

**BOROUGH OF HO-HO-KUS  
BERGEN COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

BOROUGH OF HO-HO-KUS  
BERGEN COUNTY, NEW JERSEY

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BERGEN COUNTY, NEW JERSEY

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Borough Council  
Borough of Ho-Ho-Kus, New Jersey

We have audited the accompanying comparative financial statements -regulatory basis of the various funds of the Borough of Ho-Ho-Kus (the "Borough"), County of Bergen, State of New Jersey, as of December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements – regulatory basis as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis in accordance with practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements - regulatory basis based on our audit. 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 Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the effects on the financial statements of the requirement that the Borough prepare its financial statements in accordance with the accounting practices on the basis of accounting discussed in Note 1, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2012 and 2011, or the results of its revenues, expenditures and changes in net assets for the years then ended.

## **Opinions on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – regulatory basis of the various funds of the Borough as of December 31, 2012 and 2011, and the results of its operations and changes in net assets of such funds – regulatory basis for the years then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds, for the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as prescribed in Note 1.

## **Other Matters**

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## **Other Information**

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary schedules and schedules of expenditures of federal, state and county financial assistance are presented for purpose of additional analysis and are not required as part of the basic financial statements.

The supplement schedules and schedules of expenditures of federal, state and county financial assistance are the responsibility of management and were derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2013 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA  
Registered Municipal Accountant  
No. 534



Garbarini & Co. P.C. CPA's  
Registered Municipal Accountants

July 31, 2013  
Carlstadt, New Jersey

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

A

	Reference	At December 31,	
		<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	A-4	\$ 2,178,805.57	\$ 1,980,939.77
Cash - Change Fund	A-5	230.00	230.00
		<u>2,179,035.57</u>	<u>1,981,169.77</u>
Receivable and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	A-9	255,703.20	222,194.59
Property Acquired for Taxes - Assessed Valuation	A-11	20,100.00	20,100.00
Revenue Accounts Receivable	A-12	5,866.20	4,242.20
Due from Other Funds:			
Unemployment Compensation Account	B	697.08	697.08
Grant Fund	G	1,469.76	11,153.49
Developers Escrow Fund	B	128.20	148.37
Public Assistance Fund I	E		5.04
Due from Local School	A-6	5,927.59	4,506.15
	Contra	<u>289,892.03</u>	<u>263,046.92</u>
Deferred Charges to Future Taxation:			
Over-Expenditure of Appropriation Reserves	A-13	<u>5,064.15</u>	
<b>TOTAL ASSETS</b>		<u><u>\$ 2,473,991.75</u></u>	<u><u>\$ 2,244,216.69</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

**A**

	Reference	At December 31,	
		<u>2012</u>	<u>2011</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE:</b>			
Liabilities:			
Encumbrance Payable	A-3, A-21	\$ 118,049.08	\$ 52,586.48
Appropriation Reserve	A-3,13	269,782.46	411,867.66
Appropriation Reserve Committed		30,000.00	30,000.00
Prepaid Taxes	A-14	216,653.29	250,943.08
County Taxes Payable	A-17	7,803.48	3,146.80
Reserve for Construction Official Fees	A-20	25,703.32	25,703.32
Tax Overpayments Payable	A-15	9,117.95	15,550.30
Due to Capital Fund	C	18,418.09	25,000.00
Prepaid Municipal Rents	A-4	5,052.52	4,905.35
Prepaid Parking Permits	A-4	26,550.00	24,530.00
Reserve for Tax Appeals Pending	A-16	-	6,751.84
Reserve for DCA Fees - Construction	A-19	8,205.65	9,588.65
Hurricane Floyd Reserve	A-23	175,596.98	175,596.98
Accounts Payable	A-10	60,783.38	28,253.15
Reserve for Codification	A-24	19,077.50	19,077.50
Due to Other Trust Fund	B	2,644.14	2,644.14
Due to Animal License Fund	B	-	636.41
Due to State of NJ - Seniors and Veterans	A-7	1,492.32	1,242.32
Due to COAH	B	-	628.68
Due to State of NJ - Unemployment Assessment Liability	A-25	50,677.97	50,677.97
Due to Library - State Aid	A-22	19,356.00	19,356.00
		<u>1,064,964.13</u>	<u>1,158,686.63</u>
 Reserve for Receivable	 Contra	 289,892.03	 263,046.92
 Fund Balance	 A-1	 <u>1,119,135.59</u>	 <u>822,483.14</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 2,473,991.75</u></u>	<u><u>\$ 2,244,216.69</u></u>

