

BOROUGH OF TOTOWA
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2023

**BOROUGH OF TOTOWA
PASSAIC COUNTY, NEW JERSEY**

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2023**

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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 accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Totowa, as of December 31, 2023 and 2022, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the 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, 2023 and 2022, 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, 2023 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 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, 2023 and 2022, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Totowa as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Totowa. Such information 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 14, 2024 on our consideration of the Borough of Totowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Totowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Totowa's internal control over financial reporting and compliance.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR000398

Fair Lawn, New Jersey
August 14, 2024

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2023 AND 2022

ASSETS	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	A-4	\$ 21,445,649	\$ 21,804,793
Cash - Change Funds	A-6	920	720
Cash - Petty Cash Funds	A-7	150	150
Grants Receivable	A-13	<u>355,312</u>	<u>116,558</u>
		<u>21,802,031</u>	<u>21,922,221</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-9	665,232	681,639
Tax Title Liens Receivable	A-10	42,026	
Property Acquired for Taxes	A-11	72,900	72,900
Revenue Accounts Receivable	A-12	281,233	62,786
Maintenance Lien Receivable	A-14	6,500	6,500
Due from Assessment Trust Fund	B-4	1,251	1,887
Due from Animal Control Fund	B-7	211	502
Due from Swim Pool Utility Operating Fund	E-9	6,744	32,580
Due from Public Assistance Fund	F-2	<u>130</u>	<u>-</u>
		<u>1,076,227</u>	<u>858,794</u>
		<u>\$ 22,878,258</u>	<u>\$ 22,781,015</u>

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, 2023 AND 2022

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Appropriation Reserves	A-3,A-15	\$ 1,594,338	\$ 919,679
Encumbrance Payable	A-16	364,045	483,164
Accounts Payable	A-17	23,849	693,409
Prepaid Taxes	A-18	377,995	384,320
Tax Overpayments	A-19	1,873	5,192
Sewer Fee Overpayments	A-20	94	35
Fees Payable	A-21	19,423	9,564
County Taxes Payable-Added Taxes	A-23	28,002	181,746
Local District School Tax Payable	A-24	5,620,289	5,426,515
Regional High School Tax Payable	A-25	4,013,228	3,146,836
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-8	71,517	73,433
Due to Other Trust Fund	B-9	16,000	32,421
Due to General Capital Fund	C-5	1,201,937	2,609,000
Reserve for Unappropriated Grants	A-26	72,091	47,462
Reserve for Appropriated Grants	A-27	257,092	239,753
Reserve for Tax Appeals Pending	A-28	1,171,060	1,004,875
Miscellaneous Reserves	A-29	<u>162,127</u>	<u>86,868</u>
		14,994,960	15,344,272
Reserve for Receivables	A	1,076,227	858,794
Fund Balance	A-1	<u>6,807,071</u>	<u>6,577,949</u>
		<u>\$ 22,878,258</u>	<u>\$ 22,781,015</u>

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 3,190,000	\$ 3,320,000
Miscellaneous Revenue Anticipated	A-2	3,543,016	3,623,844
Receipts from Delinquent Taxes	A-2	652,557	558,667
Receipts from Current Taxes	A-2	63,765,234	59,919,569
Non-Budget Revenue	A-2	1,086,491	878,875
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-15	689,261	595,164
Statutory Excess - Animal Control Fund	B-7	211	502
Outstanding Checks Voided	A-1	-	3,116
Interfunds Returned	A	<u>34,969</u>	<u>4,989</u>
 Total Income		 <u>72,961,739</u>	 <u>68,904,726</u>
 EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	7,912,009	7,584,684
Other Expenses	A-3	8,253,891	7,605,265
Capital Improvements	A-3	1,720,170	2,730,520
Deferred Charges and Statutory Expenditures	A-3	2,503,387	2,094,233
County Taxes	A-22	19,482,141	18,069,714
Due County For Added and Omitted Taxes	A-23	28,002	181,746
Local District School Tax	A-24	17,216,286	16,828,739
Regional High School Tax	A-25	12,368,623	10,623,156
Refund of Prior Year Revenue	A-4	49,772	9,350
Interfunds Advanced	A	<u>8,336</u>	<u>34,969</u>
 Total Expenditures		 <u>69,542,617</u>	 <u>65,762,376</u>
 Excess in Revenue		 3,419,122	 3,142,350
 Fund Balance, January 1	 A	 <u>6,577,949</u>	 <u>6,755,599</u>
		9,997,071	9,897,949
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>3,190,000</u>	<u>3,320,000</u>
 Fund Balance, December 31,	 A	 <u>\$ 6,807,071</u>	 <u>\$ 6,577,949</u>

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, 2023

	Reference	Anticipated		Realized	Excess or (Deficit)
		Budget	Added by N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 3,190,000	-	\$ 3,190,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	10,000		11,494	\$ 1,494
Other	A-2	25,000		32,279	7,279
Fees and Permits	A-2	60,000		132,141	72,141
Fines and Costs					
Municipal Court	A-12	150,000		218,737	68,737
Interest and Costs on Taxes	A-12	150,000		183,606	33,606
Energy Receipts Tax	A-12	1,313,229		1,313,229	-
Uniform Fire Safety Act Fees	A-12	20,000		15,962	(4,038)
Uniform Construction Code Fees	A-12	450,000		526,706	76,706
Reserve for Municipal Relief Fund Aid	A-29	68,033		68,033	-
Public and Private Revenues Offset					
With Appropriations					
Recycling Tonnage Grant	A-13	21,537		21,537	-
FM Global Fire Prevention Grant	A-13	941		941	-
Municipal Alliance on Alcoholism and Drug Abuse	A-13	8,276		8,276	-
NJ DOT Road Improvement Program	A-13	231,170		231,170	-
American Rescue Plan - Firefighters Assistance Grant	A-13	29,000		29,000	-
NJUCF Stewardship Grant	A-13		25,000	25,000	-
Distracted Driver Grant	A-26	7,200		7,200	-
Alcohol Education and Rehabilitation Fund	A-26	8,905		8,905	-
Clean Communities Program	A-26	20,393		20,393	-
Safe and Secure Communities Program	A-26	32,400		32,400	-
Special Items of General Revenue					
Borough of Woodland Park - Construction Code Off.	A-12	108,000		108,000	-
Uniform Fire Safety Act Rebate	A-12	12,000		31,772	19,772
Hotel/Motel Occupancy Tax	A-12	75,000		87,217	12,217
Sunset Ridge Sewer Fee	A-12	25,000		21,353	(3,647)
Pilot - Totowa Med Urban Renewal LLC	A-12	200,000		-	(200,000)
Cable TV Franchise Fee	A-12	148,000		148,568	568
Sewer User Fees	A-12	200,000		259,097	59,097
Total Miscellaneous Revenues	A-1	3,374,084	25,000	3,543,016	143,932
Receipts from Delinquent Taxes	A-1,A-9	475,000	-	652,557	177,557
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes Including					
Reserve for Uncollected Taxes	A-9	\$ 14,314,990		\$ 15,659,799	\$ 1,344,809
Minimum Library Tax	A-9	1,160,383	-	1,160,383	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	15,475,373	-	16,820,182	1,344,809
Budget Revenues	A-3	\$ 22,514,457	\$ 25,000	\$ 24,205,755	\$ 1,666,298
Non-Budget Revenues	A-1,A-2			1,086,491	
				\$ 25,292,246	

BOROUGH OF TOTOWA
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
(Continued)

Reference

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections

Revenue From Collections	A-1,A-9	\$ 63,965,234
Less: Reserve for Tax Appeals	A-29	<u>200,000</u>
Revenue Realized	A-1	63,765,234
Allocated to		
Local School, Regional High School and County Taxes	A-22,A-23,A-24,A-25	<u>49,095,052</u>
		14,670,182
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,150,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 16,820,182</u>
Licenses - Other		
Borough Clerk	A-12	\$ 16,278
Board of Health/Registrar of Vital Statistics	A-12	<u>16,001</u>
	A-2	<u>\$ 32,279</u>
Fees and Permits		
Borough Clerk	A-12	\$ 3,316
Board of Health/Registrar of Vital Statistics	A-12	21,153
Planning Board	A-12	19,500
Zoning Board of Adjustment	A-12	74,618
Police	A-12	10,691
Road Opening Permits	A-12	<u>2,863</u>
	A-2	<u>\$ 132,141</u>

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, 2023
(Continued)**

Reference

ANALYSIS OF NON-BUDGET REVENUES

Interest on Deposits		\$	603,782
Rent			344,583
Vacant Property Fees			5,500
Administrative Fee - Police Outside Duty			77,460
Accident Reports			4,037
Interest on Assessments			1,251
Refunds and Reimbursements			7,377
Other			41,301
Administrative Fee - Sr. Citizens & Veterans Deductions			<u>1,200</u>
	A-1,A-2	\$	<u>1,086,491</u>
Cash Receipts	A-4	\$	893,497
Due from Assessment Trust Fund	B-4		1,501
Due from Animal Control Fund	B-7		49
Due from Other Trust Fund	B-9		130,401
Due from General Capital Fund	C-5		60,766
Due from Public Assistance Trust Fund	F-2		<u>277</u>
	A-1,A-2	\$	<u>1,086,491</u>

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT				
Mayor and Council				
Salaries & Wages	\$ 31,600	\$ 31,600	\$ 31,600	
Municipal Clerk				
Salaries & Wages	319,692	319,692	319,683	\$ 9
Other Expenses	35,000	35,000	33,049	1,951
Other Expenses-Codification of Ordinances	5,000	5,000	1,195	3,805
Grant Professional - Other Expenses	39,600	39,600	39,600	-
Elections				
Salaries & Wages	20,762	20,762	20,762	-
Other Expenses	14,000	14,000	10,514	3,486
Financial Administration				
Salaries & Wages	89,103	89,103	88,680	423
Other Expenses	29,000	29,000	14,872	14,128
Annual Audit	49,000	49,000	-	49,000
Assessment of Taxes				
Salaries & Wages	109,776	109,776	109,776	-
Other Expenses	45,000	55,000	54,955	45
Collection of Taxes				
Salaries & Wages	53,976	53,976	53,972	4
Other Expenses	16,000	16,000	14,122	1,878
Legal Services & Costs				
Salaries & Wages	66,245	66,245	66,245	-
Other Expenses	30,000	45,000	43,335	1,665
Engineering Services & Costs				
Other Expenses	100,000	70,000	17,951	52,049
Municipal Housing Administration				
Salaries & Wages	10,612	10,612	10,612	-
Other Expenses	1,000	1,000	-	1,000
Floodplain Administration				
Salaries & Wages	6,367	6,367	6,367	-
Other Expenses	1,000	1,000	-	1,000
Municipal Land Use Law (NJS 40:55D-1)				
Planning Board				
Salaries & Wages	11,808	11,808	11,808	-
Other Expenses	30,000	30,000	2,222	27,778
Board of Adjustments				
Salaries & Wages	6,005	6,005	6,005	-
Other Expenses	30,000	30,000	22,669	7,331
Insurance				
Unemployment Compensation Insurance	16,000	16,000	16,000	-
General Liability	224,102	224,102	191,167	32,935
Workers Compensation	175,479	175,479	163,147	12,332
Employee Group Health	1,294,800	1,294,800	1,294,800	-

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, 2023
(Continued)

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
PUBLIC SAFETY				
Fire				
Salaries and Wages	\$ 7,817	\$ 7,817	\$ 7,817	
Other Expenses	160,000	160,000	74,412	\$ 85,588
Uniform Fire Safety Act (Ch. 383 P.L. 1983)				
Fire Officials				
Salaries and Wages	133,421	133,421	130,846	2,575
Other Expenses	5,000	5,000	3,877	1,123
Police Dispatch/911				
Salaries and Wages	235,960	235,960	228,193	7,767
Other Expenses	2,000	2,000	256	1,744
Police				
Salaries & Wages	4,477,899	4,455,899	4,422,861	33,038
Other Expenses	145,000	159,000	156,965	2,035
Vehicle Purchases	140,000	148,000	147,145	855
First Aid Squad				
Contribution	45,000	45,000	45,000	-
Other Expenses	16,250	16,250	-	16,250
Emergency Management Services				
Salaries and Wages	6,427	6,427	6,427	-
Other Expenses	10,000	10,000	3,697	6,303
Municipal Prosecutor				
Salaries and Wages	24,852	24,852	23,152	1,700
Other Expenses	1,500	1,500	199	1,301
PUBLIC WORKS				
Road Repairs and Maintenance				
Salaries and Wages	873,750	873,750	841,738	32,012
Other Expenses	95,000	95,000	87,082	7,918
Public Buildings and Grounds				
Salaries and Wages	34,061	34,061	32,991	1,070
Other Expenses	40,000	45,000	44,012	988
Vehicle Maintenance				
Salaries and Wages	6,930	6,930	6,930	-
Other Expenses	105,000	105,000	98,200	6,800
Sewer System				
Salaries & Wages	388,699	388,699	379,271	9,428
Other Expenses	150,000	177,000	175,054	1,946
Shade Tree Commission				
Salaries & Wages	3,098	3,098	3,098	-
Other Expenses	15,000	15,000	3,247	11,753

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, 2023
(Continued)

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
PUBLIC WORKS (Continued)				
Garbage and Trash Removal				
Contractual	\$ 323,000	\$ 323,000	\$ 323,000	\$ -
Recycling Program				
Salaries & Wages	26,657	26,657	26,657	-
Other Expenses	260,000	260,000	258,665	1,335
Solid Waste Transfer Fees	360,000	360,000	339,476	20,524
Leaf/Grass Removal				
Other Expenses	300,000	300,000	229,050	70,950
Condo Services Act				
Other Expenses	22,000	22,000	8,000	14,000
HEALTH AND WELFARE				
Board of Health				
Salaries & Wages	62,816	62,816	62,798	18
Other Expenses	68,000	68,000	63,782	4,218
Animal Control				
Other Expenses	20,000	20,000	13,000	7,000
Administration of Public Assistance				
Salaries and Wages	16,299	16,299	12,224	4,075
Other Expenses	1,000	1,000	7	993
Hepatitis B Vaccine				
Other Expense				-
RECREATION AND EDUCATION				
Parks and Playgrounds				
Salaries & Wages	166,049	166,049	160,361	5,688
Other Expenses	97,500	99,500	98,501	999
Celebration of Public Events				
Other Expenses	15,000	15,000	10,747	4,253
Senior Citizen Program				
Salaries and Wages	10,869	10,869	10,869	-
Other Expenses	5,000	5,000	4,006	994
MUNICIPAL COURT FUNCTIONS				
Municipal Court Administration				
Salaries and Wages	225,391	225,391	224,800	591
Other Expenses	23,000	23,000	16,697	6,303
Public Defender (P.L. 1997, C.256)				
Salaries and Wages	10,868	10,868	10,868	
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, 2023
(Continued)

