-		100,000	-
Various Capital Improvements Ord 8-2025	Capital	N/A		2025	80,000		-	$ 80,000	-	-	80,000	-
Total Community Development Block Grant Cluster							1,135,690	80,000	131,527	124,190	959,973	1,199,789
U.S. Dept. of Homeland Security												
(Passed through the State Dept. of Law and Public Safety)												
FEMA - Firefighters Equipment	Current	N/A	97.044		87,566		3,543	-	-	-	3,543	84,023
Total U.S. Dept. of Homeland Security							3,543	-	-	-	3,543	84,023
U.S. Dept. of Transportation												
(Passed through the State Dept. of Transportation)												
Highway Planning and Construction:												
Safe Corridors Program	Current	078-6100-100-051	20.205	2018	3,773		3,773				3,773	-
				2016	5,205		5,205				5,205	-
				2014	8,797		8,797				8,797	-
				2012	8,995		8,995	-	-	-	8,995	-
Total Safe Corridors Cluster							26,770	-	-	-	26,770	-
Distracted Driver	Current	066-1160-100-158	20.616	2021	7,200		7,200	-	-	-	7,200	-
Total U.S. Dept. of Transportation							33,970	-	-	-	33,970	-
U.S. Dept. of Treasury												
(Passed through State Dept. of Community Affairs)												
American Rescue Plan - Firefighters Grant	Current	022-8030-100-689	21.027	2023	29,000		29,000	-	-	-	29,000	-
Total U.S. Dept. of Treasury							29,000	-	-	-	29,000	-
U.S Department of Agricultures												
State Forestry Services	Current	042-4870-100-038	10.664	2019	2,125		2,125	-	-	-	2,125	-
							$ 1,204,328	$ 80,000	$ 131,527	$ 124,190	$ 1,028,611	

Note: The Federal Financial Assistance Programs are not subject to an audit in accordance with Uniform Guidance.

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

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

State Grant Program	Account Number	Grant Year	Grant Award	2025 Grant Receipts	Balance, December 31, 2024	Revenue Realized	Expended	Cancelled	Balance, December 31, 2025	Cumulative Expended
Drug and Alcohol Municipal Alliance	N/A	2025	$ 8,277			$ 8,277	$ 8,204		$ 73	$ 8,204
		2024	8,277		2,975				2,975	5,302
		2023	8,276		1,755				1,755	6,521
		2022	8,276		2,446				2,446	5,830
		2021	8,276		6,845				6,845	1,431
		2020	23,030		21,755				21,755	1,275
		2019	20,593		4,413				4,413	16,180
		2018	22,440		3,319				3,319	19,121
		2017	22,440		7,142	-	-	-	7,142	15,298
Total Municipal Alliance Cluster					50,650	8,277	8,204	-	50,723	79,162
Clean Communities Grant Program	042-4900-765-004	2025	25,767	$ 25,767					-	-
		2024	25,980			25,980			25,980	-
		2023	22,873		22,873				22,873	-
		2022	20,393		20,393				20,393	-
		2021	20,046		20,046				20,046	-
		2020	18,834		6,534				6,534	12,300
		2019	20,888		12,838	-	$ 6,953	-	5,885	15,003
Total Clean Communities Cluster					82,684	25,980	6,953	-	101,711	27,303
Drunk Driving Enforcement Fund	1110-448-031020-22	2017	7,860		136	-	-	-	136	7,724
Total Drunk Driving Enforcement Cluster					136	-	-	-	136	7,724
Alcohol Education and Rehabilitation	098-9735-760-001	2025	722	722						
		2024	2,207			2,207			2,207	-
		2023	2,596		2,596				2,596	-
		2022	8,905		1,586	-	-	-	1,586	7,319
Total Alcohol Education and Rehabilitation Cluster					4,182	2,207	-	-	6,389	7,319
DOT Highway Safety Fund	078-6100-100-051	2017	2,894		2,894	-	-	-	2,894	-
Body Worn Camera Grant	066-1020-100-495	2022	24,456		836	-	-	-	836	23,620
DCA - Local Recreation Impvt Grant (Ord 8-2025)	022-8030-495-668	2025	63,000			63,000	63,000			63,000
DCA - Local Recreation Impvt Grant (Ord 5-2024)		2024	71,000	71,000	-	-	-	-	-	71,000
					-	63,000	63,000	-	-	134,000
Safe and Secure Communities Program	066-1020-100-232	2025	40,315	14,331		40,315	40,315			40,315
		2024	41,103		-	4,835	4,835	-	-	41,103
					-	45,150	45,150	-	-	81,418

