

**NEW ISSUE**

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Notes for certain noteholders.*

**THE TOWN OF BOONTON,  
IN THE COUNTY OF MORRIS, NEW JERSEY**

**\$4,500,000 BOND ANTICIPATION NOTES  
(Non-Callable) (Tax Exempt) (Bank Qualified)**

**Dated: June 3, 2026**  
**Maturing: June 3, 2027**  
**Interest Rate: \_\_\_\_%**  
**Reoffered to Yield: \_\_\_\_%**

The \$4,500,000 Bond Anticipation Notes (the “Notes”) of the Town of Boonton, in the County of Morris, New Jersey (the “Town”) are payable as to principal and interest at maturity upon presentation and surrender at the office of the Chief Financial Officer of the Town (the “Paying Agent”).

The Notes are issued, along with other available funds of the Town in the amount of \$366,000: (i) to refund, on a current basis, the Town’s \$1,504,000 bond anticipation notes, dated June 4, 2025 and maturing on June 4, 2026; (ii) to provide \$3,362,000 in new money to temporarily finance various capital improvements in and by the Town; and (iii) to pay for expenses incurred in connection with the issuance of the Notes.

The Notes are not subject to redemption prior to maturity.

The Notes are valid and legally binding obligations of the Town and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Town without limitation as to rate or amount; provided, however, that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See “NOTEHOLDERS’ REMEDIES IN THE EVENT OF DEFAULT” and “MUNICIPAL BANKRUPTCY” herein.

The Notes are offered when, as and if issued and received by the purchaser and to approval of the legality and validity by Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Town. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Town in connection with the issuance of the Notes. It is anticipated that the Notes in definitive form will be available for delivery on or about June 3, 2026.

Dated: May \_\_, 2026

**THE TOWN OF BOONTON,  
IN THE COUNTY OF MORRIS, NEW JERSEY**

**MAYOR**  
James Lynch

**TOWN COUNCIL**  
Ben Weisman, Council President  
Cy Wekilsky  
Danielle Cascone  
Marie Devenezia  
Daniel Balan  
Kimberly Mazzei  
Luisa Lopez  
John Meehan

**CHIEF FINANCIAL OFFICER**

Michael Yazdi

**TOWN CLERK/REGISTRAR**

Elizabeth Bonsiewich

**TOWN ATTORNEY**

Fred Semrau, Esq.  
Dorsey & Semrau LLC  
Boonton, New Jersey

**AUDITOR**

Lerch, Vinci & Bliss, LLP  
Fair Lawn, New Jersey

**BOND COUNSEL**

Hawkins Delafield & Wood LLP  
Newark, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors,  
a division of First Security Municipal Advisors, Inc.  
Hamilton, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

The information which is set forth herein has been provided by the Town and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Town. References in this Official Statement to the State of New Jersey statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Town during normal business hours. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The order and the placement of materials in this Official Statement, including the appendices, are not deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety.

**IN CONNECTION WITH THE OFFERING OF THE NOTES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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**OFFICIAL STATEMENT  
RELATING TO  
THE TOWN OF BOONTON,  
IN THE COUNTY OF MORRIS, NEW JERSEY  
\$4,500,000  
BOND ANTICIPATION NOTES  
(Non-Callable) (Tax Exempt) (Bank Qualified)**

**INTRODUCTION**

This Official Statement (the “Official Statement”), which includes the cover page hereof and the appendices hereto, has been prepared by the Town of Boonton, in the County of Morris (the “Town”), in the State of New Jersey (the “State”) and provides certain information relating to the Town in connection with the Town’s sale of its \$4,500,000 Bond Anticipation Notes (the “Notes”). This Official Statement has been executed by and on behalf of the Town by its Chief Financial Officer and its distribution and use in connection with the sale of the Notes has been authorized by the Town.

This Official Statement contains specific information relating to the Notes including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Town from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future and is not necessarily indicative of future or continuing trends in the financial position of the Town.

**DESCRIPTION OF THE NOTES**

The following is a summary of certain provisions of the Notes. Reference is made to the Notes themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

**Terms and Interest Payment Date**

The Notes will be dated and will bear interest at the interest rate per annum payable at maturity, all as stated on the cover page hereof.

**Denominations and Place of Payment**

The Notes will be issued in the denominations of \$5,000 and any integral multiple of \$1,000 in excess thereof. Principal of and interest on the Notes are payable at maturity upon presentation at the office of the Chief Financial Officer of the Town in the capacity as paying agent. The Notes will be issued in registered form.

**Redemption**

The Notes are not subject to redemption prior to maturity.

**Book-Entry System**

The Depository Trust Company (“DTC”) will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such

other name as may be requested by an authorized representative of DTC. One fully registered Notes certificate will be issued for the Notes and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) or [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures,

DTC mails an omnibus proxy to the Town as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal, redemption price and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Paying Agent or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

### **Discontinuance of Book-Entry System**

In the event that the book-entry system is discontinued and the Beneficial Owners become registered owners of the Notes, the following provisions shall apply: (i) the Notes may be exchanged for an equal aggregate principal amount of the Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Town/Paying Agent; (ii) the transfer of any Notes may be registered on the books maintained by the Town/Paying Agent for such purposes only upon the surrender thereof to the Town/Paying Agent together with the duly executed assignment in form satisfactory to the Town/Paying Agent; and (iii) for every exchange or registration of transfer of Notes, the Town/Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Notes. Interest on the Notes will be payable by check or draft mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date next preceding an Interest Payment Date.

### **AUTHORIZATION**

The Notes have been authorized and are to be issued pursuant to the laws of the State, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (N.J.S.A. §40A:2-1, et seq.) (the "Local Bond Law"). The Notes are authorized by bond ordinances adopted by the governing body of the Town. Such bond ordinances, or summaries thereof, were published after their adoption along with a statement to the effect that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the accompanying bond ordinance can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be barred from questioning the sale, execution or delivery of such obligations.

The following table sets forth certain information with respect to the bond ordinances authorizing capital projects to be funded with the proceeds of the Notes:

General Capital

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Prior Notes Being Refunded</u>	<u>Amount of New Money</u>	<u>Notes to be Issued</u>
19-20	Acquisition of the Darress Theater	\$516,000	\$0	\$516,000
14-22	Various improvements	222,000	0	222,000
04-24	Various improvements	300,000	547,000	847,000
07-25	Various improvements	0	1,715,000	1,715,000
<b>Total:</b>				<b>\$3,300,000</b>

Sewer Utility

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Prior Notes Being Refunded</u>	<u>Amount of New Money</u>	<u>Notes to be Issued</u>
16-21	Acquisition of vehicular equipment	\$55,000	\$0	\$55,000
12-22	Rehabilitation of generator	45,000	0	45,000
07-23	Various improvements	0	200,000	200,000
<b>Total:</b>				<b>\$300,000</b>

Water Utility

<u>Ordinance Number</u>	<u>Purpose</u>	<u>Prior Notes Being Refunded</u>	<u>Amount of New Money</u>	<u>Notes to be Issued</u>
05-26	Improvement of Water System	\$0	\$900,000	\$900,000
<b>Total:</b>				<b>\$900,000</b>

**PURPOSE OF ISSUE**

The Notes are issued, along with other available funds of the Town in the amount of \$366,000: (i) to refund, on a current basis, the Town's \$1,504,000 bond anticipation notes, dated June 4, 2025 and maturing on June 4, 2026; (ii) to provide \$3,362,000 in new money to temporarily finance various capital improvements in and by the Town; and (iii) to pay for expenses incurred in connection with the issuance of the Notes.

**SECURITY FOR THE NOTES**

The Notes are valid and legally binding obligations of the Town and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Town without limitation as to rate or amount; provided, however, that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting creditors' rights

heretofore or hereafter enacted and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases. See “NOTEHOLDERS’ REMEDIES IN THE EVENT OF DEFAULT” and “MUNICIPAL BANKRUPTCY” herein.

## **SUMMARY OF CERTAIN STATUTORY PROVISIONS RELATING TO MUNICIPAL AND COUNTY DEBT AND FINANCIAL REGULATION**

Set forth below is a summary of various statutory provisions and requirements relevant to the Town’s debt and financial regulation and budget process. This summary does not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

### **Legal Framework**

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of such projects. Generally, all bonds and notes issued by a local unit are general full faith and credit obligations.

### **Debt Limit**

The authorized bonded indebtedness of a local unit is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3½%), in the case of a municipality, and two percent (2%), in the case of a county, of its average equalized valuation basis. The average equalized valuation basis of a local unit is set by statute as the average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation.

### **Exceptions to Debt Limit - Extensions of Credit**

Except for the funding of certain notes, the authorization of certain bonds for municipal utility purposes, if the utilities are self-liquidating, and certain formula allowances, the debt limit of a local unit may be exceeded only with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs of the State (the “Local Finance Board”), a State regulatory agency. If all or any part or a proposed debt authorization would exceed its debt limit, a local unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of a local unit or substantially reduce the ability of a local unit to meet its obligations or to provide essential public improvements or services, or makes other statutory determinations, approval is granted.

### **Short-Term Financing**

Pursuant to the Local Bond Law, a local unit may sell short-term notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Any such note is designated a “bond anticipation note”. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as the same may be amended and supplemented, creating such capital expenditure. Bond anticipation notes, which are full faith and credit obligations of the local unit, may be issued for a period not exceeding one (1) year and may be renewed from time to time for a period that does not exceed one (1) year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original note, provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in

anticipation of which these notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

### **Assessment Bonds**

Assessment bonds may be issued pursuant to the Local Bond Law in annual serial installments with the first principal payment due within two (2) years and the final principal payment due within twenty (20) years of an issue's date. No principal payment may be larger than a prior year's principal payment.

### **Refunding Bonds**

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, temporary emergency appropriations, advance funding of pension obligations as part of an early retirement program offered by the State, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. The Local Finance Board must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof; provided, however, that the issuance of refunding bonds to realize debt service savings on outstanding obligations does not require Local Finance Board approval when authorized by conditions set forth in rules and regulations of the Local Finance Board and upon a resolution adopted by a two-thirds ( $\frac{2}{3}$ ) vote of the full membership of the governing body of the local unit.

### **Tax Anticipation Notes**

Tax anticipation notes may be issued pursuant to the Local Budget Law (as hereinafter defined). The issuance of tax anticipation notes is limited in amount by law to collectively thirty percent (30%) of the tax levy plus thirty percent (30%) of realized miscellaneous revenues of the next preceding fiscal year. Tax anticipation notes must be paid in full within one hundred and twenty (120) days of the close of the fiscal year in which they were issued.

### **School Debt Subject to Voter Approval**

State law permits a school district, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit, by using the available borrowing capacity of the municipality. If such debt is in excess of school district debt limit and the remaining borrowing capacity of the municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

### **The Local Budget Law**

The foundation of the State local finance system is the annual cash basis budget. Under N.J.S.A. §40A:4-1, et seq. (the "Local Budget Law"), every local unit must adopt an operating budget in the form required by the Division of Local Government Services in the Department of Community Affairs of the State (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it is certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes and (e) other reserves and nondisbursement items. Anticipated tax revenues are limited to the same proportion as actual cash collections or to the total levy in the previous year, and the reserve amount must be factored into the budget to make up for the expected shortfall in actual collections.

Anticipated non-tax revenues are limited to the amount actually realized the previous year unless the Director permits higher levels of anticipation should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions, focusing on anticipated revenues, serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance (*i.e.*, the total of anticipated revenues must equal the total of appropriations) (N.J.S.A. §40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

Each municipality is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted, not later than April 10 of the then current fiscal year. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the Director shall transmit to the County Board a certificate setting forth the amount required for the operation of the local unit for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges and changes in revenues, but excluding the amount to be raised by taxes for school purposes where required to be included in the municipal budget. The certificate shall be prepared by using the revenues and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year and (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year. See the subcaption "Tax Assessment and Collection Procedure" below.

### **Appropriations Not Required for Payments on Debt**

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. §40A:4-57 states that "no officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose" (emphasis added).

### **Appropriation Caps**

Chapter 89 of the New Jersey Laws of 1990 extended and amended Chapter 203 of the New Jersey Laws of 1986 and Chapter 68 of the New Jersey Laws of 1976 (N.J.S.A. §40A:4-45.3), commonly referred to as the "CAP Law". The CAP Law places limits on county tax levies and municipal expenditures. This limitation is commonly referred to as a "CAP". The actual calculation of the CAP is somewhat complex and the actual CAP computations are prepared by the Division and distributed to each municipality. In addition to the CAP increase in expenditures, other increases allowable include increases funded by increased service fees, proceeds from the sale of municipal assets and increased expenditures mandated by State and federal laws. Appropriations for items excluded from the CAP computation, including debt service requirements, may be set at any necessary level and are not subject to the CAP. The CAP may be exceeded if approved by referendum of the voters of the municipality.

In summary, in determining the CAP for each budget year, the prior year's total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by two and one-half percent (2½%) or the cost-of-living adjustment (the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce) (the "Cost-of-Living Adjustment"), whichever is less, thereby producing the basic CAP, which then may be increased by certain known increases in revenues and State or federal expenditures mandated after July 18, 1976. A municipality may, by the adoption of an ordinance, elect to increase its final appropriations by a percentage up to, but not to exceed three

and one-half percent (3½%). A municipality may, by referendum, increase its final appropriations by a higher percentage rate.

### **Property Tax Levy Cap**

Chapter 44 of the Pamphlet Laws of 2010 imposes restrictions upon the allowable annual increase in the tax levy. In general municipalities have their tax levies limited to a two percent (2%) increase. The tax levy is subject to certain adjustments, including the sum of new ratables. In addition, the following exclusions are added to the calculation of the adjusted tax levy: increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of two percent (2%); increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent (2%) of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The law also authorizes a municipality to submit public questions to the voters for approval (by affirmative vote of at least fifty percent (50%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

### **Miscellaneous Revenues**

A provision in the Local Budget Law (N.J.S.A. §40A:4-26) provides that: “[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [Director] shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit”.

In addition, budget amendments must be approved by the Director, except for federal and State categorical grants-in-aid contracts may be realized for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality’s calendar fiscal year. However, grant revenue is generally not realized until received in cash.

### **Real Estate Taxes**

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. §40A:4-29, which governs the anticipation of delinquent tax collections, provides that: “[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year”.

N.J.S.A. §40A:4-41 provides, with regard to current taxes, that: “[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year”.