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - WITHIN "CAPS"				
UNIFORM CONSTRUCTION CODE				
APPROPRIATIONS OFFSET BY				
DEDICATED REVENUES				
(N.J.A.C. 5:23-4-17)				
Construction Code Official				
Salaries & Wages	\$ 379,337	\$ 379,337	\$ 365,684	\$ 13,653
Other Expenses	15,000	15,000	9,430	5,570
UNCLASSIFIED AND BULK PURCHASES				
Utilities:				
Electricity and Natural Gas	235,000	240,000	239,049	951
Street Lighting	150,000	150,000	146,667	3,333
Gasoline	200,000	166,000	112,590	53,410
Telephone	30,000	30,000	28,703	1,297
Total Operations Within "CAPS"	<u>13,007,377</u>	<u>13,007,377</u>	<u>12,343,209</u>	<u>664,168</u>
Detail:				
Salaries & Wages	7,817,146	7,795,146	7,683,095	112,051
Other Expenses	5,190,231	5,212,231	4,660,114	552,117
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Deferred Charges				
Anticipated Deficit in Swim Pool Operations	140,000	140,000	140,000	-
Statutory Charges				
Social Security System (O.A.S.I.)	330,000	330,000	311,675	18,325
Public Employees Retirement System	403,895	403,895	403,895	-
Police and Fireman's Retirement System	1,162,746	1,162,746	1,162,746	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>2,036,641</u>	<u>2,036,641</u>	<u>2,018,316</u>	<u>18,325</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>15,044,018</u>	<u>15,044,018</u>	<u>14,361,525</u>	<u>682,493</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
Passaic Valley Sewerage - Contractual	1,500,288	1,500,288	1,500,288	-
Wayne Township Sewer - Contractual	25,000	25,000	21,367	3,633
Recycling Tax	15,000	15,000	13,763	1,237
Maintenance of Free Public Library	1,160,383	1,160,383	1,160,383	-
Insurance				
Employee Group Health	205,200	205,200	182,402	22,798
Statutory Expenditures				
Public Employees Pension System	125,840	125,840	46,118	79,722
Police & Firemens' Retirement System of NJ	160,906	160,906	160,906	-
Total Operations Excluded from "CAPS"	<u>3,192,617</u>	<u>3,192,617</u>	<u>3,085,227</u>	<u>107,390</u>

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, 2023
(Continued)

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS				
Borough of Woodland Park				
Construction Code Official				
Salaries and Wages	\$ 84,463	\$ 84,463	\$ 84,463	
Other Expenses	23,537	23,537	23,084	453
Total Interlocal Municipal Service Agreements	<u>108,000</u>	<u>108,000</u>	<u>107,547</u>	<u>453</u>
PUBLIC AND PRIVATE PROGRAMS				
OFFSET BY REVENUES				
Matching Funds for Grants	20,000	20,000		20,000
Safe and Secure Communities Program	32,400	32,400	32,400	-
Drug and Alcohol Municipal Alliance	8,276	8,276	6,521	1,755
Distracted Driver	7,200	7,200	-	7,200
FM Global Fire Prevention Grant	941	941	-	941
NJUCF State Forestry Grant	-	25,000	24,899	101
Recycling Tonnage Grant	21,537	21,537	-	21,537
Clean Communities Grant Program	20,393	20,393	-	20,393
Alcohol Education and Rehabilitation Fund	8,905	8,905	2,000	6,905
Total Public and Private Programs				
Offset by Revenues	<u>119,652</u>	<u>144,652</u>	<u>65,820</u>	<u>78,832</u>
Total Operations Excluded from "CAPS"	<u>3,420,269</u>	<u>3,445,269</u>	<u>3,258,594</u>	<u>186,675</u>
Detail:				
Salaries & Wages	116,863	116,863	116,863	-
Other Expenses	3,016,660	3,041,660	2,934,707	106,953
Statutory Expenditures	<u>286,746</u>	<u>286,746</u>	<u>207,024</u>	<u>79,722</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"				
Capital Improvement Fund	995,000	995,000	995,000	-
ARP Firefighters Grant - Acquisition 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	<u>465,000</u>	<u>465,000</u>	<u>-</u>	<u>465,000</u>
Total Capital Improvements - Excluded from "CAPS"	<u>1,720,170</u>	<u>1,720,170</u>	<u>995,000</u>	<u>725,170</u>

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, 2023
(Continued)

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Deferred Charges - Unfunded Ord. No. 15-2018	\$ 168,000	\$ 168,000	\$ 168,000	-	
Deferred Charges Unfunded Ord. No. 08-2017	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>5,320,439</u>	<u>5,345,439</u>	<u>4,433,594</u>	<u>\$ 911,845</u>	
Subtotal General Appropriations	20,364,457	20,389,457	18,795,119	1,594,338	
Reserve for Uncollected Taxes	<u>2,150,000</u>	<u>2,150,000</u>	<u>2,150,000</u>	<u>-</u>	
Total General Appropriations	<u>\$ 22,514,457</u>	<u>\$ 22,539,457</u>	<u>\$20,945,119</u>	<u>\$ 1,594,338</u>	
	<u>Reference</u>	A-2	A-3	A-1	A,A-1
Budget as Adopted		A-3	\$ 22,514,457		
Appropriations by 40A:4-87		A-2	<u>25,000</u>		
			<u>\$ 22,539,457</u>		
Cash Disbursed	A-4		\$17,100,074		
Encumbrance Payable	A-16		364,045		
Due to Other Trust Fund	B-9		16,000		
Due to General Capital Fund	C-5		1,175,000		
Due to Swim Pool Utility Operating Fund	E-9		140,000		
Reserve for Uncollected Taxes	A-2		<u>2,150,000</u>		
	A-3		<u>\$20,945,119</u>		

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2023 AND 2022

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
ASSETS			
ASSESSMENT TRUST FUND			
Cash	B-1,B-2	\$ 391	\$ 2,680
Assessments Receivable	B-3	<u>4,578</u>	<u>35,925</u>
		<u>4,969</u>	<u>38,605</u>
ANIMAL CONTROL FUND			
Cash	B-1	2,024	2,089
Due from State of New Jersey	B-6	<u>-</u>	<u>2</u>
		<u>2,024</u>	<u>2,091</u>
OTHER TRUST FUND			
Cash and Cash Equivalents	B-1	5,941,226	5,439,375
Due from Current Fund	B-9	16,000	32,421
Due from Water Utility Operating Fund	D-13	<u>3,500</u>	<u>3,500</u>
		<u>5,960,726</u>	<u>5,475,296</u>
		<u>\$ 5,967,719</u>	<u>\$ 5,515,992</u>

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2023 AND 2022
(Continued)

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ASSESSMENT TRUST FUND			
Due to Current Fund	B-4	\$ 1,251	\$ 1,887
Due to General Capital Fund	C-6	<u>3,718</u>	<u>36,718</u>
		<u>4,969</u>	<u>38,605</u>
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-6	21	
Due to Current Fund	B-7	211	502
Reserve for Animal Control Expenditures	B-5	<u>1,792</u>	<u>1,589</u>
		<u>2,024</u>	<u>2,091</u>
OTHER TRUST FUND			
Escrow Deposits Payable	B-8	1,509,062	1,537,779
Premium Received at Tax Sale	B-10	140,100	256,100
Payroll Deductions Payable	B-11	9,959	5,603
Reserve for Unemployment Insurance	B-13	274,057	258,766
Miscellaneous Reserves and Deposits	B-14	<u>4,027,548</u>	<u>3,417,048</u>
		<u>5,960,726</u>	<u>5,475,296</u>
		<u>\$ 5,967,719</u>	<u>\$ 5,515,992</u>

**BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
ASSETS			
Cash and Cash Equivalents	C-2,C-3	\$ 5,145,620	\$ 3,984,962
Grants Receivable	C-4	3,166,052	3,116,052
Due from Current Fund	C-5	1,201,937	2,609,000
Due from Assessment Trust Fund	C-6	3,718	36,718
Deferred Charges to Future Taxation Unfunded	C-7	<u>566,492</u>	<u>746,492</u>
		<u>\$ 10,083,819</u>	<u>\$ 10,493,224</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrances Payable	C-8	\$ 2,468,878	\$ 3,420,882
Improvement Authorizations			
Funded	C-14	4,932,497	4,773,955
Unfunded	C-14	375,730	376,473
Capital Improvements Fund	C-9	919,519	919,519
Reserve for:			
Sewer Connection Charges	C-10	11,800	2,000
Capital Improvements and Acquisitions	C-11	1,027,744	652,744
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	<u>822</u>	<u>822</u>
		<u>\$ 10,083,819</u>	<u>\$ 10,493,224</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2023 and 2022 of \$571,070 and \$782,417 , 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, 2023 AND 2022

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Balance, January 1	C	\$ <u>822</u>	\$ <u>822</u>
Balance, December 31	C	\$ <u><u>822</u></u>	\$ <u><u>822</u></u>

**BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
ASSETS			
OPERATING FUND			
Cash and Cash Equivalents	D-5	\$ 3,799,729	\$ 3,021,384
Receivables With Full Reserves			
Consumer Accounts Receivable	D-8	<u>593,713</u>	<u>648,003</u>
Total Operating Fund		<u>4,393,442</u>	<u>3,669,387</u>
CAPITAL FUND			
Cash and Cash Equivalents	D-5,D-7	349,255	84,255
Due from Water Utility Operating Fund	D-18	30,000	265,000
Fixed Capital	D-9	5,156,262	5,127,819
Fixed Capital Authorized and Uncompleted	D-10	<u>105,967</u>	<u>105,967</u>
Total Capital Fund		<u>5,641,484</u>	<u>5,583,041</u>
		<u>\$ 10,034,926</u>	<u>\$ 9,252,428</u>

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2023 AND 2022
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2023</u>	<u>2022</u>
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-11	\$ 678,539	\$ 22,884
Encumbrances Payable	D-14	345,944	229,511
Accounts Payable	D-15	1,523	1,523
Water Rent Overpayments	D-16	5,133	10,133
Due to Water Utility Capital Fund	D-18	30,000	265,000
Due to Other Trust Fund	D-13	<u>3,500</u>	<u>3,500</u>
		1,064,639	532,551
Reserve for Receivables	D	593,713	648,003
Fund Balance	D-1	<u>2,735,090</u>	<u>2,488,833</u>
Total Operating Fund		<u>4,393,442</u>	<u>3,669,387</u>
CAPITAL FUND			
Encumbrances Payable	D-17	18,015	18,015
Improvement Authorizations			
Funded	D-19	87,952	87,952
Capital Improvement Fund	D-20	257,108	227,108
Reserve for Amortization	D-21	5,156,262	5,127,819
Deferred Reserve for Amortization	D-22	105,967	105,967
Reserve for Water Tower Fees	D-23	14,219	14,219
Fund Balance	D-2	<u>1,961</u>	<u>1,961</u>
Total Capital Fund		<u>5,641,484</u>	<u>5,583,041</u>
		<u>\$ 10,034,926</u>	<u>\$ 9,252,428</u>

There were no Bonds and Notes Authorized But Not Issued on December 31, 2023 and 2022.

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, 2023 AND 2022

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-3	\$ 300,000	\$ 250,000
Water Usage Charges	D-3	3,636,149	3,495,581
Miscellaneous Fees	D-3	360,895	426,383
Interest on Delinquent Accounts	D-3	30,431	25,203
Interest on Investments	D-3	78,284	27,277
Non-Budget Revenues	D-3	19,686	9,873
Other Credits			
Appropriation Reserves Lapsed	D-11	<u>17,852</u>	<u>249,890</u>
 Total Income		 <u>4,443,297</u>	 <u>4,484,207</u>
 EXPENDITURES			
Operating	D-4	3,624,165	3,271,130
Capital Improvements	D-4	70,000	70,000
Deferred Charges and Statutory Expenditures	D-4	<u>202,875</u>	<u>418,894</u>
 Total Expenditures		 <u>3,897,040</u>	 <u>3,760,024</u>
 Excess in Revenues		 546,257	 724,183
 Fund Balance, January 1,	 D	 <u>2,488,833</u>	 <u>2,014,650</u>
		3,035,090	2,738,833
Decreased by:			
Utilized as Anticipated Revenue	D-1,D-3	<u>300,000</u>	<u>250,000</u>
 Balance, December 31,	 D	 <u>\$ 2,735,090</u>	 <u>\$ 2,488,833</u>

**BOROUGH OF TOTOWA
 COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
 WATER UTILITY CAPITAL FUND
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Balance, January 1,	D	\$ <u>1,961</u>	\$ <u>1,961</u>
Balance, December 31,	D	\$ <u>1,961</u>	\$ <u>1,961</u>

BOROUGH OF TOTOWA
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 300,000	\$ 300,000	
Water Usage Charges	D-1,D-8	3,212,040	3,636,149	\$ 424,109
Miscellaneous Fees	D-1,D-3	350,000	360,895	10,895
Interest on Delinquent Accounts	D-1,D-6	20,000	30,431	10,431
Interest on Investments	D-1,D-3	<u>15,000</u>	<u>78,284</u>	<u>63,284</u>
 Budget Revenues	 D-4	 <u>\$ 3,897,040</u>	 4,405,759	 <u>\$ 508,719</u>
 Non-Budget Revenues	 D-1, D-3		 <u>19,686</u>	
			 <u>\$ 4,425,445</u>	
 <u>Analysis of Realized Revenue</u>				
Miscellaneous Fees				
Consumer Accounts Receivable				
Collected				
Sprinkler Fees			\$ 318,749	
Special Readings			9,201	
New Water Meters			30,945	
No Meter Access Fee			<u>2,000</u>	
	D-3, D-8		<u>\$ 360,895</u>	
 <u>Analysis of Non-Budget Revenues</u>				
Service Line Charge			\$ 16,335	
Temporary Meters			2,000	
Miscellaneous			<u>1,351</u>	
	D-3, D-5		<u>\$ 19,686</u>	
 <u>Analysis of Interest on Investments</u>				
Cash Receipts	D-5		\$ 73,956	
Due from Water Utility Capital Fund	D-18		<u>4,328</u>	
	D-3		<u>\$ 78,284</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 749,990	\$ 749,990	\$ 664,249	\$ 85,741
Other Expenses	<u>2,874,175</u>	<u>2,874,175</u>	<u>2,300,639</u>	<u>573,536</u>
 Total Operating	 <u>3,624,165</u>	 <u>3,624,165</u>	 <u>2,964,888</u>	 <u>659,277</u>
 CAPITAL IMPROVEMENTS				
Capital Improvement Fund	30,000	30,000	30,000	-
Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>28,443</u>	<u>11,557</u>
 Total Capital Improvements	 <u>70,000</u>	 <u>70,000</u>	 <u>58,443</u>	 <u>11,557</u>
 DEFERRED CHARGES AND STATUTORY				
Statutory Expenditures				
Contribution to				
Public Employees Retirement System	140,875	140,875	140,815	60
Social Security System (O.A.S.I.)	58,500	58,500	50,855	7,645
Unemployment Compensation Insurance (NJSA 43:21-3 et seq.)	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
 Total Deferred Charges and Statutory Expenditures	 <u>202,875</u>	 <u>202,875</u>	 <u>195,170</u>	 <u>7,705</u>
	<u>\$ 3,897,040</u>	<u>\$ 3,897,040</u>	<u>\$ 3,218,501</u>	<u>\$ 678,539</u>