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS**

A-1

	Reference	For the Years Ended December 31,	
<b>REVENUE AND OTHER INCOME REALIZED</b>		<b>2012</b>	<b>2011</b>
Fund Balance Utilized	A-2	\$ 187,000.00	\$ 130,000.00
Miscellaneous Revenue Anticipated	A-2	1,001,236.31	916,428.02
Receipts from Delinquent Taxes	A-2	204,767.30	160,051.67
Receipts from Current Taxes	A-2	21,413,438.74	20,957,185.94
Non-Budget Revenues	A-2	103,951.69	121,857.66
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	247,853.67	136,537.66
Appropriation Balance Canceled	A-3		6,830.97
Payroll Adjustments	A-4	25,095.95	3,865.36
Canceled Tax Overpayments	A-15	654.04	98.42
Interfund Returned		8,415.70	92,437.76
		<hr/>	<hr/>
Total Income		23,192,413.40	22,525,293.46
		<hr/>	<hr/>
<b>EXPENDITURES</b>			
Budget Appropriations	A-3	7,693,116.10	7,455,088.40
General County	A-17	2,738,684.57	2,540,795.95
County- Open Space Preservation	A-17	31,596.72	31,026.43
Due County for Added Taxes	A-17	7,803.48	3,146.80
Local District School Tax	A-18	12,230,721.00	12,054,794.50
Interest Owed on Escrow Funds	A-4		2,295.18
Petty Cash Adjustment	A-8		10.00
Tax Appeals	A-15	6,839.08	
		<hr/>	<hr/>
Total Expenditures		22,708,760.95	22,087,157.26
		<hr/>	<hr/>
Excess in Revenue		483,652.45	438,136.20
Fund Balance January 1	A	822,483.14	514,346.94
		1,306,135.59	952,483.14
Less: Amount of Fund Balance Utilized as Revenue	A-2	187,000.00	130,000.00
Fund Balance December 31	A	<u>\$ 1,119,135.59</u>	<u>\$ 822,483.14</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**STATEMENT OF REVENUES - REGULATORY BASIS**

	Reference	Adopted Budget	Realized	A-2 Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 187,000.00	\$ 187,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages		4,500.00	4,475.00	(25.00)
Fees and Permits		11,400.00	15,782.80	4,382.80
Municipal Court		74,400.00	85,429.67	11,029.67
Interest and Costs on Taxes		43,000.00	43,805.85	805.85
Parking Meters		96,000.00	86,627.46	(9,372.54)
Interest on Investments and Deposits		25,000.00	15,024.41	(9,975.59)
Rent - Municipal Property		156,000.00	169,509.68	13,509.68
Uniform Fire Safety Act		18,000.00	23,023.50	5,023.50
Energy Receipts Tax (P.L. 1998, Chapters 162 & 167)		295,884.00	295,884.08	0.08
Uniform Construction Code Fees		128,000.00	145,747.00	17,747.00
Interlocal - Court Borough of Allendale		28,000.00	30,982.99	2,982.99
Cable Franchise Fees		58,000.00	58,516.35	516.35
Municipal Alliance		10,000.00	10,000.00	0.00
Clean Communities Grant		7,182.00	7,182.00	0.00
Accrued Interest on Bond Sale		1,581.91	1,581.91	0.00
Reserve for:				
Drunk Driving Enforcement Fund		5,513.39	5,513.39	0.00
Alcohol Education and Rehabilitation		647.22	647.22	0.00
Library Aid		1,503.00	1,503.00	0.00
Total Miscellaneous Revenues	Nxt Pg, A-1	964,611.52	1,001,236.31	36,624.79
Receipts from Delinquent Taxes	A-1, A-9	160,000.00	204,767.30	44,767.30
Amount to be Raised for Support of Municipal Budget:				
Local Tax for Municipal Purposes	Nxt Pg, A-9	6,601,504.58	6,624,632.97	23,128.39
Budget Totals	A-3	<u>\$7,913,116.10</u>	8,017,636.58	<u>\$104,520.48</u>
Non-Budget Revenues	A-1, Nxt Pg		<u>103,951.69</u>	
			<u>\$8,121,588.27</u>	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**STATEMENT OF REVENUES - REGULATORY BASIS (Continued)**