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

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

State Grant Program	Account Number	Grant Year	Grant Award	2025 Grant Receipts	Balance, December 31, 2024	Revenue Realized	Expended	Cancelled	Balance, December 31, 2025	Cumulative Expended
Body Armor Replacement Fund	066-1020-718-001	2025	$ 2,380	$ 2,380						
		2024	1,265							
		2022	3,611		$ 1,512	-	-	-	$ 1,512	$ 2,099
Total Body Armor Replacement Cluster					1,512	-	-	-	1,512	2,099
Recycling Tonnage Grant	042-4900-752-001	2025	34,008	34,008						
		2024	25,889		25,889				25,889	-
		2023	21,537		21,537		$ 6,469		15,068	6,469
		2022	29,562		29,562		29,562		-	29,562
		2020	21,941		21,941		21,941		-	21,941
		2019	19,738		19,738		19,738		-	19,738
		2018	16,253		14,084		14,084		-	16,253
		2015	16,496		5,954	-	5,954	-	-	16,496
Total Recycling Cluster					138,705	-	97,748	-	40,957	110,459
Stormwater Assistance Grant	042-4850-100-099	2024	10,000		10,000		-		10,000	-
		2023	15,000		15,000	-	-	-	15,000	-
Total Stormwater Assistance Grant					25,000	-	-	-	25,000	-
LEAD Program Grant	022-8020-100-304	2023	20,600		20,600	-	-	-	20,600	-
Spotted Lanternfly Prevention Program		2024	20,000		20,000	-	-	-	20,000	-
Department of Transportation-Local Municipal Aid, NJTPA										
Various Road Improvements (Ord 08-20)	078-6320-480-AN8	2020	411,192	191,799					-	411,192
Various Road Improvements (Ord 07-21)	078-6320-480-AOP	2021	340,600		85,150				85,150	255,450
Various Road Improvements (Ord 03-22)	078-6320-480-AO1	2022	610,792	154,001	380,467		154,001		226,466	384,326
Liberty Ridge Trial Improvements (Current)	078-6320-480-APF	2023	231,170	173,377	63,459				63,459	167,711
Various Road Improvements (Ord 05-24)	078-6320-480-APS	2024	346,843	260,132	346,843		260,132	$ 86,711	-	260,132
Various Road Improvements (Ord 08-25)	078-6320-480-xxx	2025	351,522		-	$ 351,522	-	-	351,522	-
Total Department of Transportation Cluster					875,919	351,522	414,133	86,711	726,597	1,478,811
Green Acres Grant (Ord. 12-2013)	042-4800-582-02	2013	325,000		90,740	-	-	90,740	-	325,000
Department of Human Services										
General Assistance	054-7550-100-250	2022	18,100		3,925	-	-	-	3,925	-
NJ Stewardship Grant - State Forestry		2023	25,000		101	-	-	-	101	-
					$ 1,317,884	$ 496,136	$ 635,188	$ 177,451	$ 1,001,381	

Note: The State Financial Assistance Programs are not subject to an audit in accordance with NJ OMB Circular 25-12.

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

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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

NOTE 1 REPORTING ENTITY

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

NOTE 2 BASIS OF PRESENTATION

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	Federal	State	Total
Current Fund		$ 81,614	$ 81,614
General Capital Fund	$ 80,000	414,522	494,522
Total Financial Awards	$ 80,000	$ 496,136	$ 576,136

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 INDIRECT COST RATE

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

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

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	Unmodified - Regulatory Basis	
Internal control over financial reporting:		
1) Material weakness(es) identified	____ yes	X no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	____ yes	X no
Noncompliance material to the financial statements noted?	____ yes	X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

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

Part 2 – Schedule of Financial Statement Findings

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

There are none

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

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

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

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards.*

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF TOTOWA

PASSAIC COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

	2025		Year 2024	
	Amount	Percent	Amount	Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 3,380,000	4.11 %	$ 3,380,000	4.53 %
Miscellaneous - From Other Than Local				
Property Tax Levies	4,872,085	5.93	4,960,206	6.65
Collection of Delinquent Taxes	789,963	0.96	644,816	0.86
Collection of Current Tax Levy	72,263,007	87.96	65,021,176	87.09
Other Credits to Income	850,475	1.04	651,971	0.87
Total Income	82,155,530	100.00 %	74,658,169	100.00 %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	21,606,784	27.55 %	21,072,661	28.99 %
County Taxes	23,109,131	29.46	20,619,156	28.36
Local and Regional School Taxes	33,390,936	42.57	30,906,149	42.51
Other Expenditures	325,948	0.42	103,804	0.14
Total Expenditures	78,432,799	100.00 %	72,701,770	100.00 %
Excess in Revenues	3,722,731		1,956,399	
Fund Balance, January 1	5,383,470		6,807,071	
	9,106,201		8,763,470	
Less Utilization as Anticipated Revenue	3,380,000		3,380,000	
Fund Balance, December 31	$ 5,726,201		$ 5,383,470	