	<u>Reference</u>	D-3	D-4	D-1	D, D-1
Cash Disbursed	D-5			\$ 2,839,057	
Encumbrances Payable	D-14			345,944	
Due to Other Trust Fund	D-13			3,500	
Due to Water Utility Capital Fund	D-18			<u>30,000</u>	
				<u>\$ 3,218,501</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIM POOL UTILITY FUND
AS OF DECEMBER 31, 2023 AND 2022

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
ASSETS			
OPERATING FUND			
Cash	E-5	\$ 978	\$ 814
Deferred Charges:			
Overexpenditure of Appropriations	E-10		36,195
Operating Deficit	E-10	22,597	-
		<u>22,597</u>	<u>36,195</u>
Total Operating Fund		<u>23,575</u>	<u>37,009</u>
CAPITAL FUND			
Cash	E-5,E-6	192	192
Fixed Capital	E-7	596,002	595,237
Total Capital Fund		<u>596,194</u>	<u>595,429</u>
		<u>\$ 619,769</u>	<u>\$ 632,438</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	E-4, E-8	\$ 13,466	\$ 3,100
Encumbrances Payable	E-11	2,756	720
Due to Current Fund	E-9	6,744	32,580
		<u>22,966</u>	<u>36,400</u>
Fund Balance	E-1	609	609
Total Operating Fund		<u>23,575</u>	<u>37,009</u>
CAPITAL FUND			
Reserve for Amortization	E-12	596,002	595,237
Fund Balance	E-2	192	192
Total Capital Fund		<u>596,194</u>	<u>595,429</u>
		<u>\$ 619,769</u>	<u>\$ 632,438</u>

There were no bonds and notes authorized but not issued on December 31, 2022 and 2021.

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, 2023 AND 2022

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
REVENUE AND OTHER INCOME REALIZED			
Swimming Pool Fees	E-3	\$ 68,635	\$ 91,183
Non-Budget Revenue	E-3	12,562	16,943
Other Credits to Income			
Appropriation Reserves Lapsed	E-8	<u>3,100</u>	<u>1,935</u>
Total Income		<u>84,297</u>	<u>110,061</u>
EXPENDITURES			
Operating	E-4	188,000	169,635
Capital Improvements	E-4	12,000	17,000
Deferred Charges and Statutory Expenditures	E-4	<u>46,894</u>	<u>7,860</u>
Total Expenditures		<u>246,894</u>	<u>194,495</u>
Deficit in Revenue		(162,597)	(84,434)
Adjustments to Income Before Fund Balance			
Realized from General Budget for Anticipated Deficit	E-3	140,000	48,239
Expenditures Included Above Which Are Deferred Charges			
to Succeeding Years Budget	E-1	<u>-</u>	<u>36,195</u>
Operating Deficit to be Raised in Budget of Succeeding Year		<u>(22,597)</u>	
Statutory Excess to Fund Balance		-	-
Fund Balance, January 1	E	<u>609</u>	<u>609</u>
Fund Balance, December 31	E	<u>\$ 609</u>	<u>\$ 609</u>

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SWIM POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Fund Balance, January 1	E	\$ <u>192</u>	\$ <u>192</u>
Fund Balance, December 31	E	\$ <u>192</u>	\$ <u>192</u>

**BOROUGH OF TOTOWA
STATEMENT OF REVENUES - REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Swim Pool Fees	E-1,E-3	\$ 106,894	\$ 68,635	\$ (38,259)
Deficit (General Budget)	E-1, E-9	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Budget Revenues	E-4	<u>\$ 246,894</u>	208,635	<u>\$ (38,259)</u>
Non-Budget Revenues	E-1,E-3		<u>12,562</u>	
			<u>\$ 221,197</u>	
 <u>Analysis of Swim Pool Fees</u>				
Membership Fees			\$ 64,225	
Guest Fees			<u>4,410</u>	
	E-3, E-5		<u>\$ 68,635</u>	
 <u>Analysis of Non-Budget Revenues</u>				
Interest on Investments			\$ 112	
Snack Bar Lease			9,900	
Swim Lesson Fees			2,280	
Party Fees			250	
Miscellaneous			<u>20</u>	
	E-3, E-5		<u>\$ 12,562</u>	

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 113,000	\$ 113,000	\$ 111,663	\$ 1,337
Other Expenses	<u>70,000</u>	<u>75,000</u>	<u>74,564</u>	<u>436</u>
Total Operating	<u>183,000</u>	<u>188,000</u>	<u>186,227</u>	<u>1,773</u>
CAPITAL IMPROVEMENTS				
Capital Outlay	<u>17,000</u>	<u>12,000</u>	<u>765</u>	<u>\$ 11,235</u>
Total Capital Improvements	<u>17,000</u>	<u>12,000</u>	<u>765</u>	<u>11,235</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Deferred Charges:				
Overexpenditure of Appropriations	36,195	36,195	36,195	-
Prior Year Bill	1,599	1,599	1,599	-
Statutory Expenditures				
Contribution to				
Social Security System (O.A.S.I.)	9,000	9,000	8,642	358
Unemployment Compensation				
Insurance (NJSA 43:21-3 et seq.)	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total Deferred Charges and Statutory Expenditures	<u>46,894</u>	<u>46,894</u>	<u>46,436</u>	<u>458</u>
	<u>\$ 246,894</u>	<u>\$ 246,894</u>	<u>\$ 233,428</u>	<u>\$ 13,466</u>
	<u>Reference</u>	E-3	E-4	E-1
Cash Disbursed	E-5			\$ 194,377
Encumbrances Payable	E-11			2,756
Due to Current Fund	E-9			100
Deferred Charges				
Overexpenditure of Appropriations	E-10			<u>36,195</u>
				<u>\$ 233,428</u>

**BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
ASSETS			
Cash	F-1	\$ <u>11,386</u>	\$ <u>15,743</u>
LIABILITIES AND RESERVES			
Due to Current Fund	F-2	\$ 130	
Reserve for Public Assistance	F-3	<u>11,256</u>	<u>\$ 15,743</u>
Total Liabilities and Reserves		<u>\$ 11,386</u>	<u>\$ 15,743</u>

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
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	<u>8,503,537</u>	<u>9,332,295</u>
	<u>\$ 53,435,397</u>	<u>\$ 54,264,155</u>
Investment in Fixed Assets	<u>\$ 53,435,397</u>	<u>\$ 54,264,155</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022 balances to conform to the December 31, 2023 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 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 unmaturing 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.

**BOROUGH OF TOTOWA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 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 its 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.

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.

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 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. During 2022 the Borough Council did not increase the original budget. In addition, the governing body approved several budget transfers during 2023 and 2022.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<u>2022</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Swim Pool Utility Operating Fund			
Budget Appropriations:			
Operating			
Salaries and Wages	\$80,000	\$105,065	\$(25,065)
Other Expenses	55,000	64,570	(9,570)
Statutory Expenditures			
Social Security System	6,200	7,760	(1,560)

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

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, 2023 and 2022, the book value of the Borough's deposits were \$34,182,220 and \$31,841,857 and bank and brokerage firm balances of the Borough's deposits amounted to \$34,756,249 and \$32,521,724, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2023</u>	<u>2022</u>
Insured	\$ 32,387,934	\$ 30,724,584
Uninsured and Collateralized	<u>2,368,315</u>	<u>1,797,140</u>
	<u>\$ 34,756,249</u>	<u>\$ 32,521,724</u>

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

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, 2023 and 2022, the Borough’s bank balances of \$2,368,315 and \$1,797,140 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>2023</u>	<u>2022</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	\$ 2,368,315	\$ 1,797,140

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, 2023 and 2022, the Borough had the following investments:

<u>Investment Type:</u>	<u>Maturities</u>	<u>Valuation Basis</u>	<u>2023</u>	<u>2022</u>
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, 2023 and 2022, 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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. These investments are 100% of the Borough’s investments.

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, 2023 and 2022 are categorized as Level 2.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

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, 2023 consisted of the following:

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

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

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.

Receivables at December 31, 2022 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2022</u>			
Property Taxes	\$ 681,639		\$ 681,639
Water Utility Charges and Fees	<u>-</u>	<u>\$ 648,003</u>	<u>648,003</u>
	<u>\$ 681,639</u>	<u>\$ 648,003</u>	<u>\$ 1,329,642</u>

In 2022, the Borough collected \$558,667 and \$675,209 from delinquent taxes and utility charges and fees, which represented 93% and 100% of the delinquent tax and water charges receivable at December 31, 2021.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2023</u>		<u>2022</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 8,336	\$ 1,217,937	\$ 34,969	\$ 2,641,421
Trust Funds:				
Assessment Trust		4,969		38,605
Animal Control		211		502
Other Trust	19,500		35,921	
General Capital Fund	1,205,655		2,645,718	
Water Utility Fund				
Operating		33,500		268,500
Capital	30,000		265,000	
Swim Pool Utility Operating Fund		6,744	-	32,580
Public Assistance Trust Fund	-	<u>130</u>	-	-
Total	<u>\$ 1,263,491</u>	<u>\$ 1,263,491</u>	<u>\$ 2,981,608</u>	<u>\$ 2,981,608</u>

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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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:

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u>
<u>2023</u>			
Swim Pool Utility Fund			
Operating Deficit	\$ 22,597	\$ 22,597	\$ -

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u>
<u>2022</u>			
Swim Pool Utility Fund			
Overexpenditure of Appropriations	\$ 36,195	\$ 36,195	\$ -

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, 2023 and 2022 are as follows:

	<u>Local District School</u>		<u>Regional District School</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Balance of Tax	\$ 8,645,555	\$ 8,451,781	\$ 6,106,237	\$ 5,239,845
Deferred	<u>3,025,266</u>	<u>3,025,266</u>	<u>2,093,009</u>	<u>2,093,009</u>
Taxes Payable	<u>\$ 5,620,289</u>	<u>\$ 5,426,515</u>	<u>\$ 4,013,228</u>	<u>\$ 3,146,836</u>

BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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:

	<u>2023</u>		<u>2022</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,451,759	\$ 3,380,000	\$ 6,461,391	\$ 3,190,000
Non-Cash Surplus	<u>355,312</u>	<u>-</u>	<u>116,558</u>	<u>-</u>
	<u>\$ 6,807,071</u>	<u>\$ 3,380,000</u>	<u>\$ 6,577,949</u>	<u>\$ 3,190,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 2,735,090	\$ 325,000	\$ 2,488,833	\$ 300,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,735,090</u>	<u>\$ 325,000</u>	<u>\$ 2,488,833</u>	<u>\$ 300,000</u>
Swim Pool Utility Operating Fund				
Cash Surplus				
Non-Cash Surplus	\$ 609	-	\$ 609	-
	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ -</u>

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022.

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

	Balance December 31, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Land	\$ 26,320,715	\$ 224,124		\$ 26,544,839
Land Improvements	1,592,227			1,592,227
Buildings and Building Improvements	16,794,794			16,794,794
Machinery and Equipment	<u>9,190,414</u>	<u>141,881</u>	<u>-</u>	<u>9,332,295</u>
	<u>\$ 53,898,150</u>	<u>\$ 366,005</u>	<u>\$ -</u>	<u>\$ 54,264,155</u>

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 8 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets

The following is a summary of changes in the utility funds fixed assets for the years ended December 31, 2023 and 2022.

<u>Water Utility Fund</u>	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Fixed Capital				
System and System Improvements	\$ 4,921,459	\$ 28,443		\$ 4,949,902
Vehicles and Equipment	<u>206,360</u>	<u>-</u>	<u>-</u>	<u>206,360</u>
	<u>\$ 5,127,819</u>	<u>\$ 28,443</u>	<u>\$ -</u>	<u>\$ 5,156,262</u>
	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
System and System Improvements	\$ 4,889,324	\$ 32,135		\$ 4,921,459
Vehicles and Equipment	<u>206,360</u>	<u>-</u>	<u>-</u>	<u>206,360</u>
	<u>\$ 5,095,684</u>	<u>\$ 32,135</u>	<u>\$ -</u>	<u>\$ 5,127,819</u>

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 9 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets (Continued)

<u>Swim Pool Utility Fund</u>	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Fixed Capital				
Facility and Facility Improvements	\$ 595,237	\$ 765	\$ -	\$ 596,002
	<u>\$ 595,237</u>	<u>\$ 765</u>	<u>\$ -</u>	<u>\$ 596,002</u>
	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
Facility and Facility Improvements	\$ 581,237	\$ 14,000	\$ -	\$ 595,237
	<u>\$ 581,237</u>	<u>\$ 14,000</u>	<u>\$ -</u>	<u>\$ 595,237</u>

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:

	<u>2023</u>	<u>2022</u>
Authorized But Not Issued		
General		
Bonds and Notes	\$ 571,070	\$ 782,417
Total Authorized But Not Issued	<u>\$ 571,070</u>	<u>\$ 782,417</u>

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 10 MUNICIPAL DEBT (Continued)

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 .017% and .027% at December 31, 2023 and 2022, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General Debt	\$ 571,070		\$ 571,070
School Debt	281,959	\$ 281,959	
Utility Debt	-	-	-
Total	<u>\$ 853,029</u>	<u>\$ 281,959</u>	<u>\$ 571,070</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General Debt	\$ 782,417		\$ 782,417
School Debt	551,643	\$ 551,643	
Utility Debt	-	-	-
Total	<u>\$ 1,334,060</u>	<u>\$ 551,643</u>	<u>\$ 782,417</u>

Statutory Borrowing Power

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

	<u>2023</u>	<u>2022</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 120,808,789	\$ 100,738,589
Net Debt	<u>571,070</u>	<u>782,412</u>
Remaining Borrowing Power	<u>\$ 120,237,719</u>	<u>\$ 99,956,177</u>

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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:

<u>Capital Project/Purpose</u>	<u>Commitment</u>	<u>Estimated Date of Acquisition/Completion</u>
<u>2023</u>		
Improvements to William Place	\$688,851	2024
New Pumper Fire Truck	760,938	2024
Various Road Improvements	888,243	2024
Sanitary Sewer Main Repair	305,691	2024
<u>2022</u>		
Improvements to William Place Pump Station	\$1,546,060	2024
Various Road Improvement Projects	\$826,928	2023
New Pumper Truck	760,938	2023
Riverview Park Improvements	154,377	2023

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 \$650,043 and \$554,869 at December 31, 2023 and 2022, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2023 and 2022, the Borough has reserved in the Other Trust Fund \$590,930 and \$656,822, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022 were as follows:

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<u>2023</u>					
Compensated Absences	\$ 554,869	\$ 161,066	\$ 65,892	\$ 650,043	\$ 50,000
Net Pension Liability - PERS (1)	8,024,692			8,024,692	
Net Pension Liability - PFRS (1)	<u>11,649,651</u>	<u>-</u>	<u>-</u>	<u>11,649,651</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 20,229,212</u>	<u>\$ 161,066</u>	<u>\$ 65,892</u>	<u>\$ 20,324,386</u>	<u>\$ 50,000</u>

(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.