ANALYSIS OF REALIZED REVENUES	Reference	A-2
Allocation of Current Tax Collections:		
Revenue from Collections and State Share of Senior Citizens and Veterans Deductions	A-1	21,413,438.74
Allocated to:		
School Taxes	A-18	\$ 12,230,721.00
County Taxes	A-17	<u>2,778,084.77</u>
		<u>15,008,805.77</u>
Balance for Support of Municipal Budget Appropriations		6,404,632.97
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>220,000.00</u>
Amount for Support of Muni. Budget Appropriations	Prev Pg	<u>\$ 6,624,632.97</u>
MISCELLANEOUS REVENUES		
Cash - Collected - Treasurer	A-4	\$947,463.44
Prepaid Rent	A	4,905.35
Prepaid Parking Meters Applied	A	24,530.00
Due from Capital Fund	C-6	1,581.91
Due from Grant Fund - Unnappropriated	G-4	7,663.61
Grant Receivable	G-2	<u>15,092.00</u>
	Prev. Pg. , A-1	<u>\$1,001,236.31</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**STATEMENT OF REVENUES - REGULATORY BASIS (Continued)**

A-2

Reference

Miscellaneous Revenue Not Anticipated

Miscellaneous Reimbursements	\$	120.00
Recycling Revenue		2,503.00
Sewer Billings		59,476.92
Letters, Copies and Lists		37.00
2011 FEMA Reimbursement		23,707.92
Homestead Rebate- Mailing Fee		174.60
Construction Fines		13,300.00
Police Fees		787.25
Administrative Fee - Seniors and Veterans		665.00
Polling Rent		180.00
Real Estate Sign Permits		3,000.00

	Previous	
Total	Page, A-1,4	\$ 103,951.69

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
Administrative and Executive					
Salaries and Wages	\$ 150,000.00	\$ 120,000.00	\$ 117,871.52	\$ 2,128.48	\$
Other Expenses	22,000.00	22,000.00	18,591.06	3,408.94	
Borough Clerk					
Salaries and Wages	54,300.00	54,300.00	54,300.00	-	
Other Expenses	2,100.00	2,100.00	1,501.15	598.85	
Election Costs	8,000.00	8,000.00	4,909.68	3,090.32	
Financial Administration					
Salaries and Wages	50,000.00	46,000.00	43,878.61	2,121.39	
Other Expenses	11,000.00	11,000.00	11,000.00	-	
Audit Services	18,000.00	18,000.00	18,000.00	-	
Assessment of Taxes					
Salaries and Wages	20,200.00	20,200.00	20,120.00	80.00	
Other Expenses	20,250.00	20,250.00	5,803.63	14,446.37	
Collection of Taxes					
Salaries and Wages	62,000.00	62,000.00	61,618.54	381.46	
Other Expenses	4,000.00	4,000.00	3,482.72	517.28	
Legal Services and Costs					
Other Expenses	60,000.00	45,000.00	43,986.15	1,013.85	
Municipal Prosecutor					
Salaries and Wages	10,500.00	10,500.00	10,097.04	402.96	
Engineering Services and Costs					
Other Expenses	2,000.00	5,000.00	5,000.00	-	
Public Buildings and Grounds					
Salaries and Wages	75,000.00	71,300.00	68,342.43	2,957.57	
Other Expenses	49,000.00	52,000.00	51,537.43	462.57	
Planning Board					
Salaries and Wages	25,000.00	20,000.00	18,288.98	1,711.02	
Other Expenses	15,000.00	11,500.00	11,122.84	377.16	
Board of Adjustment					
Salaries and Wages	25,000.00	21,000.00	18,801.03	2,198.97	
Other Expenses	3,500.00	8,000.00	7,731.59	268.41	
Shade Tree Commission					
Salaries and Wages	700.00	700.00	400.00	300.00	
Other Expenses	10,000.00	10,000.00	10,000.00	-	
Insurance					
Employee Group Health	625,000.00	625,000.00	624,528.32	471.68	
General Liability	169,075.00	169,075.00	160,680.69	8,394.31	