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - WATER UTILITY OPERATING FUND

	Year 2025		Year 2024	
	Amount	Percent	Amount	Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 400,000	8.13 %	$ 325,000	6.57 %
Collection of Water Usage Charges	3,605,736	73.29	3,438,417	69.50
Miscellaneous - From Other Than Water Usage Charges	538,702	10.95	533,922	10.79
Other Credits to Income	375,569	7.63	649,922	13.14
Total Income	4,920,007	100.00 %	4,947,261	100.00 %
EXPENDITURES				
Budget Expenditures				
Operating	3,854,915	93.37 %	3,694,858	93.02 %
Capital Improvements	70,000	1.69	70,000	1.76
Deferred Charges and Statutory Expenditures	203,855	4.94	207,409	5.22
Total Expenditures	4,128,770	100.00 %	3,972,267	100.00 %
Excess in Revenues	791,237		974,994	
Fund Balance, January 1	3,385,084		2,735,090	
	4,176,321		3,710,084	
Less Utilization as Anticipated Revenue	400,000		325,000	
Fund Balance, December 31	$ 3,776,321		$ 3,385,084	

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - SWIM POOL UTILITY OPERATING FUND

	Year 2025		Year 2024	
	Amount	Percent	Amount	Percent
REVENUE AND OTHER INCOME REALIZED				
Collection of Swimming Pool Fees	$ 73,692	80.73 %	$ 72,491	81.92 %
Miscellaneous	17,450	19.12	15,859	17.92
Other Credits to Income	137	0.15	137	0.16
Total Income	91,279	100.00 %	88,487	100.00 %
EXPENDITURES				
Budget Expenditures				
Operating	196,000	88.05 %	188,000	79.43 %
Capital Improvements	17,000	7.64	17,000	7.18
Deferred Charges and Statutory Expenditures	9,600	4.31	31,697	13.39
Total Expenditures	222,600	100.00 %	236,697	100.00 %
Deficit in Revenues	(131,321)		(148,210)	
Adjustments to Income Before Fund Balance				
Realized from General Budget for Anticipated Deficit	131,321		148,210	
Statutory Excess to Fund Balance	-		-	
Fund Balance, January 1	$ 609		$ 609	
Fund Balance, December 31	$ 609		$ 609	

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

Comparative Schedule of Tax Rate Information

	2025	2024	2023
Tax Rate	$2.934	$2.711	$2.593
Apportionment of Tax Rate			
Municipal	.598	.584	.575
Library	.065	.055	.047
County	.908	.812	.768
County – Open Space	.019	.016	.015
Local District School	.732	.707	.691
Regional High School	.612	.537	.497

Assessed Valuation

2025	$2,485,882,200
2024	$2,484,780,400
2023	$2,490,050,200

Comparison of Tax Levies and Collection

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

Year	Tax Levy	Cash Collections	Percentage of Collection
2025	$ 73,665,674	$ 72,763,007	98.77%
2024	67,505,053	66,521,176	98.54%
2023	64,659,740	63,965,234	98.92%

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

Delinquent Taxes and Tax Title Liens

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

December 31 Year	Amount of Delinquent Taxes	Amount of Tax Title Liens	Total Delinquent	Percentage of Tax Levy
2025	$ 663,407	$ -	$ 663,407	0.90%
2024	805,866	66,389	872,255	1.29%
2023	665,232	42,026	707,258	1.09%

Property Acquired by Tax Title Lien Liquidation

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

Year	Amount
2025	$948,900
2024	72,900
2023	72,900

Comparison of Water Utility Levies

Year	Levy	Cash Collections(*)	Percentage of Collection
2025	$3,913,082	$4,004,947	102.35%
2024	3,839,943	3,810,371	99.23%
2023	3,942,754	3,997,044	101.38%

*Includes collection of prior year receivables.

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

Comparative Schedule of Fund Balances

	Year	Balance, December 31	Utilized In Budget of Succeeding Year
Current Fund	2025	$5,726,201	$3,550,000
	2024	5,383,470	3,380,000
	2023	6,807,071	3,380,000
	2022	6,577,949	3,190,000
	2021	6,755,599	3,320,000
Water Utility Fund	2025	$3,776,321	$650,000
	2024	3,385,084	400,000
	2023	2,735,090	325,000
	2022	2,488,833	300,000
	2021	2,014,650	250,000
Swim Pool Utility Operating Fund	2025	$609	$0
	2024	609	0
	2023	609	0
	2022	609	0
	2021	609	0