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Compensated Absences	\$ 615,650	\$ 14,617	\$ 75,398	\$ 554,869	\$ 50,000
Net Pension Liability - PERS	5,967,899	2,727,343	670,550	8,024,692	
Net Pension Liability - PFRS	<u>7,045,511</u>	<u>5,927,792</u>	<u>1,323,652</u>	<u>11,649,651</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 13,629,060</u>	<u>\$ 8,669,752</u>	<u>\$ 2,069,600</u>	<u>\$ 20,229,212</u>	<u>\$ 50,000</u>

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.

**BOROUGH OF TOTOWA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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. 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, 2023 was not available and for June 30, 2022 is \$13.5 billion, and the plan fiduciary net position as a percentage of the total pension liability is 68.33% at June 30, 2022. The collective net pension liability of the participating employers for local PFRS at June 30, 2023 was not available and for June 30, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of total pension liability is 62.91% at June 30, 2022.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 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 2023 and 2022 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, 2023 and 2022 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 2023, 2022 and 2021 were equal to the required contributions.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2023, 2022 and 2021, 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 <u>December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2023	\$ 1,323,652	\$ 670,550	None
2022	1,123,426	589,972	None
2021	1,035,260	569,911	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, 2023 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, 2023 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, 2022 and 2021. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2022, the Borough reported a liability of \$8,024,692 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022, the Borough’s proportionate share was .05317 percent, which was an increase of .00279 percent from its proportionate share measured as of June 30, 2021 of .05038 percent.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2022, the pension system has determined the Borough's pension expense (benefit) to be \$(486,233) for PERS based on the actuarial valuations which is more than the actual contribution reported in the Borough's financial statements of \$589,972. At December 31, 2022, 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:

	<u>2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 57,919	\$ 51,076
Changes of Assumptions	24,863	1,201,614
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	332,135	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>542,431</u>	<u>263,486</u>
Total	<u>\$ 957,348</u>	<u>\$ 1,516,176</u>

At December 31, 2022 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2023	\$ (827,252)
2024	(144,645)
2025	(20,551)
2026	430,730
2027	2,890
Thereafter	<u>-</u>
	<u>\$ (558,828)</u>

**BOROUGH OF TOTOWA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2022</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Rate for All Future Years	2.75%-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

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

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022) 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, 2022, as reported for the year ended December 31, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>2022</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022 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:

<u>2022</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,309,379</u>	<u>\$ 8,024,692</u>	<u>\$ 6,080,332</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2022. 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, 2021, the Borough reported a liability of \$11,649,651 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022, the Borough’s proportionate share was .10178 percent, which was an increase of .00539 percent from its proportionate share measured as of June 30, 2022 of .09639 percent.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2022, the pension system has determined the Borough pension expense (benefit) to be \$(140,665), for PFRS based on the actuarial valuations which is less than the actual contributions reported in the Borough's financial statements of \$1,123,426. At December 31, 2022, 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:

	<u>2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 527,294	\$ 713,699
Changes of Assumptions	31,927	1,466,461
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,066,766	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,082,000</u>	<u>802,643</u>
Total	<u>\$ 2,707,987</u>	<u>\$ 2,982,803</u>

At December 31, 2022 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 <u>December 31,</u>	<u>Total</u>
2023	\$ (998,916)
2024	(286,208)
2025	(69,128)
2026	926,719
2027	125,803
Thereafter	<u>26,914</u>
	<u>\$ (274,816)</u>

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2022</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	
Rate for All Future Years	3.25%-16.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the 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.

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

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022) 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, 2022, as reported for the year ended December 31, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>2022</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2022. 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022 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:

<u>2022</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 15,984,579</u>	<u>\$ 11,649,651</u>	<u>\$ 8,040,802</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2022. 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, 2022, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,073,296. For the year ended December 31, 2022, 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 \$239,204, which is less than the actual contributions the State made on behalf of the Borough of \$258,115. At December 31, 2022 (measurement date June 30, 2022) the State’s share of the PFRS net pension liability attributable to the Borough was .10178 percent, which was an increase of .00539 percent from its proportionate share measured as of December 31, 2021 (measurement date June 30, 2021) of .09639 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 on 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022:

Active Plan Members	65,360
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>33,684</u>
Total	<u>99,044</u>
Contributing Employers	591
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, 2023 was not available and for 2022 is \$16.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is -0.36% at June 30, 2022.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2021 which was rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 is 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 \$389.5 million and the State of New Jersey, as the non-employer contributing entity, contributed \$45.8 million for fiscal year 2022.

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, 2023 is not presented in the notes to the financial statements.

**BOROUGH OF TOTOWA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 or 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, 2022, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$9,645,317. For the year ended December 31, 2022 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$1,582,035. At December 31, 2022, (measurement date June 30, 2022), the State's share of the OPEB liability attributable to the Borough was .28589 percent, which was a decrease of .00951 percent from its proportionate share measured as of December 31, 2021 (measurement date June 30, 2021) of .29540 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, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:

	<u>2022</u>
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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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 6.25 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. For post-65 medical benefits PPO, the trend is initially -1.89 percent in Fiscal Year 2023, increasing to 15.04 percent in Fiscal Year 2026 and decreasing to 4.50 percent in Fiscal Year 2033. The HMO trend is initially -1.99 percent in Fiscal Year 2023, increasing to 15.18 percent in Fiscal Year 2026 and decreasing to 4.50 percent in Fiscal Year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to 4.50% long-term trend rate in fiscal year 2030.

The actuarial assumptions used in the July 1, 2021 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.

Discount Rate

The discount rate for June 30, 2022 measurement date was 3.54%. 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 Garden State Municipal Joint Insurance Fund (GSMJIF). 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 GSMJIF 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2023	\$ 19,500	\$ 7,061	\$ 2,118	\$ 13,388	\$ 274,057
2022	19,500	6,446	1,035	12,896	258,766
2021	19,500	17,035	225	11,425	244,681

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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022 and 2021. 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, 2023 and 2022, the Borough reserved \$1,171,060 and \$1,004,875, 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, 2023 and 2022, 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022, 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 \$91,631 and \$87,268 in lease revenue for 2023 and 2022, respectively, which includes interest earning of \$10,743 and \$12,827, respectively. As of December 31, 2023 and 2022 the Borough's receivable for lease payments, exclusive of future interest earnings, is \$302,786 and \$383,674, 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 \$135,874 and \$129,404 in lease revenue for 2023 and 2022, respectively, which includes interest earnings of \$16,276 and \$19,358, respectively. As of December 31, 2023 and 2022 the Borough's receivable for lease payments, exclusive of future interest earnings, is \$461,698 and \$581,296, 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. The Borough will receive annual payments of \$106,852 to \$87,262. The Borough recognized \$112,194 and \$106,852 in lease revenue for 2023 and 2022, respectively, which includes interest earning of \$3,980 and \$6,047, respectively. As of December 31, 2023 and 2022 the Borough's receivable for lease payments, exclusive of future interest earnings, is \$85,941 and \$194,155, respectively, for the lease term ending September 30, 2024

The future lease revenue payments as of December 31, 2023 were as follows:

Calendar <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 303,416	\$ 22,727	\$ 326,143
2025	235,509	15,316	250,825
2026	254,644	8,722	263,366
2027	<u>56,855</u>	<u>762</u>	<u>57,617</u>
Total	<u>\$ 850,424</u>	<u>\$ 47,527</u>	<u>\$ 897,951</u>

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Totowa's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Totowa's primary revenue source for supporting its budget. The Borough of Totowa cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

The Borough will receive \$1,129,583 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough utilized \$501,000 of first installment in the 2021 budget for improvements to Riverview Sewer Pump Station. The Borough utilized the remaining funds in the amount of \$628,583 in the 2022 budget to replace lost public sector revenue. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF TOTOWA
STATEMENT OF CURRENT CASH - TREASURER

Balance, December 31, 2022		\$ 21,804,793
Increased by Receipts:		
Tax Collector	\$ 64,774,920	
Non-Budget Revenue	893,497	
Revenue Accounts Receivable	2,906,520	
Grants Receivable	76,377	
NJ Senior Citizens' and Veterans' Deductions	60,000	
Sewer Fee Overpayments	94	
Fees Payable	38,212	
Reserve for Unappropriated Grants	94,320	
Miscellaneous Reserves	143,292	
Received from Assessment Trust Fund	2,137	
Received from Animal Control Fund	551	
Received from Other Trust Fund	133,594	
Receipts from General Capital Fund	77,261	
Receipts for Water Utility Operating Fund	3,153	
Received from Public Assistance Trust Fund	147	
	69,204,075	
		91,008,868
Decreased by Disbursements:		
2023 Budget Appropriations	17,100,074	
2022 Appropriation Reserves	189,720	
Fees Payable	28,353	
Encumbrances Payable	462,113	
Accounts Payable	669,560	
Refund of Tax Overpayments	45,083	
Reserve for Appropriated Grants	44,410	
Reserve for Tax Appeals	33,815	
County Taxes Payable	19,482,141	
Added County Taxes Payable	181,746	
Local District School Tax	17,022,512	
Regional High School Tax	11,502,231	
Payments made to Other Trust Fund	35,614	
Payments made to General Capital Fund	2,598,558	
Payments made to Swim Utility Operating Fund	114,064	
Payments made for Swim Pool Utility Operating Fund	100	
Payments made to Water Utility Operating Fund	3,153	
Refund of Prior Year Revenue	49,772	
Change Fund	200	
	69,563,219	
Balance, December 31, 2023		\$ 21,445,649

**BOROUGH OF TOTOWA
STATEMENT OF CASH - TAX COLLECTOR**

Received:	
Taxes Receivable	\$ 64,171,555
Tax Overpayments	41,764
Interest and Cost on Taxes	183,606
Prepaid Taxes	<u>377,995</u>
	\$ 64,774,920
Decreased by:	
Payments to Treasurer	<u>\$ 64,774,920</u>

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

<u>Title</u>	Balance, December 31, <u>2022</u>	Received From <u>Treasurer</u>	Balance, December 31, <u>2023</u>
Tax Collector	\$ 100	\$ 200	\$ 300
Treasurer - Deputy Tax Collector	50		50
Court Clerk	370		370
Building Department	<u>200</u>	<u>-</u>	<u>200</u>
	<u>\$ 720</u>	<u>\$ 200</u>	<u>\$ 920</u>

EXHIBIT A-7

STATEMENT OF PETTY CASH FUNDS

<u>Office</u>	Balance, December 31, <u>2022</u>	Balance, December 31, <u>2023</u>
Borough Clerk	<u>\$ 150</u>	<u>\$ 150</u>

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

Balance, December 31, 2022		\$ 73,433
Increased by:		
Senior Citizens' and Veterans' Deductions		
Disallowed by Tax Collector - Current Year	\$ 2,084	
Received in Cash from the State	<u>60,000</u>	
		<u>62,084</u>
		135,517
Decreased by:		
Senior Citizens' and Veterans' Deductions Allowed		
Per Tax Billings	61,750	
Senior Citizens' and Veterans' Deductions		
Allowed by the Tax Collector - Current Year	<u>2,250</u>	
		<u>64,000</u>
Balance, December 31, 2023		<u><u>\$ 71,517</u></u>

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

Year	Balance,	Senior Citizens' and Veterans' Deductions Disallowed	Collections	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance,		
	December 31, 2022						2023 Levy	2022	2023
2016	\$ 1,268					\$ 1,268			
2017	2,440		\$ 1,761		679				
2018	8,960		6,782				\$ 2,178		
2019	8,979		6,797				2,182		
2020	9,632		7,418				2,214		
2021	8,948		6,773				2,175		
2022	<u>641,412</u>	<u>-</u>	<u>-</u>	<u>623,026</u>	<u>-</u>	<u>\$ 16,147</u>	<u>2,239</u>		
	681,639	-	-	652,557	-	1,947	16,147	10,988	
2023	<u>-</u>	<u>\$ 64,659,740</u>	<u>\$ 2,084</u>	<u>\$ 384,320</u>	<u>63,518,998</u>	<u>\$ 64,000</u>	<u>\$ 23,565</u>	<u>16,697</u>	<u>654,244</u>
	<u>\$ 681,639</u>	<u>\$ 64,659,740</u>	<u>\$ 2,084</u>	<u>\$ 384,320</u>	<u>\$64,171,555</u>	<u>\$ 64,000</u>	<u>\$ 25,512</u>	<u>\$ 32,844</u>	<u>\$ 665,232</u>

Analysis of 2023 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 64,567,003
Added Taxes (RS 54:4-36.1 et seq.)	<u>92,737</u>
	<u>\$ 64,659,740</u>
Tax Levy	
Regional High School Taxes	\$ 12,368,623
Local District School Taxes	17,216,286
County Taxes	
County Tax	\$ 19,111,215
Open Space Tax	370,926
Due County for Added Tax	<u>28,002</u>
	19,510,143
Local Tax for Municipal Purposes	14,314,990
Minimum Library Tax	1,160,383
Add: Additional Tax Levied	<u>89,315</u>
	<u>15,564,688</u>
	<u>\$ 64,659,740</u>

**BOROUGH OF TOTOWA
STATEMENT OF TAX TITLE LIENS**

Increased by:		
Transfers from Taxes Receivable	\$ 32,844	
Interest and Costs Accrued at Tax Sale	<u>9,182</u>	\$ <u>42,026</u>
 Balance, December 31, 2022		 <u>\$ 42,026</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES -
AT ASSESSED VALUATIONS**

Balance, December 31, 2022	<u>\$ 72,900</u>
 Balance, December 31, 2023	 <u>\$ 72,900</u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
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	<u>5,500</u>
		 <u>\$ 72,900</u>

