BOROUGH OF TOTOWA

PASSAIC COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2024

BOROUGH OF TOTOWA

PASSAIC COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2024

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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, 2024 and 2023, 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, 2024, 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, 2024 and 2023, 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, 2024 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, 2024 and 2023, 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 as required by NJ OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid 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 August 7, 2025 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

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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR000398

Fair Lawn, New Jersey
August 7, 2025

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2024 AND 2023

ASSETS	Reference	2024	2023
Cash and Cash Equivalents	A-4	$ 22,627,691	$ 21,445,649
Cash - Change Funds	A-6	920	920
Cash - Petty Cash Funds	A-7	150	150
Grants Receivable	A-13	379,026	355,312
		23,007,787	21,802,031
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-9	805,866	665,232
Tax Title Liens Receivable	A-10	66,389	42,026
Property Acquired for Taxes	A-11	72,900	72,900
Revenue Accounts Receivable	A-12	40,901	281,233
Maintenance Lien Receivable	A-14	-	6,500
Due from Assessment Trust Fund	B-4	1,924	1,251
Due from Animal Control Fund	B-7	1,022	211
Due from Other Trust Fund	B-9	32,427	
Due from Water Utility Operating Fund	D-12	68,107	
Due from Swim Pool Utility Operating Fund	E-9		6,744
Due from Public Assistance Fund	F-2	324	130
		1,089,860	1,076,227
		$ 24,097,647	$ 22,878,258

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2024 AND 2023

	Reference	2024	2023
LIABILITIES, RESERVES, AND FUND BALANCE			
Appropriation Reserves	A-3,A-15	$ 921,685	$ 1,594,338
Encumbrance Payable	A-16	383,053	364,045
Accounts Payable	A-17	96,138	23,849
Prepaid Taxes	A-18	420,096	377,995
Tax Overpayments	A-19	-	1,873
Sewer Fee Overpayments	A-20	203	94
Fees Payable	A-21	32,223	19,423
County Taxes Payable-Added Taxes	A-23	43,569	28,002
County Pilot Revenue Payable	A-24	19,801	
Local District School Tax Payable	A-25	5,792,452	5,620,289
Regional High School Tax Payable	A-26	4,501,742	4,013,228
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-8	68,017	71,517
Due to Other Trust Fund	B-9		16,000
Due to General Capital Fund	C-5	2,860,077	1,201,937
Due to Swim Pool Utility Operating Fund	E-9	33,295	
Reserve for Unappropriated Grants	A-27	35,162	72,091
Reserve for Appropriated Grants	A-28	365,742	257,092
Reserve for Tax Appeals Pending	A-29	2,007,441	1,171,060
Miscellaneous Reserves	A-30	43,621	162,127
		17,624,317	14,994,960
Reserve for Receivables	A	1,089,860	1,076,227
Fund Balance	A-1	5,383,470	6,807,071
		$ 24,097,647	$ 22,878,258

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, 2024 AND 2023

	Reference	2024	2023
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	$ 3,380,000	$ 3,190,000
Miscellaneous Revenue Anticipated	A-2	3,918,538	3,543,016
Receipts from Delinquent Taxes	A-2	644,816	652,557
Receipts from Current Taxes	A-2	65,021,176	63,765,234
Non-Budget Revenue	A-2	1,041,668	1,086,491
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-15	629,398	689,261
Swim Pool Utility Fund - Prior Year Operating Deficit Funding Returned	E-9	13,466	-
Statutory Excess - Animal Control Fund	B-7	771	211
Interfunds Returned	A	8,336	34,969
Total Income		74,658,169	72,961,739
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	8,126,129	7,912,009
Other Expenses	A-3	8,842,268	8,253,891
Capital Improvements	A-3	1,543,873	1,720,170
Deferred Charges and Statutory Expenditures	A-3	2,560,391	2,503,387
County Taxes	A-22	20,575,587	19,482,141
Due County For Added and Omitted Taxes	A-23	43,569	28,002
Local District School Tax	A-25	17,560,612	17,216,286
Regional High School Tax	A-26	13,345,537	12,368,623
Refund of Prior Year Revenue	A-1		49,772
Interfunds Advanced	A	103,804	8,336
Total Expenditures		72,701,770	69,542,617
Excess in Revenue		1,956,399	3,419,122
Fund Balance, January 1	A	6,807,071	6,577,949
		8,763,470	9,997,071
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	3,380,000	3,190,000
Fund Balance, December 31,	A	$ 5,383,470	$ 6,807,071

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, 2024

	Reference	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	$ 3,380,000	$ 3,380,000	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-12	10,000	11,494	$ 1,494
Other	A-2	25,000	38,146	13,146
Fees and Permits	A-2	80,000	122,226	42,226
Fines and Costs				
Municipal Court	A-12	175,000	144,306	(30,694)
Interest and Costs on Taxes	A-12	160,000	204,020	44,020
Energy Receipts Tax	A-12	1,319,766	1,319,766	-
Uniform Fire Safety Act - Fees and Permits	A-12	15,000	16,448	1,448
Uniform Construction Code Fees	A-12	450,000	662,632	212,632
Reserve for Municipal Relief Fund Aid	A-30	136,037	136,037	-
Public and Private Revenues Offset				-
With Appropriations				-
Recycling Tonnage Grant	A-13	25,889	25,889	-
Municipal Alliance on Drug and Alcohol Program	A-13	8,277	8,277	-
Spotted Lanternfly Prevention Program	A-13	20,000	20,000	-
ARP Firefighters Grant	A-2	70,000	-	(70,000)
Stormwater Assistance Grant	A-13,A-27	25,000	25,000	-
Clean Communities	A-27	22,873	22,873	-
Safe and Secure Communities Program	A-27	45,150	45,150	-
Alcohol Education and Rehabilitation Fund	A-27	2,596	2,596	-
DCA Lead Grant Assistance Program	A-27	20,600	20,600	-
Opioid Settlement Program	A-30	18,587	18,587	-
Special Items of General Revenue				-
Borough of Woodland Park - Construction Code Off.	A-12	111,000	111,000	-
Uniform Fire Safety Act Rebate	A-12	15,000	33,842	18,842
Hotel/Motel Occupancy Tax	A-12	85,000	97,189	12,189
Sunset Ridge Sewer Fee	A-12	21,300	21,353	53
Pilot - Totowa Med Urban Renewal LLC	A-12	181,250	188,089	6,839
Pilot - Totowa Med Urban Renewal LLC - 2023 Balance Due	A-12	183,885	190,610	6,725
Pilot - Totowa Med Urban Renewal LLC - 2022 Balance Due	A-12	9,190	11,848	2,658
Cable TV Franchise Fee	A-12	148,000	149,348	1,348
Sewer User Fees	A-12	225,000	271,212	46,212
Total Miscellaneous Revenues	A-1	3,609,400	3,918,538	309,138
Receipts from Delinquent Taxes	A-1,A-9	500,000	644,816	144,816
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-9	$ 14,510,333	$ 14,345,153	$ (165,180)
Minimum Library Tax	A-9	1,350,718	1,350,718	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	15,861,051	15,695,871	(165,180)
Budget Revenues	A-3	$ 23,350,451	$ 23,639,225	$ 288,774
Non-Budget Revenues	A-1,A-2		1,041,668	
			$ 24,680,893	

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, 2024
(Continued)

	Reference		
ANALYSIS OF REALIZED REVENUES			
Allocation of Current Tax Collections			
Revenue From Collections	A-9	$	66,521,176
Less: Reserve for Tax Appeals	A-29		1,500,000
Revenue Realized	A-1		65,021,176
Allocated to			
Local School, Regional High School and County Taxes	A-22,A-23,A-25,A-26		51,525,305
			13,495,871
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		2,200,000
Amount for Support of Municipal Budget Appropriations	A-2	$	15,695,871
Licenses - Other			
Borough Clerk	A-12	$	16,500
Board of Health/Registrar of Vital Statistics	A-12		21,646
	A-2	$	38,146
Fees and Permits			
Borough Clerk	A-12	$	1,840
Board of Health/Registrar of Vital Statistics	A-12		19,912
Planning Board	A-12		33,413
Zoning Board of Adjustment	A-12		49,585
Police	A-12		16,162
Road Opening Permits	A-12		1,314
	A-2	$	122,226

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, 2024
(Continued)

	Reference		
ANALYSIS OF NON-BUDGET REVENUES			
Interest on Deposits		$	642,869
Rent			351,037
Vacant Property Fees			500
Administrative Fee - Police Outside Duty			29,920
Accident Reports			4,741
Refunds and Reimbursements			6,864
Interest on Assessments			631
Other			4,001
Administrative Fee - Sr. Citizens & Veterans Deductions			1,105
	A-1,A-2	$	1,041,668
Cash Receipts	A-4	$	899,581
Due from Assessment Trust Fund	B-4		675
Due from Animal Control Fund	B-7		51
Due from Other Trust Fund	B-9		85,355
Due from General Capital Fund	C-5		55,775
Due from Public Assistance Trust Fund	F-2		231
	A-1,A-2	$	1,041,668

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, 2024

	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	$ 31,600		
Municipal Clerk					
Salaries & Wages	314,081	314,081	314,064	$ 17	
Other Expenses	35,000	35,000	20,194	14,806	
Other Expenses-Codification of Ordinances	5,000	5,000	5,000	-	
Grant Professional - Other Expenses	43,200	43,200	43,200	-	
Elections					
Salaries & Wages	21,229	21,229	21,229	-	
Other Expenses	15,000	15,000	13,293	1,707	
Financial Administration					
Salaries & Wages	91,108	91,108	91,108	-	
Other Expenses	29,000	29,000	29,000	-	
Annual Audit	52,000	52,000	52,000	-	
Assessment of Taxes					
Salaries & Wages	112,232	112,232	112,232	-	
Other Expenses	55,000	55,000	24,694	30,306	
Collection of Taxes					
Salaries & Wages	57,191	57,191	57,186	5	
Other Expenses	16,000	16,000	15,322	678	
Legal Services & Costs					
Salaries & Wages	67,736	67,736	67,736	-	
Other Expenses	45,000	77,000	76,161	839	
Engineering Services & Costs					
Other Expenses	70,000	35,000	12,744	22,256	
Municipal Housing Administration					
Salaries & Wages	10,851	10,851	10,851	-	
Other Expenses	1,000	1,000	-	1,000	
Floodplain Administration					
Salaries & Wages	6,510	6,510	6,510	-	
Other Expenses	1,000	1,000	-	1,000	
Municipal Land Use Law (NJS 40:55D-1)					
Planning Board					
Salaries & Wages	12,040	12,040	10,540	1,500	
Other Expenses	30,000	20,000	1,256	18,744	
Board of Adjustments					
Salaries & Wages	6,118	6,118	6,118	-	
Other Expenses	30,000	20,000	799	19,201	
Insurance					
Unemployment Compensation Insurance	16,000	16,000	16,000	-	
General Liability	230,947	230,947	227,559	3,388	
Workers Compensation	180,743	180,743	180,743	-	
Employee Group Health	1,564,000	1,564,000	1,485,222	78,778	

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, 2024
(Continued)

	Appropriations		Expended		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balances Canceled
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY					
Fire					
Salaries and Wages	$ 7,992	$ 7,992	$ 7,992		
Other Expenses	160,000	160,000	82,603	$ 77,397	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Fire Officials					
Salaries and Wages	136,423	136,423	136,423	-	
Other Expenses	5,000	5,000	4,251	749	
Police Dispatch/911					
Salaries and Wages	241,202	241,202	227,336	13,866	
Other Expenses	2,000	2,000	426	1,574	
Police					
Salaries & Wages	4,671,755	4,671,755	4,634,174	37,581	
Other Expenses	160,000	160,000	143,649	16,351	
Vehicle Purchases	168,000	168,000	168,000	-	
First Aid Squad					
Contribution	45,000	45,000	45,000	-	
Other Expenses	17,000	17,000		17,000	
Emergency Management Services					
Salaries and Wages	6,572	6,572	6,550	22	
Other Expenses	10,000	13,000	12,064	936	
Municipal Prosecutor					
Salaries and Wages	25,366	25,366	23,966	1,400	
Other Expenses	1,500	1,500	75	1,425	
PUBLIC WORKS					
Road Repairs and Maintenance					
Salaries and Wages	802,083	802,083	735,694	66,389	
Other Expenses	95,000	95,000	84,106	10,894	
Sewer System					
Salaries & Wages	414,674	416,674	416,603	71	
Other Expenses	150,000	150,000	101,874	48,126	
Shade Tree Commission					
Salaries & Wages	3,168	3,168	3,168	-	
Other Expenses	15,000	15,000	4,868	10,132	
Garbage and Trash Removal					
Contractual	334,305	334,305	334,305	-	
Public Buildings and Grounds					
Salaries and Wages	39,804	39,804	32,604	7,200	
Other Expenses	60,000	75,000	75,000	-	