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See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED		Uncancelled/ Balance (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved		
<b>OPERATIONS-WITHIN "CAPS" - Continued</b>						
<b>PUBLIC SAFETY</b>						
Fire - Other Expenses	\$ 22,000.00	\$ 22,000.00	\$ 21,500.00	\$ 500.00	\$ -	
Fire Hydrant	21,000.00	21,000.00	11,601.82	9,398.18		
Miscellaneous and Other Expenses						
Police	2,041,140.00	2,096,140.00	2,091,133.87	5,006.13		
Salaries and Wages	65,000.00	70,000.00	67,547.35	2,452.65		
Other Expenses						
Police Cars						
Parking Meter Maintenance	7,000.00	7,000.00	1,000.34	5,999.66		
Other Expenses	8,000.00	8,000.00	7,658.96	341.04		
Aid to Volunteer Ambulance Corps.						
Zoning official:						
Salaries and Wages	20,000.00	20,000.00	17,754.50	2,245.50		
Other Expenses	500.00	500.00	115.79	384.21		
Public Defender						
Other Expenses	1,200.00	1,200.00	900.00	300.00		
PEOSHA						
Other Expenses	11,000.00	11,000.00	10,944.57	55.43		
Uniform Fire Safety Act Chapter 385-83						
Fire Prevention Code Official	10,000.00	10,000.00	10,000.00	-		
Salaries and Wages	1,000.00	1,200.00	1,144.28	55.72		
Other Expenses						
Emergency Management Services						
Salaries and Wages	4,300.00	4,300.00	4,180.00	120.00		
Other Expenses	8,000.00	8,000.00	7,981.15	18.85		
<b>STREETS AND ROADS</b>						
Road Repairs and Maintenance						
Salaries and Wages	451,000.00	451,000.00	451,000.00	-		
Other Expenses	40,000.00	40,000.00	38,259.46	1,740.54		
Street Lighting and Traffic Lights	40,000.00	50,000.00	45,206.52	4,793.48		
<b>HEALTH AND WELFARE</b>						
Board of Health						
Salaries and Wages	16,500.00	16,500.00	16,200.92	299.08		
Other Expenses	14,000.00	14,000.00	10,170.44	3,829.56		
Chief Construction Official						
Salaries and Wages	78,000.00	93,500.00	92,782.36	717.64		
Other Expenses	20,000.00	20,000.00	18,231.18	1,768.82		

See independent auditor's report and the notes to the financial statements. (Continued - Next Page)

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Cancelled/ (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>OPERATIONS-WITHIN "CAPS" - Continued</b>					
<b>MUNICIPAL COURT</b>					
Salaries and Wages	\$ 50,000.00	\$ 45,000.00	\$ 44,325.08	\$ 674.92	\$ -
Other Expenses	23,500.00	23,500.00	22,750.50	763.50	-
<b>UNCLASSIFIED</b>					
Recreation					
Salaries and Wages	27,000.00	27,000.00	26,768.40	231.60	
Other Expenses	23,000.00	23,000.00	9,756.67	13,243.33	
Utilities	85,000.00	85,000.00	84,234.87	765.13	
Recycling Expense					
Salaries and Wages	67,500.00	61,500.00	51,615.56	9,884.44	
Other Expenses	35,000.00	15,000.00	13,775.85	1,224.15	
Reserve for Tax Appeals	10,000.00	10,000.00	2,764.00	7,236.00	
Vehicle Maintenance	130,000.00	130,000.00	128,687.42	1,312.58	
Total Operations (Item 8(A)) Within "CAPS"	4,822,265.00	4,822,265.00	4,701,571.27	120,693.73	-
<b>CONTINGENT</b>					
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 4,822,265.00	\$ 4,822,265.00	\$ 4,701,571.27	\$ 120,693.73	\$ -
Detail:					
Salaries and Wages	\$ 3,238,140.00	\$ 3,250,940.00	\$ 3,219,478.84	\$ 31,461.16	\$ -
Other Expenses	1,584,125.00	1,571,325.00	1,482,092.43	89,232.57	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</b>					
Deferred Charges:					
Overexpenditures of Grants	157.99	157.99	157.99	-	-
Statutory Expenditures: Contribution to:					
PERS	174,000.00	174,000.00	152,110.00	21,890.00	
PFRS	443,000.00	443,000.00	442,345.00	655.00	
Social Security System (O.A.S.I.)	130,000.00	130,000.00	126,068.86	3,931.14	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	747,157.99	747,157.99	720,681.85	26,476.14	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 5,569,422.99	\$ 5,569,422.99	\$ 5,422,253.12	\$ 147,169.87	\$ -