**BOROUGH OF TOTOWA
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2022</u>	Accrued In 2023	<u>Collected by</u>		Balance, December 31, <u>2023</u>
			<u>Treasurer</u>	<u>Tax Collector</u>	
Borough Clerk					
Licenses					
Alcoholic Beverages		\$ 11,494	\$ 11,494		
Other		16,278	16,278		
Fees and Permits		3,316	3,316		
Tax Collector					
Interest and Costs on Taxes	\$ 12,877	209,801		\$ 183,606	\$ 39,072
Board of Health/Registrar of Vital Statistics					
Licenses		16,001	16,001		
Fees and Permits		21,153	21,153		
Planning Board					
Fees and Permits		19,500	19,500		
Zoning Board of Adjustments					
Fees and Permits		74,618	74,618		
Building Department					
Uniform Construction Code Fees		526,706	526,706		
Police Department					
Fees and Permits		10,691	10,691		
Road Opening Permits - Fees and Permits		2,863	2,863		
Municipal Court					
Fines and Costs	32,819	193,855	218,737		7,937
Energy Receipts Tax		1,313,229	1,313,229		
Fire Inspection Official					
Uniform Fire Safety Act Fees		15,962	15,962		
Uniform Fire Safety Act Rebate		27,939	27,939		
Sewer User Fees	17,090	263,465	259,097		21,458
Sunset Ridge Sewer Fee		21,353	21,353		
Cable Television Franchise Fee		148,568	148,568		
Borough of Woodland Park - Construction Code Official		108,000	108,000		
Pilot - Totowa Med Urban Renewal LLC		212,756			212,756
Hotel/Motel Tax	-	91,050	91,050	-	-
	<u>\$ 62,786</u>	<u>\$ 3,308,598</u>	<u>\$ 2,906,555</u>	<u>\$ 183,606</u>	<u>\$ 281,223</u>
			\$ 2,906,520	\$ 183,606	
Cash Receipts			35	-	
Sewer Overpayment Applied			<u>\$ 2,906,555</u>	<u>\$ 183,606</u>	

**BOROUGH OF TOTOWA
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2022</u>	Awards Accrued	<u>Received</u>	<u>Cancelled</u>	Balance, December 31, <u>2023</u>
Municipal Alliance Program	\$ 52,153	\$ 8,276			\$ 60,429
FM Global Fire Prevention Grant		941	\$ 941		-
Body Armor Replacement Fund	793			\$ 793	-
Body Worn Camera Grant	24,456				24,456
Recycling Tonnage Grant	-	21,537	21,537		-
NJ Department of Transportation	36,262				36,262
ARP - Firefighters Assistance Grant	-	29,000	29,000		-
NJ Stewardship Grant - State Forestry		25,000	24,899		101
NJ DOT Highway Safety	2,894				2,894
NJ DOT Road Improvement Program	<u>-</u>	<u>231,170</u>	<u>-</u>	<u>-</u>	<u>231,170</u>
	<u>\$ 116,558</u>	<u>\$ 315,924</u>	<u>\$ 76,377</u>	<u>\$ 793</u>	<u>\$ 355,312</u>
Cash Receipts:			\$ 76,377		
Reserve for Unappropriated Grants			<u>-</u>	<u>\$ 793</u>	
			<u>\$ 76,377</u>	<u>\$ 793</u>	

EXHIBIT A-14

STATEMENT OF MAINTENANCE LIEN RECEIVABLE

Balance, December 31, 2021	<u>\$ 6,500</u>
Balance December 31, 2022	<u>\$ 6,500</u>

**BOROUGH OF TOTOWA
STATEMENT OF 2022 APPROPRIATION RESERVES**

	Balance, December 31, <u>2022</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES				
Municipal Clerk	\$ 169	\$ 169		\$ 169
Collection of Taxes	299	299		299
Fire	1	1		1
Police Dispatch/911	8,320	8,320		8,320
Police	31,306	31,306		31,306
Municipal Prosecutor	250	250		250
Road Repairs and Maintenance	1,111	1,111		1,111
Public Buildings and Grounds	1,052	1,052		1,052
Sewer System	37,883	27,883		27,883
Board of Health	27,733	27,733		27,733
Parks and Playgrounds	22,658	22,658		22,658
Municipal Court	12,660	12,660		12,660
Construction Code Official	12,166	12,166	-	12,166
	<u>155,608</u>	<u>145,608</u>	<u>-</u>	<u>145,608</u>
OTHER EXPENSES				
Municipal Clerk	731	2,731	196	2,535
Codification of Ordinances	3,805	3,805		3,805
Elections	359	359		359
Financial Administration	8,147	8,147	5,362	2,785
Assessment of Taxes	21,261	25,912	2,900	23,012
Collection of Taxes	2,268	2,268	66	2,202
Legal Services and Costs	5,636	5,636	3,420	2,216
Engineering Services & Costs	57,500	57,500	10,589	46,911
Municipal Housing Administration	1,000	1,000		1,000
Floodplain Administration	1,000	1,000		1,000
Planning Board	28,030	28,030	200	27,830
Board of Adjustment	21,921	21,921	1,179	20,742
Insurance		-		
General Liability	31,888	31,888		31,888
Workers Compensation	13,738	13,738		13,738
Employee Group Health	2,320	2,320	24	2,296
Fire	102,097	102,097	59,280	42,817
Uniform Fire Code	2,522	2,522		2,522
Police Dispatch/911	859	859		859
Police	17,154	17,154	5,765	11,389
Vehicle Purchases	24,136	24,136	24,136	-
First Aid Squad	16,250	16,250	14,720	1,530
Emergency Management Services	6,583	6,583		6,583
Municipal Prosecutor	500	500		500
Road Repairs and Maintenance	2,364	19,149	9,864	9,285
Public Buildings and Grounds	8,348	8,348	594	7,754

BOROUGH OF TOTOWA
STATEMENT OF 2022 APPROPRIATION RESERVES

	Balance, December 31, <u>2022</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES: (Continued)				
Vehicle Maintenance	\$ 18,187	\$ 33,187	\$ 17,117	\$ 16,070
Sewer System	1,184	11,184	\$ 319	10,865
Shade Tree Commission	10,854	10,854	8,000	2,854
Garbage and Trash Removal	76,647	76,647		76,647
Recycling Program	1,795	1,795	930	865
Condo Services Act	22,000	22,000	18,922	3,078
Board of Health	20,270	20,270	2	20,268
Administration of Public Assistance	956	956	3	953
Parks and Playgrounds	2,293	2,293	84	2,209
Celebration of Public Events	3,160	3,160	-	3,160
Senior Citizen Program	705	705		705
Municipal Court	1,684	5,819	3,438	2,381
Public Defender	1,000	1,000		1,000
Construction Code Official	13,192	13,672	103	13,569
Utilities		-		-
Electricity and Natural Gas	11,039	11,039		11,039
Street Lighting	13,883	13,883		13,883
Gasoline	54,142	32,142	2,507	29,635
Telephone	5,943	5,943		5,943
Social Security System (O.A.S.I.)	26,264	26,264		26,264
Public Employees Retirement System	22,331	22,331		22,331
Recycling Tax	1,754	1,754		1,754
Wayne Township Sewerage - Contractual	12,622	12,622		12,622
Passaic County History Partnership Program	2,625	2,625	2,625	-
Drug and Alcohol Municipal Alliance	2,446	2,446	2,446	-
Recycling Tonnage Grant	29,562	29,562	29,562	-
Clean Communities Grant Program	20,046	20,046	20,046	-
Body Armor Grant	1,553	1,553	1,553	-
Body Worn Camera	5,517	5,517	5,517	-
	<u>764,071</u>	<u>795,122</u>	<u>251,469</u>	<u>543,653</u>
	<u>\$ 919,679</u>	<u>\$ 940,730</u>	<u>\$ 251,469</u>	<u>\$ 689,261</u>
Balance, December 31, 2022		\$ 919,679		
Encumbrances Payable Cancelled		21,051		
Cash Disbursed			\$ 189,720	
Transferred to:				
Reserve for Appropriated Grants		-	61,749	
		<u>\$ 940,730</u>	<u>\$ 251,469</u>	

**BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2022		\$ 483,164
Increased by:		
Charges to 2023 Budget Appropriations		<u>364,045</u>
		847,209
Decreased by:		
Payments	\$ 462,113	
Cancellations Restored to Appropriation Reserves	<u>21,051</u>	
		<u>483,164</u>
Balance, December 31, 2023		<u>\$ 364,045</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2022		\$ 693,409
Decreased by:		
Payments		<u>669,560</u>
Balance, December 31, 2023		<u>\$ 23,849</u>

**BOROUGH OF TOTOWA
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2022	\$ 384,320
Increased by:	
Collection of 2024 Taxes	<u>377,995</u>
	762,315
Decreased by:	
Application to 2023 Taxes Receivable	<u>384,320</u>
Balance, December 31, 2023	<u><u>\$ 377,995</u></u>

EXHIBIT A-19

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2021	\$ 5,192
Increased by:	
Overpayments in 2023	<u>41,764</u>
	46,956
Decreased by:	
Refunds	<u>45,083</u>
Balance, December 31, 2023	<u><u>\$ 1,873</u></u>

EXHIBIT A-20

STATEMENT OF SEWER FEE OVERPAYMENTS

Balance, December 31, 2022	\$ 35
Increased by:	
Overpayments in 2023	<u>94</u>
	129
Decreased by:	
Applied to 2023 Revenue Accounts Receivable	<u>35</u>
Balance, December 31, 2023	<u><u>\$ 94</u></u>

**BOROUGH OF TOTOWA
STATEMENT OF FEES PAYABLE**

	Balance, December 31, <u>2022</u>	<u>Received</u>	<u>Disbursed</u>	Balance, December 31, <u>2023</u>
Due to State				
Construction Code Training Fees	\$ 8,130	\$ 37,016	\$ 27,447	\$ 17,699
Elevator Inspection Fees	744		258	486
Marriage License Fees	<u>690</u>	<u>1,196</u>	<u>648</u>	<u>1,238</u>
	<u>\$ 9,564</u>	<u>\$ 38,212</u>	<u>\$ 28,353</u>	<u>\$ 19,423</u>

EXHIBIT A-22

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
2023 Levy			
General County		\$ 19,111,215	
County Open Space Preservation		<u>370,926</u>	
			\$ 19,482,141
Decreased by:			
Payments			<u>\$ 19,482,141</u>

EXHIBIT A-23

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2022	\$ 181,746
Increased by:	
County Share of 2023	
Added Tax Levy (RS 54:4-63.1 et seq.)	<u>28,002</u>
	209,748
Decreased by:	
Payments	<u>181,746</u>
Balance, December 31, 2023	<u>\$ 28,002</u>

BOROUGH OF TOTOWA
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2022		
School Tax Payable	\$ 5,426,515	
School Tax Deferred	<u>3,025,266</u>	
		\$ 8,451,781
Increased by:		
Levy - School Year July 1, 2023 to June 30, 2024		<u>17,216,286</u>
		25,668,067
Decreased by:		
Payments		<u>17,022,512</u>
Balance, December 31, 2023		
School Tax Payable	5,620,289	
School Tax Deferred	<u>3,025,266</u>	
		<u>\$ 8,645,555</u>
 <u>Analysis of Amount Charged to Operations</u>		
2023 Liability for Local District School Tax		
Tax Paid		\$ 17,022,512
Tax Payable at December 31, 2023		<u>5,620,289</u>
		22,642,801
Less: Tax Payable at December 31, 2022		<u>5,426,515</u>
Amount Charged to 2022 Operations		<u>\$ 17,216,286</u>

**BOROUGH OF TOTOWA
STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE**

Balance, December 31, 2022		
School Tax Payable	\$ 3,146,836	
School Tax Deferred	<u>2,093,009</u>	
		\$ 5,239,845
Increased by:		
Levy - School Year July 1, 2023 to June 30, 2024		<u>12,368,623</u>
		17,608,468
Decreased by:		
Payments		<u>11,502,231</u>
Balance, December 31, 2023		
School Tax Payable	4,013,228	
School Tax Deferred	<u>2,093,009</u>	
		<u>\$ 6,106,237</u>
 <u>Analysis of Amount Charged to Operations</u>		
2023 Liability for Regional High School Tax		
Tax Paid		\$ 11,502,231
Tax Payable at December 31, 2023		<u>4,013,228</u>
		15,515,459
Less: Tax Payable at December 31, 2022		<u>3,146,836</u>
Amount Charged to 2023 Operations		<u>\$ 12,368,623</u>

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS

	Balance, December 31, <u>2022</u>	<u>Received</u>	Anticipated in 2023 <u>Budget</u>	Grants Receivable <u>Cancelled</u>	Balance, December 31, <u>2023</u>
Clean Communities Program	\$ 20,393	\$ 22,873	\$ 20,393		\$ 22,873
Distracted Driver Grant	7,200		7,200		-
Safe and Secure Communities Program	8,906	32,376	32,400		8,882
Alcohol Ed & Rehabilitation Fund	8,905	2,596	8,905		2,596
Body Armor Grant	2,058			\$ 793	1,265
NJ Stormwater Assistance Grant	-	15,000			15,000
LEAD Program Grant		20,600			20,600
Passaic County Historic Grant	-	875	-	-	875
	<u>\$ 47,462</u>	<u>\$ 94,320</u>	<u>\$ 68,898</u>	<u>\$ 793</u>	<u>\$ 72,091</u>

EXHIBIT A-27

STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance, December 31, <u>2022</u>	Transferred From 2022 Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2023</u>
Clean Communities Program	\$ 55,840	\$ 20,046	\$ 7,848	\$ 68,038
Alcohol Ed & Rehabilitation Fund	1,916		1,750	166
Body Armor Replacement Fund	4,437	1,553	4,478	1,512
Drunk Driving Enforcement Fund	22,164		22,028	136
FEMA - Firefighters Equipment - Local	4,608			4,608
FEMA - Firefighters Equipment - Federal	3,543			3,543
Soldiveri - Recreation	409			409
Municipal Alliance	45,197	2,446	1,000	46,643
Safe Corridors - Federal	26,770			26,770
NJ DOT Highway Safety	2,894			2,894
Recycling Tonnage Grant	69,530	29,562		99,092
Fire Prevention - FM Global	320			320
State Forestry Grant - Federal	2,125			2,125
Body Worn Camera		5,517	4,681	836
Passaic County History Partnership Program	-	2,625	2,625	-
	<u>\$ 239,753</u>	<u>\$ 61,749</u>	<u>\$ 44,410</u>	<u>\$ 257,092</u>

**BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR TAX APPEALS PENDING**

Balance, December 31, 2022	\$ 1,004,875
Increased by:	
Transfer from Current Year Tax Collections	<u>200,000</u>
	1,204,875
Decreased by:	
Tax Appeal Refunds	<u>33,815</u>
Balance, December 31, 2023	<u>\$ 1,171,060</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2022</u>	Cash <u>Receipts</u>	Anticipated in 2023 <u>Budget</u>	Balance, December 31, <u>2023</u>
Codification of Ordinances	\$ 7,503			\$ 7,503
Municipal Relief Fund	68,033	\$ 136,037	\$ 68,033	136,037
National Opioid Settlement	<u>11,332</u>	<u>7,255</u>	<u>-</u>	<u>18,587</u>
	<u>\$ 86,868</u>	<u>\$ 143,292</u>	<u>\$ 68,033</u>	<u>\$ 162,127</u>

TRUST FUND

**BOROUGH OF TOTOWA
STATEMENT OF CASH - TREASURER**

	<u>Assessments</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2022	\$ 2,680	\$ 2,089	\$ 5,439,375
Increased by:			
Interest on Deposits	\$ 250	\$ 49	\$ 55,059
Assessments Receivable	31,347		
Interest on Assessments	1,251		
Miscellaneous Reserves			1,638,171
Received from Current Fund			35,614
Received for Current Fund			77,460
Received from Water Utility Operating Fund			3,500
Received from Swim Pool Utility Operating Fund			
Escrow Deposits			174,440
Premiums Received from Tax Sale			90,100
Dog License Fees Collected		805	
Due State of NJ - Dog Registration Fees		219	
Employee Unemployment Contributions			7,061
Outstanding Unemployment Checks Voided			363
Net Pay and Payroll Deduction Deposits	-	-	10,120,192
	<u>32,848</u>	<u>1,073</u>	<u>12,201,960</u>
	35,528	3,162	17,641,335
Decreased by Disbursements:			
Due State of NJ - Dog Registration Fees		196	
Reserve for Animal Control Expenditures		391	
Miscellaneous Reserves			1,027,671
Unemployment Claims Due to State			13,751
Escrow Deposits Payable			203,157
Tax Sale Premiums Refunded			206,100
Payments made to Current Fund	2,137	551	133,594
Payments made to General Capital Fund	33,000		-
Payroll Disbursements	-	-	10,115,836
	<u>35,137</u>	<u>1,138</u>	<u>11,700,109</u>
Balance , December 31, 2023	<u>\$ 391</u>	<u>\$ 2,024</u>	<u>\$ 5,941,226</u>

**BOROUGH OF TOTOWA
ANALYSIS OF ASSESSMENT CASH**

	Balance December 31, <u>2023</u>
Due to Current Fund	\$ 1,251
Due to General Capital Fund	3,718
Unfinanced Assessments	
Ord. 03-10 - Replacement of Sidewalks, Curbs and Driveways - Union Blvd. - Phase II	<u>(4,578)</u>
	<u>\$ 391</u>

**STATEMENT OF ASSESSMENTS RECEIVABLE
ASSESSMENT TRUST FUND**

<u>Ord. No.</u>	<u>Description</u>	Balance December 31, <u>2022</u>	<u>Collected</u>	Balance December 31, <u>2023</u>	Balance <u>Pledged to</u> Due General Capital Fund
03-10	Replacement of Sidewalks, Curbs and Driveways on Union Blvd. - Phase II	\$ 35,925	\$ 31,347	\$ 4,578	\$ 4,578
		<u>\$ 35,925</u>	<u>\$ 31,347</u>	<u>\$ 4,578</u>	<u>\$ 4,578</u>

**STATEMENT OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND**

Balance, December 31, 2022	\$ 1,887
Increased by:	
Interest on Deposits	\$ 250
Interest on Assessment	<u>1,251</u>
	<u>1,501</u>
	3,388
Decreased by:	
Payments Made to Current Fund	<u>2,137</u>
Balance, December 31, 2023	<u>\$ 1,251</u>

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

Balance, December 31, 2022		\$	1,589
Increased by:			
Dog License Fees Collected			805
			2,394
Decreased by:			
Disbursements for Expenditures Under R.S. 4: 19~ 15.11	\$	391	
Statutory Excess Due Current Fund		211	
			602
Balance, December 31, 2023		\$	1,792

**STATEMENT OF DUE TO/(FROM) STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance, December 31, 2022 - (Due From)		\$	(2)
Increased by;			
Dog License Registration Fees Collected			219
			217
Decreased by:			
Payments			196
Balance, December 31, 2023 - Due To		\$	21

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, December 31, 2022		\$	502
Increased by:			
Interest Earnings Due to Current Fund	\$	49	
Statutory Excess in Reserve for Animal Control Expenditures		211	
			260
			762
Decreased by:			
Payments to Current Fund			551
Balance, December 31, 2023		\$	211

**BOROUGH OF TOTOWA
STATEMENT OF ESCROW DEPOSITS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2022	\$ 1,537,779
Increased by:	
Cash Receipts	174,440
	1,712,219
Decreased by:	
Cash Disbursements	203,157
Balance, December 31, 2023	\$ 1,509,062

**STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2022	\$ 32,421
Increased by:	
2023 Budget Appropriation	
Unemployment Compensation Insurance	\$ 16,000
Payments to Current Fund	133,594
	149,594
	182,015
Decreased by:	
Receipts from Current Fund	35,614
Receipts for Current Fund - Police Outside Duty Admin. Fees	77,460
Interest on Deposits	52,941
	166,015
Balance, December 31, 2023	\$ 16,000

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

Balance, December 31, 2022	\$ 256,100
Increased by:	
Cash Receipts	<u>90,100</u>
	346,200
Decreased by:	
Payments	<u>206,100</u>
Balance, December 31, 2023	<u>\$ 140,100</u>

EXHIBIT B-11

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2022	\$ 5,603
Increased by:	
Net Payroll and Payroll Deduction Deposits	<u>10,120,192</u>
	10,125,795
Decreased by:	
Payroll Disbursements	<u>10,115,836</u>
Balance, December 31, 2023	<u>\$ 9,959</u>

EXHIBIT B-12

**STATEMENT OF DUE TO STATE - UNEMPLOYMENT CLAIMS
OTHER TRUST FUND**

Increased by:	
Unemployment Claims Charged to Reserve	\$ 13,751
Decreased by:	
Payments to State	<u>\$ 13,751</u>

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

Balance, December 31, 2022		\$	258,766
Increased by:			
2023 Budget Appropriations:			
Due From Current Fund	\$	16,000	
Due From Water Utility Operating Fund		<u>3,500</u>	
	\$	19,500	
Employee Payroll Deductions		7,061	
Voided Check		363	
Interest on Deposits		<u>2,118</u>	
			<u>29,042</u>
			287,808
Decreased by:			
Unemployment Claims Due to State			<u>13,751</u>
Balance, December 31, 2023		\$	<u>274,057</u>

EXHIBIT B-14

STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND

	Balance December 31, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2023</u>
Reserve for Recycling Program Fees	\$ 82,764	\$ 13,349	\$ 2,767	\$ 93,346
Reserve for Centennial Club Donations	22,805		22,805	-
Reserve for Historical Society Donations	942			942
Reserve for Municipal Alliance Donations	47,472		5,000	42,472
Reserve for Recreation Program Fees	85,183	127,613	145,511	67,285
Reserve for Polling Place Deposit	146			146
Reserve for Affordable Housing Fees	2,345,650	955,402	228,718	3,072,334
Reserve for Police Outside Duty Fees	6,262	486,668	494,147	(1,217)
Reserve for Accumulated Absence Liability	656,822		65,892	590,930
Reserve for Storm Recovery Costs	152,055		9,486	142,569
Reserve for Outside Lienholders Deposits	-	53,345	53,345	-
Reserve for POAA Fees	4,648	296		4,944
Reserve for Public Defender	1,400	1,279		2,679
Reserve for Disposal of Forfeited Property	<u>10,899</u>	<u>219</u>	<u>-</u>	<u>11,118</u>
	<u>\$ 3,417,048</u>	<u>\$ 1,638,171</u>	<u>\$ 1,027,671</u>	<u>\$ 4,027,548</u>
Cash Receipts		\$ 1,638,171		
Cash Disbursements		<u>-</u>	<u>1,027,671</u>	
		<u>\$ 1,638,171</u>	<u>\$ 1,027,671</u>	

GENERAL CAPITAL FUND

**BOROUGH OF TOTOWA
STATEMENT OF CASH - TREASURER**

Balance, December 31, 2022		\$ 3,984,962
Increased by:		
Interest Earnings	\$ 60,766	
Grant Receipts	50,000	
Reserve for Capital Improvements and Acquisitions	375,000	
Reserve for Sewer Connection Charges	9,800	
Received from Current Fund	2,598,558	
Received from Assessment Trust Fund	<u>33,000</u>	
		<u>3,127,124</u>
		7,112,086
Decreased by:		
Improvement Authorizations	781,999	
Encumbrances Payable	1,107,206	
Payments to Current Fund	<u>77,261</u>	
		<u>1,966,466</u>
Balance, December 31, 2023		<u>\$ 5,145,620</u>

**BOROUGH OF TOTOWA
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2023</u>
Fund Balance		\$ 822
Capital Improvement Fund		919,519
Encumbrances Payable		2,468,878
Due from Current Fund		(1,201,937)
Due from Assessment Trust Fund		(3,718)
Grants Receivable		(2,984,560)
Reserve for Sewer Connection Charges		11,800
Reserve for Capital Improvements and Acquisitions		1,027,744
Reserve for Land Sale Proceeds		850
Reserve for Field Improvements		164,487
 Improvement Authorizations:		
 Ordinance		
<u>Number</u>	<u>Description</u>	
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)	103,070
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	(190,762)
07-19	Various Capital Improvements and Acquisitions	4,109
08-20	Various Capital Improvements and Acquisitions	536,018
07-21	Various Capital Improvements and Acquisitions	475,353
03-22	Various Capital Improvements and Acquisitions	2,583,074
07-23	Various Capital Improvements and Acquisitions	<u>1,039,246</u>
		 <u>\$ 5,145,620</u>

**BOROUGH OF TOTOWA
STATEMENT OF GRANT RECEIVABLE**

Ord. No.	Agency	Balance, December 31, 2022	Grant Award	Collections	Balance, December 31, 2023	Balance Pledged to:	
						Improvement Authorization	Reserve for Grants Receivable
08-12/ 06-13/							
10-13	Community Development Block Grant	\$ 20,392			\$ 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	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	
08-17	Dept. of Transportation - Jefferson Pl	50,000		\$ 50,000	-	-	
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			340,600	340,600	
07-21	Community Development Block Grant	105,000			105,000	105,000	
03-22	Dept. of Transportation	610,792			610,792	610,792	
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	-
		<u>\$ 3,116,052</u>	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ 3,166,052</u>	<u>\$ 2,984,560</u>	<u>\$ 181,492</u>

**BOROUGH OF TOTOWA
STATEMENT OF DUE FROM CURRENT FUND**

Balance, December 31, 2022		\$ 2,609,000
Increased by:		
Payments to Current Fund	\$ 77,261	
2023 Budget Appropriation:		
Capital Improvement Fund	995,000	
Deferred Charge Unfunded - Ord 08-2017	12,000	
Deferred Charge Unfunded - Ord 15-2018	<u>168,000</u>	
		<u>1,252,261</u>
		3,861,261
Decreased by:		
Interest Earnings	60,766	
Receipts from Current Fund	<u>2,598,558</u>	
		<u>2,659,324</u>
Balance, December 31, 2023		<u>\$ 1,201,937</u>

STATEMENT OF DUE FROM ASSESSMENT TRUST FUND

Balance, December 31, 2022		\$ 36,718
Decreased by:		
Received from Assessment Trust Fund		<u>33,000</u>
Balance, December 31, 2023		<u>\$ 3,718</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2022</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2023</u>	Analysis of Balance <u>December 31, 2022</u>	
					<u>Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
	<u>General Improvements</u>					
12-13	Flood Acquisition Project	\$ 179,492		\$ 179,492		\$ 179,492
08-17	Various Road Improvements	187,000	\$ 12,000	175,000		175,000
15-18	Acquisition of Property	<u>380,000</u>	<u>168,000</u>	<u>212,000</u>	\$ 190,762	<u>21,238</u>
		<u>\$ 746,492</u>	<u>\$ 180,000</u>	<u>\$ 566,492</u>	<u>\$ 190,762</u>	<u>\$ 375,730</u>
	Due from Current Fund		<u>\$ 180,000</u>			

**BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2022	\$ 3,420,882
Increased by:	
Charged to Improvement Authorizations	<u>155,202</u>
	3,576,084
Decreased by:	
Cash Disbursements	<u>1,107,206</u>
Balance, December 31, 2023	<u>\$ 2,468,878</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2022	\$ 919,519
Increased by:	
2023 Budget Appropriation Due from Current Fund	<u>995,000</u>
	1,914,519
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>995,000</u>
Balance, December 31, 2023	<u>\$ 919,519</u>

**BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR SEWER CONNECTION CHARGES**

Balance, December 31, 2022	\$ 2,000
Increased by:	
Cash Receipts	<u>9,800</u>
Balance, December 31, 2023	<u>\$ 11,800</u>

STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS AND ACQUISITIONS

Balance, December 31, 2022	\$ 652,744
Increased by:	
Developers Contribution for Sanitary Sewer Improvements	<u>375,000</u>
Balance, December 31, 2023	<u>\$ 1,027,744</u>

STATEMENT OF RESERVE FOR LAND SALE PROCEEDS

Balance, December 31, 2022	\$ <u>850</u>
Balance, December 31, 2023	<u>\$ 850</u>

STATEMENT OF RESERVE FOR FIELD IMPROVEMENTS

Balance, December 31, 2022	\$ <u>164,487</u>
Balance, December 31, 2023	<u>\$ 164,487</u>

**BOROUGH OF TOTOWA
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2022		2023 Authorizations		Paid or Charged	Balance, December 31, 2023	
			Funded	Unfunded	Capital Improvement Fund	Grant Awards		Funded	Unfunded
	<u>General Improvements</u>								
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	111,780				\$ 8,710	103,070	
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	
08-17	Various Road Improvements	800,000		175,743				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	1,096,399				560,381	536,018	
07-21	Various Capital Improvements and Acquisitions-2021	1,823,600	481,111				5,758	475,353	
03-22	Various Capital Improvements and Acquisitions-2022	3,960,554	2,889,672				306,598	2,583,074	-
07-23	Various Capital Improvements and Acquisitions-2023	1,095,000	-	-	\$ 995,000	\$ 100,000	55,754	1,039,246	-
			<u>\$ 4,773,955</u>	<u>\$ 376,473</u>	<u>\$ 995,000</u>	<u>\$ 100,000</u>	<u>\$ 937,201</u>	<u>\$ 4,932,497</u>	<u>\$ 375,730</u>
							Cash Disbursements	\$ 781,999	
							Encumbrances Payable	<u>155,202</u>	
								<u>\$ 937,201</u>	