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balances Canceled
OPERATIONS - WITHIN "CAPS"					
PUBLIC WORKS (Continued)					
Vehicle Maintenance					
Salaries and Wages	$ 7,086	$ 7,086	$ 7,086	-	
Other Expenses	105,000	105,000	92,307	$ 12,693	
Recycling Program					
Salaries & Wages	27,257	27,257	27,257	-	
Other Expenses	260,000	260,000	259,075	925	
Solid Waste Transfer Fees				-	
Leaf/Grass Removal	360,000	360,000	345,781	14,219	
Other Expenses	260,000	260,000	231,276	28,724	
Condo Services Act					
Other Expenses	29,000	29,000	-	29,000	
HEALTH AND WELFARE					
Board of Health					
Salaries & Wages	64,184	64,184	62,448	1,736	
Other Expenses	73,000	91,000	86,263	4,737	
Animal Control					
Other Expenses	18,000	-		-	
RECREATION AND EDUCATION					
Parks and Playgrounds					
Salaries & Wages	167,760	167,760	151,114	16,646	
Other Expenses	100,000	100,000	69,635	30,365	
Senior Citizen Program					
Salaries and Wages	11,114	11,114	11,113	1	
Other Expenses	5,000	5,000	4,004	996	
Celebration of Public Events					
Other Expenses	15,000	15,000	9,222	5,778	
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	230,461	230,461	228,469	1,992	
Other Expenses	21,000	21,000	12,779	8,221	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	11,113	12,113	11,363	750	
Other Expenses	1,000	1,000		1,000	

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, 2024
(Continued)

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended 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	$ 392,906	$ 392,906	$ 391,938	$ 968	
Other Expenses	20,000	20,000	13,050	6,950	
UNCLASSIFIED AND BULK PURCHASES					
Utilities:					
Electricity and Natural Gas	250,000	251,000	250,374	626	
Street Lighting	155,000	155,000	154,115	885	
Gasoline	150,000	150,000	114,297	35,703	
Telephone	30,000	31,000	30,936	64	-
Total Operations Within "CAPS"	13,485,311	13,485,311	12,776,994	708,317	-
Detail:					
Salaries & Wages	7,991,616	7,994,616	7,844,472	150,144	-
Other Expenses	5,493,695	5,490,695	4,932,522	558,173	-
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"					
Deferred Charges					
Anticipated Deficit in Swim Pool Operations	156,000	156,000	148,210	-	$ 7,790
Statutory Charges					
Public Employees Retirement System	474,490	474,490	432,096	42,394	
Social Security System (O.A.S.I.)	345,000	345,000	319,508	25,492	
Police and Fireman's Retirement System	1,412,691	1,412,691	1,412,691	-	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	2,388,181	2,388,181	2,312,505	67,886	7,790
Total General Appropriations for Municipal Purposes Within "CAPS"	15,873,492	15,873,492	15,089,499	776,203	7,790
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage - Contractual	1,529,433	1,529,433	1,529,433	-	
Wayne Township Sewer - Contractual	25,000	25,000	21,362	3,638	
Recycling Tax	15,000	15,000	14,018	982	
Maintenance of Free Public Library	1,350,718	1,350,718	1,350,717	1	-
Insurance					
Employee Group Health	51,000	51,000	51,000	-	
General Liability	3,388	3,388	3,388	-	
Garbage and Trash Removal	208,575	208,575	208,575	-	-
Total Operations Excluded from "CAPS"	3,183,114	3,183,114	3,178,493	4,621	-

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balances Canceled
OPERATIONS - EXCLUDED FROM "CAPS"					
INTERLOCAL MUNICPAL SERVICE AGREEMENTS					
Borough of Woodland Park					
Construction Code Official					
Salaries and Wages	$ 86,363	$ 86,363	$ 86,363		
Other Expenses	24,637	24,637	22,296	$ 2,341	-
Total Interlocal Municipal Service Agreements	111,000	111,000	108,659	2,341	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Matching Funds for Grants				-	
Safe and Secure Communities Program				-	
Police - Salaries and Wages	45,150	45,150	45,150	-	
Drug and Alcohol Municipal Alliance	8,277	8,277	5,302	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	
Opiod Settlement Program	18,587	18,587	-	18,587	-
Total Public and Private Programs Offset by Revenues	188,972	188,972	50,452	138,520	-
Total Operations Excluded from "CAPS"	3,483,086	3,483,086	3,337,604	145,482	-
Detail:					
Salaries & Wages	131,513	131,513	131,513	-	-
Other Expenses	3,351,573	3,351,573	3,206,091	145,482	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	1,543,873	1,543,873	1,543,873	-	
ARP Firefighters Grant - Acquisition of Equipment	70,000	70,000	-	-	$ 70,000
Total Capital Improvements - Excluded from "CAPS"	1,613,873	1,613,873	1,543,873	-	70,000

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, 2024
(Continued)

		Appropriations		Expended		
		Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balances Canceled
OPERATIONS - EXCLUDED FROM "CAPS"						
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Deferred Charges - Unfunded Ord. No. 15-2018		$ 180,000	$ 180,000	$ 180,000	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"		180,000	180,000	180,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		5,276,959	5,276,959	5,061,477	$ 145,482	$ 70,000
Subtotal General Appropriations		21,150,451	21,150,451	20,150,976	921,685	77,790
Reserve for Uncollected Taxes		2,200,000	2,200,000	2,200,000	-	-
Total General Appropriations		$ 23,350,451	$ 23,350,451	$ 22,350,976	$ 921,685	$ 77,790
	Reference	A-2	A-3	A-1	A,A-1	
Budget as Adopted		A-3	$ 2,350,451			
Cash Disbursed	A-4			$ 17,879,840		
Encumbrance Payable	A-16			383,053		
Due to Other Trust Fund	B-9			16,000		
Due to General Capital Fund	C-5			1,723,873		
Due to Swim Pool Utility Operating Fund	E-9			148,210		
Reserve for Uncollected Taxes	A-2			2,200,000		
	A-3			$ 22,350,976		

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, 2024 AND 2023

	Reference	2024	2023
ASSETS			
ASSESSMENT TRUST FUND			
Cash	B-1,B-2	$ 5,642	$ 391
Assessments Receivable	B-3	-	4,578
		5,642	4,969
ANIMAL CONTROL FUND			
Cash	B-1	2,766	2,024
		2,766	2,024
OTHER TRUST FUND			
Cash and Cash Equivalents	B-1	6,382,808	5,941,226
Due from Current Fund	B-9		16,000
Due from Water Utility Operating Fund	D-13	7,500	3,500
		6,390,308	5,960,726
		$ 6,398,716	$ 5,967,719

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, 2024 AND 2023
(Continued)

	Reference	2024	2023
LIABILITIES, RESERVES AND FUND BALANCE			
ASSESSMENT TRUST FUND			
Due to Current Fund	B-4	$ 1,924	$ 1,251
Due to General Capital Fund	C-6	3,718	3,718
		5,642	4,969
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-6	1	21
Due to Current Fund	B-7	1,022	211
Reserve for Animal Control Expenditures	B-5	1,743	1,792
		2,766	2,024
OTHER TRUST FUND			
Escrow Deposits Payable	B-8	1,572,837	1,509,062
Premium Received at Tax Sale	B-10	208,300	140,100
Payroll Deductions Payable	B-11	14,756	9,959
Due to Current Fund	B-9	32,427	
Reserve for Unemployment Insurance	B-13	271,498	274,057
Miscellaneous Reserves and Deposits	B-14	4,290,490	4,027,548
		6,390,308	5,960,726
		$ 6,398,716	$ 5,967,719

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, 2024 AND 2023

	Reference	2024	2023
ASSETS			
Cash and Cash Equivalents	C-2,C-3	$ 2,634,804	$ 5,145,620
Grants Receivable	C-4	4,096,169	3,166,052
Due from Current Fund	C-5	2,860,077	1,201,937
Due from Assessment Trust Fund	C-6	3,718	3,718
Deferred Charges to Future Taxation			
Unfunded	C-7	386,492	566,492
		$ 9,981,260	$ 10,083,819
LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrances Payable	C-8	$ 2,185,294	$ 2,468,878
Improvement Authorizations			
Funded	C-14	5,094,083	4,932,497
Unfunded	C-14	375,730	375,730
Capital Improvements Fund	C-9	919,519	919,519
Reserve for:			
Sewer Connection Charges	C-10	16,800	11,800
Capital Improvements and Acquisitions	C-11	1,042,183	1,027,744
Field Improvements	C-13	164,487	164,487
Land Sale Proceeds	C-12	850	850
Grants Receivable	C-4	181,492	181,492
Fund Balance	C-1	822	822
		$ 9,981,260	$ 10,083,819

There were Bonds and Notes Authorized But Not Issued on December 31, 2024 and 2023 of $386,492 and $571,070, 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, 2024 AND 2023

	Reference	2024	2023
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, 2024 AND 2023

	Reference	2024	2023
ASSETS			
OPERATING FUND			
Cash and Cash Equivalents	D-5	$ 4,366,262	$ 3,799,729
Receivables With Full Reserves			
Consumer Accounts Receivable	D-8	623,285	593,713
Total Operating Fund		4,989,547	4,393,442
CAPITAL FUND			
Cash	D-5,D-7	204,514	349,255
Due from Water Utility Operating Fund	D-18	55,735	30,000
Fixed Capital	D-9	5,341,787	5,156,262
Fixed Capital Authorized and Uncompleted	D-10	994	105,967
Total Capital Fund		5,603,030	5,641,484
		$ 10,592,577	$ 10,034,926

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, 2024 AND 2023
(Continued)

	Reference	2024	2023
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-11	$ 481,027	$ 678,539
Encumbrances Payable	D-14	362,570	345,944
Accounts Payable	D-15	1,530	1,523
Water Rent Overpayments	D-16	4,709	5,133
Due to Current Fund	D-12	68,107	
Due to Other Trust Fund	D-13	7,500	3,500
Due to Water Utility Capital Fund	D-18	55,735	30,000
		981,178	1,064,639
Reserve for Receivables	D	623,285	593,713
Fund Balance	D-1	3,385,084	2,735,090
Total Operating Fund		4,989,547	4,393,442
CAPITAL FUND			
Encumbrances Payable	D-17	-	18,015
Improvement Authorizations			
Funded	D-19	994	87,952
Capital Improvement Fund	D-20	221,175	257,108
Reserve for Amortization	D-21	5,341,787	5,156,262
Deferred Reserve for Amortization	D-22	994	105,967
Reserve for Water Tower Fees	D-23	14,219	14,219
Fund Balance	D-2	23,861	1,961
Total Capital Fund		5,603,030	5,641,484
		$ 10,592,577	$ 10,034,926

There were no Bonds and Notes Authorized But Not Issued on December 31, 2024 and 2023.

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, 2024 AND 2023

	Reference	2024	2023
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-3	$ 325,000	$ 300,000
Water Usage Charges	D-3	3,438,417	3,636,149
Miscellaneous Fees	D-3	371,954	360,895
Interest on Delinquent Accounts	D-3	38,408	30,431
Interest on Investments	D-3	93,435	78,284
Non-Budget Revenues	D-3	30,125	19,686
Other Credits			
Appropriation Reserves Lapsed	D-11	649,922	17,852
Total Income		4,947,261	4,443,297
EXPENDITURES			
Operating	D-4	3,694,858	3,624,165
Capital Improvements	D-4	70,000	70,000
Deferred Charges and Statutory Expenditures	D-4	207,409	202,875
Total Expenditures		3,972,267	3,897,040
Excess in Revenues		974,994	546,257
Fund Balance, January 1,	D	2,735,090	2,488,833
		3,710,084	3,035,090
Decreased by:			
Utilized as Anticipated Revenue	D-1,D-3	325,000	300,000
Balance, December 31,	D	$ 3,385,084	$ 2,735,090

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, 2024 AND 2023

	Reference	2024	2023
Balance, January 1,	D	$ 1,961	$ 1,961
Increased by:			
Funded Improvement Authorizations Cancelled	D-19	21,900	-
Balance, December 31,	D	$ 23,861	$ 1,961

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, 2024

	Reference	Anticipated	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	$ 325,000	$ 325,000	
Water Usage Charges	D-1,D-8	3,247,267	3,438,417	$ 191,150
Miscellaneous Fees	D-1,D-3	350,000	371,954	21,954
Interest on Delinquent Accounts	D-1,D-6	20,000	38,408	18,408
Interest on Investments	D-1,D-3	30,000	93,435	63,435
Budget Revenues	D-4	$ 3,972,267	4,267,214	$ 294,947
Non-Budget Revenues	D-1, D-3		30,125	
			$ 4,297,339	
Analysis of Realized Revenue				
Miscellaneous Fees				
Consumer Accounts Receivable				
Collected				
Sprinkler Fees			$ 330,668	
Meters			31,601	
Final Meter Readings			9,685	
	D-3, D-8		$ 371,954	
Analysis of Non-Budget Revenues				
Service Line Charge			$ 30,125	
	D-3, D-5		$ 30,125	
Analysis of Interest on Investments				
Cash Receipts	D-5		$ 87,425	
Due from Water Utility Capital Fund	D-18		6,010	
	D-3		$ 93,435	