(Continued - Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Cancelled/ (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
Sewer Authority Share of Costs	\$ 752,305.00	\$ 752,305.00	\$ 704,157.00	\$ 48,148.00	\$ -
Maintenance of Free Public Library: (Chapter. 82 & 541, P.L. 1985)	419,234.00	419,234.00	406,269.41	12,964.59	-
Insurance (N.J.S.A. 40A-4-45.3(00)) Employee Group Health	66,000.00	66,000.00	4,500.00	61,500.00	-
Volunteer Incentive Program	6,000.00	6,000.00	6,000.00	-	-
Storm Water Management					
PFRS					
PERS					
<b>Interlocal Municipal Service Agreements</b>					
Municipal Court	20,000.00	20,000.00	20,000.00	-	-
Salaries and Wages	6,500.00	6,500.00	6,500.00	-	-
Other Expenses					
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFF-SET BY REVENUES</b>					
Matching Funds for Grants - Other Expenses	2,000.00	2,000.00	2,000.00	-	-
Municipal Alliance Grant	10,000.00	10,000.00	10,000.00	-	-
Municipal Alliance - Matching Funds	2,500.00	2,500.00	2,500.00	-	-
Clean Communities Program	7,182.00	7,182.00	7,182.00	-	-
Grant Reserves					
Dunk Driving Enforcement Fund	5,513.39	5,513.39	5,513.39	-	-
Alcohol Education & Rehabilitation Fund	647.22	647.22	647.22	-	-
Bergen County Recycling Grant					
Library Aid	1,503.00	1,503.00	1,503.00	-	-
<b>TOTAL OPERATIONS</b>	<b>\$ 1,299,384.61</b>	<b>\$ 1,299,384.61</b>	<b>\$ 1,176,772.02</b>	<b>\$ 122,612.59</b>	<b>\$ -</b>
<b>- EXCLUDED FROM "CAPS"</b>					
Detail:					
Salaries and Wages	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -
Other Expenses	1,279,384.61	1,279,384.61	1,156,772.02	122,612.59	-

(Continued - Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Carried/ (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>OPERATIONS EXCLUDED FROM "CAPS" - Continued</b>					
Capital Improvement Fund	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -
<b>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</b>	<b>\$ 20,000.00</b>	<b>\$ 20,000.00</b>	<b>\$ 20,000.00</b>	<b>\$ -</b>	<b>\$ -</b>
<b>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	\$ 715,000.00	\$ 715,000.00	\$ 715,000.00	\$ -	\$ -
Payment of Bond Anticipation Notes and Capital Notes	89,308.50	89,308.50	89,308.50	-	-
Interest on Bonds	-	-	-	-	-
Interest on Notes	-	-	-	-	-
<b>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</b>	<b>\$ 804,308.50</b>	<b>\$ 804,308.50</b>	<b>\$ 804,308.50</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DEFERRED CHARGES:</b>					
Special Emergency Authorizations - 5 Years (N.J.S.40A:4-55)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL MUNICIPAL DEFERRED CHARGES EXCLUDED FROM "CAPS"</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES-EXCLUDED FROM "CAPS"</b>	<b>\$ 2,123,693.11</b>	<b>\$ 2,123,693.11</b>	<b>\$ 2,091,080.52</b>	<b>\$ 122,612.59</b>	<b>\$ -</b>
Sub-Total General Appropriations	\$ 7,693,116.10	\$ 7,693,116.10	\$ 7,423,333.64	\$ 269,782.46	\$ -
Reserve for Uncollected Taxes	220,000.00	220,000.00	220,000.00	-	-
Total General Appropriations	\$ 7,913,116.10	\$ 7,913,116.10	\$ 7,643,333.64	\$ 269,782.46	\$ -
Budget Adopted	Reference A-2	Below \$ 7,913,116.10	Below \$ 7,643,333.64	A	A-1
Encumbrance Payable	A-21	\$ 118,049.08	\$ 118,049.08	-	-
Reserve for Uncollected Taxes	A-2	220,000.00	220,000.00	-	-
Deferred Charge - Grant Fund	G-5	157.99	(371,426.55)	-	-
Budget Offsets	A-4	7,639,371.12	20,000.00	-	-
Disbursements	A-4	-	17,182.00	-	-
Due to Capital Fund - Capital Improvement Fund	C-6	-	-	-	-
Due to Grant Fund - Unexpended Current Year Grants	G-5	-	-	-	-
	Above	<b>\$ 7,643,333.64</b>	<b>\$ 7,643,333.64</b>	<b>\$ -</b>	<b>\$ -</b>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
TRUST FUND  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