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

Ord. No.	Purpose	Balance, December 31, 2022	Funded by Assessments Collected	Funded by Budget Appropriation	Balance, December 31, 2023	
					Capital Fund	Trust Fund
<u>Local Improvements</u>						
03-10	Replacement of Sidewalks, Curbs and Driveway Aprons - Union Blvd. Phase II	\$ 35,925	\$ 31,347		\$	4,578
<u>General Improvements</u>						
12-13	Flood Acquisition Project	179,492			\$	179,492
08-17	Various Road Improvements	187,000		\$ 12,000		175,000
15-18	Acquisition of Property	380,000	-	168,000		212,000
		<u>\$ 782,417</u>	<u>\$ 31,347</u>	<u>\$ 180,000</u>	<u>\$</u>	<u>566,492</u>
					<u>\$</u>	<u>4,578</u>

WATER UTILITY FUND

**BOROUGH OF TOTOWA
STATEMENT OF CASH - WATER TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2022	\$ 3,021,384	\$ 84,255
Increased by Receipts:		
Collector	\$ 4,022,475	
Interest Earned	73,956	\$ 4,328
Non-Budget Revenues	19,686	
Receipts from Current Fund	3,153	
Receipts from Water Utility Operating Fund	<u>4,328</u>	<u>265,000</u>
	<u>4,123,598</u>	<u>269,328</u>
	7,144,982	353,583
Decreased by Disbursements:		
2023 Budget Appropriations	2,839,057	
2022 Appropriation Reserves	5,032	
Encumbrances Payable	229,511	
Payments to Current Fund	3,153	
Payments to Water Utility Operating Fund	265,000	4,328
Payments Made to Other Trust Fund	<u>3,500</u>	<u>-</u>
	<u>3,345,253</u>	<u>4,328</u>
Balance, December 31, 2023	<u>\$ 3,799,729</u>	<u>\$ 349,255</u>

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

Received in 2023	
Consumer Accounts Receivable - Water Usage Charges	\$ 3,626,016
Consumer Accounts Receivable - Miscellaneous Fees	360,895
Interest on Delinquent Accounts	30,431
Overpayments	<u>5,133</u>
	\$ 4,022,475
Decreased by:	
Payment to Treasurer	<u>\$ 4,022,475</u>

**ANALYSIS OF CASH
WATER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2023</u>
Fund Balance	\$ 1,961
Capital Improvement Fund	257,108
Reserve for Water Tower Fees	14,219
Encumbrances Payable	18,015
Due from Water Utility Operating Fund	(30,000)
Improvement Authorizations:	
<u>Ord. No.</u>	<u>Description</u>
02-08	Acquisition of Pump for Shepherds Lane
15-13	Abandonment of Shepherds Lane Pump Station
04-16	Repair of Water Main
	<u>43,127</u>
	<u>\$ 349,255</u>

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

Balance, December 31, 2022		\$ 648,003
Increased by:		
Water Usage Charges Levied	\$ 3,555,859	
Miscellaneous Fees and Charges	<u>386,895</u>	
		<u>3,942,754</u>
Decreased by:		
Collections:		
Water Usage Charges	\$ 3,626,016	
Overpayments Applied to Water Usage Charges	<u>10,133</u>	
		3,636,149
Miscellaneous Fees	<u>360,895</u>	
		<u>3,997,044</u>
Balance, December 31, 2023		<u>\$ 593,713</u>

**BOROUGH OF TOTOWA
STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2022</u>	<u>Additions</u> Budget <u>Capital Outlay</u>	Balance, December 31, <u>2023</u>
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	382,915	\$ 28,443	411,358
Vehicles and Heavy Equipment	88,319		88,319
Billing and Accounting Systems	31,011		31,011
Telemetry Machine	22,300		22,300
Supervisory Control and Data Acquisition System	49,800		49,800
Leak Detection System	14,930	-	14,930
	<u>\$ 5,127,819</u>	<u>\$ 28,443</u>	<u>\$ 5,156,262</u>
2023 Budget Appropriations		<u>\$ 28,443</u>	

**STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND**

Ord. <u>No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2022</u>	Balance, December 31, <u>2023</u>
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
		<u>\$ 105,967</u>	<u>\$ 105,967</u>

**BOROUGH OF TOTOWA
STATEMENT OF 2022 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, December 31, <u>2022</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries and Wages	\$ 2,372	\$ 2,372		\$ 2,372
Other Expenses	<u>10,726</u>	<u>10,726</u>	<u>\$ 5,032</u>	<u>5,694</u>
	<u>13,098</u>	<u>13,098</u>	<u>5,032</u>	<u>8,066</u>
CAPITAL IMPROVEMENTS				
Capital Outlay	<u>7,865</u>	<u>7,865</u>	<u>-</u>	<u>7,865</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Contribution to Social Security System (O.A.S.I)	<u>1,921</u>	<u>1,921</u>	<u>-</u>	<u>1,921</u>
	<u>1,921</u>	<u>1,921</u>	<u>-</u>	<u>1,921</u>
	<u>\$ 22,884</u>	<u>\$ 22,884</u>	<u>\$ 5,032</u>	<u>\$ 17,852</u>
Cash Disbursements			<u>\$ 5,032</u>	

**BOROUGH OF TOTOWA
STATEMENT OF DUE FROM CURRENT FUND
WATER UTILITY OPERATING FUND**

Increased by:	
Payments to Current	\$ 3,153
Decreased by:	
Receipts from Current Fund	<u>\$ 3,153</u>

**STATEMENT OF DUE TO OTHER TRUST FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2022	\$ 3,500
Increased by:	
2023 Budget Appropriations - Unemployment Compensation Insurance	<u>3,500</u>
	7,000
Decreased by:	
Cash Disbursed	<u>3,500</u>
Balance, December 31, 2023	<u>\$ 3,500</u>

**BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2022	\$ 229,511
Increased by:	
Charges to 2023 Budget Appropriations	345,944
	575,455
Decreased by:	
Cash Disbursements	229,511
Balance, December 31, 2023	\$ 345,944

EXHIBIT D-15

**STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2022	\$ <u>1,523</u>
Balance, December 31, 2023	\$ 1,523

EXHIBIT D-16

**STATEMENT OF WATER RENT OVERPAYMENTS
WATER UTILITY OPERATING FUND**

Balance, December 31, 2022	\$ 10,133
Increased by:	
Overpayments in 2023	5,133
	15,266
Decreased by:	
Applied to Consumer Accounts Receivable	10,133
Balance, December 31, 2023	\$ 5,133

**BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2022	\$ <u>18,015</u>
Balance, December 31, 2023	\$ <u><u>18,015</u></u>

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

Balance, December 31, 2022	\$ 265,000
Increased by:	
2023 Budget Appropriation:	
Capital Improvement Fund	\$ 30,000
Payments to Water Utility Operating Fund	<u>4,328</u>
	<u>34,328</u>
	299,328
Decreased by:	
Interest Earned	\$ 4,328
Payments from Water Utility Operating Fund	<u>265,000</u>
	<u>269,328</u>
Balance, December 31, 2023	\$ <u><u>30,000</u></u>

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

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2022		Balance, December 31, 2023	
			Funded	Unfunded	Funded	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	\$ -
			<u>\$ 87,952</u>	<u>\$ -</u>	<u>\$ 87,952</u>	<u>\$ -</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2022	\$ 227,108
Increased by:	
2023 Budget Appropriation - Due from Water Utility Operating Fund	<u>30,000</u>
Balance, December 31, 2023	<u>\$ 257,108</u>

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

Balance, December 31, 2022	\$ 5,127,819
Increased by:	
2023 Budget Appropriations:	
Capital Outlay	\$ <u>28,443</u>
Balance, December 31, 2023	\$ <u>5,156,262</u>

**STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

<u>Ord.</u> <u>No.</u> <u>Improvement Description</u>	Balance, December 31, <u>2022</u>	Balance, December 31, <u>2023</u>
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	<u>18,015</u>	<u>18,015</u>
	<u>\$ 105,967</u>	<u>\$ 105,967</u>

**STATEMENT OF RESERVE FOR WATER TOWER FEES
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2022	\$ <u>14,219</u>
Balance, December 31, 2023	\$ <u>14,219</u>

SWIM POOL UTILITY FUND

**BOROUGH OF TOTOWA
STATEMENT OF SWIM POOL UTILITY CASH - TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2022	\$ 814	\$ 192
Increased by Receipts:		
Swim Pool Fees	\$ 68,635	
Received from Current Fund	114,064	
Non-Budget Revenues	<u>12,562</u>	<u>-</u>
	<u>195,261</u>	<u>-</u>
	196,075	192
Decreased by Disbursements:		
2023 Budget Appropriations	194,377	
Encumbrances Payable	<u>720</u>	<u>-</u>
	<u>195,097</u>	<u>-</u>
Balance, December 31, 2023	<u>\$ 978</u>	<u>\$ 192</u>

ANALYSIS OF SWIM POOL UTILITY CAPITAL FUND - CASH

	Balance, December 31, <u>2023</u>
Fund Balance	<u>\$ 192</u>

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

<u>Description</u>	Balance, December 31, <u>2022</u>	<u>Additions By</u> Budget Capital Outlay	Balance, December 31, <u>2023</u>
Improvement of Municipal Swimming Pool	\$ 454,143	\$ 765	\$ 454,908
Various Improvements on the Site of Existing Swimming Pool Facility	<u>141,094</u>	<u>-</u>	<u>141,094</u>
	<u>\$ 595,237</u>	<u>\$ 765</u>	<u>\$ 596,002</u>

EXHIBIT E-8

**STATEMENT OF 2022 APPROPRIATION RESERVES
SWIM POOL UTILITY OPERATING FUND**

	Balance, December 31, <u>2022</u>	Balance After <u>Transfer</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
CAPITAL IMPROVEMENTS				
Capital Outlay	\$ 3,000	\$ 3,000		\$ 3,000
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Unemployment Compensation Insurance (NJ 43:21-3 et seq.)	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
	<u>\$ 3,100</u>	<u>\$ 3,100</u>	<u>\$ -</u>	<u>\$ 3,100</u>

**BOROUGH OF TOTOWA
STATEMENT OF DUE TO CURRENT FUND
SWIM POOL UTILITY OPERATING FUND**

Balance, December 31, 2022 - Due To	\$	32,580
Increased by:		
Expenditures paid by Current Fund	\$	100
Receipts from Current Fund		<u>114,064</u>
		<u>114,164</u>
		146,744
Decreased by:		
Anticipated Revenue - Deficit (General Budget)		<u>140,000</u>
Balance, December 31, 2023 - Due To	\$	<u>6,744</u>

**STATEMENT OF DEFERRED CHARGES
SWIM POOL UTILITY OPERATING FUND**

	Balance, December 31, <u>2022</u>	Added in <u>2023</u>	Funded in <u>Budget</u>	Balance, December 31, <u>2023</u>
Overexpenditure of Appropriations	\$ 36,195		\$ 36,195	
Operating Deficit	<u>-</u>	<u>\$ 22,597</u>	<u>-</u>	<u>\$ 22,597</u>
	<u>\$ 36,195</u>	<u>\$ 22,597</u>	<u>\$ 36,195</u>	<u>\$ 22,597</u>

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

Balance, December 31, 2022	\$ 720
Increased by:	
Charges to 2023 Budget Appropriations	2,756
	3,476
Decreased by:	
Cash Disbursements	720
Balance, December 31, 2023	\$ 2,756

**STATEMENT OF RESERVE FOR AMORTIZATION
SWIM POOL UTILITY CAPITAL FUND**

Balance, December 31, 2022	\$ 595,237
Increased by:	
2023 Budget Appropriations - Capital Outlay Charges	765
Balance, December 31, 2023	\$ 596,002

PUBLIC ASSISTANCE FUND

**BOROUGH OF TOTOWA
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
Balance, December 31, 2022	\$ 15,743	\$ 7,331	\$ 8,412
Increased by:			
State Aid	18,100		18,100
Interest Earned	<u>277</u>	<u>147</u>	<u>130</u>
	<u>18,377</u>	<u>147</u>	<u>18,230</u>
	<u>34,120</u>	<u>7,478</u>	<u>26,642</u>
Decreased by:			
Public Assistance Expenditures Eligible for State Aid	22,587		22,587
Payments to Current Fund	<u>147</u>	<u>147</u>	<u>-</u>
	<u>22,734</u>	<u>147</u>	<u>22,587</u>
Balance, December 31, 2023	<u>\$ 11,386</u>	<u>\$ 7,331</u>	<u>\$ 4,055</u>

**BOROUGH OF TOTOWA
STATEMENT OF DUE TO CURRENT FUND**

Increased by:		
Interest Earnings	\$	277
Decreased by:		
Payments to Current Fund		<u>147</u>
Balance, December 31, 2023		<u><u>130</u></u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
Balance, December 31, 2022	\$ 15,743	\$ 7,331	\$ 8,412
Increased by:			
Revenues	<u>18,100</u>	<u>-</u>	<u>18,100</u>
	33,843	7,331	26,512
Decreased by:			
Expenditures	<u>22,587</u>	<u>-</u>	<u>22,587</u>
Balance, December 31, 2023	<u><u>\$ 11,256</u></u>	<u><u>\$ 7,331</u></u>	<u><u>\$ 3,925</u></u>

STATEMENT OF PUBLIC ASSISTANCE REVENUES

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
State Aid Payments	<u>\$ 18,100</u>	<u>-</u>	<u>\$ 18,100</u>
Total Revenues	18,100	-	18,100
Interest Earnings - Due to Current Fund	<u>277</u>	<u>\$ 147</u>	<u>130</u>
Total Receipts	<u><u>\$ 18,377</u></u>	<u><u>\$ 147</u></u>	<u><u>\$ 18,230</u></u>

**BOROUGH OF TOTOWA
STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
Current Year Assistance (State Matching)			
Maintenance	\$ 22,587	\$ -	\$ 22,587
 Total Expenditures	 22,587	 -	 22,587
Due to Current Fund	<u>147</u>	<u>\$ 147</u>	<u>-</u>
 Total Disbursements	 <u>\$ 22,734</u>	 <u>\$ 147</u>	 <u>\$ 22,587</u>

BOROUGH OF TOTOWA
PASSAIC COUNTY, NEW JERSEY

PART II

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & BLISS, LLP

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Totowa as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2024. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Report on Internal Control over Financial Reporting

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

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

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

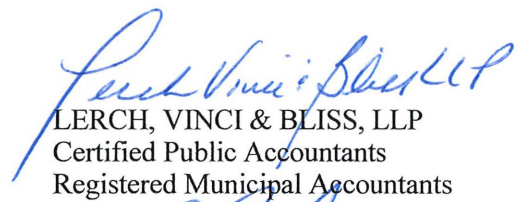
Report on Compliance and Other Matters

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.