This provision and N.J.S.A. §40A:4-40 require that an additional amount, commonly known or referred to as the “reserve for uncollected taxes”, be added to the tax levy required to balance the budget so that when the percentage of the prior year’s tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

The levy required to balance the budget, divided by the prior year's percentage of current tax collection (or lesser percent) levied, will equal the total taxes to be levied for the current fiscal year.

Chapter 99 of the New Jersey Laws of 1997 authorizes any municipality to sell its "total property tax levy" to the highest responsible bidder therefor in accordance with the procedures and limitations set forth therein (N.J.S.A. §54:5-113.5).

Upon the filing of certified adopted budgets by (i) a local governmental unit, (ii) a local and/or a regional school district, (iii) the county in which the local governmental unit is situated and (iv) any special improvement districts within the local governmental unit, the current year's tax rate is struck by a county's board of taxation based upon the amount of taxes required in each taxing district to fund the respective budgets.

### **Emergency Appropriations/Deferral of Current Expenses**

Emergency appropriations made under N.J.S.A. §40A:4-46, after the adoption of the budget and the determination of the tax rate, may be authorized by a local unit. However, with minor exceptions set forth below, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost or floods, which may be amortized over three (3) years and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this clause (ii) may be amortized over five (5) years. N.J.S.A. §40A:4-53, -54, -55 and -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under the CAP Law, emergency appropriations aggregating less than three percent (3%) of the previous year's final current operating appropriations may be raised in the portion of the local unit's budget outside the CAP if approved by at least two-thirds ( $\frac{2}{3}$ ) of the members of the governing body and the Director. Emergency appropriations that aggregate more than three percent (3%) of the previous year's final current operating appropriations must be raised within the CAP. Emergency appropriations for debt service, capital improvements, the local unit's share of federal or State grants and other statutorily permitted items are outside the CAP.

### **Budget Transfers**

Budget transfers provide a local unit with a degree of flexibility and afford a control mechanism over expenditure needs. Transfers between major appropriation accounts are prohibited by N.J.S.A. §40A:4-58 until the last two (2) months of the fiscal year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous year's budget (N.J.S.A. §40A:4-59). Both types of transfers require a two-thirds ( $\frac{2}{3}$ ) vote of the full membership of the governing body. However, no transfers may be made (a) to appropriations for contingent expenses, deferred charges or emergency appropriation or (b) from appropriations for contingent expenses, deferred charges cash deficit of the preceding year, reserve for uncollected taxes, down payments, the capital improvement fund or interest and redemption charges. Although budget transfers among subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

## **Municipal Public Utilities**

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

## **Capital Budget**

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next three (3) or six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or by the annual operating budget if the items were detailed.

## **Fiscal Year Adjustment Law**

Chapter 75 of the New Jersey of 1991, signed into law on March 28, 1992, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year (N.J.S.A. §40A:4-3.1). Municipalities that change fiscal years must adopt a six (6) month transition budget for January to June. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the law authorizes the issuance of fiscal year adjustment bonds to fund the one time deficit for the six (6) month transition budget (N.J.S.A. §40A:2-51.2). The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of fiscal year adjustment bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue fiscal year adjustment bonds to finance the deficit on a permanent basis. The purpose of the law is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue fiscal year adjustment bonds as well.

## **State Supervision**

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, Town or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law (as hereinafter defined) which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

## **Tax Assessment and Collection Procedure**

A local governmental unit is the entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and the Town. The levying of taxes is for a fiscal year, which starts July 1 and ends June 30. The collection of taxes to support a local governmental unit's current budget requirement is based upon a calendar year, January 1 to December 31.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated. The taxes for municipal, local and regional school districts and a county cover the current calendar year. Turnover of the tax moneys by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year with any balance transferred by June 30 (the end of the school district's fiscal year). A municipality remits one hundred percent (100%) of the county taxes, payable quarterly on February 15, May 15, August 15 and November 15.

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the municipality's local school district and the county, the tax rate is struck by the County Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, the levying of taxes and the collection of taxes are set forth in N.J.S.A. §54:4-1, et seq. Special taxing districts are permitted for various special services rendered to the properties located within the special districts.

Tax bills are sent in June of the current fiscal year. Taxes are payable in four (4) quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter ( $\frac{1}{4}$ ) or one-half ( $\frac{1}{2}$ ) of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

## **Tax Appeals**

State statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. Prior to February 1 in each year, a municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board on or before April 1 of the current tax year for its review. The County Board has the authority after a hearing to increase, decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer believes the petition was unsatisfactorily reviewed by the County Board, appeal of the decision may be made to the Tax Court of New Jersey for further hearing. Tax Court of New Jersey appeals tend to take several years to conclude by settlement

or trial and any losses in tax collections from prior years, after an unsuccessful trial or by settlement, are charged directly to operations or with the permission of the Local Finance Board, may be refinanced, generally over a three (3) to five (5) year period.

### **The Local Fiscal Affairs Law**

N.J.S.A. §40A:5-1, et seq. (the “Local Fiscal Affairs Law”), regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit and all constituent boards, agencies and commissions.

An independent examination of the local unit’s accounts must be performed annually by a State licensed registered municipal accountant. The audit, conforming to the Division’s “Requirements of Audit”, includes recommendations for improvements of the local unit’s financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its completion.

A local unit’s funds are invested strictly in accordance with the provisions of the Local Fiscal Affairs Law, in particular N.J.S.A. §40A:5-12.1. A local unit is not authorized to invest funds in derivative products or reverse repurchase agreements.

### **Basis of Accounting**

The accounting policies applicable to local governmental units have been prescribed by the Division. The following is a summary of the significant policies:

**Basis of Accounting** - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

**Fixed Assets** - Property and equipment purchased through the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized.

A local unit finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund.

Expenditures are comprised of those made for general purposes, certain expenditures made from restricted federal, State and private grants, certain federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general purposes include payments made primarily in support of a local unit’s various departments.

## **NOTEHOLDERS' REMEDIES IN THE EVENT OF DEFAULT**

Neither the Notes nor the proceedings with respect thereto specifically provide any remedies to the noteholders if the Town defaults in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the noteholders upon the occurrence of such default. Upon any default in the payment of the principal of or interest on a Note, a noteholder could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Town to levy and collect a tax upon all taxable property within the Town, without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Notes as the same shall come due. The mandamus remedy, however, may be impractical and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies. See the caption "MUNICIPAL BANKRUPTCY" herein.

### **MUNICIPAL BANKRUPTCY**

Any county, municipality, school district or other political subdivision of the State has the power to file a petition with any United States court or courts in bankruptcy under the federal bankruptcy act for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts, provided that the approval of the Municipal Finance Commission of New Jersey has been obtained. The powers of the Municipal Finance Commission of New Jersey have been vested in the New Jersey Local Finance Board.

Bankruptcy proceedings by the Town could have adverse effects on the noteholders including (1) delay in the enforcement of their remedies, (2) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The federal bankruptcy act contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors, such as the holders of general obligation indebtedness or the Notes, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the federal bankruptcy act cannot be predicted and may be significantly affected by judicial interpretation.

The above references to the federal bankruptcy act are not to be construed as an indication that the Town expects to resort to the provisions of the federal bankruptcy act or that, if it did, such action would be approved by the Municipal Finance Commission.

### **NO DEFAULT**

There is no record of default in the payment of principal of or interest on bonds or notes of the Town.

### **ABSENCE OF MATERIAL LITIGATION**

To the best of his knowledge the Town Attorney, Fred Semrau of Dorsey & Semrau LLC, Boonton, New Jersey (the "Town Attorney"), no litigation of any nature is now pending or, to his knowledge, threatened restraining or enjoining the issuance or delivery of the Notes or the levy or collection of any taxes to pay the interest on or principal of the Notes, or in any manner questioning the authority or proceedings for the issuance of the Notes or for the levy or collection of said taxes, or relating to the Notes or affecting the validity thereof or the levy or collection of said taxes, and neither the corporate existence or boundaries of the Town nor the title of any of the present officers thereof to their respective offices is being contested, and no authority or proceedings for the issuance of the Notes has or have been repealed, revoked or rescinded. A signed statement to that effect will be supplied upon delivery of the Notes. In the opinion of the Town Attorney, there is no litigation pending or, to his knowledge, threatened against the Town which if adversely decided would have a material adverse effect on the financial condition of the Town or which is not otherwise adequately covered by Town insurance.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact and statements of reasonable expectations made by the Town in connection with the Notes, and Bond Counsel has assumed compliance by the Town with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is not included in gross income under the New Jersey Gross Income Tax Act.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Notes. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the affect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes, or under state and local tax law.

### **Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the

Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Note Premium**

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note determined based on constant yield principles. An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification”, or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

### **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such

interest. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Notes will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **SECONDARY MARKET DISCLOSURE**

In order to assist the purchaser in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the Town has undertaken to provide to the Municipal Securities Rulemaking Board (the “MSRB”), in a timely manner not in excess of ten (10) business days after the occurrence of the specified event, the notices required to be provided by Rule 15c2-12 and described below (the “Notices”).

The Notices include notices of any of the following events with respect to the Notes: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Note calls (other than mandatory sinking fund redemptions) if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Town; (13) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined in Rule 15c2-12) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar items of a financial obligation of the Town, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

The sole and exclusive remedy for breach or default under the undertaking to provide continuing disclosure described above is an action to compel specific performance of the undertaking of the Town, and no person, including any holder of the Notes, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The undertaking may be amended or modified without consent of the holders of the Notes under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the Town upon the delivery of the Notes will be on file at the office of the Town Clerk.

The Town has previously entered into secondary market disclosure undertakings in accordance with the Rule. The Town has engaged Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on MSRB’s

Electronic Municipal Market Access (“EMMA”) website as required under its prior secondary market disclosure undertakings.

## **CERTAIN RISK FACTORS**

### **Climate**

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, earthquakes and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Town as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Town.

### **Cyber Security**

The Town relies on a complex technology environment to conduct its various operations. As a result, the Town faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Town has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Town maintains certain insurance coverage for cyberattacks and related events. No assurances can be given that the Town’s efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Town.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters relating to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Newark, New Jersey, Bond Counsel to the Town, whose approving opinion will be delivered with the Notes substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed upon for the Town by the Town Attorney.

## **FINANCIAL STATEMENTS**

Appendix “B” contains certain financial data of the Town for the Town’s fiscal year ending December 31, 2025 and 2024. The financial data was prepared by Lerch, Vinci & Bliss, LLP, Fair Lawn, New Jersey (the “Auditor”) to the extent and for the period set forth in their Independent Auditor’s Report appearing in Appendix “B”. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix “B” hereto) and, accordingly, expresses no opinion with respect to thereto.

## **UNDERWRITING**

The Notes have been purchased from the Town at a public sale by \_\_\_\_\_ at a price of \$ \_\_\_\_\_. The Notes are being offered for sale at the price or yield set forth on the cover of this Official Statement, which price or yield may be changed from time to time by the purchaser without notice.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Town in connection with the issuance of the Notes (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **PREPARATION OF OFFICIAL STATEMENT**

Lerch, Vinci & Bliss, LLP has not assisted in the preparation of this Official Statement and does not make any warranty or other representation with respect to the accuracy and completeness of such information. Lerch, Vinci & Bliss, LLP takes responsibility for the information set forth in Appendix B hereto to the extent specified in their Accountant’s Compilation Report and Independent Auditors’ Report.

All other information has been obtained from sources which the Town considers to be reliable but the Town makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Hawkins Delafield & Wood LLP and the Town Attorney have not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Town and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

Upon request, the Chief Financial Officer of the Town will confirm to the purchasers of the Notes, by certificate signed by the Chief Financial Officer, that to the knowledge of the Chief Financial Officer the descriptions and statements relating to the Town herein, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such descriptions and statements, in light of the circumstances under which they were made, not misleading.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Michael Yazdi, Chief Financial Officer, 100 Washington Street, Boonton, New Jersey, 07005 or to its Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

## **MISCELLANEOUS**

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.



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**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC  
INFORMATION RELATING TO THE TOWN**

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## INFORMATION REGARDING THE TOWN OF BOONTON

### Description of the Town

Covering a geographic area of 2.45 square miles, the Town of Boonton (“Town” or “Boonton”) is located in northeastern Morris County, about 22 miles west of the George Washington Bridge and seven miles north of Morristown on Route 287. The Town is an established community with an abundance of park lands, older homes and convenient access to all parts of the tri-state metropolitan area. Boonton became a separate municipality, and was incorporated as a Town under a charter granted by the State Legislature in March, 1867. The area within the limits of the new Town was formerly part of the old Townships of Pequannock and Hanover. Under the charter, the new Town was governed by a seven-man Board of Trustees, but, by an amendment to the charter in 1872, authority was vested in the Mayor and Common Council, now known as the Mayor and Town Council.

Boonton residents are primarily managers, professionals, craftsmen, and independent business people. The Town's business community includes the research and development center for Ashland Chemical Corporation, three midsized shopping centers, and many specialty shops located in and around the Main Street Business District. Residential housing available in the Town includes one and two family homes, townhouses, and restored homes representing the colonial, Victorian and contemporary eras.

### Form of Government

Boonton was incorporated under the Town form of government. There is a Mayor and a six-member Council. The Mayor is elected to serve a four-year term and may succeed that term by re-election. He is empowered, amongst his legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Town Council measures he deems in the best interest of the Town; (iii) nominate and, with the advice and consent of the Town Council, appoint most subordinate officers of the Town; and (iv) maintain peace and order. Although he presides over meetings of the Town Council, the Mayor votes only in case of a tie. State law requires that he be a member of the Planning Board and the Board of Trustees of the municipal Public Library. The six Council members are elected at-large, two each year, for terms of three years. The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Town. Among these are the right to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the tax levy. The Council, acting in committees, oversees the various departments and functions of the Town Government.

### Town Services

The Town is served by a police department, a volunteer fire service, and a volunteer rescue squad.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population

Population trends for the Town, County and the State of New Jersey are shown below:

<u>Area</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Town of Boonton	8,343	8,496	8,347	8,815	8,894
County of Morris	421,353	470,212	492,276	509,285	523,053
State of New Jersey	7,730,188	8,414,350	8,791,894	9,288,994	9,500,851

Source: U.S. Census Bureau.