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT D-4

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Appropriated		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
OPERATING				
Salaries and Wages	$ 787,146	$ 787,146	$ 762,605	$ 24,541
Other Expenses	2,907,712	2,907,712	2,460,776	446,936
Total Operating	3,694,858	3,694,858	3,223,381	471,477
CAPITAL IMPROVEMENTS				
Capital Improvement Fund	30,000	30,000	30,000	-
Capital Outlay	40,000	40,000	36,519	3,481
Total Capital Improvements	70,000	70,000	66,519	3,481
DEFERRED CHARGES AND STATUTORY				
Statutory Expenditures				
Contribution to				
Public Employees Retirement System	143,409	143,409	143,409	-
Social Security System (O.A.S.I.)	60,500	60,500	54,431	6,069
Unemployment Compensation Insurance (NJSA 43:21-3 et seq.)	3,500	3,500	3,500	-
Total Deferred Charges and Statutory Expenditures	207,409	207,409	201,340	6,069
	$ 3,972,267	$ 3,972,267	$ 3,491,240	$ 481,027
Reference	D-3	D-4	D-1	D, D-1

	Reference	
Cash Disbursed	D-5	$ 3,095,170
Encumbrances Payable	D-14	362,570
Due to Other Trust Fund	D-13	3,500
Due to Water Utility Capital Fund	D-18	30,000
		$ 3,491,240

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT E

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIM POOL UTILITY FUND
AS OF DECEMBER 31, 2024 AND 2023

	Reference	2024	2023
ASSETS			
OPERATING FUND			
Cash	E-5	$ 584	$ 978
Due from Current Fund	E-9	33,295	
Due from Swim Pool Utility Capital Fund	E-12	3	-
		33,882	978
Deferred Charges:			
Operating Deficit	E-10	-	22,597
Total Operating Fund		33,882	23,575
CAPITAL FUND			
Cash	E-5,E-6	195	192
Fixed Capital	E-7	596,002	596,002
Total Capital Fund		596,197	596,194
		$ 630,079	$ 619,769
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	E-4, E-8	$ 31,170	$ 13,466
Encumbrances Payable	E-11	2,103	2,756
Due to Current Fund	E-9	-	6,744
		33,273	22,966
Fund Balance	E-1	609	609
Total Operating Fund		33,882	23,575
CAPITAL FUND			
Due to Swim Pool Utility Operating Fund	E-12	3	
Reserve for Amortization	E-13	596,002	596,002
Fund Balance	E-2	192	192
Total Capital Fund		596,197	596,194
		$ 630,079	$ 619,769

There were no bonds and notes authorized but not issued on December 31, 2024 and 2023.

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 - SWIM POOL UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Reference	2024	2023
REVENUE AND OTHER INCOME REALIZED			
Swimming Pool Fees	E-3	$ 72,491	$ 68,635
Miscellaneous Fees	E-3	15,859	
Non-Budget Revenue	E-3	137	12,562
Other Credits to Income			
Appropriation Reserves Lapsed	E-1	-	3,100
Total Income		88,487	84,297
EXPENDITURES			
Operating	E-4	188,000	188,000
Capital Improvements	E-4	17,000	12,000
Deferred Charges and Statutory Expenditures	E-4	31,697	46,894
Total Expenditures		236,697	246,894
Deficit in Revenue		(148,210)	(162,597)
Adjustments to Income Before Fund Balance			
Realized from General Budget for Anticipated Deficit	E-3	148,210	140,000
Operating Deficit to be Raised in Budget of Succeeding Year			(22,597)
Statutory Excess to Fund Balance		-	-
Fund Balance, January 1	E	609	609
Fund Balance, December 31	E	$ 609	$ 609

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SWIM POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Reference	2024	2023
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, 2024

	Reference	Anticipated	Realized	Excess or (Deficit)
Swim Pool Fees	E-1,E-3	$ 64,300	$ 72,491	$ 8,191
Miscellaneous Revenues	E-1,E-3	16,397	15,859	(538)
Deficit (General Budget)	E-1, E-9	156,000	148,210	(7,790)
Budget Revenues	E-4	$ 236,697	236,560	$ (137)
Non-Budget Revenues	E-1,E-3		137	
			$ 236,697	
Analysis of Swim Pool Fees				
Membership Fees			$ 64,555	
Guest Fees			7,936	
	E-3,E-5		$ 72,491	
Analysis of Miscellaneous Revenue				
Snack Bar Lease			$ 11,934	
Party Fees			1,035	
Swimming Lessons			2,480	
Movie Night			410	
	E-3,E-5		$ 15,859	
Analysis of Non-Budget Revenues				
Interest on Deposits	E-3		$ 137	
Cash Receipts	E-5		$ 134	
Due From Swim Pool Utility Capital Fund	E-12		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, 2024

		Appropriated		Expended	
		Budget	Budget After Modification	Paid or Charged	Reserved
OPERATING					
Salaries and Wages		$ 113,000	$ 113,000	$ 110,260	$ 2,740
Other Expenses		75,000	75,000	64,235	10,765
Total Operating		188,000	188,000	174,495	13,505
CAPITAL IMPROVEMENTS					
Capital Outlay		17,000	17,000	-	17,000
Total Capital Improvements		17,000	17,000	-	17,000
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges					
Operating Deficit in Prior Year		22,597	22,597	22,597	-
Statutory Expenditures					
Contribution to					
Social Security System (O.A.S.I.)		9,000	9,000	8,435	565
Unemployment Compensation Insurance (NJSA 43:21-3 et seq.)		100	100	-	100
Total Deferred Charges and Statutory Expenditures		31,697	31,697	31,032	665
		$ 236,697	$ 236,697	$ 205,527	$ 31,170
	Reference	E-3	E-4	E-1	E,E-1
Cash Disbursed	E-5			$ 180,827	
Encumbrances Payable	E-11			2,103	
Deferred Charges					
Operating Deficit	E-10			22,597	
				$ 205,527	

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, 2024 AND 2023

	Reference	2024	2023
ASSETS			
Cash	F-1	$ 11,580	$ 11,386
LIABILITIES AND RESERVES			
Due to Current Fund	F-2	$ 324	$ 130
Reserve for Public Assistance	F-3	11,256	11,256
Total Liabilities and Reserves		$ 11,580	$ 11,386

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, 2024 AND 2023

	2024	2023
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	9,154,845	8,503,537
	$ 54,086,705	$ 53,435,397
Investment in Fixed Assets	$ 54,086,705	$ 53,435,397

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, 2023 balances to conform to the December 31, 2024 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 sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the 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. 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 certain appropriations and allowable adjustments 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 2024 the Borough Council did not increase the original budget. During 2023 the Borough Council increased the Current Fund original budget by $25,000. The increase in 2023 was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2024 and 2023.

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, 2024 and 2023, the book value of the Borough's deposits were $33,722,616 and $34,182,220 and bank and brokerage firm balances of the Borough's deposits amounted to $34,257,553 and $34,756,249, 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	2024	2023
Insured	$ 32,408,269	$ 33,034,861
Uninsured and Collateralized	1,849,284	1,721,388
	$ 34,257,553	$ 34,756,249

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, 2024 and 2023, the Borough's bank balances of $1,849,284 and $1,721,388 were exposed to custodial credit risk as follows:

Depository Account	2024	2023
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	$ 1,849,284	$ 1,721,388

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, 2024 and 2023, the Borough had the following investments:

Investment Type:	Maturities	Valuation Basis	2024	2023
Non-Negotiable Certificates of Deposit	Less Than 1 Year	Book Value	$ 2,515,300	$ 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, 2024 and 2023, 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 Lakeland 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, 2024 and 2023 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, 2024 consisted of the following:

	Current	Water Utility	Total
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 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

Receivables at December 31, 2023 consisted of the following:

	Current	Water Utility	Total
2023			
Property Taxes	$ 665,232		$ 665,232
Tax Title Liens	42,026		42,026
Water Utility Charges and Fees	-	$ 593,713	593,713
	$ 707,258	$ 593,713	$ 1,300,971

In 2023, the Borough collected $652,557 and $648,003 from delinquent taxes and utility charges and fees, which represented 98% and 100% of the delinquent tax and water charges receivable at December 31, 2022.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	2024		2023	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	$ 103,804	$ 2,893,372	$ 8,336	$ 1,217,937
Trust Funds:				
Assessment Trust		5,642		4,969
Animal Control		1,022		211
Other Trust	7,500	32,427	19,500	
General Capital Fund	2,863,795		1,205,655	
Water Utility Fund				
Operating		131,342		33,500
Capital	55,735		30,000	
Swim Pool Utility Fund				
Operating	33,298			6,744
Capital		3		
Public Assistance Trust Fund	-	324	-	130
Total	$ 3,064,132	$ 3,064,132	$ 1,263,491	$ 1,263,491

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 CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance December 31,	Subsequent Year Budget Appropriation	Balance
2023			
Swim Pool Utility Fund			
Operating Deficit	$ 22,597	$ 22,597	$ -

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral 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, 2024 and 2023 are as follows:

	Local District School		Regional District School	
	2024	**2023**	**2024**	**2023**
Balance of Tax	$ 8,817,718	$ 8,645,555	$ 6,594,751	$ 6,106,237
Deferred	3,025,266	3,025,266	2,093,009	2,093,009
Taxes Payable	$ 5,792,452	$ 5,620,289	$ 4,501,742	$ 4,013,228

NOTE 8 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:

	2024		2023	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 5,004,444	$ 3,380,000	$ 6,451,759	$ 3,380,000
Non-Cash Surplus	379,026	-	355,312	-
	$ 5,383,470	$ 3,380,000	$ 6,807,071	$ 3,380,000
Water Utility Operating Fund				
Cash Surplus	$ 3,385,084	$ 400,000	$ 2,735,090	$ 325,000
Non-Cash Surplus	-	-	-	-
	$ 3,385,084	$ 400,000	$ 2,735,090	$ 325,000
Swim Pool Utility Operating Fund				
Cash Surplus	$ 609			
Non-Cash Surplus	-	-	$ 609	-
	$ 609	$ -	$ 609	$ -

NOTE 9 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, 2024 and 2023.

	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

	Balance December 31, 2022	Additions	Retirements	Balance, December 31, 2023
2023				
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	9,332,295	$ 271,706	$ (1,100,464)	8,503,537
	$ 54,264,155	$ 271,706	$ (1,100,464)	$ 53,435,397

NOTE 9 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, 2024 and 2023.

Water Utility Fund	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

	Balance December 31, 2022	Increases	Decreases	Balance, December 31, 2023
2023				
Fixed Capital				
System and System Improvements	$ 4,921,459	$ 28,443		$ 4,949,902
Vehicles and Equipment	206,360	-	-	206,360
	$ 5,127,819	$ 28,443	$ -	$ 5,156,262

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

	Balance December 31, 2022	Increases	Decreases	Balance, December 31, 2023
2023				
Fixed Capital				
Facility and Facility Improvements	$ 595,237	$ 765	$ -	$ 596,002
	$ 595,237	$ 765	$ -	$ 596,002

NOTE 10 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:

	2024	2023
Authorized But Not Issued		
General		
Bonds and Notes	$ 386,492	$ 571,070
Total Authorized But Not Issued	$ 386,492	$ 571,070

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 .009% and .017% at December 31, 2024 and 2023, respectively.

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

	Gross Debt	Deductions	Net Debt
2023			
General Debt	$ 571,070		$ 571,070
School Debt	281,959	$ 281,959	
Utility Debt	-	-	-
Total	$ 853,029	$ 281,959	$ 571,070

NOTE 10 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:

	2024	2023
3-1/2% of Equalized Valuation Basis (Municipal)	$ 143,992,936	$ 120,808,789
Net Debt	386,492	571,090
Remaining Borrowing Power	$ 143,606,444	$ 120,237,699

NOTE 11 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
2024		
New Pumper Fire Truck	$760,938	2025
Various Road Improvements	321,718	2025
Sanitary Sewer Main Rehabilitation	292,396	2025
William Place Sewer Pump Station Upgrade	106,370	2025
2023		
Improvements to William Place	$688,851	2024
New Pumper Fire Truck	760,938	2025
Various Road Improvements	888,243	2024
Sanitary Sewer Main Rehabilitation	305,691	2024

NOTE 12 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 $664,981 and $650,043 at December 31, 2024 and 2023, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2024 and 2023, 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 12 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, 2024 and 2023 were as follows:

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 **(1)**	7,400,795			7,400,795	
Net Pension Liability - PFRS **(1)**	11,725,138	-	-	11,725,138	-
Total Other Long-Term Liabilities	$ 19,775,976	$ 14,938	$ -	$ 19,790,914	$ 50,000

(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.

2023	Balance, December 31, 2022	Additions	Reductions	Balance, December 31, 2023	Due Within One Year
Compensated Absences	$ 554,869	$ 161,066	$ 65,892	$ 650,043	$ 50,000
Net Pension Liability - PERS	8,024,692	59,002	682,899	7,400,795	
Net Pension Liability - PFRS	11,649,651	1,488,178	1,412,691	11,725,138	-
Total Other Long-Term Liabilities	$ 20,229,212	$ 1,708,246	$ 2,161,482	$ 19,775,976	$ 50,000

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

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

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

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.state.nj.us/treasury/pensions.

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, 2024 was not available and for June 30, 2023 is $14.6 billion, and the plan fiduciary net position as a percentage of the total pension liability is 65.22% at June 30, 2023. The collective net pension liability of the participating employers for local PFRS at June 30, 2024 was not available and for June 30, 2023 is $13.1 billion and the plan fiduciary net position as a percentage of total pension liability is 70.16% at June 30, 2023.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2022 which were rolled forward to June 30, 2023.