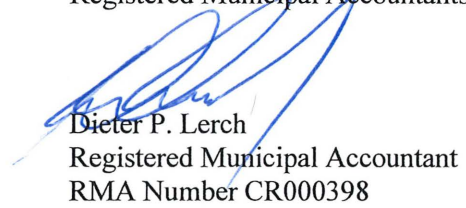
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Totowa in Part III of this report of audit entitled, “Letter of Comments and Recommendations”.

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
Certified Public Accountants
Registered Municipal Accountants



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR000398

Fair Lawn, New Jersey
August 14, 2024

**BOROUGH OF TOTOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Federal Program</u>	<u>State Account Number</u>	<u>AL Number</u>	<u>Grant Year</u>	<u>Award Amount</u>	<u>2023 Grant Receipts</u>	<u>Balance December 31, 2022</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance December 31, 2023</u>	<u>Cumulative Expended</u>
U.S. Dept. of Housing and Urban Development										
Community Development Block Grant										
(Passed through the County of Passaic)										
		14.218								
PAL Field Lighting Project Ord. 03-2022	Capital	N/A	2022	\$ 649,000		\$ 649,000			\$ 649,000	
Sewer Main Improvements Ord. 10-2013	Capital	N/A	2013	7,100		1,914			1,914	\$ 5,186
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	94,851
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		105,000			105,000	-
Sewer Main Improvements Ord. 3-2022	Capital	N/A	2022	100,762		100,762			100,762	-
Various Capital Improvements Ord 7-2023	Capital	N/A	2023	100,000		-	\$ 100,000		100,000	-
Total Community Development Block Grant Cluster						991,447	100,000	-	1,091,447	1,000,847
U.S. Dept. of Homeland Security										
Assistance to Firefighters										
(Passed through the State Dept. of Law and Public Safety)										
FEMA - Public Safety Grant - Hurricane Ida	Current	N/A	97.044	87,566		3,543	-	-	3,543	84,023
FEMA - Hazard Mitigation Grant - Hurricane Sandy	Current	066-1200-100-C84	97.036	111,527		-	-	-	-	111,157
	Current	066-1200-100-B-07	97.039	268,378		-	-	-	-	268,378
Total U.S. Dept. of Homeland Security						3,543	-	-	3,543	463,558
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	3,773		3,773			3,773	-
				5,205		5,205			5,205	-
				8,797		8,797			8,797	-
				8,995		8,995			8,995	-
Total Safe Corridors Cluster						26,770	-	-	26,770	-
Distracted Driver	Current	066-1160-100-158	20.616	7,200		-	7,200		7,200	-
Total U.S. Dept. of Transportation						26,770	7,200	-	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	29,000	\$ 29,000	-	29,000		29,000	-
Total U.S. Dept. of Treasury						-	29,000	-	29,000	-
U.S Department of Agriculture										
State Forestry Services										
	Current	042-4870-100-038	10.664	2,125		2,125			2,125	-
						\$ 1,023,885	\$ 136,200	\$ -	\$ 1,160,085	

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

**BOROUGH OF TOTOWA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2023 Grant Receipts</u>	<u>Balance, December 31, 2022</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2023</u>	<u>Cumulative Expended</u>
Drug and Alcohol Municipal Alliance	N/A	2023	\$ 8,276			\$ 8,276		\$ 8,276	
		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		8,229		\$ 364	7,865	14,575
		2016	22,440		636		\$ 636	-	22,440
Total Municipal Alliance Cluster					47,643	8,276	1,000	54,919	80,852
Clean Communities Grant Program	042-4900-765-004	2023	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			20,888	-
		2018	18,716		18,716			18,716	-
		2017	19,560		9,702		7,848	1,854	17,706
Total Clean Communities Cluster					75,886	20,393	7,848	88,431	30,006
Drunk Driving Enforcement Fund	1110-448-031020-22	2017	7,860		7,860		7,724	136	7,724
		2016	51,092		14,304		14,304	-	51,092
Total Drunk Driving Enforcement Cluster					22,164	-	22,028	136	58,816
Alcohol Education and Rehabilitation	098-9735-760-001	2023	2,596	2,596					
		2022	8,905			8,905	2,000	6,905	2,000
		2020	1,667		1,667		1,501	166	1,501
		2019	1,849		249		249	-	1,849
Total Alcohol Education and Rehabilitation Cluster					1,916	8,905	3,750	7,071	5,350
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		5,517		4,681	836	23,620
		2021	57,064		-		-	-	57,064
Total Body Worn Camera Grant Cluster					5,517		4,681	836	80,684
Safe and Secure Communities Program	066-1020-100-232	2023	32,400	32,376		32,400	32,400		32,400

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

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**BOROUGH OF TOTOWA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2023 Grant Receipts</u>	<u>Balance, December 31, 2022</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2023</u>	<u>Cumulative Expended</u>
Body Armor Replacement Fund	066-1020-718-001	2022	\$ 3,611		\$ 1,553		\$ 41	\$ 1,512	2,099
		2021	2,341		2,300		2,300	-	2,341
		2020	3,643		2,137	-	2,137	-	3,643
Total Body Armor Replacement Cluster					5,990	-	4,478	1,512	8,083
Recycling Tonnage Grant	042-4900-752-001	2023	21,537	\$ 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	-	-	13,767	2,729
Total Recycling Cluster					99,092	21,537	-	120,629	4,898
Stormwater Assistance Grant	042-4850-100-099	2023	15,000	15,000	-	-	-	-	-
Lead Program Grant	022-8020-100-304	2023	20,600	20,600	-	-	-	-	-
Department of Transportation-Local Municipal Aid, NJTPA									
Jefferson Street Improvements (Ord 08-17)	078-6320-480-AMQ	2017	200,000	50,000	50,000		50,000	-	200,000
Various Road Improvements (Ord 07-21)	078-6320-480-xxx	2021	340,600		133,933			133,933	206,667
Various Road Improvements (Ord 03-22)	078-6320-480-xxx	2022	610,792		610,792			610,792	-
2023 Road Improvement Program (Current)	078-6320-480-xxx	2023	231,170		-	231,170	-	231,170	-
Total Department of Transportation Cluster					794,725	231,170	50,000	975,895	406,667
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	18,100	8,412	18,100	22,587	3,925	22,587
NJ Stewardship Grant - State Forestry		2023	25,000	24,899	-	25,000	24,899	101	24,899
					<u>\$ 1,154,979</u>	<u>\$ 365,781</u>	<u>\$ 173,671</u>	<u>\$ 1,347,089</u>	

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, 2023**

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 Principles, 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 36,200	\$ 347,681	\$ 383,881
General Capital Fund	100,000	-	100,000
Public Assistance Fund	-	18,100	18,100
	<hr/>	<hr/>	<hr/>
Total Financial Awards	<u>\$ 136,200</u>	<u>\$ 365,781</u>	<u>\$ 501,981</u>

**BOROUGH OF TOTOWA
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2023**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 INDIRECT COST RATE

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

**BOROUGH OF TOTOWA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Part 2 – Schedule of Financial Statement Findings

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

There are none

**BOROUGH OF TOTOWA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Not Applicable.

**BOROUGH OF TOTOWA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

2022-001

Condition

Expenditures were incurred in the Swim Pool Utility Operating Fund in excess of appropriations available in the respective budget line items.

Current Status

Corrective action was taken.

**BOROUGH OF TOTOWA
PASSAIC COUNTY, NEW JERSEY**

PART III

**SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2023**

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

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

	<u>Year 2023</u>		<u>Year 2022</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 3,190,000	4.37 %	\$ 3,320,000	4.82 %
Miscellaneous - From Other Than Local				
Property Tax Levies	4,629,507	6.35	4,502,719	6.53
Collection of Delinquent Taxes	652,557	0.89	558,667	0.81
Collection of Current Tax Levy	63,765,234	87.40	59,919,569	86.96
Other Credits to Income	<u>724,441</u>	<u>0.99</u>	<u>603,771</u>	<u>0.88</u>
Total Income	<u>72,961,739</u>	<u>100.00 %</u>	<u>68,904,726</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	20,389,457	29.33 %	20,014,702	30.44 %
County Taxes	19,510,143	28.05	18,251,460	27.75
Local and Regional School Taxes	29,584,909	42.54	27,451,895	41.74
Other Expenditures	<u>58,108</u>	<u>0.08</u>	<u>44,319</u>	<u>0.07</u>
Total Expenditures	<u>69,542,617</u>	<u>100.00 %</u>	<u>65,762,376</u>	<u>100.00 %</u>
Excess in Revenues	3,419,122		3,142,350	
Fund Balance, January 1	<u>6,577,949</u>		<u>6,755,599</u>	
	9,997,071		9,897,949	
Less Utilization as Anticipated Revenue	<u>3,190,000</u>		<u>3,320,000</u>	
Fund Balance, December 31	<u>\$ 6,807,071</u>		<u>\$ 6,577,949</u>	

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

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

	<u>Year 2023</u>			<u>Year 2022</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 300,000	6.75 %	\$	250,000	5.58 %
Collection of Water Usage Charges	3,636,149	81.84		3,495,581	77.95
Miscellaneous - From Other Than Water Usage Charges	489,296	11.01		488,736	10.90
Other Credits to Income	<u>17,852</u>	<u>0.40</u>		<u>249,890</u>	<u>5.57</u>
Total Income	<u>4,443,297</u>	<u>100.00 %</u>		<u>4,484,207</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Operating	3,624,165	93.00 %		3,271,130	87.00 %
Capital Improvements	70,000	1.80		70,000	1.86
Deferred Charges and Statutory Expenditures	<u>202,875</u>	<u>5.20</u>		<u>418,894</u>	<u>11.14</u>
Total Expenditures	<u>3,897,040</u>	<u>100.00 %</u>		<u>3,760,024</u>	<u>100.00 %</u>
Excess in Revenues	546,257			724,183	
Fund Balance, January 1	<u>2,488,833</u>			<u>2,014,650</u>	
	3,035,090			2,738,833	
Less Utilization as Anticipated Revenue	<u>300,000</u>			<u>250,000</u>	
Fund Balance, December 31	<u>\$ 2,735,090</u>			<u>\$ 2,488,833</u>	

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

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

	<u>Year 2023</u>		<u>Year 2022</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Collection of Swimming Pool Fees	\$ 68,635	81.42 %	\$ 91,183	82.85 %
Miscellaneous	12,562	14.89	16,943	15.38
Other Credits to Income	<u>3,100</u>	<u>3.68</u>	<u>1,935</u>	<u>1.76</u>
Total Income	<u>84,297</u>	<u>100.00 %</u>	<u>110,061</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	188,000	76.14 %	169,635	87.21 %
Capital Improvements	12,000	4.86	17,000	8.74
Deferred Charges and Statutory Expenditures	<u>46,894</u>	<u>18.99</u>	<u>7,860</u>	<u>4.04</u>
Total Expenditures	<u>246,894</u>	<u>100.00 %</u>	<u>194,495</u>	<u>100.00 %</u>
Deficit in Revenues	(162,597)		(84,434)	
Adjustments to Income Before Fund Balance				
Realized from General Budget for Anticipated Deficit	140,000		48,239	
Expenditures to be Raised in Budget of Succeeding Year	<u>-</u>		<u>36,195</u>	
Operating Deficit to be Raised in Budget of Succeeding Year	<u>(22,597)</u>			
Statutory Excess to Fund Balance	-		-	
Fund Balance, January 1	<u>\$ 609</u>		<u>\$ 609</u>	
Fund Balance, December 31	<u>\$ 609</u>		<u>\$ 609</u>	

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	<u>\$2.593</u>	<u>\$2.438</u>	<u>\$2.379</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.575	.555	.563
Library	.047	.038	.031
County	.768	.720	.629
County – Open Space	.015	.013	.010
Local District School	.691	.682	.707
Regional High School	.497	.430	.439

Assessed Valuation

2023	<u>\$2,490,050,200</u>	
2022		<u>\$2,469,529,900</u>
2021		<u>\$2,431,766,500</u>

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.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 64,659,740	\$ 63,965,234	98.92%
2022	60,811,745	59,919,569	98.53%
2021	58,145,888	57,540,970	98.96%

**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.

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2023	\$ 665,232	\$ 42,026	\$ 707,258	1.09%
2022	681,639	-	681,639	1.12%
2021	598,894	-	598,894	1.03%

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:

<u>Year</u>	<u>Amount</u>
2023	\$72,900
2022	72,900
2021	72,900

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(*)</u>	<u>Percentage of Collection</u>
2023	\$3,942,754	\$3,997,044	101.38%
2022	3,894,758	3,921,964	100.70%
2021	3,829,049	3,809,633	99.49%

*Includes collection of prior year receivables.

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	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
	2019	5,449,132	3,383,000
Water Utility Fund	2023	\$2,735,090	\$325,000
	2022	2,488,833	300,000
	2021	2,014,650	250,000
	2020	1,457,275	225,000
	2019	725,520	175,000
Swim Pool Utility Operating Fund	2023	\$609	0
	2022	609	0
	2021	609	0
	2020	609	0
	2019	609	0

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
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 Garden State Municipal Joint Insurance Fund in the amount of \$1,000,000 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 the Swim Pool revenues indicated that a cash receipts journal was not maintained for collections at the pool facility. It is recommended that a cash receipts journal be maintained for monies collected at the pool facility.

Our audit of salaries revealed that there were three part-time employees who appeared eligible for enrollment in the DCRP Retirement Plan but were not enrolled at the time of audit. It is recommended that all eligible part-time employees be enrolled in the DCRP retirement plan as required.

Current Year Findings

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 procedures over purchasing be reviewed and revised 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:

- 2023 Road Program
- Vegetative Waste Collection Services
- Sanitary Sewer Main Rehabilitation – Phases X & XI
- Maltese Drive Improvements

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.

**BOROUGH OF TOTOWA
LETTER OF COMMENTS AND RECOMMENDATIONS**

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, 2023 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 19, 2023.

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

<u>Year</u>	<u>Number of Liens</u>
2023	3
2022	0
2021	3

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

**BOROUGH OF TOTOWA
LETTER OF COMMENTS AND RECOMMENDATIONS**

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.
- Improvement Authorizations in the General Capital and Water Utility Funds be reviewed and old and inactive account balances be cleared of record.
- Old inactive escrow deposit balances in the Other Trust Fund be reviewed and cleared of record.

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. A cash receipts journal be maintained for monies collected at the pool facility.
- * 2. All eligible part-time employees be enrolled in the DCRP retirement plan as required.
- 3. Procedures over purchasing be reviewed and revised 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
Certified Public Accountants
Registered Municipal Accountants

Dieter P. Lerch
Certified Public Accountant
RMA Number CR000398