**Income as of 2024**

	<b>Median Household Income</b>	<b>Median Family Income</b>	<b>Per Capita Income</b>
Town of Boonton	\$114,302	\$140,042	\$50,298
County of Morris	137,326	169,844	71,044
State of New Jersey	103,556	127,025	54,253

Source: U.S. Census Bureau, 2020 – 2024 American Community Survey 5 Year Estimates

**Labor Force, Employment and Unemployment**

The New Jersey Department of Labor reported the following annual average employment information for the Town of Boonton, the County of Morris and the State of New Jersey:

	<b>Total Labor Force</b>	<b>Employed Labor Force</b>	<b>Total Unemployed</b>	<b>Unemployment Rate</b>
<u>Town of Boonton</u>				
2024	4,857	4,660	197	4.1%
2023	4,839	4,642	197	4.1%
2022	4,719	4,562	157	3.3%
2021	4,629	4,340	289	6.2%
2020	4,635	4,226	409	8.8%
<u>County of Morris</u>				
2024	279,349	269,026	10,323	3.7%
2023	277,601	267,970	9,631	3.5%
2022	270,692	262,237	8,455	3.1%
2021	262,746	248,792	13,954	5.3%
2020	261,458	241,897	19,561	7.5%
<u>State of New Jersey</u>				
2024	4,898,008	4,676,064	221,944	4.5%
2023	4,867,113	4,659,779	207,334	4.3%
2022	4,756,002	4,572,879	183,123	3.9%
2021	4,654,243	4,342,075	312,168	6.7%
2020	4,643,700	4,204,301	439,399	9.5%

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research

## DEBT INFORMATION

### Debt Statements

The Town must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the Town must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Town as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

### Debt Incurring Capacity As of December 31, 2025

#### Municipal

Equalized Valuation Basis (last 3 years average)	\$	1,633,805,790
--	----	---------------

3 1/2% Borrowing Margin		57,183,203
-------------------------	--	------------

Net Debt Issued, Outstanding and Authorized		13,623,221
---	--	------------

Remaining Municipal Borrowing Capacity		43,559,982
--	--	------------

#### Local School

4% Borrowing Margin		65,352,232
---------------------	--	------------

Debt Issued, Outstanding and Authorized		11,120,000
---	--	------------

Remaining School Borrowing Capacity		54,232,232
-------------------------------------	--	------------

### Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt Amount</u>	<u>Percentage</u>
2025	\$ 42,747,616	\$ 13,623,221	0.869%
2024	41,850,027	10,897,751	0.717%
2023	37,587,593	12,237,294	0.866%
2022	36,071,392	11,838,294	0.908%
2021	34,199,342	11,547,472	0.934%

Source: Town of Boonton Annual Audit Reports

**Statement of Indebtedness  
As of December 31, 2025**

**GENERAL PURPOSES**

Bonds Issued and Outstanding	\$ 8,123,000	
Bond Anticipation Notes	1,371,000	
Bonds and Notes Authorized But Not Issued	4,469,100	
		\$ 13,963,100

**WATER UTILITY**

Bonds Issued and Outstanding	1,784,000	
Loans Outstanding	1,193,936	
Bonds and Notes Authorized But Not Issued	11,077,210	
		14,055,146

**SEWER UTILITY**

Bond Anticipation Notes	133,000	
Loans Outstanding	2,320,095	
Authorized But Not Issued	1,156,275	
		3,609,370

**LOCAL SCHOOL**

Debt Issued, Outstanding and Authorized		11,120,000
---	--	------------

TOTAL GROSS DEBT 42,747,616

**STATUTORY DEDUCTIONS**

Municipal Purpose	339,879	
Utility Purposes	17,664,516	
School Purposes	11,120,000	
		29,124,395

TOTAL NET DEBT \$ 13,623,221

**OVERLAPPING DEBT**

County of Morris (Note 1)	5,258,064	
		\$ 5,258,064

**GROSS DEBT**

Per Capita (2024 Estimate - 8,894)		\$ 4,806
Percent of Net Valuation Taxable (2025 - \$1,109,026,500)		3.85%
Percent of Estimated True Value of Real Property (2025 - \$1,651,922,998)		2.59%

**NET MUNICIPAL DEBT**

Per Capita (2024 Estimate - 8,894)		\$ 1,532
Percent of Net Valuation Taxable (2025 - \$1,109,026,500)		1.23%
Percent of Estimated True Value of Real Property (2025 - \$1,651,922,998)		0.82%

**OVERALL DEBT (Gross and Overlapping Debt)**

Per Capita (2024 Estimate - 8,894)		\$ 5,398
Percent of Net Valuation Taxable (2025 - \$1,109,026,500)		4.33%
Percent of Estimated True Value of Real Property (2025 - \$1,651,922,998)		2.91%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2025 Morris County Abstract of Ratables published by the Morris County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.

Source: Town of Boonton.

**BUDGET INFORMATION**  
**Current Fund**  
**(As Adopted)**

	<u>2026 (1)</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Anticipated Revenues					
Fund Balance	\$ 3,058,000	\$ 2,653,000	\$ 2,372,000	\$ 2,172,000	\$ 2,136,000
Miscellaneous Revenues	3,416,896	3,060,181	4,139,626	3,280,673	2,882,013
Receipts from Delinquent Taxes	452,000	420,000	350,000	370,000	410,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>10,842,468</u>	<u>10,593,257</u>	<u>10,320,979</u>	<u>10,122,466</u>	<u>9,942,942</u>
	<u>\$ 17,769,364</u>	<u>\$ 16,726,438</u>	<u>\$ 17,182,605</u>	<u>\$ 15,945,139</u>	<u>\$ 15,370,955</u>
 Appropriations					
Salaries and Wages	\$ 6,024,560	\$ 5,776,355	\$ 5,414,735	\$ 5,330,445	\$ 5,414,580
Other Expenses	7,193,908	6,493,041	6,218,202	6,185,169	5,685,453
Deferred Charges and Statutory Expenditures	1,522,694	1,308,396	1,281,500	1,169,335	1,222,019
Capital Improvement Fund	200,000	300,000	500,000	350,000	225,000
Municipal Debt Service	1,274,702	1,295,146	2,139,668	1,281,895	1,195,363
Transfer to Board of Education	53,500	53,500	53,500	53,295	53,540
Reserve for Uncollected Taxes	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,575,000</u>	<u>1,575,000</u>	<u>1,575,000</u>
	<u>\$ 17,769,364</u>	<u>\$ 16,726,438</u>	<u>\$ 17,182,605</u>	<u>\$ 15,945,139</u>	<u>\$ 15,370,955</u>

(1) Introduced

Source: Town of Boonton.

**FINANCIAL INFORMATION**

**Current Fund Balance and Amounts Utilized in Succeeding Year's Budget**

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2025	\$ 5,413,253	\$ 3,058,000
2024	5,259,308	2,653,000
2023	4,496,109	2,372,000
2022	2,925,095	2,172,000
2021	2,509,315	2,136,000

Source: Town of Boonton Annual Audit Reports.

**Current Tax Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2025	\$ 38,626,694	\$ 38,168,292	98.81%
2024	37,328,518	36,880,171	98.79%
2023	36,254,746	35,859,118	98.90%
2022	35,096,241	34,581,777	98.53%
2021	34,322,523	33,948,560	98.91%

Source: Town of Boonton Annual Audit Reports.

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2025	\$ 31,069	\$ 455,022	\$ 486,091	1.26%
2024	30,391	427,440	457,831	1.23%
2023	35,543	365,918	401,461	1.11%
2022	37,027	491,667	528,694	1.51%
2021	35,792	322,957	358,749	1.05%

Source: Town of Boonton Annual Audit Reports.

**Assessed Valuation of Property Owned by the Town Acquired for Taxes**

<u>Year</u>	<u>Amount</u>
2025	\$ 155,100
2024	155,100
2023	155,100
2022	155,100
2021	155,100

Source: Town of Boonton Annual Audit Reports.

## Ten Largest Taxpayers

The ten largest taxpayers in the Town and their 2026 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Boonton Investors, LLC	\$ 21,955,300
UB Boonton I, LLC	12,291,400
Monroe Street Holding, LLC	10,268,100
Deer Hill Village, Inc.	10,093,300
JB DELS 19, LLC	8,367,200
MCP IV Fulton LLC	5,714,000
Apartments at Cherry Hill, LLC	5,400,000
91 Fulton LLC	4,747,400
Supor Properties Boonton, LLC	4,481,600
Fulton Street Associates	<u>4,263,300</u>
	<u>\$ 87,581,600</u>

Source: Tax Assessor.

## Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2026	\$ 5,915,800	\$ 869,044,200	\$ 254,800	\$142,073,600	\$ 63,813,900	\$29,321,300	\$ 1,110,423,600
2025	6,974,100	864,568,900	254,600	144,156,400	63,554,100	29,518,400	1,109,026,500
2024	6,920,700	860,816,100	254,600	145,627,700	62,772,100	24,105,900	1,100,497,100
2023	6,605,300	861,946,300	254,400	145,365,900	62,166,100	24,105,900	1,100,443,900
2022	7,138,900	861,394,300	254,400	146,192,500	62,166,100	24,105,900	1,101,252,100

Source: Tax Duplicate.

## Assessed Valuations Net Valuation Taxable

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2026	\$ 1,110,423,600	63.26%	\$ 1,769,128,655
2025	1,109,026,500	67.68%	1,651,922,998
2024	1,100,497,100	72.29%	1,534,926,582
2023	1,100,443,900	77.15%	1,438,331,635
2022	1,101,252,100	85.26%	1,302,924,929

Source: Morris County Abstract of Ratables and 2026 Equalization Table

**Components of Real Estate Tax Rate  
(per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>
2025	\$ 3.478	\$ 0.955	\$ 2.167	\$ 0.356
2024	3.380	0.937	2.099	0.344
2023	3.291	0.919	2.038	0.334
2022	3.184	0.902	1.978	0.304
2021	3.119	0.888	1.946	0.285

Source: Tax Collector.

**Apportionment of Tax Levy  
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>
2025	\$ 38,626,694	\$ 10,650,979	\$ 24,030,093	\$ 3,945,622
2024	37,328,518	10,442,742	23,093,108	3,792,668
2023	36,254,746	10,165,246	22,421,089	3,668,411
2022	35,096,241	9,976,758	21,775,544	3,343,939
2021	34,322,523	9,803,980	21,385,553	3,132,990

Source: Town of Boonton Annual Audit Reports.

**APPENDIX B**

**FINANCIAL STATEMENTS**

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# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA  
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ROBERT W. HAAG, CPA, RMA, PSA

ROBERT LERCH, CPA, PSA, RMA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA, RMA  
JOHN CUIFFO, CPA, PSA, RMA  
DEBRA GOLLE, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Town of Boonton  
Boonton, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

#### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, the accompanying financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Town of Boonton as of December 31, 2025 and 2024, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the years ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Boonton 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 Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Town's financial statements as of and for the years ended December 31, 2025 and 2024. The LOSAP Trust Fund financial activities are included in the Town's Trust Funds, and represent 61 percent and 56 percent of the assets and liabilities of the Town's Trust Funds as of December 31, 2025 and 2024, respectively.

We were unable to audit the financial activities of the General Fixed Assets Account Group for the years ended December 31, 2025 and 2024 because sufficient documentation was not available to support amounts reported in the financial statements – regulatory basis referred to above. We were unable to satisfy ourselves about the amounts reported by means of other auditing procedures.

### ***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 Town of Boonton 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 Town of Boonton'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.

By/s/

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

Fair Lawn, New Jersey  
May 5, 2026

**TOWN OF BOONTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -CURRENT FUND**  
**AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash	\$ 7,926,411	\$ 8,134,022
Cash - Change Fund	280	280
Grants Receivable	<u>433,464</u>	<u>273,162</u>
	<u>8,360,155</u>	<u>8,407,464</u>
Receivables with Full Reserves		
Delinquent Property Taxes Receivable	455,022	427,440
Tax Title Liens Receivable	31,069	30,391
Property Acquired for Taxes	155,100	155,100
Revenue Accounts Receivable	12,298	19,484
Due from Library	4,914	-
Interfunds Receivable:		
Animal Control Fund	1,544	4,460
Public Assistance Trust Fund	<u>-</u>	<u>5,733</u>
	<u>659,947</u>	<u>642,608</u>
Deferred Charges		
Special Emergency - Reassessment	<u>480,000</u>	<u>-</u>
	<u>480,000</u>	<u>-</u>
Total Assets	<u>\$ 9,500,102</u>	<u>\$ 9,050,072</u>

**TOWN OF BOONTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -CURRENT FUND**  
**AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Appropriation Reserves	\$ 573,013	\$ 791,153
Encumbrances Payable	386,086	418,655
Accounts Payable	233,838	58,395
Local School Taxes Payable	45,641	45,641
Prepaid Taxes	148,770	121,699
Tax Overpayments	-	22,907
Due to Library	-	19,131
Due to State of New Jersey:		
Senior Citizens' and Veterans' Deductions	23,295	24,045
Construction Code Fees Payable	10,589	9,737
Marriage Licenses Payable	400	150
Reserve for Tax Appeals Pending	465,412	486,709
Reserve for Sale of Assets	274,360	424,360
Reserve for Municipal Property Tax Relief	-	47,311
Reserve for Reassessment	480,000	-
Miscellaneous Reserves	74,605	74,605
Unappropriated Grant Reserves	51,198	53,018
Appropriated Grant Reserves	<u>659,695</u>	<u>550,640</u>
	3,426,902	3,148,156
Reserve for Receivables	659,947	642,608
Fund Balance	<u>5,413,253</u>	<u>5,259,308</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 9,500,102</u>	<u>\$ 9,050,072</u>

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

	<u>2025</u>	<u>2024</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 2,653,000	\$ 2,372,000
Miscellaneous Revenue Anticipated	3,442,165	4,345,333
Receipts from Delinquent Taxes	425,981	367,424
Receipts from Current Taxes	38,168,292	36,879,171
Non-Budget Revenues	576,956	785,303
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	721,319	872,612
Statutory Excess - Animal Control Trust Fund	1,544	4,460
Interfunds Liquidated	4,460	11,813
Cancelled Reserves	67,060	-
Due from Library	-	1,460
	<hr/>	<hr/>
Total Income	46,060,777	45,639,576
Expenditures		
Budget Appropriations		
Salaries and Wages	5,587,915	5,383,735
Other Expenses	6,759,981	6,249,202
Deferred Charges and Statutory Expenditures	1,788,396	1,335,000
Capital Improvements	310,000	500,000
Municipal Debt Service	1,295,145	2,138,965
Local District School Tax	24,030,093	23,093,108
County Taxes	3,945,622	3,792,668
Interfunds Advanced	6,458	10,193
Senior Citizens and Veterans Deductions Disallowed - Prior Year	1,750	1,506
Refund of Prior Year Revenues and Taxes	8,472	-
	<hr/>	<hr/>
Total Expenditures	43,733,832	42,504,377
Excess in Revenue	2,326,945	3,135,199
Adjustments to Income before Fund Balance:		
Expenditures Included Above which by Statute are Required to be Raised in Succeeding Year's Budget	480,000	-
	<hr/>	<hr/>
Statutory Excess to Fund Balance	2,806,945	3,135,199
Fund Balance, January 1	5,259,308	4,496,109
	<hr/>	<hr/>
	8,066,253	7,631,308
Decreased by Utilization as Anticipated Revenue	2,653,000	2,372,000
	<hr/>	<hr/>
Fund Balance, December 31	\$ 5,413,253	\$ 5,259,308
	<hr/> <hr/>	<hr/> <hr/>