B

	<u>Reference</u>	<u>At December 31,</u>	
		<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>			
<u>Animal License Fund</u>			
Cash and Cash Equivalents	B-1	\$ 2,597.21	\$ 1,409.60
Due from Current Fund	A, B-4		636.41
		<u>2,597.21</u>	<u>2,046.01</u>
<u>Other Trust Fund</u>			
Cash and Cash Equivalents	B-1	501,877.23	632,028.98
Due from Current Fund	B-4	2,644.14	2,644.14
Deferred Charges- Overexpenditure	B-6	72.25	
		<u>504,593.62</u>	<u>634,673.12</u>
<u>Developers Escrow Fund</u>			
Cash and Cash Equivalents	B-1	<u>132,988.72</u>	<u>132,751.92</u>
<u>COAH Fund</u>			
Cash and Cash Equivalents	B-1	167,972.58	169,281.05
Due from Current Fund	A, B-4		628.68
		<u>167,972.58</u>	<u>169,909.73</u>
<u>Unemployment Compensation Fund</u>			
Cash and Cash Equivalents	B-1	697.08	697.08
		<u>697.08</u>	<u>697.08</u>
<u>Recreation Fund</u>			
Cash and Cash Equivalents	B-1	<u>43,302.27</u>	<u>43,218.96</u>
<b>TOTAL ASSETS</b>		<b>\$ 852,151.48</b>	<b>\$ 983,296.82</b>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
TRUST FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

B

		<u>At December 31,</u>	
		<u>2012</u>	<u>2011</u>
	<u>Reference</u>		
<b><u>LIABILITIES, RESERVES AND SURPLUS</u></b>			
<u>Animal License Fund</u>			
Due to State of NJ	B-8	\$ 7.20	\$ 6.00
Reserve for Animal Fund Expenditures	B-2	2,590.01	2,040.01
		<u>2,597.21</u>	<u>2,046.01</u>
<u>Other Trust Fund</u>			
Security Deposits	B-5	278,657.10	345,903.34
Trust Reserves	B-6	225,908.52	288,716.78
Due to State of New Jersey	B-3	28.00	53.00
		<u>504,593.62</u>	<u>634,673.12</u>
<u>Developers Escrow Fund</u>			
Escrow Reserves	B-7	132,860.52	132,603.55
Due to Current Fund	A,B-4	128.20	148.37
		<u>132,988.72</u>	<u>132,751.92</u>
<u>COAH Fund</u>			
COAH Development Fees	B-10	167,972.58	169,909.73
<u>Unemployment Fund</u>			
Due to Current Fund	A,B-4	697.08	697.08
		<u>697.08</u>	<u>697.08</u>
<u>Recreation Fund</u>			
Reserve for Recreation	B-9	43,302.27	43,218.96
		<u>43,302.27</u>	<u>43,218.96</u>
<b>TOTAL LIABILITIES, RESERVES AND SURPLUS</b>		<u>\$ 852,151.48</u>	<u>\$ 983,296.82</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
GENERAL CAPITAL FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

		C	
		At December 31,	
		2012	2011
<b>ASSETS</b>	Reference		
Cash and Cash Equivalents :			
Cash	C-2	\$ 541,391.75	\$ 494,881.17
Deferred Charges to Future Taxation:			
Funded	C-11	3,538,000.00	4,253,000.00
Unfunded	C-3	61,900.00	211,900.00
Due from Water Utility Capital	C-2, D	-	68.00
Due from Current Fund	A, C-6	18,418.09	25,000.00
Grant Receivable	C-7	240,952.10	472,202.10
<b>TOTAL ASSETS</b>		<u>\$ 4,400,661.94</u>	<u>\$ 5,457,051.27</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-11	\$ 3,538,000.00	\$ 4,253,000.00
Improvement Authorizations:			
Funded	C-5	477,727.00	595,469.61
Unfunded	C-5	61,900.00	211,900.00
Encumbrances Payable	C-9	38,756.24	30,753.05
Capital Improvement Fund	C-4	21,303.39	1,303.39
Reserve for Grants Receivable	C-8	185,953.00	335,953.00
Due to Water Utility Trust	C-2,D	-	68.00
Accrued Interest on Bonds	C-2	-	1,581.91
Reserve for Payment of Bonds	C-12	50,000.00	
Fund Balance	C-1	27,022.31	27,022.31
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 4,400,661.94</u>	<u>\$ 5,457,051.27</u>

There were bonds and notes authorized but not issued  
of \$61,900 on December 31, 2012 (C-13).