Actuarial Methods and Assumptions

In the July 1, 2022 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 2024 and 2023 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, 2024 and 2023 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 2024, 2023 and 2022 were equal to the required contributions.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2024, 2023 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	$ 1,412,691	$ 682,899	None
2024	1,323,652	670,550	None
2023	1,123,426	589,972	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 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, 2023 for the measurement date of June 30, 2024 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, 2024 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, 2023 and 2022. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2023, the Borough reported a liability of $7,400,795 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2023, the Borough's proportionate share was .05110 percent, which was a decrease of .00207 percent from its proportionate share measured as of June 30, 2022 of .05317 percent.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2023, the pension system has determined the Borough's pension (benefit) to be $(73,328) for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of $670,550. At December 31, 2023, 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:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 70,761	$ 30,252
Changes of Assumptions	16,258	448,520
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	34,082	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	371,205	440,033
Total	$ 492,306	$ 918,805

At December 31, 2023 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
2024	$ (316,356)
2025	(192,262)
2026	259,017
2027	(168,819)
2028	(8,079)
Thereafter	-
	$ (426,499)

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, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2023
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%

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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.

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, 2023) 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, 2023, as reported for the year ended December 31, 2023, are summarized in the following table:

	2023	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2023. 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, 2023 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:

2023	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	$ 9,634,260	$ 7,400,795	$ 5,499,821

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2023. 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.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2023, the Borough reported a liability of $11,725,138 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2023, the Borough's proportionate share was .10612 percent, which was an increase of .00434 percent from its proportionate share measured as of June 30, 2022 of .10178 percent.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2023, the pension system has determined the Borough pension expense to be $663,512 for PFRS based on the actuarial valuations which is less than the actual contributions reported in the Borough's financial statements of $1,323,652. At December 31, 2023, 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:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 502,047	$ 559,185
Changes of Assumptions	25,307	791,728
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	597,139	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	1,221,540	445,109
Total	$ 2,346,033	$ 1,796,022

At December 31, 2023 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
2024	(337,534)
2025	(120,454)
2026	875,393
2027	74,477
2028	53,821
Thereafter	4,308
	$ 550,011

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, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2023
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%

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-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, 2023) 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, 2023, as reported for the year ended December 31, 2023, are summarized in the following table:

	2023	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Investment Grade Credit	7.00%	5.19%
US Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
High Yield	4.50%	6.97%
Real Assets	3.00%	8.40%
Private Credit	8.00%	9.20%
Real Estate	8.00%	8.58%
Private Equity	13.00%	12.50%

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2023. 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, 2023 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:

2023	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 16,336,927	$ 11,725,138	$ 7,884,620

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2023. 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, 2023, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is $2,160,493. For the year ended December 31, 2023, 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 $245,752, which is less than the actual contributions the State made on behalf of the Borough of $247,077. At December 31, 2023 (measurement date June 30, 2023) the State's share of the PFRS net pension liability attributable to the Borough was .10612 percent, which was an increase of 0.00434 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of .10178 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 (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide 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, 2023:

Active Plan Members	65,613
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	34,771
Total	100,384
Contributing Employers	574
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, 2024 was not available and for June 30, 2023 is $15.0 billion, and the plan fiduciary net (deficit) as a percentage of the total OPEB liability is (0.79)% at June 30, 2023.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2022 which was rolled forward to June 30, 2023.

Actuarial Methods and Assumptions

In the July 1, 2022 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 $431.4 million and the State of New Jersey, as the non-employer contributing entity, contributed $55.6 million for fiscal year 2023.

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, 2022 for the measurement date of June 30, 2022 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, 2024 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, 2023, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is $8,329,303. For the year ended December 31, 2023 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is $1,510,265. At December 31, 2023, (measurement date June 30, 2023), the State's share of the OPEB liability attributable to the Borough was .23872 percent, which was a decrease of .04717 percent from its proportionate share measured as of December 31, 2022 (measurement date June 30, 2022) of .28589 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, 2023 was based on the June 30, 2023 measurement date as determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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:

	2023
Inflation Rate	2.50%
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)

The actuarial assumptions used in the July 1, 2022 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.

Mortality Rates

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

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 6.50% and decreases to a 4.50% long-term trend rate after 9 years. For post-65 medical benefits PPO, the trend is, increasing to 14.80% in Fiscal Year 2026 and decreasing to 4.50% in Fiscal Year 2033. For HMO the trend is increasing to 17.40% in Fiscal Year 2026 and decreasing to 4.50% in Fiscal Year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after 7 years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2023 measurement date was 3.65%. 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.

NOTE 14 RISK MANAGEMENT (Continued)

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
2024	$ 19,500	$ 7,273	$ 2,435	$ 31,767	$ 271,498
2023	19,500	7,061	2,118	13,388	274,057
2022	19,500	6,446	1,035	12,896	258,766

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.

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 $759,000.00 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.

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Litigation (Continued)

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 previous and new 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.

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 $10,000,000.00.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. 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, 2024 and 2023, the Borough reserved $2,007,441 and $1,171,060, 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, 2024 and 2023, 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, 2024 and 2023, 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 $106,075 to $17,821. The Borough recognized $88,131 and $91,631 in lease revenue for 2024 and 2023, respectively, which includes interest earning of $8,478 and $10,743, respectively. As of December 31, 2024 and 2023 the Borough's receivable for lease payments, exclusive of future interest earnings, is $223,132 and $302,786, 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 $142,668 and $135,874 in lease revenue for 2024 and 2023, respectively, which includes interest earnings of $12,928 and $16,276, respectively. As of December 31, 2024 and 2023 the Borough's receivable for lease payments, exclusive of future interest earnings, is $331,957 and $461,698, respectively, for the lease term ending March 31, 2027.

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 $30,542. The Borough recognized $117,804 and $112,194 in lease revenue for 2024 and 2023, respectively, which includes interest earning of $8,215 and $3,980, respectively. As of December 31, 2024 and 2023 the Borough's receivable for lease payments, exclusive of future interest earnings, is $564,279 and $85,941, respectively, for the lease term ending September 30, 2029.

The future lease revenue payments as of December 31, 2024 were as follows:

Calendar Year	Principal	Interest	Total
2025	$ 340,819	$ 41,781	$ 382,600
2026	362,618	30,627	393,245
2027	176,387	17,603	193,990
2028	131,957	11,235	143,192
2029	107,587	3,784	111,371
Total	$ 1,119,368	$ 105,030	$ 1,224,398

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF TOTOWA
STATEMENT OF CURRENT CASH - TREASURER

Balance, December 31, 2023		$ 21,445,649
Increased by Receipts:		
Tax Collector	$ 67,404,817	
Non-Budget Revenue	899,581	
Revenue Accounts Receivable	3,389,415	
Grants Receivable	40,452	
NJ Senior Citizens' and Veterans' Deductions	55,250	
Sewer Fee Overpayments	203	
Fees Payable	76,193	
County PILOT Revenue Payable	19,801	
Reserve for Unappropriated Grants	69,290	
Miscellaneous Reserves	36,118	
Received from Assessment Trust Fund	2	
Received from Animal Control Fund	11	
Received from Other Trust Fund	20,928	
Receipts from General Capital Fund	16,978	
Receipts for Water Utility Operating Fund	19,333	
Received from Public Assistance Trust Fund	37	
		72,048,409
		93,494,058
Decreased by Disbursements:		
2024 Budget Appropriations	17,879,840	
2023 Appropriation Reserves	141,095	
Fees Payable	63,393	
Encumbrances Payable	330,446	
Accounts Payable	1,153	
Refund of Tax Overpayments	53,327	
Reserve for Appropriated Grants	675,352	
Reserve for Tax Appeals	663,619	
County Taxes Payable	20,575,587	
Added County Taxes Payable	28,002	
Local District School Tax	17,388,449	
Regional High School Tax	12,857,023	
Payments made to General Capital Fund	26,936	
Payments made to Swim Utility Operating Fund	94,705	
Payments made to Water Utility Operating Fund	87,440	
		70,866,367
Balance, December 31, 2024		$ 22,627,691

EXHIBIT A-5

BOROUGH OF TOTOWA
STATEMENT OF CASH - TAX COLLECTOR

Received:		
Taxes Receivable	$ 66,729,247	
Tax Overpayments	51,454	
Interest and Cost on Taxes	204,020	
Prepaid Taxes	420,096	
		$ 67,404,817
Decreased by:		
Payments to Treasurer		$ 67,404,817

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

Title	Balance, December 31, 2023	Balance, December 31, 2024
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, 2023	Balance, December 31, 2024
Borough Clerk	$ 150	$ 150

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

Balance, December 31, 2023		$ 71,517
Increased by:		
Received in Cash from the State		55,250
		126,767
Decreased by:		
Senior Citizens' and Veterans' Deductions Allowed Per Tax Billings	$ 56,500	
Senior Citizens' and Veterans' Deductions Allowed by the Tax Collector - Current Year	2,250	
		58,750
Balance, December 31, 2024		$ 68,017

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

Year	Balance, December 31, 2023	2024 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collections 2023	Collections 2024	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2024
2018	$ 2,178								$ 2,178
2019	2,182								2,182
2020	2,214								2,214
2021	2,175								2,175
2022	2,239				$ 12				2,227
2023	654,244	-	-	-	644,804	-	$ 53	$ 6,018	3,369
	665,232	-	-	-	644,816	-	53	6,018	14,345
2024	-	$ 67,505,053	$ -	$ 377,995	66,084,431	$ 58,750	$ 168,608	23,748	791,521
	$ 665,232	$ 67,505,053	$ -	$ 377,995	$ 66,729,247	$ 58,750	$ 168,661	$ 29,766	$ 805,866

Analysis of 2024 Property Tax Levy

Tax Yield			
General Purpose Tax		$ 67,362,399	
Added Taxes (RS 54:4-36.1 et seq.)		142,654	
			$ 67,505,053
Tax Levy			
Regional High School Taxes		$ 13,345,537	
Local District School Taxes		17,560,612	
County Taxes			
County Tax	$ 20,169,451		
Open Space Tax	406,136		
Due County for Added Tax	43,569		
		20,619,156	
Local Tax for Municipal Purposes	14,510,333		
Minimum Library Tax	1,350,718		
Add: Additional Tax Levied	118,697		
		15,979,748	
			$ 67,505,053

EXHIBIT A-10

BOROUGH OF TOTOWA
STATEMENT OF TAX TITLE LIENS

Balance, December 31, 2022	$ 42,026
Increased by:	
Transfers from Taxes Receivable	29,766
	71,792
Decreased by:	
Cancellations	5,403
Balance, December 31, 2023	$ 66,389

EXHIBIT A-11

STATEMENT OF PROPERTY ACQUIRED FOR TAXES - AT ASSESSED VALUATIONS

Balance, December 31, 2023	$ 72,900
Balance, December 31, 2024	$ 72,900

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
		$ 72,900

BOROUGH OF TOTOWA
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, 2023	Accrued In 2024	Collected by Treasurer	Collected by Tax Collector	Balance, December 31, 2024
Borough Clerk					
Licenses					
Alcoholic Beverages		$ 11,494	$ 11,494		
Other		16,500	16,500		
Fees and Permits		1,840	1,840		
Tax Collector					
Interest and Costs on Taxes	$ 39,072	192,086		$ 204,020	$ 27,138
Board of Health/Registrar of Vital Statistics					
Licenses		21,646	21,646		
Fees and Permits		19,912	19,912		
Planning Board					
Fees and Permits		33,413	33,413		
Zoning Board of Adjustments					
Fees and Permits		49,585	49,585		
Building Department					
Uniform Construction Code Fees		662,632	662,632		
Police Department					
Fees and Permits		16,162	16,162		
Road Opening Permits - Fees and Permits		1,314	1,314		
Municipal Court					
Fines and Costs	7,937	148,288	144,306		11,919
Energy Receipts Tax		1,319,766	1,319,766		
Fire Inspection Official					
Uniform Fire Safety Act Fees		16,448	16,448		
Uniform Fire Safety Act Rebate		33,842	33,842		
Sewer User Fees	21,458	251,598	271,212		1,844
Sunset Ridge Sewer Fee		21,353	21,353		
Cable Television Franchise Fee		149,348	149,348		
Borough of Woodland Park -					
Construction Code Official		111,000	111,000		
Pilot - Totowa Med Urban Renewal LLC	212,756	177,791	390,547		-
Hotel/Motel Tax	-	97,189	97,189	-	-
	$ 281,223	$ 3,353,207	$ 3,389,509	$ 204,020	$ 40,901

	Treasurer	Tax Collector
Cash Receipts	$ 3,389,415	$ 204,020
Sewer Overpayment Applied	94	-
	$ 3,389,509	$ 204,020

EXHIBIT A-13

BOROUGH OF TOTOWA
STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2023	Awards Accrued	Received	Balance, December 31, 2024
Municipal Alliance Program	$ 60,429	$ 8,277	$ 14,563	$ 54,143
Body Worn Camera Grant	24,456			24,456
Recycling Tonnage Grant	-	25,889	25,889	-
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	-	-	231,170
Spotted Lanternfly Prevention Program		20,000		20,000
Stormwater Assistance Grant	-	10,000	-	10,000
	$ 355,312	$ 64,166	$ 40,452	$ 379,026