Accompanying Notes are an Integral Part of these Financial Statements

**TOWN OF BOONTON**  
**COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>		<u>2024</u>	
	<u>Budget After</u>	<u>Realized</u>	<u>Budget After</u>	<u>Realized</u>
	<u>Modification</u>	<u>Realized</u>	<u>Modification</u>	<u>Realized</u>
<b>FUND BALANCE ANTICIPATED</b>	\$ 2,653,000	\$ 2,653,000	\$ 2,372,000	\$ 2,372,000
<b>MISCELLANEOUS REVENUES</b>				
Licenses				
Alcoholic Beverages	17,500	25,338	20,000	17,718
Other	14,000	23,143	9,000	21,405
Fees and Permits	130,000	234,910	120,000	207,416
Fines and Costs				
Municipal Court - Fines and Costs	125,000	165,197	80,000	125,113
Fire Official - Fines and Costs		-	-	3,342
Interest and Costs on Taxes	85,000	87,909	85,000	98,316
Parking Meters	35,000	37,393		
Consolidated Municipal Property Tax Relief Act			47,291	47,291
Energy Receipts Tax	917,782	917,782	917,782	917,782
Watershed Moratorium Offset Aid	6,533	6,533	6,533	6,533
Uniform Construction Code Fees	125,000	175,188	120,000	175,701
Alcohol Ed. And Rehab Fund	1,349	1,349	389	389
Recycling Tonnage Grant	10,705	10,705	9,258	9,258
Community Energy Planning Grant Program	10,000	10,000		
Click it or Ticket	7,000	7,000		
Lead Program			13,250	13,250
Neighborhood Preservation Program	150,000	150,000	150,000	150,000
Clean Communities	23,340	23,340	20,549	20,549
Body Armor Replacement	2,312	2,312	2,036	2,036
Bulletproof Vest	4,530	4,530		
BOE Shared Service - SLEO Class 3 Officer	35,000	35,000		
Cannabis Tax	20,130	144,272		
American Rescue Plan			658,538	658,538
Utility Operating Surplus of Prior Year - Water Utility	200,000	200,000	200,000	200,000
PILOT Agreement - Avalon Bay	990,000	995,264	1,000,000	990,696
Reserve for Payment of Debt	100,000	100,000	605,000	605,000
Surplus - General Capital Fund	85,000	85,000	75,000	75,000
Total Miscellaneous Revenues	3,095,181	3,442,165	4,139,626	4,345,333
<b>RECEIPTS FROM DELINQUENT TAXES</b>	420,000	425,981	350,000	367,424
<b>AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET</b>				
Local Tax for Municipal Purposes	10,051,248	11,150,568	9,813,559	11,060,975
Minimum Library Tax	542,009	542,009	507,420	507,420
Total Amount to be Raised by Taxes for Support of Municipal Budget	10,593,257	11,692,577	10,320,979	11,568,395
Total General Revenues	\$ 16,761,438	\$ 18,213,723	\$ 17,182,605	\$ 18,653,152

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2025 STATEMENT OF EXPENDITURES

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
General Government					
General Administration					
Salaries & Wages	\$ 173,630	\$ 173,630	\$ 172,518	\$ 1,112	
Other Expenses	124,800	124,800	104,712	20,088	
Mayor and Council					
Salaries & Wages	45,110	45,110	41,541	3,569	
Municipal Clerk's Office					
Salaries & Wages	64,000	64,000	63,999	1	
Other Expenses	48,400	48,400	46,478	1,922	
Financial Administration					
Salaries & Wages	73,600	73,600	71,891	1,709	
Other Expenses	46,500	46,500	46,007	493	
Annual Audit	16,000	16,000	16,000	-	
Revenue Administration					
Salaries & Wages	1,200	1,200	1,200	-	
Other Expenses	8,300	8,300	7,551	749	
Tax Assessment Administration					
Salaries & Wages	65,045	65,045	64,957	88	
Other Expenses	20,900	20,900	18,103	2,797	
Legal Services					
Other Expenses	175,000	177,000	173,025	3,975	
Engineering Services					
Salaries & Wages	100,000	80,000	-	80,000	
Other Expenses	58,000	68,000	52,811	15,189	
Main Street Contribution	9,000	9,000	9,000	-	
Historical Society					
Other Expenses	1,200	1,200	-	1,200	
Municipal Land Use Law (NJS 40:55-1)					
Planning Board					
Salaries & Wages	132,140	132,140	128,707	3,433	
Other Expenses	43,500	43,500	33,692	9,808	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
State Uniform Construction Code					
Building Inspections					
Salaries & Wages	253,360	238,360	219,188	19,172	
Other Expenses	23,500	23,500	12,974	10,526	-

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Insurance					
Liability Insurance	\$ 131,500	\$ 131,500	\$ 105,847	25,653	
Workers Compensation Ins	77,250	77,250	77,094	156	
Employee Group				-	
Health Insurance	1,650,000	1,680,000	1,655,279	24,721	
Health Benefit Waiver	47,500	47,500	37,923	9,577	
Police					
Salaries & Wages	3,660,960	3,660,960	3,654,261	6,699	
Other Expenses	309,700	309,700	305,421	4,279	
Purchase of Vehicles	50,000	50,000	48,600	1,400	
Dispatch - Shared Service					
Other expenses	223,000	223,000	222,533	467	
Emergency Management					
Salaries & Wages	10,500	10,500	9,500	1,000	
Other Expenses	10,000	10,000	8,790	1,210	
Public Safety					
Fire					
Salaries & Wages	10,515	10,515	9,867	648	
Other Expenses	161,980	161,980	151,414	10,566	
Prosecutor					
Other Expenses	20,000	20,000	20,000	-	
Streets & Roads					
Road Repairs & Maintenance (Public Works)					
Salaries & Wages	838,440	803,440	803,205	235	
Other Expenses	196,550	196,550	193,249	3,301	
Other Public Works Functions					
Salaries & Wages	71,500	71,500	71,500	-	
Other Expenses	93,000	93,000	87,996	5,004	
Garbage & Trash Removal (Waste Collection)					
Salaries and Wages	42,800	42,800	30,510	12,290	
Other Expenses	665,500	665,500	649,780	15,720	
Public Buildings & Grounds					
Other Expenses	137,500	137,500	136,044	1,456	
Municipal Services Act					
Other Expenses	2,500	2,500	2,500	-	
Health & Welfare					
Board of Health					
Salaries & Wages	54,000	54,000	54,000	-	
Other Expenses	154,800	154,800	150,079	4,721	
Recreation & Education					
Parks & Playgrounds					
Salaries & Wages	141,880	141,880	140,027	1,853	
Other Expenses	69,000	69,000	50,595	18,405	
BPPT Aid Adjustment - BOE	53,500	53,500	53,276	224	
Celebration of Public Events	5,000	5,000	4,993	7	

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Utilities					
Electricity	66,000	106,000	106,000	-	
Street Lighting	89,000	99,000	99,000	-	
Telephone	40,000	30,000	29,769	231	
Natural Gas	38,000	38,000	38,000	-	
Telecommunications	19,000	22,000	19,325	2,675	
Gasoline & Diesel Fuel	85,000	85,000	84,425	575	
Sanitary Landfill/Waste Disposal (Solid Waste)					
Other Expenses	559,500	559,500	461,830	97,670	
SLEO Class III - Interlocal	-	35,000	-	35,000	
Municipal Court					
Salaries and Wages	37,675	37,675	37,674	1	
Other Expenses	5,500	5,500	5,482	18	
Parsippany Court - Shared Service	158,916	158,916	158,916	-	
Public Defender					
Other Expenses	8,000	8,000	8,000	-	-
<b>Total Operations Within "CAPS"</b>	<b>11,478,651</b>	<b>11,528,651</b>	<b>11,067,058</b>	<b>461,593</b>	<b>-</b>
Contingent	15,000	-	-	-	
<b>Total Operations Including Contingent - Within "CAPS"</b>	<b>11,493,651</b>	<b>11,528,651</b>	<b>11,067,058</b>	<b>461,593</b>	<b>-</b>
Detail:					
Salaries & Wages	5,789,040	5,581,540	5,462,668	125,247	-
Other Expenses (Including Contingent)	5,704,611	5,947,111	5,604,390	336,346	-

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>					
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System	\$ 142,796	\$ 142,796	\$ 142,796	-	
Social Security System (O.A.S.I.)	230,000	230,000	229,664	\$ 336	
Police and Fireman's Retirement System	934,600	934,600	934,600	-	-
State Unemployment Insurance Fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Deferred Charges and Statutory expenditures -					
Municipal Within "CAPS"	<u>1,308,396</u>	<u>1,308,396</u>	<u>1,307,060</u>	<u>1,336</u>	<u>-</u>
Total General Appropriations within "CAPS"	<u>12,802,047</u>	<u>12,837,047</u>	<u>12,374,118</u>	<u>462,929</u>	<u>-</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Other Operations					
Maintenance of Free Public Library	542,009	542,009	542,009	-	
LOSAP	68,000	68,000	67,916	84	-
Reserve Tax Appeal	10,000	10,000	-	10,000	
Reserve for Tax Reassessment	<u>100,000</u>	<u>580,000</u>	<u>480,000</u>	<u>100,000</u>	<u>-</u>
Total Other Operations-Excluded from CAPS	<u>720,009</u>	<u>1,200,009</u>	<u>1,089,925</u>	<u>110,084</u>	<u>-</u>
Additional Appropriations Offset by					
Revenues (N.J.S. 40A:4-45.3h)					
Recycling Tonnage	10,705	10,705	10,705	-	
Alcohol Education/Rehabilitation	1,349	1,349	1,349	-	
Body Armor	2,312	2,312	2,312	-	
Click It or Ticket	7,000	7,000	7,000	-	
Clean Communities	23,340	23,340	23,340	-	
Neighborhood Preservation Program	150,000	150,000	150,000	-	
Bulletproof Vest Program	4,530	4,530	4,530	-	
Community Energy Plan	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Total Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)	<u>209,236</u>	<u>209,236</u>	<u>209,236</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>929,245</u>	<u>1,409,245</u>	<u>1,299,161</u>	<u>110,084</u>	<u>-</u>
Detail:					
Salaries & Wages	-	-	-	-	-
Other Expenses	<u>929,245</u>	<u>1,409,245</u>	<u>1,299,161</u>	<u>110,084</u>	<u>-</u>

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 200,000	\$ 200,000	\$ 200,000	-	-
Total Capital Improvements	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	760,000	760,000	760,000	-	
Payment of Note Principal	100,000	100,000	100,000	-	
Interest on Bonds	382,451	382,451	382,450		\$ 1
Interest on Notes	<u>52,695</u>	<u>52,695</u>	<u>52,695</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,295,146</u>	<u>1,295,146</u>	<u>1,295,145</u>	<u>-</u>	<u>1</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,424,391</u>	<u>2,904,391</u>	<u>2,794,306</u>	\$ 110,084	1
Subtotal General Appropriations	15,226,438	15,741,438	15,168,424	573,013	1
Reserve for Uncollected Taxes	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 16,726,438</u>	<u>\$ 17,241,438</u>	<u>\$ 16,668,424</u>	<u>\$ 573,013</u>	<u>\$ 1</u>
Adopted Budget		\$ 16,726,438			
Emergency Authorization		480,000			
Added by N.J.S. 40A:4-87		<u>35,000</u>			
		<u>\$ 17,241,438</u>			

2024 STATEMENT OF EXPENDITURES

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
General Government					
General Administration					
Salaries & Wages	\$ 166,500	\$ 166,500	\$ 163,290	\$ 3,210	
Other Expenses	130,800	130,800	83,322	47,478	
Mayor and Council					
Salaries & Wages	44,115	44,115	44,108	7	
Municipal Clerk's Office					
Salaries & Wages	61,350	61,350	59,932	1,418	
Other Expenses	47,350	47,350	34,683	12,667	
Financial Administration					
Salaries & Wages	68,500	68,500	65,000	3,500	
Other Expenses	46,500	46,500	41,997	4,503	
Annual Audit	15,000	15,000	4,873	10,127	
Tax Assessment Administration					
Salaries & Wages	64,245	64,245	63,900	345	
Other Expenses	20,600	20,600	14,906	5,694	
Revenue Administration					
Salaries & Wages	1,200	1,200	1,200	-	
Other Expenses	8,300	8,300	7,237	1,063	
Legal Services					
Other Expenses	135,000	135,000	115,568	19,432	
Engineering Services					
Salaries & Wages					
Other Expenses	59,000	59,000	39,478	19,522	
Economic Development Agencies					
Contribution to Boonton Main Street, Inc.	9,000	9,000	9,000	-	
Historical Preservation					
Other Expenses	6,200	6,200	945	5,255	
Municipal Land Use Law (NJS 40:55-1)					
Planning Board					
Salaries & Wages	125,230	125,230	123,147	2,083	
Other Expenses	27,500	45,500	45,500	-	
Insurance					
Liability Insurance	127,500	127,500	103,098	24,402	
Workers Compensation	75,750	75,750	75,716	34	
Employee Group	891,461	891,461	771,745	119,716	
ARP Funds - Employee Group Insurance	658,539	658,539	658,539	-	
Health Benefit Waiver	50,000	50,000	45,459	4,541	