**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

		C-1
		Reference
Balance December 31, 2011	C	\$ 27,022.31
Balance December 31, 2012	C	<u>\$ 27,022.31</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
WATER UTILITY FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

**D**

ASSETS	Reference	December 31 ,	
		2012	2011
Operating Fund:			
Cash	D-5	\$ 550,838.80	\$ 423,961.60
Deferred Charge - Overexpenditure of Appropriation	D-4		841.70
Receivable with Full Reserves:			
Consumer Accounts Receivable	D-6	148,765.10	131,850.40
Due from General Capital	C		68.00
Total Operating Fund		699,603.90	556,721.70
Capital Fund:			
Cash	D-5	169,194.34	453,714.57
Fixed Capital	D-7	5,113,489.52	4,702,812.24
Fixed Capital: Authorized and Uncompleted	D-14	132,765.12	543,442.40
Deferred Charges- Overexpenditure of Capital Ordinance	D-13	18,890.18	
Total Capital Fund		5,434,339.16	5,699,969.21
<b>TOTAL ASSETS</b>		<b>\$ 6,133,943.06</b>	<b>\$ 6,256,690.91</b>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Operating Fund:			
Liabilities			
Appropriation Reserve	D-4,9	\$ 83,507.19	\$ 31,614.59
Encumbrance Payable	D-4,9	38,786.80	19,591.74
Storm Damage Reserve		130,000.00	130,000.00
Water Rent Overpayment	D-18	2,018.93	1,261.08
Accrued Interest on Bonds	D-19	16,221.97	18,047.72
Due to Solid Waste	E, D-4	1,034.00	
Reserve for Receivable	D-6	148,765.10	131,850.40
Fund Balance	D-1	279,269.91	224,356.17
Total Operating Fund		699,603.90	556,721.70
Capital Fund:			
Bonds Payable	D-17	1,197,000.00	1,357,000.00
Due to General Capital Fund	C		68.00
Encumbrance Payable	D-15	6,157.87	
Improvement Authorizations:			
Funded	D-10	132,765.12	404,485.04
Unfunded	D-10		-
Capital Improvement Fund	D-11	44,536.85	44,536.85
Reserve for Amortization	D-12	4,014,386.64	3,854,386.64
Reserve for Deferred Amortization	D-16	31,550.00	31,550.00
Fund Balance	D-2	7,942.68	7,942.68
Total Capital Fund		5,434,339.16	5,699,969.21
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b>\$ 6,133,943.06</b>	<b>\$ 6,256,690.91</b>

There were no bonds and notes authorized but not issued on December 31, 2011 and December 31, 2012

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
WATER UTILITY FUND

**COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE - OPERATING  
(REGULATORY BASIS)**

D-1

		<u>For the Years Ended December 31:</u>	
		<u>2012</u>	<u>2011</u>
	<b>Reference</b>		
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Rents	D-3	\$ 840,422.30	\$ 836,454.48
Fire Hydrant Service	D-3	21,500.00	21,500.00
Miscellaneous Income	D-3	28,030.63	
Interest Income	D-5	2,660.68	6,579.93
Other Credits to Income:			
Appropriation Canceled	D-4	1,826.25	699.08
Unexpended Balance of Appropriation Reserves	D-9	16,473.88	6,016.29
		<hr/>	<hr/>
Total Income		910,913.74	871,249.78
		<hr/>	<hr/>
<b>EXPENDITURES</b>			
Operating	D-4	577,332.55	547,721.58
Capital Improvements	D-4	50,121.50	90,000.00
Debt Service	D-4	202,704.25	165,718.00
Deferred Charges	D-4	841.70	7,560.42
Statutory Expenditures	D-4	25,000.00	
Total Expenditures	D-4	<hr/>	<hr/>
		856,000.00	811,000.00
		<hr/>	<hr/>
<b>EXCESS / (DEFICIT) IN REVENUES</b>		54,913.74	60,249.78
		<hr/>	<hr/>
Fund Balance - Operating - January 1	D	224,356.17	164,106.39
		<hr/>	<hr/>
		279,269.91	224,356.17
		<hr/>	<hr/>
<b>FUND BALANCE-OPERATING-DECEMBER 31</b>	D	<u>\$ 279,269.91</u>	<u>\$ 224,356.17</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
WATER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