EXHIBIT A-14

STATEMENT OF MAINTENANCE LIEN RECEIVABLE

Balance, December 31, 2023	$ 6,500
Decreased by:	
Cancelled	6,500

BOROUGH OF TOTOWA
STATEMENT OF 2023 APPROPRIATION RESERVES

	December 31, 2023	After Modification	Expended	Balance Lapsed
SALARIES AND WAGES				
Mayor and Council				
Municipal Clerk	$ 9	$ 9		$ 9
Financial Administrator	423	423		423
Collection of Taxes	4	4		4
Uniform Fire Code	2,575	2,575		2,575
Police Dispatch/911	7,767	7,767		7,767
Police	33,038	35,236		35,236
Municipal Prosecutor	1,700	1,700		1,700
Road Repairs and Maintenance	32,012	32,012		32,012
Public Buildings and Grounds	1,070	1,070		1,070
Sewer System	9,428	9,428		9,428
Administration of Public Assistance	4,075	4,075		4,075
Board of Health	18	18		18
Parks and Playgrounds	5,688	5,688		5,688
Municipal Court	591	591		591
Construction Code Official	13,653	13,653	-	13,653
	112,051	114,249	-	114,249
OTHER EXPENSES				
Municipal Clerk	1,951	9,251	$ 9,251	-
Codification of Ordinances	3,805	3,805	2,867	938
Elections	3,486	3,486		3,486
Financial Administration	14,128	14,128	14,128	-
Annual Audit	49,000	49,000	43,981	5,019
Assessment of Taxes	45	2,045	5	2,040
Collection of Taxes	1,878	1,878	9	1,869
Legal Services and Costs	1,665	6,665	6,088	577
Engineering Services & Costs	52,049	23,049	333	22,716
Municipal Housing Administration	1,000	1,000		1,000
Floodplain Administration	1,000	1,000		1,000
Planning Board	27,778	27,778		27,778
Board of Adjustment	7,331	7,331		7,331
Insurance				
General Liability	32,935	32,935	33	32,902
Workers Compensation	12,332	12,332		12,332
Employee Group Health	22,798	22,798		22,798
Fire	85,588	85,588	60,501	25,087
Uniform Fire Code	1,123	1,123	-	1,123
Police Dispatch/911	1,744	1,744		1,744
Police	2,035	10,735	10,735	-
Vehicle Purchases	855	855	566	289
First Aid Squad	16,250	16,250	15,946	304
Emergency Management Services	6,303	6,303		6,303
Municipal Prosecutor	1,301	1,301		1,301
Road Repairs and Maintenance	7,918	7,918	913	7,005
Public Buildings and Grounds	988	988	122	866

BOROUGH OF TOTOWA
STATEMENT OF 2023 APPROPRIATION RESERVES

	Balance, December 31, 2023	Balance After Modification	Expended	Balance Lapsed
OTHER EXPENSES: (Continued)				
Vehicle Maintenance	$ 6,800	$ 16,440		$ 16,440
Sewer System	1,946	1,946	$ 810	1,136
Shade Tree Commission	11,753	11,753		11,753
Recycling Program	1,335	23,093	21,758	1,335
Solid Waste Transfer Fees	20,524	20,524	1,260	19,264
Leaf Grass Removal	70,950	70,950		70,950
Condo Services Act	14,000	20,000	19,980	20
Board of Health	4,218	4,218	3	4,215
Animal Control	7,000	7,003		7,003
Administration of Public Assistance	993	993		993
Parks and Playgrounds	999	999	497	502
Celebration of Public Events	4,253	4,253	173	4,080
Senior Citizen Program	994	994	-	994
Municipal Court	6,303	6,303	24	6,279
Public Defender	1,000	1,000		1,000
Construction Code Official	5,570	5,570	276	5,294
Utilities				
Electricity and Natural Gas	951	951	-	951
Street Lighting	3,333	3,333	-	3,333
Gasoline	53,410	53,410	4,278	49,132
Telephone	1,297	1,297	-	1,297
Social Security System (O.A.S.I.)	18,325	18,325		18,325
Public Employees Retirement System	79,722	79,722		79,722
Borough of Woodland Park - Construction Code Officals	453	453		453
Recycling Tax	1,237	1,237		1,237
Wayne Township Sewerage - Contractual	3,633	3,633		3,633
Drug and Alcohol Municipal Alliance	1,755	1,755	1,755	-
Municipal Matching Grant	20,000	20,000	-	20,000
Distracted Driver Grant	7,200	7,200	7,200	-
Recycling Tonnage Grant	21,537	21,537	21,537	-
Clean Communities Grant Program	20,393	20,393	20,393	-
FM Fire Prevention Grant	941	941	941	-
MJUCF State Forestry	101	101	101	-
Alcohol Education and Rehabilitation Fund	6,905	6,905	6,905	-
ARP Firefighter Grant - Acquistion of Equipment	29,000	29,000	29,000	-
NJDOT Road Improvement Project - State Share	231,170	231,170	231,170	-
NJDOT Road Improvement Project - Local Share	465,000	465,000	465,000	-
	1,482,287	1,513,688	998,539	515,149
	$ 1,594,338	$ 1,627,937	998,539	629,398

Balance, December 31, 2023	$ 1,594,338	
Encumbrances Payable Cancelled	33,599	
Cash Disbursed		$ 141,095
Transferred to:		
Accounts Payable		73,442
Reserve for Appropriated Grants	-	784,002
	$ 1,627,937	$ 998,539

EXHIBIT A-16

BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2023		$ 364,045
Increased by:		
Charges to 2024 Budget Appropriations		383,053
		747,098
Decreased by:		
Payments	$ 330,446	
Cancellations Restored to Appropriation Reserves	33,599	
		364,045
Balance, December 31, 2024		$ 383,053

EXHIBIT A-17

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2023	$ 23,849
Increased by:	
Charged to 2023 Appropriation Reserves	73,442
	97,291
Decreased by:	
Payments	1,153
Balance, December 31, 2024	$ 96,138

EXHIBIT A-18

BOROUGH OF TOTOWA
STATEMENT OF PREPAID TAXES

Balance, December 31, 2023	$ 377,995
Increased by:	
Collection of 2025 Taxes	420,096
	798,091
Decreased by:	
Application to 2024 Taxes Receivable	377,995
Balance, December 31, 2024	$ 420,096

EXHIBIT A-19

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2023	$ 1,873
Increased by:	
Overpayments in 2024	51,454
	53,327
Decreased by:	
Refunds	$ 53,327

EXHIBIT A-20

STATEMENT OF SEWER FEE OVERPAYMENTS

Balance, December 31, 2023	$ 94
Increased by:	
Overpayments in 2025	203
	297
Decreased by:	
Applied to 2024 Revenue Accounts Receivable	94
Balance, December 31, 2024	$ 203

EXHIBIT A-21

BOROUGH OF TOTOWA
STATEMENT OF FEES PAYABLE

	Balance, December 31, 2023	Received	Disbursed	Balance, December 31, 2024
Due to State				
Construction Code Training Fees	$ 17,699	$ 73,643	$ 60,710	$ 30,632
Elevator Inspection Fees	486		258	228
Marriage License Fees	1,238	2,550	2,425	1,363
	$ 19,423	$ 76,193	$ 63,393	$ 32,223

EXHIBIT A-22

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2024 Levy		
General County	$ 20,169,451	
County Open Space Preservation	406,136	
		$ 20,575,587
Decreased by:		
Payments		$ 20,575,587

EXHIBIT A-23

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2023	$ 28,002
Increased by:	
County Share of 2024	
Added Tax Levy (RS 54:4-63.1 et seq.)	43,569
	71,571
Decreased by:	
Payments	28,002
Balance, December 31, 2024	$ 43,569

EXHIBIT A-24

BOROUGH OF TOTOWA
STATEMENT OF COUNTY PILOT REVENUE PAYABLE

Balance, December 31, 2023	$ -
Increased by:	
County Share of 2024 Pilot Revenue	19,801
Balance, December 31, 2024	$ 19,801

EXHIBIT A-25

STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2023		
School Tax Payable	$ 5,620,289	
School Tax Deferred	3,025,266	
		$ 8,645,555
Increased by:		
Levy - School Year July 1, 2024 to June 30, 2025		17,560,612
		26,206,167
Decreased by:		
Payments		17,388,449
Balance, December 31, 2024		
School Tax Payable	5,792,452	
School Tax Deferred	3,025,266	
		$ 8,817,718

Analysis of Amount Charged to Operations

2024 Liability for Local District School Tax	
Tax Paid	$ 17,388,449
Tax Payable at December 31, 2024	5,792,452
	23,180,901
Less: Tax Payable at December 31, 2023	5,620,289
Amount Charged to 2024 Operations	$ 17,560,612

BOROUGH OF TOTOWA
STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE

Balance, December 31, 2023		
School Tax Payable	$ 4,013,228	
School Tax Deferred	2,093,009	
		$ 6,106,237
Increased by:		
Levy - School Year July 1, 2024 to June 30, 2025		13,345,537
		19,451,774
Decreased by:		
Payments		12,857,023
Balance, December 31, 2024		
School Tax Payable	4,501,742	
School Tax Deferred	2,093,009	
		$ 6,594,751

Analysis of Amount Charged to Operations

2024 Liability for Regional High School Tax	
Tax Paid	$ 12,857,023
Tax Payable at December 31, 2024	4,501,742
	17,358,765
Less: Tax Payable at December 31, 2023	4,013,228
Amount Charged to 2024 Operations	$ 13,345,537

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS

	Balance, December 31, 2023	Received	Anticipated in 2024 Budget	Balance, December 31, 2024
Clean Communities Program	$ 22,873	$ 25,980	$ 22,873	$ 25,980
Safe and Secure Communities Program	8,882	41,103	45,150	4,835
Alcohol Ed & Rehabilitation Fund	2,596	2,207	2,596	2,207
Body Armor Grant	1,265			1,265
NJ Stormwater Assistance Grant	15,000		15,000	-
LEAD Program Grant	20,600		20,600	-
Passaic County Historic Grant	875	-	-	875
	$ 72,091	$ 69,290	$ 106,219	$ 35,162

STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance, December 31, 2023	Transferred From 2024 Appropriation Reserves	Expended	Balance, December 31, 2024
Clean Communities Program	$ 68,038	$ 20,393	$ 28,620	$ 59,811
Alcohol Ed & Rehabilitation Fund	166	6,905	5,485	1,586
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
Municipal Alliance	46,643	1,755	723	47,675
Safe Corridors - Federal	26,770			26,770
NJ DOT Highway Safety	2,894			2,894
Recycling Tonnage Grant	99,092	21,537	7,813	112,816
Fire Prevention - FM Global	320	941		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		231,170	167,711	63,459
NJDOT Road Improvement Project - Local Share	-	465,000	465,000	-
	$ 257,092	$ 784,002	$ 675,352	$ 365,742

EXHIBIT A-29

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR TAX APPEALS PENDING

Balance, December 31, 2023	$	1,171,060
Increased by:		
Transfer from Current Year Tax Collections		1,500,000
		2,671,060
Decreased by:		
Tax Appeal Refunds		663,619
Balance, December 31, 2024	$	2,007,441

EXHIBIT A-30

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, 2023	Cash Receipts	Anticipated in 2024 Budget	Balance, December 31, 2024
Codification of Ordinances	$ 7,503			$ 7,503
Municipal Relief Fund	136,037		$ 136,037	-
National Opioid Settlement	18,587	$ 36,118	18,587	36,118
	$ 162,127	$ 36,118	$ 154,624	$ 43,621

TRUST FUND

BOROUGH OF TOTOWA
STATEMENT OF CASH - TREASURER

	Assessments		Animal Control		Other	
Balance, December 31, 2023		$ 391		$ 2,024		$ 5,941,226
Increased by:						
Interest on Deposits	$ 44		$ 51		$ 50,573	
Assessments Receivable	4,578					
Interest on Assessments	631					
Miscellaneous Reserves					779,756	
Received for Current Fund					37,217	
Escrow Deposits					199,439	
Premiums Received from Tax Sale					99,100	
Dog License Fees Collected			722			
Due State of NJ - Dog Registration Fees			192			
Employee Unemployment Contributions					7,273	
Net Pay and Payroll Deduction Deposits	-		-		9,494,608	
		5,253		965		10,667,966
		5,644		2,989		16,609,192
Decreased by Disbursements:						
Due State of NJ - Dog Registration Fees			212			
Miscellaneous Reserves					516,814	
Unemployment Claims Due to State					31,767	
Escrow Deposits Payable					136,164	
Tax Sale Premiums Refunded					30,900	
Payments made to Current Fund	2		11		20,928	
Payroll Disbursements	-		-		9,489,811	
		2		223		10,226,384
Balance , December 31, 2024		$ 5,642		$ 2,766		$ 6,382,808

EXHIBIT B-2

BOROUGH OF TOTOWA
ANALYSIS OF ASSESSMENT CASH

		Balance December 31, 2024
Due to Current Fund	$	1,924
Due to General Capital Fund		3,718
	$	5,642

EXHIBIT B-3

STATEMENT OF ASSESSMENTS RECEIVABLE
ASSESSMENT TRUST FUND

Ord. No.	Description	Balance December 31, 2023	Collected	Balance December 31, 2024
03-10	Replacement of Sidewalks, Curbs and Driveways on Union Blvd. - Phase II	$ 4,578	$ 4,578	$ -
		$ 4,578	$ 4,578	$ -