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY					
Aid to Ambulance Corps					
Other Expenses	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	
Fire Department					
Salaries & Wages	8,715	8,715	8,167	548	
Other Expenses	151,800	151,800	150,892	908	
Emergency Management					
Salaries & Wages	9,500	9,500	9,500	-	
Other Expenses	10,000	10,000	9,995	5	
Police					
Salaries & Wages	3,576,350	3,576,350	3,461,908	114,442	
Other Expenses	301,700	301,700	292,717	8,983	
Police Vehicles	90,000	90,000	64,495	25,505	
Police Dispatch/911	224,000	224,000	223,133	867	
Prosecutor					
Other Expenses	18,000	18,000	18,000	-	
PUBLIC WORKS					
Streets & Roads					
Road Repairs & Maintenance					
Salaries & Wages	733,440	733,440	731,327	2,113	
Other Expenses	191,300	191,300	156,225	35,075	
Other Public Works					
Salaries & Wages	51,585	33,585	25,000	8,585	
Other Expenses	90,000	90,000	59,545	30,455	
Snow Removal					
				-	
Solid Waste Collection					
Salaries & Wages	52,800	39,800	19,436	20,364	
Other Expenses	450,328	461,328	448,183	13,145	
Public Building and Grounds					
Other Expenses	129,500	129,500	129,004	496	
Municipal Services Act	2,500	2,500	-	2,500	
HEALTH AND WELFARE					
Board of Health					
Salaries & Wages	54,000	54,000	50,000	4,000	
Other Expenses	18,300	18,300	12,205	6,095	
Health Services					
Other Expenses	129,000	129,000	128,776	224	
Recreation & Education					
Parks & Playgrounds					
Salaries & Wages	134,820	134,820	124,689	10,131	
Other Expenses	77,500	77,500	43,470	34,030	
Celebration of Public Events	5,000	5,000	4,436	564	

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Appropriation		Expended		Unexpended Balances Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Garbage & Trash Removal (Waste Collection)					
Other Expenses	\$ 164,772	\$ 164,772	\$ 164,772		
Animal Control					
Other Expenses					
Contribution to Redevelopment Agency					
Salary and Wage Adjustment					
Municipal Court					
Salaries and Wages	36,845	36,845	36,844	\$ 1	
Other Expenses	159,300	161,300	160,737	563	
Public Defender					
Other Expenses	8,000	8,000	8,000	-	
Utilities					
Electricity	64,000	64,000	64,000	-	
Street Lighting	87,500	87,500	86,815	685	
Telephone	50,000	50,000	28,346	21,654	
Natural Gas	38,000	38,000	38,000	-	
Telecommunication	17,000	17,000	17,000	-	
Gasoline	85,000	85,000	85,000	-	
Landfill/Solid Waste Disposal					
Other Expenses	536,000	536,000	447,449	88,551	
Recycling and Sanitary Landfill Facilities Closure and Contingency Fund Act					
Recycling Tax	7,500	7,500	-	7,500	
Reserve for Tax Appeals	10,000	10,000	10,000	-	
State Uniform Construction Code					
Building Inspections					
Salaries & Wages	225,540	225,540	174,220	51,320	
Other Expenses	17,800	17,800	14,549	3,251	-
	<u>10,862,035</u>	<u>10,862,035</u>	<u>10,079,478</u>	<u>782,557</u>	<u>-</u>
Total Operations Within "CAPS"					
	<u>10,862,035</u>	<u>10,862,035</u>	<u>10,079,478</u>	<u>782,557</u>	<u>-</u>
Total Operations Including Contingent - Within "CAPS"					
	<u>10,862,035</u>	<u>10,862,035</u>	<u>10,079,478</u>	<u>782,557</u>	<u>-</u>
Detail:					
Salaries & Wages	5,414,735	5,383,735	5,161,668	222,067	-
Other Expenses (Including Contingent)	5,447,300	5,478,300	4,917,810	560,490	-

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Appropriation		Expended		Unexpended Balances Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 230,000	\$ 228,286	\$ 221,892	\$ 6,394	
State Unemployment Insurance Fund	1,000	1,000	-	1,000	
Police and Fireman's Retirement System	906,100	907,814	907,814	-	
Public Employees Retirement System	144,400	144,400	144,400	-	-
Total Deferred Charges and Statutory expenditures - Municipal Within "CAPS"	1,281,500	1,281,500	1,274,106	7,394	-
Total General Appropriations within "CAPS"	12,143,535	12,143,535	11,353,584	789,951	-
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Fair Housing Act					
Land Use Board				-	
Maintenance of Free Public Library	507,420	507,420	507,420	-	-
LOSAP	68,000	68,000	67,164	836	-
Total Other Operations-Excluded from CAPS	575,420	575,420	574,584	836	-
Additional Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)					
Alcohol Education and Rehabilitation Fund	389	389	389	-	
Body Armor Replacement Fund	2,036	2,036	2,036	-	
Recycling Tonnage Grant	9,258	9,258	9,258	-	
Clean Communities	20,549	20,549	20,549	-	
Lead Program	13,250	13,250	13,250	-	
Neighborhood Preservation Grant	125,000	125,000	125,000	-	
Neighborhood Preservation Grant - Town Match	25,000	25,000	25,000	-	-
Total Appropriations Offset by Revenues (N.J.S. 40A:4-45.3h)	195,482	195,482	195,482	-	-
Total Operations - Excluded from "CAPS"	770,902	770,902	770,066	836	-
Detail:					
Salaries & Wages	-	-	-	-	
Other Expenses	770,902	770,902	770,066	836	-

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	\$ 500,000	\$ 500,000	\$ 500,000	-	-
Total Capital Improvements	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	500,000	500,000	500,000	-	-
Payment of Bond Anticipation Notes and Capital Notes	1,270,000	1,270,000	1,269,603	-	\$ 397
Interest on Bonds	71,500	71,500	71,195	-	305
Interest on Notes	298,168	298,168	298,167	-	1
Total Municipal Debt Service - Excluded from "CAPS"	<u>2,139,668</u>	<u>2,139,668</u>	<u>2,138,965</u>	<u>-</u>	<u>703</u>
<b>DEFERRED CHARGES EXCLUDED FROM "CAPS"</b>					
Transferred to Board of Education	53,500	53,500	53,134	\$ 366	-
Deferred Charges-Excluded from "CAPS"	<u>53,500</u>	<u>53,500</u>	<u>53,134</u>	<u>366</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,464,070</u>	<u>3,464,070</u>	<u>3,462,165</u>	<u>1,202</u>	<u>703</u>
Subtotal General Appropriations	15,607,605	15,607,605	14,815,749	791,153	703
Reserve for Uncollected Taxes	<u>1,575,000</u>	<u>1,575,000</u>	<u>1,575,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 17,182,605</u>	<u>\$ 17,182,605</u>	<u>\$ 16,390,749</u>	<u>\$ 791,153</u>	<u>\$ 703</u>

**TOWN OF BOONTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Animal Control Fund		
Cash	\$ 29,216	\$ 30,659
	<u>29,216</u>	<u>30,659</u>
Other Trust Fund		
Cash	<u>1,711,923</u>	<u>1,957,640</u>
	<u>1,711,923</u>	<u>1,957,640</u>
Length Of Service Award Program (LOSAP) Trust Fund (Unaudited)		
Investments	2,702,649	2,434,324
Contribution Receivable	<u>68,000</u>	<u>67,916</u>
	<u>2,770,649</u>	<u>2,502,240</u>
<b>Total Assets</b>	<u>\$ 4,511,788</u>	<u>\$ 4,490,539</u>
<b>LIABILITIES AND RESERVES</b>		
Animal Control Fund		
Reserve for Animal Control Expenditures	\$ 27,370	\$ 26,193
Due to State of New Jersey	302	6
Due to Current Fund	<u>1,544</u>	<u>4,460</u>
	<u>29,216</u>	<u>30,659</u>
Other Trust Fund		
N.J. Unemployment Compensation Insurance	140,620	127,503
Miscellaneous Reserves	1,502,645	1,733,052
Payroll Deductions & Reserves	<u>68,658</u>	<u>97,085</u>
	<u>1,711,923</u>	<u>1,957,640</u>
Length Of Service Award Program (LOSAP) Trust Fund (Unaudited)		
Reserve for LOSAP	<u>2,770,649</u>	<u>2,502,240</u>
	<u>2,770,649</u>	<u>2,502,240</u>
<b>Total Liabilities and Reserves</b>	<u>\$ 4,511,788</u>	<u>\$ 4,490,539</u>

**TOWN OF BOONTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash	\$ 3,165,264	\$ 4,194,043
Grants Receivable	3,846,943	3,453,896
Deferred Charges to Future Taxation		
Funded	8,123,000	8,883,000
Unfunded	<u>5,573,444</u>	<u>2,187,992</u>
 Total Assets	 <u>\$ 20,708,651</u>	 <u>\$ 18,718,931</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Serial Bonds Payable	\$ 8,123,000	\$ 8,883,000
Bond Anticipation Notes Payable	1,371,000	1,171,000
Improvement Authorizations:		
Funded	3,359,109	4,896,052
Unfunded	3,759,276	1,242,542
Contracts Payable	3,716,676	1,757,106
Capital Improvement Fund	48,649	384,527
Reserve for Payment of Debt	73,241	173,241
Miscellaneous Reserves	69,027	69,027
Fund Balance	<u>188,673</u>	<u>142,436</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 20,708,651</u>	 <u>\$ 18,718,931</u>

Bonds and Notes Authorized But Not Issued at December 31, 2025 and 2024 were \$4,469,100 and \$1,216,992, respectively.

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

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ 142,436	\$ 202,522
Increased by:		
Cancelled Improvement Authorizations	122,912	
Excess Grant Receipt	7,574	
Premium on Sale of Bonds and Notes	<u>751</u>	<u>14,914</u>
	273,673	217,436
Decreased by:		
Current Fund Budgeted Revenue Realized	<u>85,000</u>	<u>75,000</u>
Balance, December 31	<u>\$ 188,673</u>	<u>\$ 142,436</u>

**TOWN OF BOONTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - WATER UTILITY FUND**  
**AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>Operating Fund</b>		
Cash	\$ 4,058,902	\$ 3,114,582
	<u>4,058,902</u>	<u>3,114,582</u>
Receivables and Other Assets With Full Reserves		
Consumer Accounts Receivable	261,435	331,730
	<u>261,435</u>	<u>331,730</u>
Deferred Charges		
Overexpenditure of Appropriations	12,304	12,304
	<u>12,304</u>	<u>12,304</u>
Total Operating Fund	<u>4,332,641</u>	<u>3,458,616</u>
<b>Capital Fund</b>		
Cash	1,054,826	1,147,328
Loan Receivable - NJ Environmental Infrastructure	52,762	52,762
Fixed Capital	17,302,018	17,302,018
Fixed Capital Authorized and Uncompleted	12,277,344	12,076,694
	<u>30,686,950</u>	<u>30,578,802</u>
Total Capital Fund	<u>30,686,950</u>	<u>30,578,802</u>
Total Assets	<u>\$ 35,019,591</u>	<u>\$ 34,037,418</u>

**TOWN OF BOONTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - WATER UTILITY FUND**  
**AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Operating Fund		
Appropriation Reserves	\$ 187,004	\$ 319,452
Encumbrances Payable	136,084	191,539
Accrued Interest on Bonds, Notes and Loans	26,286	35,846
Water Rent Overpayments	<u>4,722</u>	<u>4,722</u>
	354,096	551,559
Reserve for Receivables	261,435	331,730
Fund Balance	<u>3,717,110</u>	<u>2,575,327</u>
Total Operating Fund	<u>4,332,641</u>	<u>3,458,616</u>
Capital Fund		
Serial Bonds Payable	1,784,000	2,069,000
NJEIT Loan Payable - 2010	378,397	446,076
NJEIT Loan Payable - 2012	490,399	567,965
NJEIT Loan Payable - 2014	325,140	364,413
Improvement Authorizations		
Funded	894,084	749,629
Unfunded	5,193,700	10,040,236
Contracts Payable	5,221,453	536,224
Capital Improvement Fund	453,568	623,468
Reserve for Water Tank Inspection	4,000	4,000
Reserve for Water Capital Equipment	27,645	27,645
Reserve for Payment of Debt	108,065	108,065
Reserve for Amortization	14,488,495	14,018,977
Reserve for Deferred Amortization	1,035,721	835,071
Fund Balance	<u>282,283</u>	<u>188,033</u>
Total Capital Fund	<u>30,686,950</u>	<u>30,578,802</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 35,019,591</u>	<u>\$ 34,037,418</u>

Bonds and notes authorized but not issued at December 31, 2025 and 2024 were \$11,077,210 and \$11,077,210, respectively.

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

	<u>2025</u>	<u>2024</u>
Revenue and Other Income Realized		
Surplus Anticipated	\$ 350,000	\$ 300,000
Water Rents	2,890,021	2,616,296
Miscellaneous	821,779	28,545
Other Credits to Income		
Non-Budget Revenue	187,313	186,602
Unexpended Balance of Appropriation Reserves	<u>205,471</u>	<u>268,363</u>
	<u>4,454,584</u>	<u>3,399,806</u>
Expenditures		
Operating	1,699,655	1,635,715
Capital Improvements	316,250	314,750
Debt Service	558,100	614,048
Deferred Charges and Statutory Expenditures	188,796	206,512
Refund of Prior Year Revenue	<u>-</u>	<u>1,749</u>
	<u>2,762,801</u>	<u>2,772,774</u>
Excess of Revenues over Expenditures	1,691,783	627,032
Adjustments to Income before Fund Balance:		
Expenditures Included Above which by Statute are		
Required to be Raised in Succeeding Year's Budget	<u>-</u>	<u>12,304</u>
Statutory Excess to Fund Balance	1,691,783	639,336
Fund Balance, January 1	<u>2,575,327</u>	<u>2,435,991</u>
	4,267,110	3,075,327
Decreased by:		
Utilization as Anticipated Revenue in Current Fund	200,000	200,000
Utilization as Anticipated Revenue in Water Utility Operating	<u>350,000</u>	<u>300,000</u>
Fund Balance, December 31	<u>\$ 3,717,110</u>	<u>\$ 2,575,327</u>

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

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ 188,033	\$ 196,528
Increased by:		
Cancelled Improvement Authorization	<u>94,250</u>	<u>-</u>
Decreased by:	282,283	196,528
Prior Year Adjustment	<u>-</u>	<u>8,495</u>
Balance, December 31	<u>\$ 282,283</u>	<u>\$ 188,033</u>

EXHIBIT D-3

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

	<u>2025</u>		<u>2024</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Surplus Anticipated	\$ 350,000	\$ 350,000	\$ 300,000	\$ 300,000
Rents	2,613,581	2,890,021	2,655,853	2,616,296
Miscellaneous	<u>10,000</u>	<u>821,779</u>	<u>10,000</u>	<u>28,545</u>
	<u>\$ 2,973,581</u>	<u>\$ 4,061,800</u>	<u>\$ 2,965,853</u>	<u>\$ 2,944,841</u>