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

OFFICIALS IN OFFICE AND SURETY BONDS

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
John Coiro	Mayor		
Louis D'Angelo	Council President		
William Bucher, Jr.	Councilman		
John F. Capo	Councilman (1/1/2025 to 7/21/2025)		
Kristen E. Coiro	Councilwoman (7/22/2025 to 12/31/2025)		
Patrick Fierro	Councilman		
Anthony Picarelli	Councilman		
Sanders Reynoso	Councilman		
Joseph Wassel	Borough Clerk		
	Unconfirmed Assessment Search Officer		
	Certifying Agent - Retirement Systems		
Lisa Nash	Treasurer/CFO/Tax Collector	(a)	
Kathryn Wasilewski	Deputy Borough Clerk		
Jennifer Bernardo	Water Registrar	(a)	
Curt T. Masklee	Tax Assessor		
Allan Burghardt	Construction Code Official, Zoning Officer		
	Building Sub-Code Official		
John Waryas	Zoning Officer/Deputy Water Registrar		
Bernard Sivik	Licensed Sewer Operator		
Kristen M. Corrado, Esq.	Attorney		
Jared Drill, Esq.	Prosecutor		
Ramsey Merhi, Esq.	Public Defender		
Alaimo Engineering	Borough Engineer and Consulting Engineer		
Theresa Bronkowski	Treasurer of Library	(a)	
Mario Batelli, J.M.C.	Judge	(a)	
Christina Fattal	Court Administrator	(a)	
Sue D'Aiuto	Bd. of Health Clerk and Registrar		
Carmen Veneziano	Chief of Police		
Brian Mulrooney	Acting Police Chief (Effective 12/26/2025)		
Richard Schopperth	Fire Chief		
James Niland	D.P.W. Superintendent		
Gary Bierach	E.M.S. Coordinator		
Mark Monteyne	Recreation Director		

(a) Public Employee Dishonesty Coverage was issued by the New Jersey Intergovernmental Insurance Fund in the amount of $1,500,000 per loss covering the selected employees.

All surety Bonds were presented for examination and were properly executed.

BOROUGH OF TOTOWA
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Our general comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

Current Year Findings

Our audit of liabilities revealed that there are old accounts payable balances recorded in the Current Fund and General Capital Fund at year end, with no subsequent payments made against them. It is recommended that old accounts payable balances be reviewed for validity and cleared of record if deemed invalid.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $17,500 except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year.

The minutes indicate that bids were requested by public advertising for the following items:

Sanitary Sewer Main Rehabilitation – Phases XII & XIII
PAL Field Lighting Project
2025 Road Program

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

Our examination of expenditures did not reveal any payments, contracts or agreements in excess of $17,500 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

GENERAL COMMENTS (Continued)

Collection of Interest of Delinquent Taxes, Assessments and Water Charges

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

The Governing Body on January 1, 2025 adopted the following resolution authorizing interest to be charged on delinquent taxes and water accounts:

> "BE IT RESOLVED, by the Borough Council of the Borough of Totowa that the Tax Collector is hereby authorized and directed to charge interest on delinquent taxes and assessments accounts as follows:
>
> | | |
> |---|---|
> | First 10 Days of Tax Payments | No Penalty |
> | Thereafter, from the Due Date of Tax Payments for the 1st $1,500 | 8% |
> | Thereafter, the Balance in Excess of $1,500 | 18% |
> | Additional Penalty for Delinquency Over $10,000 If Not Paid Prior to End of Calendar Year | 6% |
>
> BE IT RESOLVED, by the Borough Council of Totowa that the Water Registrar is hereby authorized and directed to charge interest on delinquent water accounts as follows:
>
> | | |
> |---|---|
> | First 30 Days of Payment | No Penalty |
> | Thereafter the First $1,500 | 8% |
> | In Excess of $1,500 | 18% |
> | Additional Penalty for Delinquency Over $10,000 If Not Paid Prior to End of Calendar Year | 6% |

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 16, 2025.

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

Year	Number of Liens
2025	0
2024	3
2023	3

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

GENERAL COMMENTS (Continued)

Suggestions to Management

- Continued efforts be made to review grants receivable balances in the Current Fund and General Capital Fund and old inactive balances be cleared of record.
- Old inactive escrow deposit balances in the Other Trust Fund be reviewed and cleared of record.
- Public Assistance Trust accounts have had no activity in prior two years (2024 and 2025). Consider closing out accounts and bringing funds to Current Fund or Other Trust Fund.

APPRECIATION

We desire to express our appreciation to the Borough Clerk, Treasurer/CFO and the other Borough staff who assisted us during the course of our audit.

BOROUGH OF TOTOWA
LETTER OF COMMENTS AND RECOMMENDATIONS

RECOMMENDATIONS

It is recommended that:

1. Old accounts payable balances be reviewed for validity and cleared of record if deemed invalid.

* * * * * * * *

A review was performed on all prior year recommendations and corrective action was taken on all.

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

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

Lerch Vinci & Bliss LLP

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

Dieter P. Lerch
Certified Public Accountant
RMA Number CR000398