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND

Balance, December 31, 2023		$ 1,251
Increased by:		
Interest Earnings	$ 44	
Interest on Assessments	631	
		675
		1,926
Decreased by:		
Payments Made to Current Fund		2
Balance, December 31, 2024		$ 1,924

EXHIBIT B-5

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

Balance, December 31, 2023		$ 1,792
Increased by:		
Dog License Fees Collected		722
		2,514
Decreased by:		
Statutory Excess Due Current Fund		771
Balance, December 31, 2024		$ 1,743

EXHIBIT B-6

STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND

Balance, December 31, 2023		$ 21
Increased by;		
Dog License Registration Fees Collected		192
		213
Decreased by:		
Payments		212
Balance, December 31, 2024		$ 1

EXHIBIT B-7

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2023		$ 211
Increased by:		
Interest Earnings	$ 51	
Statutory Excess in Reserve for Animal Control Expenditures	771	
		822
		1,033
Decreased by:		
Payments to Current Fund		11
Balance, December 31, 2024		$ 1,022

EXHIBIT B-8

BOROUGH OF TOTOWA
STATEMENT OF ESCROW DEPOSITS PAYABLE
OTHER TRUST FUND

Balance, December 31, 2023		$ 1,509,062
Increased by:		
Cash Receipts	$ 199,439	
Due from Water Operating Utility Fund	500	
		199,939
		1,709,001
Decreased by:		
Cash Disbursements		136,164
Balance, December 31, 2024		$ 1,572,837

EXHIBIT B-9

STATEMENT OF DUE FROM / (DUE TO) CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2023 (Due from)		$ 16,000
Increased by:		
2024 Budget Appropriation		
Unemployment Compensation Insurance	$ 16,000	
Payments to Current Fund	20,928	
		36,928
		52,928
Decreased by:		
Receipts for Current Fund - Police Outside Duty	29,920	
Receipts for Current Fund - Escrow Deposits Fees	7,297	
Interest on Deposits	48,138	
		85,355
Balance, December 31, 2024 (Due to)		$ 32,427

EXHIBIT B-10

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

Balance, December 31, 2023	$	140,100
Increased by:		
Cash Receipts		99,100
		239,200
Decreased by:		
Payments		30,900
Balance, December 31, 2024	$	208,300

EXHIBIT B-11

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND

Balance, December 31, 2023	$	9,959
Increased by:		
Net Payroll and Payroll Deduction Deposits		9,494,608
		9,504,567
Decreased by:		
Payroll Disbursements		9,489,811
Balance, December 31, 2024	$	14,756

EXHIBIT B-12

STATEMENT OF DUE TO STATE - UNEMPLOYMENT CLAIMS
OTHER TRUST FUND

Increased by:		
Unemployment Claims Charged to Reserve	$	31,767
Decreased by:		
Payments to State	$	31,767

EXHIBIT B-13

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

Balance, December 31, 2023			$ 274,057
Increased by:			
2024 Budget Appropriations:			
Due From Current Fund	$ 16,000		
Due From Water Utility Operating Fund	3,500		
		$ 19,500	
Employee Payroll Deductions		7,273	
Interest on Deposits		2,435	
			29,208
			303,265
Decreased by:			
Unemployment Claims Due to State			31,767
Balance, December 31, 2024			$ 271,498

EXHIBIT B-14

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND

	Balance December 31, 2023	Increases	Decreases	Balance December 31, 2024
Reserve for Recycling Program Fees	$ 93,346	$ 13,184	$ 1,935	$ 104,595
Reserve for Historical Society Donations	942			942
Reserve for Municipal Alliance Donations	42,472		5,000	37,472
Reserve for Recreation Program Fees	67,285	152,373	117,617	102,041
Reserve for Polling Place Deposit	146			146
Reserve for Affordable Housing Fees	3,072,334	283,211	49,985	3,305,560
Reserve for Police Outside Duty Fees	(1,217)	323,164	322,734	(787)
Reserve for Accumulated Absence Liability	590,930			590,930
Reserve for Storm Recovery Costs	142,569		15,806	126,763
Reserve for POAA Fees	4,944	488	3,371	2,061
Reserve for Public Defender	2,679	5,610	366	7,923
Reserve for Shade Tree Donations	-	1,500		1,500
Reserve for Disposal of Forfeited Property	11,118	226	-	11,344
	$ 4,027,548	$ 779,756	$ 516,814	$ 4,290,490
Cash Receipts		$ 779,756		
Cash Disbursements		-	516,814	
		$ 779,756	$ 516,814	

GENERAL CAPITAL FUND

BOROUGH OF TOTOWA
STATEMENT OF CASH AND CASH EQUIVALENTS - TREASURER

Balance, December 31, 2023		$ 5,145,620
Increased by:		
Interest Earnings	$ 55,775	
Grant Receipts	560,010	
Reserve for Capital Improvements and Acquisitions	14,439	
Reserve for Sewer Connection Charges	5,000	
Received from Current Fund	26,936	
		662,160
		5,807,780
Decreased by:		
Improvement Authorizations	2,258,517	
Encumbrances Payable	897,481	
Payments to Current Fund	16,978	
		3,172,976
Balance, December 31, 2024		$ 2,634,804

BOROUGH OF TOTOWA
ANALYSIS OF GENERAL CAPITAL CASH AND CASH EQUIVALENTS

		Balance, December 31, 2024
Fund Balance		$ 822
Capital Improvement Fund		919,519
Encumbrances Payable		2,185,294
Due from Current Fund		(2,860,077)
Due from Assessment Trust Fund		(3,718)
Grants Receivable		(3,914,677)
Reserve for Sewer Connection Charges		16,800
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	57,874
03-13	Replacement of 24" Sanitary Sewer Force Main(Phase IV)	66,848
12-13	Flood Acquisition Project	868
08-15	Improvements to Lincoln Field	23,107
10-15	Various Road Improvements	140
15-15	Various Capital Improvements and Acquisitions	28,051
16-15	Purchase and Installation of a Generator	5,683
11-16	Various Capital Improvements	19,113
13-16	Installation of Tennis Courts at Lincoln Field	9,633
08-17	Various Road Improvements	743
02-18	Various Park Improvements	18,775
11-18/ 14-18	Various Capital Improvements and Acquisitions	27,640
15-18	Acquisition of Property	(10,762)
07-19	Various Capital Improvements and Acquisitions	4,109
08-20	Various Capital Improvements and Acquisitions	270,574
07-21	Various Capital Improvements and Acquisitions	461,133
03-22	Various Capital Improvements and Acquisitions	1,451,387
07-23	Various Capital Improvements and Acquisitions	860,228
05-24	Various Capital Improvements and Acquisitions	908,910
08-24	Various Improvements and Acquisitions	879,267
		$ 2,634,804

EXHIBIT C-4

BOROUGH OF TOTOWA
STATEMENT OF GRANT RECEIVABLE

Ord. No.	Agency	Balance, December 31, 2023	Grant Award	Collections	Balance, December 31, 2024	Balance Pledged to: Improvement Authorization	Balance Pledged to: Reserve for Grants Receivable
08-12/ 06-13/ 10-13	Community Development Block Grant	$ 20,392		$ 20,392			
12-13	Community Development Block Grant	90,752			$ 90,752		$ 90,752
12-13	Green Acres Grant	90,740			90,740		90,740
05-14	Community Development Block Grant	10,581		10,581	-		
08-15	Passaic County Open Space	23,107			23,107	$ 23,107	
13-16	Passaic County Open Space	9,633			9,633	9,633	
07-17	Community Development Block Grant	33,438			33,438	33,438	
02-18	Passaic County Open Space	63			63	63	
07-19	Dept. of Transportation	270,000			270,000	270,000	
08-20	Dept. of Transportation	411,192			411,192	411,192	
07-21	Dept. of Transportation	340,600		255,450	85,150	85,150	
07-21	Community Development Block Grant	105,000		43,262	61,738	61,738	
03-22	Dept. of Transportation	610,792		230,325	380,467	380,467	
03-22	Community Development Block Grant	100,762			100,762	100,762	
03-22	Federal Community Development Grant	649,000			649,000	649,000	
03-22	Passaic County Open Space	300,000			300,000	300,000	
07-23	Community Development Block Grant	100,000			100,000	100,000	
05-24	Dept. of Transportation		$ 1,021,843		1,021,843	1,021,843	
05-24	Local Recreation Improvement Grant		71,000		71,000	71,000	
05-24	Passaic County Open Space		227,284		227,284	227,284	
08-24	Community Development Block Grant		100,000		100,000	100,000	
08-24	ARP Firefighter Grant	-	70,000	-	70,000	70,000	-
		$ 3,166,052	$ 1,490,127	$ 560,010	$ 4,096,169	$ 3,914,677	$ 181,492
	Cash Receipts			$ 560,010			

EXHIBIT C-5

BOROUGH OF TOTOWA
STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2023		$ 1,201,937
Increased by:		
Payments to Current Fund	$ 16,978	
2024 Budget Appropriation:		
Capital Improvement Fund	1,543,873	
Deferred Charge Unfunded - Ord 15-2018	180,000	
		1,740,851
		2,942,788
Decreased by:		
Interest Earnings	$ 55,775	
Receipts from Current Fund	26,936	
		82,711
Balance, December 31, 2024		$ 2,860,077

EXHIBIT C-6

STATEMENT OF DUE FROM ASSESSMENT TRUST FUND

Balance, December 31, 2023	$ 3,718
Balance, December 31, 2024	$ 3,718

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

Ord. No.	Improvement Description	Balance, December 31, 2023	Funded by Budget Appropriation	Balance, December 31, 2024	Analysis of Balance December 31, 2024 Expenditures	Analysis of Balance December 31, 2024 Unexpended Improvement Authorizations
	General Improvements					
12-13	Flood Acquisition Project	$ 179,492		$ 179,492		$ 179,492
08-17	Various Road Improvements	175,000		175,000		175,000
15-18	Acquisition of Property	212,000	$ 180,000	32,000	$ 10,762	21,238
		$ 566,492	$ 180,000	$ 386,492	$ 10,762	$ 375,730
	Due from Current Fund		$ 180,000			
	Improvement Authorizations Unfunded					$ 375,730

EXHIBIT C-8

BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2023	$ 2,468,878
Increased by:	
Charged to Improvement Authorizations	613,897
	3,082,775
Decreased by:	
Cash Disbursements	897,481
Balance, December 31, 2024	$ 2,185,294

EXHIBIT C-9

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2023	$ 919,519
Increased by:	
2024 Budget Appropriation Due from Current Fund	1,543,873
	2,463,392
Decreased by:	
Appropriated to Finance Improvement Authorizations	1,543,873
Balance, December 31, 2024	$ 919,519

EXHIBIT C-10

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR SEWER CONNECTION CHARGES

Balance, December 31, 2023	$ 11,800
Increased by:	
Cash Receipts	5,000
Balance, December 31, 2024	$ 16,800

EXHIBIT C-11

STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS AND ACQUISITIONS

Balance, December 31, 2023	$ 1,027,744
Increased by:	
Developers Contribution for Sanitary Sewer Improvements	14,439
Balance, December 31, 2024	$ 1,042,183

Analysis of Balance - December 31, 2024

Reserve for Sanitary Sewer Improvements	$ 750,183
Rseerve for Acquisition of Fire Truck	292,000
	$ 1,042,183

EXHIBIT C-12

STATEMENT OF RESERVE FOR LAND SALE PROCEEDS

Balance, December 31, 2023	$ 850
Balance, December 31, 2024	$ 850

EXHIBIT C-13

STATEMENT OF RESERVE FOR FIELD IMPROVEMENTS

Balance, December 31, 2023	$ 164,487
Balance, December 31, 2024	$ 164,487

EXHIBIT C-14

BOROUGH OF TOTOWA
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2023 Funded	Balance, December 31, 2023 Unfunded	2024 Authorizations Capital Improvement Fund	2024 Authorizations Grant Awards	Paid or Charged	Balance, December 31, 2024 Funded	Balance, December 31, 2024 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	103,070				$ 36,222	66,848	
12-13	Flood Acquisition Project	1,250,000	868	$ 179,492				868	$ 179,492
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				743	175,000
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	536,018				265,444	270,574	
07-21	Various Capital Improvements and Acquisitions-2021	1,823,600	475,353				14,220	461,133	
03-22	Various Capital Improvements and Acquisitions-2022	3,960,554	2,583,074				1,131,687	1,451,387	-
07-23	Various Capital Improvements and Acquisitions-2023	1,095,000	1,039,246				179,018	860,228	-
05-24	Various Capital Improvements and Acquisitions-2024	1,931,000			$ 610,873	$1,320,127	1,022,090	908,910	-
08-24	Various Improvements and Acquisitions - 2024	1,103,000	-	-	933,000	170,000	223,733	879,267	-
			$4,932,497	$ 375,730	$ 1,543,873	$1,490,127	$ 2,872,414	$ 5,094,083	$ 375,730