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025**

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 645,575	\$ 605,575	\$ 578,317	\$ 27,258	
Other Expenses	1,054,080	1,094,080	1,079,560	14,520	
Capital Improvements					
Capital Improvement Fund	125,000	125,000	125,000	-	
Capital Outlay	191,250	191,250	46,024	145,226	
Debt Service					
Bond Principal	285,000	285,000	285,000		
Interest on Bonds	80,000	80,000	71,293		\$ 8,707
NJEIT Loan	203,880	203,880	201,807		2,073
Statutory Expenditures					
Public Employees Retirement System	142,796	142,796	142,796		
Social Security System (O.A.S.I.)	46,000	46,000	46,000		
Surplus (General Budget)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,973,581</u>	<u>\$ 2,973,581</u>	<u>\$ 2,775,797</u>	<u>\$ 187,004</u>	<u>\$ 10,780</u>

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriation</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpenditures</u>	<u>Cancelled</u>
Operating						
Salaries and Wages	\$ 599,635	\$ 599,635	\$ 554,990	\$ 44,645		
Other Expenses	1,036,080	1,036,080	937,977	98,103		
Capital Improvements						
Capital Improvement Fund	125,000	125,000	125,000	-		
Capital Outlay	189,750	189,750	25,544	164,206		
Debt Service						
Bond Principal	235,000	235,000	235,000			
Payment of Bond Anticipation Notes	90,000	90,000	89,660		\$ 340	
Interest on Bonds	36,900	36,900	33,035			3,865
Interest on Notes	52,600	52,600	52,590			10
NJEIT Loan	206,680	206,680	203,763			2,917
Statutory Expenditures						
Public Employees Retirement System	144,208	144,208	156,512		\$ 12,304	
Social Security System (O.A.S.I.)	50,000	50,000	37,502	12,498		
Surplus (General Budget)	200,000	200,000	200,000	-	-	-
	<u>\$ 2,965,853</u>	<u>\$ 2,965,853</u>	<u>\$ 2,651,573</u>	<u>\$ 319,452</u>	<u>\$ 12,304</u>	<u>\$ 7,132</u>

**TOWN OF BOONTON  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - SEWER UTILITY FUND  
AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Operating Fund		
Cash	\$ 2,045,060	\$ 2,098,250
	<u>2,045,060</u>	<u>2,098,250</u>
Receivables and Other Assets With Full Reserves		
Consumer Accounts Receivable	187,219	174,065
	<u>187,219</u>	<u>174,065</u>
Deferred Charges		
Overexpenditure of Appropriations	20,024	20,024
	<u>20,024</u>	<u>20,024</u>
Total Operating Fund	<u>2,252,303</u>	<u>2,292,339</u>
Capital Fund		
Cash	980,111	911,735
Fixed Capital	6,520,625	6,498,625
Fixed Capital Authorized and Uncompleted	4,174,500	3,903,500
NJEIT Loan Receivable	106,557	974,601
	<u>11,781,793</u>	<u>12,288,461</u>
Total Capital Fund	<u>11,781,793</u>	<u>12,288,461</u>
Total Assets	<u>\$ 14,034,096</u>	<u>\$ 14,580,800</u>

**TOWN OF BOONTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - SEWER UTILITY FUND**  
**AS OF DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
<b>Operating Fund</b>		
Appropriation Reserves	\$ 206,304	\$ 259,874
Encumbrances Payable	80,158	136,633
Accrued Interest on Notes	2,755	3,427
Sewer Rent Overpayments	<u>2,306</u>	<u>2,306</u>
	291,523	402,240
Reserve for Receivables	187,219	174,065
Fund Balance	<u>1,773,561</u>	<u>1,716,034</u>
Total Operating Fund	<u>2,252,303</u>	<u>2,292,339</u>
<b>Capital Fund</b>		
Bond Anticipation Notes Payable	133,000	133,000
NJEIT Loan Payables	2,320,095	2,320,095
Improvement Authorizations		
Funded	427,232	211,232
Unfunded	1,323,864	1,437,814
Contracts Payable	111,037	841,755
Capital Improvement Fund	60,855	253,855
Reserve for Infiltration Study	11,666	11,666
Reserve for Purchase of Equipment	124,925	124,925
Reserve for Amortization	6,470,935	6,470,935
Reserve for Deferred Amortization	614,820	321,820
Fund Balance	<u>183,364</u>	<u>161,364</u>
Total Capital Fund	<u>11,781,793</u>	<u>12,288,461</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 14,034,096</u>	<u>\$ 14,580,800</u>

Bonds and notes authorized but not issued at December 31, 2025 and 2024 were \$1,156,275.

**TOWN OF BOONTON**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - SEWER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Revenue and Other Income Realized		
Surplus Anticipated	\$ 350,000	\$ 250,000
Sewer Rents	2,144,214	2,099,254
Miscellaneous	1,750	3,501
Other Credits to Income		
Non-Budget Revenue	87,652	76,127
Cancelled Prior Year Accounts Payable	12,447	13,743
Unexpended Balance of Appropriation Reserves	<u>217,743</u>	<u>380,891</u>
	<u>2,813,806</u>	<u>2,823,516</u>
Expenditures		
Operating	2,000,171	1,566,665
Capital Improvements	212,000	260,000
Debt Service	5,313	6,779
Deferred Charges and Statutory Expenditures	<u>188,795</u>	<u>207,207</u>
	<u>2,406,279</u>	<u>2,040,651</u>
Excess of Revenues over Expenditures	407,527	782,865
Adjustments to Income before Fund Balance:		
Expenditures Included Above which by Statute are Required to be Raised in Succeeding Year's Budget	<u>-</u>	<u>13,779</u>
Statutory Excess to Fund Balance	407,527	796,644
Fund Balance, January 1	<u>1,716,034</u>	<u>1,169,390</u>
	2,123,561	1,966,034
Decreased by:		
Utilization as Anticipated Revenue in Sewer Utility Operating	<u>350,000</u>	<u>250,000</u>
Fund Balance, December 31	<u>\$ 1,773,561</u>	<u>\$ 1,716,034</u>

**TOWN OF BOONTON  
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE  
REGULATORY BASIS - SEWER UTILITY CAPITAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ <u>161,364</u>	\$ <u>101,749</u>
Increased by:		
Canceled Improvement Authorizations	<u>22,000</u>	<u>59,615</u>
Balance, December 31	<u>\$ 183,364</u>	<u>\$ 161,364</u>

**COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS  
SEWER UTILITY OPERATING FUND  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025		2024	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Surplus Anticipated	\$ 350,000	\$ 350,000	\$ 250,000	\$ 250,000
Rents	2,055,001	2,144,214	1,774,922	2,099,254
Miscellaneous	<u>1,950</u>	<u>1,750</u>	<u>1,950</u>	<u>3,501</u>
	<u>\$ 2,406,951</u>	<u>\$ 2,495,964</u>	<u>\$ 2,026,872</u>	<u>\$ 2,352,755</u>

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025**

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 640,575	\$ 610,575	\$ 578,318	\$ 32,257	
Other Expenses	1,359,596	1,389,596	1,327,549	62,047	
Capital Improvements					
Capital Improvement Fund	100,000	100,000	100,000	-	
Capital Outlay	112,000	112,000		112,000	
Debt Service					
Interest on Notes	5,985	5,985	5,313	-	\$ 672
Statutory Expenditures					
Public Employees Retirement System	142,795	142,795	142,795	-	
Social Security System (O.A.S.I.)	46,000	46,000	46,000	-	-
	<u>\$ 2,406,951</u>	<u>\$ 2,406,951</u>	<u>\$ 2,199,975</u>	<u>\$ 206,304</u>	<u>\$ 672</u>

**TOWN OF BOONTON**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**SEWER UTILITY OPERATING FUND**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 599,635	\$ 599,635	\$ 557,728	\$ 41,907	
Other Expenses	967,030	967,030	811,528	155,502	
Capital Improvements					
Capital Improvement Fund	150,000	150,000	150,000	-	
Capital Outlay	110,000	110,000	60,033	49,967	
Debt Service					
Interest on Notes	6,000	6,000	6,779	-	\$ -
Statutory Expenditures					
Public Employees Retirement System	144,207	144,207	157,207	-	
Social Security System (O.A.S.I.)	50,000	50,000	37,502	12,498	-
	<u>\$ 2,026,872</u>	<u>\$ 2,026,872</u>	<u>\$ 1,780,777</u>	<u>\$ 259,874</u>	<u>\$ -</u>

**TOWN OF BOONTON  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash	\$ 190,035	\$ 177,843
Total Assets	<u>\$ 190,035</u>	<u>\$ 177,843</u>
<u>LIABILITIES AND RESERVES</u>		
Due to Current Fund		\$ 5,733
Reserve for Public Assistance Expenditures	<u>\$ 190,035</u>	<u>172,110</u>
Total Reserves	<u>\$ 190,035</u>	<u>\$ 177,843</u>

**TOWN OF BOONTON**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2025 AND 2024**  
**(UNAUDITED)**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Land	\$ 12,430,917	\$ 12,430,917
Buildings and Building Improvements	3,877,165	3,877,165
Machinery and Equipment	<u>8,894,303</u>	<u>8,894,303</u>
 Total Assets	 <u>\$ 25,202,385</u>	 <u>\$ 25,202,385</u>
 <b>LIABILITIES AND RESERVES</b>		
 Investment in General Fixed Assets	 <u>\$ 25,202,385</u>	 <u>\$ 25,202,385</u>

**NOTES TO FINANCIAL STATEMENTS**

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Boonton (the “Town”) was incorporated in 1867 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the eight council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Town and as such presides over all public meetings and makes appointments to various boards. The Town 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. A Town Administrator is appointed by the Town Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Town affairs and for the day to day operations of the Town. The Town Administrator is the Chief Administrative Officer for the Town. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, 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 Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organization’s governing board and (1) the Town is able to significantly influence the programs or services performed or provided by the organization; or (2) the Town is legally entitled to or can otherwise access the organization’s resources; the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Town is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Town in that the Town approves the budget, the issuance of debt or the levying of taxes. The Town 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 Town do not include the municipal library, volunteer fire department, volunteer ambulance squad, or redevelopment agency, 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 Town of Boonton 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 Town accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

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

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

The Town 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 Town functions or activities. The Town also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Town 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 Town as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

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 Town 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 Town as collateral. This fund is also used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Town.

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 Town'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.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Town's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer 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 Town 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 Town, other than those accounted for in the current fund. The Town's infrastructure is not reported in the account group.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**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 Town'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.

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

**Cash and Investments** - Cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. 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.

**TOWN OF BOONTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**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 Town. 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 Town also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> 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 Town 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 Town'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** - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. 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 Town's water and sewer 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 Town'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.

TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024

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

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

**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.

**TOWN OF BOONTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Pensions** – The Town 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 Town 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.

**Other Post-Employment Benefits (OPEB)** – The Town funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Town is only required to disclose in the Notes to the Financial Statements its actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). 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 Town of Boonton has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Town as assets with an initial, individual cost of \$5,000 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.

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 sewer 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-type 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-type funds as well as in the government-wide financial statements.

**Use of Estimates** - The preparation of financial statements requires management of the Town 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.

**TOWN OF BOONTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**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 Town and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

General and Utility Capital Funds  
Other Trust Funds  
Public Assistance Fund

The Town 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 Town 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 Town can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum. Exceptions to the limitations imposed by the Appropriation CAP also exist for other items including capital expenditures; debt service extraordinary expenses approved by the Local Finance Board; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Additionally, municipalities can bank the unused appropriation increases for use in any of the next two (2) succeeding budget years.

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2025 and 2024, the Town Council increased the original budget by \$515,000 and \$0, respectively. The increases were funded by additional aid allotted to the Town and an emergency appropriation for Tax Reassessment. In addition, the governing body approved several budget transfers during 2025 and 2024.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

The Town 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 Town’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 Town is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee’s salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2025 and 2024, the book value of the Town's deposits were \$21,162,028 and \$21,766,382 and bank and brokerage firm balances of the Town's deposits amounted to \$21,722,804 and \$22,269,266, respectively. The Town'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>2025</u>	<u>2024</u>
Insured	\$ 15,315,791	\$ 16,091,315
Uninsured and Collateralized	<u>6,407,013</u>	<u>6,177,951</u>
	<u>\$ 21,722,804</u>	<u>\$ 22,269,266</u>

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 Town does not have a formal policy for custodial credit risk. As of December 31, 2025 and 2024, the Town’s bank balances of \$2,024,947 and \$1,969,026 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2025</u>	<u>2024</u>
Uninsured and Collateralized		
Collateral held by Borough's Agent in the Town's name	<u>\$ 2,024,947</u>	<u>\$ 1,969,026</u>

Interest earned in the General Capital 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.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

The Town 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 Town or bonds or other obligations of the school districts which are a part of the Town or school districts located within the Town, 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). In addition, the Town is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2025 and 2024 the Town had the following investments which are displayed on the Town’s balance sheet as “cash”:

<u>Investment Type</u>	<u>Valuation Basis</u>	<u>2025</u>	<u>2024</u>
Investment:			
Provident Bank - Money Market	Book Value	\$ 3,288,602	\$ 3,160,043
N.J. Cash Management Fund	Book Value	<u>1,093,464</u>	<u>1,048,882</u>
		<u>\$ 4,382,066</u>	<u>\$ 4,208,925</u>

The Town’s money market accounts are insured and collateralized thru either the FDIC or GUDPA.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Town does not have a policy for custodial credit risk. As of December 31, 2025 and 2024, \$4,382,066 and \$4,208,925 of the Town’s investments were exposed to custodial credit risk as follows:

	<u>Book Value</u>
<u>2025</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Town's name	<u>\$ 4,382,066</u>
	<u>Book Value</u>
<u>2024</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Town's name	<u>\$ 4,208,925</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

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 Town 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.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Town’s investment in a single issuer. The Town places no limit in the amount the Town may invest in any one issuer. More than five (5) percent of the Town’s investments are in the N.J. Cash Management Fund. These investments are 100% of the Town’s total investments

Fair Value of Investments. The Town of Boonton 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 N.J. Cash Management Fund. Since the value is not obtained from a quoted price in an active market the investments held by the Town at December 31, 2025 and 2024 are categorized as Level 2.

Investments classified as Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund and certificates of deposit are valued using broker quotes that utilize observable market inputs. Investments classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices.

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at December 31, 2025 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>
<b><u>2025</u></b>					
Property Taxes	\$ 455,022				\$ 455,022
Tax Title Liens	31,069				31,069
Utility Charges and Fees	<u>-</u>	<u>\$ 261,435</u>	<u>\$ 187,219</u>		<u>448,654</u>
	<u>\$ 486,091</u>	<u>\$ 261,435</u>	<u>\$ 187,219</u>		<u>\$ 934,745</u>

In 2025, the Town collected \$425,981 and \$505,795 from delinquent taxes and utility charges and fees, which represented 93% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2024.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

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

Receivables at December 31, 2024 consisted of the following:

<u>2024</u>	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
Property Taxes	\$ 427,440			\$ 427,440
Tax Title Liens	30,391			30,391
Utility Charges and Fees	<u>-</u>	<u>\$ 331,730</u>	<u>\$ 174,065</u>	<u>505,795</u>
	<u>\$ 457,831</u>	<u>\$ 331,730</u>	<u>\$ 174,065</u>	<u>\$ 963,626</u>

In 2024, the Town collected \$367,424 and \$340,880 from delinquent taxes and utility charges and fees, which represented 92% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2023.