Cash Disbursements	$ 2,258,517
Encumbrances Payable	613,897
	$ 2,872,414

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

Ord. No.	Purpose	Balance, December 31, 2023	Funded by Assessments Collected	Funded by Budget Appropriation	Balance, December 31, 2024 Capital Fund	Balance, December 31, 2024 Trust Fund
Local Improvements						
03-10	Replacement of Sidewalks, Curbs and Driveway Aprons - Union Blvd. Phase II	$ 4,578	$ 4,578			
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	212,000	-	180,000	32,000	$ -
		$ 571,070	$ 4,578	$ 180,000	$ 386,492	$ -

WATER UTILITY FUND

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

	Operating		Capital	
Balance, December 31, 2023		$ 3,799,729		$ 349,255
Increased by Receipts:				
Collector	$ 3,848,355			
Interest Earned	87,425		$ 6,010	
Non-Budget Revenues	30,125			
Receipts from Current Fund	87,440			
Receipts for Other Trust	500			
Receipts from Water Utility Capital Fund	1,745		-	
		4,055,590		6,010
		7,855,319		355,265
Decreased by Disbursements:				
2024 Budget Appropriations	3,095,170			
2023 Appropriation Reserves	28,610			
Encumbrances Payable	345,944			
Improvement Authorizations			149,006	
Payments to Current Fund	19,333			
Payments to Water Utility Operating Fund	-		1,745	
		3,489,057		150,751
Balance, December 31, 2024		$ 4,366,262		$ 204,514

EXHIBIT D-6

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

Received in 2024		
Consumer Accounts Receivable - Water Usage Charges	$ 3,433,284	
Consumer Accounts Receivable - Miscellaneous Fees	371,954	
Interest on Delinquent Accounts	38,408	
Overpayments	4,709	
		$ 3,848,355
Decreased by:		
Payment to Treasurer		$ 3,848,355

EXHIBIT D-7

ANALYSIS OF CASH
WATER UTILITY CAPITAL FUND

		Balance, December 31, 2024
Fund Balance		$ 23,861
Capital Improvement Fund		221,175
Reserve for Water Tower Fees		14,219
Due from Water Utility Operating Fund		(55,735)
Improvement Authorizations:		
Ord. No.	Description	
04-24	Acquisition of Fire Hydrants	994
		$ 204,514

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

Balance, December 31, 2023			$ 593,713
Increased by:			
Water Usage Charges Levied		$ 3,453,406	
Miscellaneous Fees and Charges		386,537	
			3,839,943
Decreased by:			4,433,656
Collections:			
Water Usage Charges	$ 3,433,284		
Overpayments Applied to Water Usage Charges	5,133		
		3,438,417	
Miscellaneous Fees		371,954	
			3,810,371
Balance, December 31, 2024			$ 623,285

EXHIBIT D-9

BOROUGH OF TOTOWA
STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND

	Balance, December 31, 2023	Additions: Budget Capital Outlay	Additions: Ordinance	Balance, December 31, 2024
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	411,358	$ 36,519	$ 149,006	596,883
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
	$ 5,156,262	$ 36,519	$ 149,006	$ 5,341,787
2024 Budget Appropriations		$ 36,519		

EXHIBIT D-10

STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Balance December 31, 2023	2024 Authorizations Capital Improvement Fund	Costs to Fixed Capital	Authorizations Cancelled	Balance, December 31, 2024
02-08	Acquisition of Pump for Shepards Lane	$ 3,885			$ 3,885	
15-13	Abandonment of Shepherds Lane Pump Station	40,940			40,940	
04-16	Repair of Water Main	43,127			43,127	
09-17	Furler St Water Main Replacement	18,015			18,015	
04-24	Acquisition of Fire Hydrant	-	$ 150,000	$ 149,006	-	$ 994
		$ 105,967	$ 150,000	$ 149,006	$ 105,967	$ 994

BOROUGH OF TOTOWA
STATEMENT OF 2023 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance, December 31, 2023	Balance After Modification	Paid or Charged	Balance Lapsed
OPERATING				
Salaries and Wages	$ 85,741	$ 85,741		$ 85,741
Other Expenses	573,536	573,536	$ 28,617	544,919
	659,277	659,277	28,617	630,660
CAPITAL IMPROVEMENTS				
Capital Outlay	11,557	11,557	-	11,557
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Contribution to				
Social Security System (O.A.S.I)	7,645	7,645		7,645
Public Employees Retirement System	60	60	-	60
	7,705	7,705	-	7,705
	$ 678,539	$ 678,539	$ 28,617	$ 649,922

Cash Disbursements	$ 28,610
Accounts Payable	7
	$ 28,617

EXHIBIT D-12

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

Increased by:				
Receipts from Current Fund			$	87,440
Decreased by:				
Payments to Current Fund				19,333
Balance, December 31, 2024			$	68,107

EXHIBIT D-13

STATEMENT OF DUE TO OTHER TRUST FUND
WATER UTILITY OPERATING FUND

Balance, December 31, 2023			$	3,500
Increased by:				
2024 Budget Appropriations - Unemployment Compensation Insurance	$	3,500		
Cash Received for Other Trust Escrow Deposits		500		
				4,000
Balance, December 31, 2024			$	7,500

EXHIBIT D-14

BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2023	$	345,944
Increased by:		
Charges to 2024 Budget Appropriations		362,570
		708,514
Decreased by:		
Payments		345,944
Balance, December 31, 2024	$	362,570

EXHIBIT D-15

STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2023	$	1,523
Increased by:		
Charges to 2023 Appropriation Reserves		7
Balance, December 31, 2024	$	1,530

EXHIBIT D-16

STATEMENT OF WATER RENT OVERPAYMENTS
WATER UTILITY OPERATING FUND

Balance, December 31, 2023	$	5,133
Increased by:		
Overpayments in 2024		4,709
		9,842
Decreased by:		
Applied to Consumer Accounts Receivable		5,133
Balance, December 31, 2024	$	4,709

EXHIBIT D-17

BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY CAPITAL FUND

Balance, December 31, 2023			$	18,015
Decreased by:				
Cancellations Restored to Improvement Authorizations			$	18,015

EXHIBIT D-18

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

Balance, December 31, 2023			$	30,000
Increased by:				
2024 Budget Appropriation:				
Capital Improvement Fund	$	30,000		
Payments to Water Utility Operating Fund		1,745		
				31,745
				61,745
Decreased by:				
Interest Earnings				6,010
Balance, December 31, 2024			$	55,735

BOROUGH OF TOTOWA
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2024 Funded	Balance, December 31, 2024 Unfunded	2024 Authorizations Capital Improvement Fund	Encumbrances Cancelled	Paid or Charged	Authorizations Cancelled	Balance, December 31, 2024 Funded	Balance, December 31, 2024 Unfunded
02-08	Acquisition of Pump for Shepherds Lane	$ 200,000	$ 3,885					$ 3,885		
15-13	Abandonment of Shepherds Lane Pump Station	110,000	40,940					40,940		
04-16	Repair of Water Main	175,000	43,127	-				43,127		
Sep-25	Furler St. Water Main	510,000				$ 18,015		18,015		
04-24	Acquisition of Fire Hydrant	150,000	-	$ -	$ 150,000	-	$ 149,006	-	$ 994	$ -
			$ 87,952	$ -	$ 150,000	$ 18,015	$ 149,006	$ 105,967	$ 994	$ -

EXHIBIT D-20

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

Balance, December 31, 2023		$ 257,108
Increased by:		
2024 Budget Appropriation - Due from Water Utility Operating Fund	$ 30,000	
Improvement Authorizations Cancelled	84,067	
		114,067
		371,175
Decreased by:		
Appropriated to Finance Improvement Authorizations		150,000
Balance, December 31, 2024		$ 221,175

EXHIBIT D-21

STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

Balance, December 31, 2023		$ 5,156,262
Increased by:		
2024 Budget Appropriations:		
Capital Outlay	$ 36,519	
Transfer from Deferred Reserve for Amortization	149,006	
		185,525
Balance, December 31, 2024		$ 5,341,787

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

Ord. No.	Improvement Description	Balance, December 31, 2023	2024 Authorizations Capital Improvement Fund	2024 Authorizations To Reserve for Amortization Fixed Capital	Cancelled	Balance, December 31, 2024
02-08	Acquisition of Pump for Shepherds Lane	$ 3,885			$ 3,885	
15-13	Abandonment of Shepherds Lane Pump Station	40,940			40,940	
04-16	Repair of Water Main	43,127			43,127	
09-17	Furler St. Water Main Replacement	18,015			18,015	
04-24	Acquisition of Fire Hydrant	-	$ 150,000	$ 149,006	-	$ 994
		$ 105,967	$ 150,000	$ 149,006	$ 105,967	$ 994

Fund Balance	$ 21,900
Capital Improvement Fund	84,067
	$ 105,967

STATEMENT OF RESERVE FOR WATER TOWER FEES
WATER UTILITY CAPITAL FUND

Balance, December 31, 2023	$ 14,219
Balance, December 31, 2024	$ 14,219

SWIM POOL UTILITY FUND

EXHIBIT E-5

BOROUGH OF TOTOWA
STATEMENT OF SWIM POOL UTILITY CASH - TREASURER

		Operating		Capital
Balance, December 31, 2023		$ 978		$ 192
Increased by Receipts:				
Swim Pool Fees	$ 72,491			
Miscellaneous Revenue	15,859			
Received from Current Fund	94,705			
Interest Earned on Deposits	134		$ 3	
		183,189		3
		184,167		195
Decreased by Disbursements:				
2024 Budget Appropriations	180,827			
Encumbrances Payable	2,756		-	
		183,583		-
Balance, December 31, 2024		$ 584		$ 195

EXHIBIT E-6

ANALYSIS OF SWIM POOL UTILITY CAPITAL FUND - CASH

	Balance, December 31, 2024
Fund Balance	$ 192
Due to Swim Pool Utility Operating Fund	3
	$ 195

EXHIBIT E-7

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

Description	Balance, December 31, 2023	Balance, December 31, 2024
Improvement of Municipal Swimming Pool	$ 454,908	$ 454,908
Various Improvements on the Site of Existing Swimming Pool Facility	141,094	141,094
	$ 596,002	$ 596,002

EXHIBIT E-8

STATEMENT OF 2023 APPROPRIATION RESERVES
SWIM POOL UTILITY OPERATING FUND

	Balance, December 31, 2023	Balance After Transfer	Paid or Charged	Balance Lapsed
Operating				
Salaries and Wages	$ 1,337	$ 1,337		$ 1,337
Other Expenses	436	436		436
CAPITAL IMPROVEMENTS				
Capital Outlay	11,235	11,235		11,235
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Contribution to Social Security System (O.A.S.I.)	358	358		358
Unemployment Compensation Insurance (NJ 43:21-3 et seq.)	100	100	-	100
	$ 13,466	$ 13,466	$ -	$ 13,466
		Due to Current Fund		$ 13,466

EXHIBIT E-9

BOROUGH OF TOTOWA
STATEMENT OF DUE TO / (DUE FROM) CURRENT FUND
SWIM POOL UTILITY OPERATING FUND

Balance, December 31, 2023 (Due To)		$ 6,744
Increased by:		
2023 Appropriations Reserves Lapsed - Prior Year Deficit Funding Returned	$ 13,466	
Receipts from Current Fund	94,705	
		108,171
		114,915
Decreased by:		
Anticipated Revenue - Deficit (General Budget)		148,210
Balance, December 31, 2024 (Due From)		$ 33,295

EXHIBIT E-10

STATEMENT OF DEFERRED CHARGES
SWIM POOL UTILITY OPERATING FUND

	Balance, December 31, 2023	Added in 2024	Raised in 2024 Budget	Balance, December 31, 2024
Operating Deficit	$ 22,597	$ -	$ 22,597	$ -
	$ 22,597	$ -	$ 22,597	$ -

EXHIBIT E-11

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

Balance, December 31, 2023	$ 2,756
Increased by:	
Charges to 2024 Budget Appropriations	2,103
	4,859
Decreased by:	
Cash Disbursements	2,756
Balance, December 31, 2024	$ 2,103

EXHIBIT E-12

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

Increased by:	
Interest Earnings	$ 3
Balance, December 31, 2024	$ 3

EXHIBIT E-13

STATEMENT OF RESERVE FOR AMORTIZATION
SWIM POOL UTILITY CAPITAL FUND

Balance, December 31, 2023	$ 596,002
Balance, December 31, 2024	$ 596,002

PUBLIC ASSISTANCE FUND

BOROUGH OF TOTOWA
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER

	Total	Account #1	Account #2
Balance, December 31, 2023	$ 11,386	$ 7,331	$ 4,055
Increased by:			
Interest Earned	231	149	82
	231	149	82
	11,617	7,480	4,137
Decreased by:			
Payments to Current Fund	37	37	-
	37	37	-
Balance, December 31, 2024	$ 11,580	$ 7,443	$ 4,137

EXHIBIT F-2

BOROUGH OF TOTOWA
STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2023	$	130
Increased by:		
Interest Earnings		231
		361
Decreased by:		
Payments to Current Fund		37
Balance, December 31, 2024		324

EXHIBIT F-3

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	Total	Account #1	Account #2
Balance, December 31, 2023	$ 11,256	$ 7,331	$ 3,925
Increased by:			
Revenues	-	-	-
	11,256	7,331	3,925
Decreased by:			
Expenditures	-	-	-
Balance, December 31, 2024	$ 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	$ 231	$ 149	$ 82
Total Receipts	$ 231	$ 149	$ 82