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2025</u>		<u>2024</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:				
Regular	\$ 1,544		\$ 10,193	
Trust Fund:				
Animal Control		\$ 1,544		\$ 4,460
Public Assistance Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,733</u>
 Total	 <u>\$ 1,544</u>	 <u>\$ 1,544</u>	 <u>\$ 10,193</u>	 <u>\$ 10,193</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

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

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**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 December 31,</u>	<u>2025 Authorization</u>	<u>Subsequent Year Budget Appropriation</u>
<u>2025</u>			
Current Fund			
Overexpenditure of Appropriations		\$ 480,000	
Water Utility Operating Fund			
Overexpenditure of Appropriations	\$ 12,304		\$ 12,304
Sewer Operating Utility Fund			
Overexpenditure of Appropriations	<u>20,024</u>	<u>-</u>	<u>20,024</u>
	<u>\$ 32,328</u>	<u>\$ 480,000</u>	<u>\$ 32,328</u>
	<u>Balance December 31,</u>	<u>2024 Authorization</u>	<u>Subsequent Year Budget Appropriation</u>
<u>2024</u>			
Water Utility Operating Fund			
Overexpenditure of Appropriations	\$ 12,304		
Sewer Operating Utility Fund			
Overexpenditure of Appropriations	<u>20,024</u>	<u>-</u>	<u>-</u>
	<u>\$ 32,328</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF BOONTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	<u>2025</u>		<u>2024</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>
<b>Current Fund</b>				
Cash Surplus	\$ 4,499,789	\$ 3,058,000	\$ 4,986,146	\$ 2,653,000
Non-Cash Surplus	<u>913,464</u>	<u>-</u>	<u>273,162</u>	<u>-</u>
	<u>\$ 5,413,253</u>	<u>\$ 3,058,000</u>	<u>\$ 5,259,308</u>	<u>\$ 2,653,000</u>
<b>Water Utility Operating Fund</b>				
Cash Surplus	\$ 3,704,806	\$ 500,000	\$ 2,563,023	\$ 350,000
Non-Cash Surplus	<u>12,304</u>	<u>-</u>	<u>12,304</u>	<u>-</u>
	<u>\$ 3,717,110</u>	<u>\$ 500,000</u>	<u>\$ 2,575,327</u>	<u>\$ 350,000</u>
<b>Sewer Utility Operating Fund</b>				
Cash Surplus	\$ 1,753,537	\$ 625,000	\$ 1,696,010	\$ 350,000
Non-Cash Surplus	<u>20,024</u>	<u>-</u>	<u>20,024</u>	<u>-</u>
	<u>\$ 1,773,561</u>	<u>\$ 625,000</u>	<u>\$ 1,716,034</u>	<u>\$ 350,000</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

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

	Balance December 31, <u>2024</u> (Unaudited)	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2025</u> (Unaudited)
<b><u>2025</u></b>				
Land	\$ 12,430,917			\$ 12,430,917
Buildings and Building Improvements	3,877,165			3,877,165
Machinery and Equipment	<u>8,894,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,894,303</u>
	<u>\$ 25,202,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,202,385</u>

	Balance December 31, <u>2023</u> (Unaudited)	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2024</u> (Unaudited)
<b><u>2024</u></b>				
Land	\$ 12,430,917			\$ 12,430,917
Buildings and Building Improvements	3,877,165			3,877,165
Machinery and Equipment	<u>8,894,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,894,303</u>
	<u>\$ 25,202,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,202,385</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 8 FIXED ASSETS (Continued)**

**B. Utility Funds Fixed Assets**

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

<u>Water Utility Fund</u>	Balance December 31, <u>2024</u>	<u>Increases</u>	Balance, December 31, <u>2025</u>
<u>2025</u>			
System and System Improvements	\$ 17,302,018	\$ -	\$ 17,302,018
	<u>\$ 17,302,018</u>	<u>\$ -</u>	<u>\$ 17,302,018</u>
	Balance December 31, <u>2022</u>	<u>Increases</u>	Balance, December 31, <u>2023</u>
<u>2024</u>			
System and System Improvements	\$ 17,174,435	\$ 127,583	\$ 17,302,018
	<u>\$ 17,174,435</u>	<u>\$ 127,583</u>	<u>\$ 17,302,018</u>
<u>Sewer Utility Fund</u>	Balance December 31, <u>2024</u>	<u>Increases</u>	Balance, December 31, <u>2025</u>
<u>2025</u>			
System and System Improvements	\$ 6,498,625	\$ 22,000	\$ 6,520,625
	<u>\$ 6,498,625</u>	<u>\$ 22,000</u>	<u>\$ 6,520,625</u>
	Balance December 31, <u>2022</u>	<u>Increases</u>	Balance, December 31, <u>2023</u>
<u>2024</u>			
System and System Improvements	\$ 6,443,625	\$ 55,000	\$ 6,498,625
	<u>\$ 6,443,625</u>	<u>\$ 55,000</u>	<u>\$ 6,498,625</u>

**TOWN OF BOONTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 9 MUNICIPAL DEBT**

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Town's debt is summarized as follows:

	<u>2025</u>	<u>2024</u>
Issued		
General		
Bonds and Notes	\$ 9,494,000	\$ 10,054,000
Water Utility		
Bonds, Notes and Loans	2,977,936	3,447,454
Sewer Utility		
Notes and Loans	<u>2,453,095</u>	<u>2,453,095</u>
	14,925,031	15,954,549
Less Funds Temporarily Held to Pay Bonds and Notes	<u>447,962</u>	<u>481,306</u>
Net Debt Issued	14,477,069	15,473,243
Authorized But Not Issued		
General		
Bonds and Notes	4,469,100	1,216,992
Water Utility		
Bonds and Notes	11,077,210	11,077,211
Sewer Utility		
Bonds and Notes	<u>1,156,275</u>	<u>1,156,275</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 31,179,654</u>	<u>\$ 28,923,721</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is in the format of the Town's Annual Debt Statement and indicates a statutory net debt of 0.869% and 0.717% at December 31, 2025 and 2024, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2025</u></b>			
General Debt	\$ 13,963,100	\$ 339,879	\$ 13,623,221
School Debt	11,120,000	11,120,000	-
Utility Debt	<u>17,664,516</u>	<u>17,664,516</u>	<u>-</u>
Total	<u>\$ 42,747,616</u>	<u>\$ 29,124,395</u>	<u>\$ 13,623,221</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2024</u></b>			
General Debt	\$ 11,270,992	\$ 373,241	\$ 10,897,751
School Debt	12,445,000	12,445,000	-
Utility Debt	<u>18,134,035</u>	<u>18,134,035</u>	<u>-</u>
Total	<u>\$ 41,850,027</u>	<u>\$ 30,952,276</u>	<u>\$ 10,897,751</u>

**Statutory Borrowing Power**

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

	<u>2025</u>	<u>2024</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 57,183,203	\$ 53,383,281
Less: Net Debt	<u>13,623,221</u>	<u>10,897,751</u>
Remaining Borrowing Power	<u>\$ 43,559,982</u>	<u>\$ 42,485,530</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

The Town’s long-term debt consisted of the following at December 31:

**General Obligation Bonds**

The Town levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
\$5,213,000 2015 Bonds, due in annual installments of \$498,000 to \$500,000 through November 1, 2029, interest at 2.50% to 2.75%	\$ 1,998,000	\$ 2,498,000
\$6,385,000 2024 General Improvement Bonds, due in annual installments of \$290,000 to \$520,000 through February 15, 2040, interest at 4.00% to 5.00%	<u>6,125,000</u>	<u>6,385,000</u>
Total	<u>\$ 8,123,000</u>	<u>\$ 8,883,000</u>

**Utility Bonds**

The Town pledges revenue from operations to pay debt service on utility bonds issued. The utility bonds outstanding at December 31 are as follows:

**Water Utility**

	<u>2025</u>	<u>2024</u>
\$519,000 2015 Bonds, due in annual installments of \$44,000 to \$45,000 through November 1, 2030, interest at 2.50% to 2.75%	\$ 224,000	\$ 264,000
\$2,215,000 2016 Refunding Bonds, due in annual installments of \$190,000 to \$200,000 through January 15, 2028, interest at 3.00%	585,000	785,000
\$1,020,000, 2024 Utility Bonds, due in annual installments of \$50,000 to \$80,000 through February 15, 2040, interest at 4.00% to 5.00%	<u>975,000</u>	<u>1,020,000</u>
Total	<u>\$ 1,784,000</u>	<u>\$ 2,069,000</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Water Utility Intergovernmental Loans Payable**

The Town has entered into a loan agreement with the State of New Jersey for the financing relating to the acquisition of open space property. The Town pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the water utility at December 31 are as follows:

**Water Utility**

	<u>2025</u>	<u>2024</u>
\$1,242,694 2010 Environmental Infrastructure Trust Loan, due in annual installments of \$62,679 to \$77,680 through September 1, 2030, interest at 5.00%	\$ 378,397	\$ 446,076
\$1,482,142 2012 Environmental Infrastructure Trust Loan, due in annual installments of \$77,567 to \$82,567 through August 1, 2031, interest at 2.00% to 5.00%	490,399	567,965
\$767,479 2014 Environmental Infrastructure Trust Loan, due in annual installments of \$38,637 to \$41,914 through August 1, 2033, interest at 0.19% to 3.30%	<u>325,140</u>	<u>364,413</u>
Total	<u>\$ 1,193,936</u>	<u>\$ 1,378,454</u>

**Sewer Utility**

	<u>2025</u>	<u>2024</u>
\$2,320,095 2024 Environmental Infrastructure Trust Loan, due in annual installments to be determined.	<u>\$ 2,320,095</u>	<u>\$ 2,320,095</u>

The Town's principal and interest for long-term debt issued and outstanding as of December 31, 2025 is as follows:

Calendar Year	General		Water Utility		Total
	Principal	Interest	Principal	Interest	
2026	\$ 790,000	\$ 266,650	\$ 484,769	\$ 66,085	\$ 1,607,504
2027	810,000	251,650	490,044	60,037	1,611,731
2028	830,000	235,650	490,343	54,199	1,610,192
2029	843,000	219,970	300,663	42,431	1,406,064
2030	365,000	188,525	305,007	36,152	894,684
2031-2035	2,500,000	788,000	597,110	126,090	4,011,200
2036-2040	<u>1,985,000</u>	<u>162,100</u>	<u>310,000</u>	<u>25,200</u>	<u>2,482,300</u>
Total	<u>\$ 8,123,000</u>	<u>\$ 2,112,545</u>	<u>\$ 2,977,936</u>	<u>\$ 410,194</u>	<u>\$ 13,623,675</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Changes in Long-Term Municipal Debt**

The Town's long-term capital debt activity for the years ended December 31, 2025 and 2024 were as follows:

	Balance, December 31, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2025</u>	Due Within <u>One Year</u>
<b><u>2025</u></b>					
<b><u>General Capital Fund</u></b>					
Bonds Payable	\$ 8,883,000	\$ -	\$ 760,000	\$ 8,123,000	\$ 790,000
General Capital Fund Long-Term Liabilities	\$ 8,883,000	\$ -	\$ 760,000	\$ 8,123,000	\$ 790,000
<b><u>Water Utility Capital Fund</u></b>					
Bonds Payable	\$ 2,069,000	\$ -	\$ 285,000	\$ 1,784,000	\$ 295,000
Intergovernmental Loans	1,378,454	-	184,518	1,193,936	189,769
Water Utility Capital Fund Long-Term Liabilities	\$ 3,447,454	\$ -	\$ 469,518	\$ 2,977,936	\$ 484,769
<b><u>Sewer Utility Capital Fund</u></b>					
Intergovernmental Loans	\$ 2,320,095	\$ -	\$ -	\$ 2,320,095	\$ -
Sewer Utility Capital Fund Long-Term Liabilities	\$ 2,320,095	\$ -	\$ -	\$ 2,320,095	\$ -
	Balance, December 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<b><u>2024</u></b>					
<b><u>General Capital Fund</u></b>					
Bonds Payable	\$ 2,998,000	\$ 6,385,000	\$ 500,000	\$ 8,883,000	\$ 760,000
General Capital Fund Long-Term Liabilities	\$ 2,998,000	\$ 6,385,000	\$ 500,000	\$ 8,883,000	\$ 760,000
<b><u>Water Utility Capital Fund</u></b>					
Bonds Payable	\$ 1,284,000	\$ 1,020,000	\$ 235,000	\$ 2,069,000	\$ 285,000
Intergovernmental Loans	1,562,743	-	184,289	1,378,454	184,518
Water Utility Capital Fund Long-Term Liabilities	\$ 2,846,743	\$ 1,020,000	\$ 419,289	\$ 3,447,454	\$ 469,518
<b><u>Sewer Utility Capital Fund</u></b>					
Intergovernmental Loans	\$ -	\$ 2,320,095	\$ -	\$ 2,320,095	\$ -
Sewer Utility Capital Fund Long-Term Liabilities	\$ -	\$ 2,320,095	\$ -	\$ 2,320,095	\$ -