BOROUGH OF TOTOWA
STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	Total	Account #1	Account #2
Due to Current Fund	$ 37	$ 37	$ -
Total Disbursements	$ 37	$ 37	$ -

BOROUGH OF TOTOWA

PASSAIC COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS

LVB

LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

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, 2024, 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 August 7, 2025. 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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough 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

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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR000398

Fair Lawn, New Jersey
August 7, 2025

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REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Borough of Totowa's compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Totowa's major state programs for the year ended December 31, 2024. The Borough of Totowa's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough of Totowa complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance 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 audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance 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 relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Borough of Totowa's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Borough of Totowa's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough of Totowa's compliance based on our audit. 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, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Borough of Totowa's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Borough of Totowa's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Borough of Totowa's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Totowa's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited 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, 2024, 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 August 7, 2025, which contained an unmodified opinion on those financial statements prepared in accordance with the regulatory basis of accounting and also contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Lerch Vinci & Bliss LLP

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

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR000398

Fair Lawn, New Jersey
August 7, 2025

BOROUGH OF TOTOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Program		State Account Number	AL Number	Grant Year	Award Amount	2024 Grant Receipts	Balance December 31, 2023	Revenue Realized	Expended	Balance December 31, 2024	Cumulative Expended
U.S. Dept. of Housing and Urban Development											
Community Development Block Grant											
(Passed through the County of Passaic)			14.218								
Sewer Main Improvements Ord. 08-12	Capital	N/A		2013	$ 208,250	$ 13,292					
Sewer Main Improvements Ord. 10-2013	Capital	N/A		2013	7,100	7,100	$ 1,914		$ 1,914	-	$ 7,100
Flood Acquisition Project Ord. 12-2013	Capital	N/A		2013	925,000		90,752			$ 90,752	834,248
Sewer Main Improvements Ord. 05-2014	Capital	N/A		2014	105,432	10,581	10,581		10,581	-	105,432
Sewer Main Improvements Ord. 07-2017	Capital	N/A		2017	100,000		33,438			33,438	66,562
Sewer Main Improvements Ord. 7-2021	Capital	N/A		2021	105,000	43,262	105,000		43,262	61,738	43,262
Sewer Main Improvements Ord. 3-2022	Capital	N/A		2022	100,762		100,762			100,762	-
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 5-2024	Capital	N/A		2024	100,000		-	$ 100,000	-	100,000	-
Total Community Development Block Grant Cluster							1,091,447	100,000	55,757	1,135,690	1,056,604
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			29,000	
ARP - Fire Fighter Grant Ord. 8-2024	Capital	022-8030-100-xxx	21.027	2024	70,000		-	70,000	70,000	-	-
Total U.S. Dept. of Treasury							29,000	70,000	70,000	29,000	-
U.S Department of Agricultures											
State Forestry Services	Current	042-4870-100-038	10.664	2019	2,125		2,125	-	-	2,125	-
							$ 1,160,085	$ 170,000	$ 125,757	$ 1,204,328	

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, 2024

State Grant Program	Account Number	Grant Year	Grant Award	2024 Grant Receipts	Balance, December 31, 2023	Revenue Realized	Expended	Balance, December 31, 2024	Cumulative Expended
Drug and Alcohol Municipal Alliance	N/A	2024	$ 8,277	$ 14,563		$ 8,277	$ 5,302	$ 2,975	$ 5,302
		2023	8,276		$ 8,276		6,521	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		7,865	-	723	7,142	15,298
Total Municipal Alliance Cluster					54,919	8,277	12,546	50,650	70,958
Clean Communities Grant Program	042-4900-765-004	2024	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		20,888		8,050	12,838	8,050
		2018	18,716		18,716		18,716	-	18,716
		2017	19,560		1,854	-	1,854	-	19,560
Total Clean Communities Cluster					88,431	22,873	28,620	82,684	58,626
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	2024	2,207	2,207					
		2023	2,596			2,596		2,596	-
		2022	8,905		6,905		5,319	1,586	7,319
		2020	1,667		166	-	166	-	1,667
Total Alcohol Education and Rehabilitation Cluster					7,071	2,596	5,485	4,182	8,986
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
Total Body Worn Camera Grant Cluster					836	-	-	836	23,620
Safe and Secure Communities Program	066-1020-100-232	2024	45,150	41,103	-	45,150	45,150	-	45,150
DCA - Local Recreation Impvt Grant (Ord 5-2024	N/A	2024	71,000		-	71,000	71,000	-	71,000

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, 2024

State Grant Program	Account Number	Grant Year	Grant Award	2023 Grant Receipts	Balance, December 31, 2022	Revenue Realized	Expended	Balance, December 31, 2023	Cumulative Expended
Body Armor Replacement Fund	066-1020-718-001	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	2024	25,889	$ 25,889		$ 25,889		25,889	-
		2023	21,537		21,537			21,537	-
		2022	29,562		29,562			29,562	-
		2020	21,941		21,941			21,941	-
		2019	19,738		19,738			19,738	-
		2018	16,253		14,084			14,084	2,169
		2015	16,496		13,767	-	$ 7,813	5,954	10,542
Total Recycling Cluster					120,629	25,889	7,813	138,705	12,711
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 07-21)	078-6320-480-AOP	2021	340,600	255,450	133,933		48,783	85,150	255,450
Various Road Improvements (Ord 03-22)	078-6320-480-AO1	2022	610,792	230,325	610,792		230,325	380,467	230,325
2023 Road Improvement Program (Current)	078-6320-480-xxx	2023	231,170		231,170		167,711	63,459	167,711
Various Road Improvements (Ord 05-24)	078-6320-480-xxx	2024	346,843			346,843		346,843	
Union Blvd. Streetscape Improvement (Ord 05-24)	078-6320-480-xxx	2024	675,000		-	675,000	675,000	-	675,000
Total Department of Transportation Cluster					975,895	1,021,843	1,121,819	875,919	1,328,486
Green Acres Grant (Ord. 12-2013)	042-4800-582-02	2013	325,000		90,740	-	-	90,740	234,260
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	-
					$ 1,347,089	$ 1,263,228	$ 1,292,433	$ 1,317,884	

Note: The State Financial Assistance Programs are not subject to an audit in accordance with NJ OMB Circular 15-08.

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, 2024

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 15-08 *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		$ 170,385	$ 170,385
General Capital Fund	$ 170,000	1,092,843	1,262,843
Total Financial Awards	$ 170,000	$ 1,263,228	$ 1,433,228

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 QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Internal Control over major programs:

1) Material weakness(es) identified? — ____ yes X no

2) Significant deficiency(ies) identified that are not considered to be material weakness(es) reported? — ____ yes X none reported

Type of auditor's report issued on compliance for major programs — Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ Circular Letter 15-08? — ____ yes X no

GMIS Number(s)	Name of State Program
078-6320-480	Department of Transportation - Municipal Aid

Dollar threshold used to distinguish between Type A and Type B programs: — $750,000

Auditee qualified as low-risk auditee? — ____ yes X no

BOROUGH OF TOTOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

BOROUGH OF TOTOWA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

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, 2024

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

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

	Year 2024		Year 2023	
	Amount	Percent	Amount	Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 3,380,000	4.53 %	$ 3,190,000	4.37 %
Miscellaneous - From Other Than Local Property Tax Levies	4,960,206	6.65	4,629,507	6.35
Collection of Delinquent Taxes	644,816	0.86	652,557	0.89
Collection of Current Tax Levy	65,021,176	87.09	63,765,234	87.40
Other Credits to Income	651,971	0.87	724,441	0.99
Total Income	74,658,169	100.00 %	72,961,739	100.00 %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	21,072,661	28.99 %	20,389,457	29.33 %
County Taxes	20,619,156	28.36	19,510,143	28.05
Local and Regional School Taxes	30,906,149	42.51	29,584,909	42.54
Other Expenditures	103,804	0.14	58,108	0.08
Total Expenditures	72,701,770	100.00 %	69,542,617	100.00 %
Excess in Revenues	1,956,399		3,419,122	
Fund Balance, January 1	6,807,071		6,577,949	
	8,763,470		9,997,071	
Less Utilization as Anticipated Revenue	3,380,000		3,190,000	
Fund Balance, December 31	$ 5,383,470		$ 6,807,071	

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

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

	Year 2024		Year 2023	
	Amount	Percent	Amount	Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 325,000	6.57 %	$ 300,000	6.75 %
Collection of Water Usage Charges	3,438,417	69.50	3,636,149	81.84
Miscellaneous - From Other Than Water Usage Charges	533,922	10.79	489,296	11.01
Other Credits to Income	649,922	13.14	17,852	0.40
Total Income	4,947,261	100.00 %	4,443,297	100.00 %
EXPENDITURES				
Budget Expenditures				
Operating	3,694,858	93.02 %	3,624,165	93.00 %
Capital Improvements	70,000	1.76	70,000	1.80
Deferred Charges and Statutory Expenditures	207,409	5.22	202,875	5.20
Total Expenditures	3,972,267	100.00 %	3,897,040	100.00 %
Excess in Revenues	974,994		546,257	
Fund Balance, January 1	2,735,090		2,488,833	
	3,710,084		3,035,090	
Less Utilization as Anticipated Revenue	325,000		300,000	
Fund Balance, December 31	$ 3,385,084		$ 2,735,090	

BOROUGH OF TOTOWA
SUPPLEMENTARY DATA

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

	Year 2024 Amount	Year 2024 Percent	Year 2023 Amount	Year 2023 Percent
REVENUE AND OTHER INCOME REALIZED				
Collection of Swimming Pool Fees	$ 72,491	81.92 %	$ 68,635	81.42 %
Miscellaneous	15,859	17.92	12,562	14.90
Other Credits to Income	137	0.16	3,100	3.68
Total Income	88,487	100.00 %	84,297	100.00 %
EXPENDITURES				
Budget Expenditures				
Operating	188,000	79.43 %	188,000	76.15 %
Capital Improvements	17,000	7.18	12,000	4.86
Deferred Charges and Statutory Expenditures	31,697	13.39	46,894	18.99
Total Expenditures	236,697	100.00 %	246,894	100.00 %
Deficit in Revenues	(148,210)		(162,597)	
Adjustments to Income Before Fund Balance				
Realized from General Budget for Anticipated Deficit	148,210		140,000	
Operating Deficit to be Raised in Budget of Succeeding Year			(22,597)	
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

	2024	2023	2022
Tax Rate	$2.711	$2.593	$2.438
Apportionment of Tax Rate			
Municipal	.584	.575	.555
Library	.055	.047	.038
County	.812	.768	.720
County – Open Space	.016	.015	.013
Local District School	.707	.691	.682
Regional High School	.537	.497	.430
Assessed Valuation			
2024	$2,484,780,400		
2023		$2,490,050,200	
2022			$2,469,529,900

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
2024	$ 67,505,053	$ 66,521,176	98.54%
2023	64,659,740	63,965,234	98.92%
2022	60,811,745	59,919,569	98.53%

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
2024	$ 805,866	$ 66,389	$ 872,255	1.29%
2023	665,232	42,026	707,258	1.09%
2022	681,639	-	681,639	1.12%

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
2024	$72,900
2023	72,900
2022	72,900

Comparison of Water Utility Levies

Year	Levy	Cash Collections(*)	Percentage of Collection
2024	$3,839,943	$3,810,371	99.23%
2023	3,942,754	3,997,044	101.38%
2022	3,894,758	3,921,964	100.70%

*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	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
	2020	5,678,617	3,383,000
Water Utility Fund	2024	$3,385,084	$400,000
	2023	2,735,090	325,000
	2022	2,488,833	300,000
	2021	2,014,650	250,000
	2020	1,457,275	225,000
Swim Pool Utility Operating Fund	2024	609	0
	2023	609	0
	2022	609	0
	2021	609	0
	2020	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		
Patrick Fierro	Councilwoman		
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		
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.

Prior Year Findings

Our audit of salaries revealed that there were certain part-time employees who were eligible for enrollment in the DCRP Retirement Plan but were not enrolled at December 31, 2024. However, we noted subsequent to year-end the Borough enrolled said employees into DCRP, therefore no recommendation is deemed warranted.

Our audit revealed purchase orders were not issued and encumbered in the Borough's accounting records for certain contracts awarded and when expenditures were incurred during the year. It is recommended that continued efforts be made to ensure purchase orders are issued and encumbered when contract awards are approved and expenditures are incurred during the year.

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:

Repairs to Public Property
Purchase and Installation of Sewer Pumps
2024 Road Improvement Program
Tree Removal and Tree Trimming Services
Sanitary Sewer Main Rehabilitation Phase X & XI
Solid Waste Disposal Services

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, 2024 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 17, 2024.

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
2024	3
2023	3
2022	0

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.

- A review of prior year open purchase orders be made in the Current Fund and General Capital Fund and invalid orders be cancelled accordingly.

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. Continued efforts be made to ensure purchase orders are issued and encumbered when contract awards are approved and expenditures are incurred during the year.

* * * * * * * *

A review was performed on all prior year recommendations and corrective action was taken on all, except the recommendations denoted with an asterisk (*).

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