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Town’s short-term debt activity for the years ended December 31, 2025 and 2024 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2024</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2025</u>
<b>2025</b>						
<u>General Capital Fund</u>						
Various Capital Improvements	4.50%	6/5/2025	\$ 1,171,000		\$ 1,171,000	
Various Capital Improvements	3.60%	6/4/2026	<u>-</u>	<u>\$ 1,371,000</u>	<u>-</u>	<u>\$ 1,371,000</u>
Total General Capital Fund			<u>\$ 1,171,000</u>	<u>\$ 1,371,000</u>	<u>\$ 1,171,000</u>	<u>\$ 1,371,000</u>
<u>Sewer Utility Capital Fund</u>						
Sanitary Sewer System Upgrades	4.50%	6/5/2025	\$ 133,000		\$ 133,000	
Sanitary Sewer System Upgrades	3.60%	6/4/2026	<u>-</u>	<u>\$ 133,000</u>	<u>-</u>	<u>\$ 133,000</u>
Total Sewer Utility Capital Fund			<u>\$ 133,000</u>	<u>\$ 133,000</u>	<u>\$ 133,000</u>	<u>\$ 133,000</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2023</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2024</u>
<b><u>2024</u></b>						
<u>General Capital Fund</u>						
Various Capital Improvements	4.50%	6/21/2024	\$ 6,644,403		\$ 6,644,403	
Various Capital Improvements	4.50%	6/5/2025	<u>-</u>	<u>\$ 1,171,000</u>	<u>-</u>	<u>\$ 1,171,000</u>
Total General Capital Fund			<u>\$ 6,644,403</u>	<u>\$ 1,171,000</u>	<u>\$ 6,644,403</u>	<u>\$ 1,171,000</u>
<u>Water Utility Capital Fund</u>						
Various Capital Improvements	4.50%	6/21/2024	<u>\$ 1,171,915</u>	<u>\$ -</u>	<u>\$ 1,171,915</u>	<u>\$ -</u>
Total Water Utility Capital Fund			<u>\$ 1,171,915</u>	<u>\$ -</u>	<u>\$ 1,171,915</u>	<u>\$ -</u>
<u>Sewer Utility Capital Fund</u>						
Sanitary Sewer System Upgrades	4.50%	6/21/2024	\$ 133,000		\$ 133,000	
Sanitary Sewer System Upgrades	4.50%	6/5/2025	<u>-</u>	<u>\$ 133,000</u>	<u>-</u>	<u>\$ 133,000</u>
Total Sewer Utility Capital Fund			<u>\$ 133,000</u>	<u>\$ 133,000</u>	<u>\$ 133,000</u>	<u>\$ 133,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general governmental activities are accounted for in the General Capital Fund. The amounts issued for the water and sewer utility activities are accounted for in the Water and Sewer Utility Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2025</u></b>		
Pickleball Courts	\$217,704	2026
<b><u>2024</u></b>		
Sewer System Improvements	\$1,134,094	2025

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Town, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal time, sick leave and compensation time in lieu of overtime 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 \$1,092,465 and \$1,352,789 at December 31, 2025 and 2024, 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, 2025 and 2024, the Town has reserved in the Other Trust Fund \$222,120 and \$516,846, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**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 Town’s changes in other long-term liabilities for the years ended December 31, 2025 and 2024 were as follows:

	Balance, December 31, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2025</u>	Due Within <u>One Year</u>
<b><u>2025</u></b>					
Compensated Absences	\$ 1,352,789	\$ -	\$ 260,324	\$ 1,092,465	
Net Pension Liability - PERS (1)	4,277,798			4,277,798	
Net Pension Liability - PFRS (1)	<u>6,977,274</u>	<u>-</u>	<u>-</u>	<u>6,977,274</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 12,607,861</u>	<u>\$ -</u>	<u>\$ 260,324</u>	<u>\$ 12,347,537</u>	<u>\$ -</u>

- (1) GASB Statement Numbers 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>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<b><u>2024</u></b>					
Compensated Absences	\$ 1,221,980	\$ 130,809		\$ 1,352,789	
Net Pension Liability - PERS	4,690,555		\$ 412,757	4,277,798	
Net Pension Liability - PFRS	<u>7,519,972</u>	<u>-</u>	<u>542,698</u>	<u>6,977,274</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 13,432,507</u>	<u>\$ 130,809</u>	<u>\$ 955,455</u>	<u>\$ 12,607,861</u>	<u>\$ -</u>

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

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Town 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](http://www.state.nj.us/treasury/pensions).

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

The following represents the membership tiers for PFRS:

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

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

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

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

The following represents the membership tiers for PERS:

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

**TOWN OF BOONTON  
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YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 Town 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 PERS 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 PERS 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](http://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.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

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

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

**Collective Net Pension Liability**

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2024 and 2023 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

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

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions (Contributions)**

During the years ended December 31, 2025, 2024 and 2023, the Town, 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:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2025	\$ 934,600	\$ 142,796
2024	907,814	144,400
2023	809,727	148,335

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

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

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

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

**Public Employees Retirement System (PERS)**

At December 31, 2024, the Town reported a liability of \$4,277,798 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Town’s proportionate share of the net pension liability was based on the ratio of the Town’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Town’s proportionate share was 0.03148 percent, which was a decrease of 0.0009 percent from its proportionate share measured as of June 30, 2023 of 0.03238 percent.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the year ended December 31, 2024, the pension system has determined the Town’s pension expense to be \$27,262 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Town’s financial statements of \$142,796. At December 31, 2024, the Town’s deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Town’s financial statements are from the following sources:

	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 85,692	\$ 1,314
Changes of Assumptions	5,314	5,614
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		22,881
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	<u>127,540</u>	<u>200,105</u>
Total	<u>\$ 218,546</u>	<u>\$ 229,914</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2025	\$ (231,747)
2026	273,983
2027	(69,387)
2028	12,781
2029	3,002
Thereafter	<u>-</u>
	<u>\$ (11,368)</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

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

	<u>2024</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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

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

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

***Discount Rate***

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

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Sensitivity of Net Pension Liability*

The following presents the Town’s proportionate share of the PERS net pension liability as of December 31, 2024 calculated using the discount rate of 7.00%, as well as what the Town’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:

<b><u>2024</u></b>	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
Town's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,684,142</u>	<u>\$ 4,277,798</u>	<u>\$ 3,081,007</u>

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

*Pension Plan Fiduciary Net Position*

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

**Police and Firemen’s Retirement System (PFRS)**

At December 31, 2024 the Town reported a liability of \$6,977,274 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town’s proportionate share of the net pension liability was based on the ratio of the Town’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2024, the Town’s proportionate share was 0.06756 percent, which was an increase of 0.00075 percent from its proportionate share measured as of June 30, 2023 of 0.06681 percent.

**TOWN OF BOONTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

For the year ended December 31, 2024, the pension system has determined the Town pension expense to be \$246,586 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Town’s financial statements of \$934,600. At December 31, 2024, the Town’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Town’s financial statements are from the following sources:

	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 439,563	\$ 212,646
Changes of Assumptions	11,030	182,420
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		48,616
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	<u>685,144</u>	<u>722,746</u>
Total	<u>\$ 1,135,737</u>	<u>\$ 1,166,428</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2025	(512,137)
2026	505,473
2027	(48,791)
2028	21,064
2029	5,349
Thereafter	<u>(1,649)</u>
	<u>\$ (30,691)</u>

**TOWN OF BOONTON  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Actuarial Assumptions*

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

	<u>2024</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 Pub-2010 (safety employee) amount-weighted mortality table (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality (sex specific) projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retire amount – weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

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

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Long-Term Expected Rate of Return***

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

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

***Discount Rate***

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

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Sensitivity of Net Pension Liability*

The following presents the Town’s proportionate share of the PFRS net pension liability as of December 31, 2024 calculated using the discount rate of 7.00%, as well as what the Town’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>2024</u>	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
Town's Proportionate Share of the PFRS Net Pension Liability	\$ <u>9,968,972</u>	\$ <u>6,977,274</u>	\$ <u>4,485,845</u>

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

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Town 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 Town 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 Town’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State’s proportionate share is 100% for PFRS under this legislation.

At December 31, 2024, the State’s proportionate share of the net pension liability attributable to the Town for the PFRS special funding situation is \$1,375,555. For the year ended December 31, 2024, the pension system has determined the State’s proportionate share of the pension expense attributable to the Town for the PFRS special funding situation is \$158,247, which is more than the actual contribution the State made on behalf of the Town of \$158,246. At December 31, 2024 (measurement date June 30, 2024) the State’s share of the PFRS net pension liability attributable to the Town was 0.06756 percent, which was an increase of 0.00075 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of 0.0681 percent. The State’s proportionate share attributable to the Town was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported in the Town’s financial statements.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

***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](http://www.state.nj.us/treasury/pensions).

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

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

**Plan Description and Benefits Provided**

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

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

The Plan provides medical and prescription drug to retirees and their covered dependents of the 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](http://www.state.nj.us/treasury/pensions).

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Plan Membership and Contributing Employers**

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Collective Net OPEB Liability**

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

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

**Actuarial Methods and Assumptions**

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

**TOWN OF BOONTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution**

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

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Town's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2025, 2024 and 2023 were \$2,293,598, \$1,880,137 and \$580,184, respectively, which equaled the required contributions for each year (or were not available). In addition, the Town's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2025, 2024 and 2023 was \$102,468, \$94,455 and \$119,857.

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

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

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

The employer allocation percentages presented are based on the ratio of the plan members as an individual employer to the total plan members to the plan during the fiscal years ended June 30, 2024 and 2023. Employer allocation percentages have been rounded for presentation purposes.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At December 31, 2024, the Town reported a liability of \$0, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023. The Town’s proportionate share of the net OPEB liability was based on the ratio of the Town’s proportionate share of the OPEB liability attributable to the Town at June 30, 2024 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2024. As of the measurement date of June 30, 2024 the Town’s proportionate share was 0 percent, which was unchanged from its proportionate share measured as of June 30, 2023 of 0 percent.

For the year ended December 31, 2024, the Plan has determined the Town’s OPEB benefit to be \$91,141, based on the actuarial valuation which is less than the actual contributions reported in the Town’s financial statements of \$2,293,598.

At December 31, 2024, the Town’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Town’s financial statements are from the following sources:

	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 510,831
Changes of Assumptions		500,458
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		1,365
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	\$ 662,826	883,883
Total	<u>\$ 662,826</u>	<u>\$ 1,896,537</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2025	\$ (1,013,617)
2026	(1,013,565)
2027	(915,023)
2028	(238,343)
2029	(113,830)
Thereafter	<u>2,060,667</u>
	<u>\$ (1,233,711)</u>

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

*Actuarial Assumptions*

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

**2024**

Salary Increases\*

PERS:

Rate For All Future Years

2.75% to 6.55%  
Based on Years of Service

PFRS:

Rate For All Future Years

3.25% to 16.25%  
Based on Years of Service

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

*Mortality Rates*

*Pre-retirement healthy mortality*

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

*Post-retirement healthy mortality*

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

*Disabled retiree mortality*

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

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

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

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

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

***Health Care Trends***

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

**Discount Rate**

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

***Special Funding Situation***

Under N.J.S.A. 43:3C-24 the Town 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 Town 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 Town's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

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

At December 31, 2024, the State's proportionate share of the net OPEB liability attributable to the Town for the OPEB special funding situation is \$0. For the year ended December 31, 2024 the plan has determined the State's proportionate share of the OPEB expense attributable to the Town for the OPEB special funding situation is \$0. At December 31, 2024, (measurement date June 30, 2024), the State's share of the OPEB liability attributable to the Town was 0 percent, which was an/a increase/decrease of 0 percent from its proportionate share measured as of December 31, 2023 (measurement date June 30, 2023) of 0 percent. The State's proportionate share attributable to the Town 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.

***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](http://www.state.nj.us/treasury/pensions).

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 14 RISK MANAGEMENT**

The Town 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 Town has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Town should they occur.

The Town of Boonton is a member of the Morris County Municipal Joint Insurance Fund (MJIF). 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 pools. The MJIF coverage amounts are on file with the Town.

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

The funds provide 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 respective 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 Town has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Town 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 Town is billed quarterly for amounts due to the State. The following is a summary of Town contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Town's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Town</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>
2025	\$ -	\$ 9,940	\$ 4,027	\$ 850	\$ 140,620
2024	-	8,697	4,410	5,602	127,503
2023	-	8,985	2,570	21,619	119,998

**NOTE 15 CONTINGENT LIABILITIES**

The Town 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 Town's Attorney, the potential claims against the Town not covered by insurance policies would not materially affect the financial condition of the Town.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2025 and 2024. Amounts claimed have not yet been determined. The Town 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 Town does not recognize a liability, if any, until these cases have been adjudicated. The Town expects such amounts, if any, could be material. As of December 31, 2025 and 2024, the Town reserved \$465,412 and \$486,709, 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 Town 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 Town may be required to reimburse the grantor government. As of December 31, 2025 and 2024, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Town believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

**TOWN OF BOONTON  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

**NOTE 16 TAX ABATEMENTS**

For the years ended December 31, 2025 and 2024, the Town provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the “LTTE Law”), the Five-Year Exemption and Abatement Law (the “FYEA”) and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Town of Boonton Length of Service Award Program (the Plan) was created by a Town ordinance adopted on July 1, 2002 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Town of Boonton approved the adoption of the Plan at the general election held on November 5, 2002.

The first year of eligibility for entrance into the Plan was calendar year 2003. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department, come from contributions made solely by the Town on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Town of Boonton has contributed \$2,091 and \$2,091 for 2025 and 2024, respectively, for each eligible volunteer fire department member into the Plan. The total Town contributions were \$68,000 and \$67,916 for 2025 and 2024, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Town has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Town’s practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**Vesting and Benefits**

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency’s surplus.

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Town perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Town’s Trust Fund.

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

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# HAWKINS

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AARON BONDAR\*  
MOSHIUR RAHMAN†

June 3, 2026

\*ADMITTED IN NY ONLY  
†ADMITTED IN PA ONLY

The Mayor and Town Council  
of the Town of Boonton, in the  
County of Morris, New Jersey

Ladies and Gentlemen:

We have acted as bond counsel to the Mayor and Town Council of the Town of Boonton, a municipal corporation of the State of New Jersey, situate in the County of Morris (the “Town”), and have examined a record of proceedings relating to the issuance by the Town of a Bond Anticipation Note in the denomination of \$4,500,000 (the “Note”). The Note is dated June 3, 2026, matures on June 3, 2027, bears interest at the rate of \_\_\_\_\_ per centum (\_\_\_%) per annum payable at maturity is issued in registered form, is transferable as therein provided, and is issued pursuant to the Local Bond Law of the State of New Jersey, and by virtue of a bond ordinance or ordinances of the Town.

The Note is a temporary obligation issued in anticipation of the issuance of bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the Town delivered in connection with the issuance of the Note which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the Town has certified that, to the extent it is empowered and allowed under applicable law, it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Note is excludable from gross income under Section 103 of the Code. In rendering this opinion, we have assumed that the Town will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

In our opinion, the Note is a valid and legally binding obligation of the Town, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Note is issued but, if not so paid, payable ultimately from ad valorem taxes which may be levied upon all the taxable property within the Town without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Note may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

In our opinion, under existing statutes and court decisions, interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in our opinion, under existing statutes, interest on the Note is not included in gross income under the New Jersey Gross Income Tax Act.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Town other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to the purchaser of the Note.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We have examined the executed Note, and, in our opinion, the form of the Note and its execution are regular and proper.

Very truly yours,