D-2

	Reference	
Balance December 31, 2011	D	<u>\$ 7,942.68</u>
Balance December 31, 2012	D	<u>\$ 7,942.68</u>

**STATEMENT OF REVENUES - REGULATORY BASIS**

D-3

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Rents	\$ 835,000.00	\$ 840,422.30	\$ 5,422.30
Fire Hydrant Service	21,000.00	21,500.00	500.00
Miscellaneous		28,030.63	28,030.63
<b>TOTAL</b>	<u>\$ 856,000.00</u>	<u>\$ 889,952.93</u>	<u>\$ 33,952.93</u>

Reference      D-4                                      D-1,Below

Analysis of Revenue

	Reference	
Cash Receipts	Below	\$ 888,691.85
Overpayments Applied	D-6	1,261.08
<b>TOTAL</b>	Above	<u>\$ 889,952.93</u>

Collections - Accounts Receivables	D-6	\$ 870,885.42
Other Miscellaneous	-	17,806.43
	Above	<u>\$ 888,691.85</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 WATER UTILITY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

D-4

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Lapsed</u>
<b>Operating:</b>					
Salaries and Wages	\$ 250,000.00	\$ 250,000.00	\$ 195,528.41	\$ 54,471.59	\$ -
Other Expenses	297,332.55	297,332.55	278,514.94	18,817.61	
Group Health Insurance	30,000.00	30,000.00	20,000.00	10,000.00	
Total Operating	<u>577,332.55</u>	<u>577,332.55</u>	<u>494,043.35</u>	<u>83,289.20</u>	<u>-</u>
<b>Capital Improvements:</b>					
Capital Outlay	50,121.50	50,121.50	49,903.51	217.99	
Total Capital Improvements	<u>50,121.50</u>	<u>50,121.50</u>	<u>49,903.51</u>	<u>217.99</u>	<u>-</u>
<b>Debt Service:</b>					
Payment of Bond Principal	160,000.00	160,000.00	160,000.00		-
Interest on Bonds	42,704.25	42,704.25	40,878.00		1,826.25
Total Debt Service	<u>202,704.25</u>	<u>202,704.25</u>	<u>200,878.00</u>	<u>-</u>	<u>1,826.25</u>
<b>Deferred Charges:</b>					
Overexpenditure Appropriation	841.70	841.70	841.70		-
Total Deferred Charges	<u>841.70</u>	<u>841.70</u>	<u>841.70</u>	<u>-</u>	<u>-</u>
<b>Statutory Expenditures:</b>					
PERS	15,000.00	15,000.00	15,000.00		
Social Security System	10,000.00	10,000.00	10,000.00		
Total Statutory Expenditures	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>
<b>TOTAL WATER UTILITY APPROPRIATIONS</b>	<u>\$ 856,000.00</u>	<u>\$ 856,000.00</u>	<u>\$ 770,666.56</u>	<u>\$ 83,507.19</u>	<u>\$ 1,826.25</u>
	Reference D-1,3	D-1,3	Below	D	D-1
<b>Disbursements</b>	<b>Reference</b>				
Decrease in Accrued Interest on Bonds and BAN's	D-5		\$ 731,829.81		
Encumbrances Payable	D-19		(1,825.75)		
Due to Solid Waste Fund	D		38,786.80		
Deferred Charges	D		1,034.00		
	D		841.70		
	Above		<u>\$ 770,666.56</u>		

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
PUBLIC ASSISTANCE FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

E

		<b>At December 31,</b>	
<b>P.A.T.F. #1</b>	Reference	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>ASSETS</b>			
Cash	E-1	\$ 6,013.58	\$ 6,018.62
		<b>\$ 6,013.58</b>	<b>\$ 6,018.62</b>
<b>TOTAL ASSETS</b>		<b>\$ 6,013.58</b>	<b>\$ 6,018.62</b>
 <b>LIABILITIES AND RESERVES</b>			
Due to Current Fund	A, E-5		\$ 5.04
Reserve for Public Assistance	E-4	6,013.58	6,013.58
<b>TOTAL LIABILITIES AND RESERVES</b>		<b>\$ 6,013.58</b>	<b>\$ 6,018.62</b>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
GENERAL FIXED ASSETS ACCOUNTS GROUP  
AT DECEMBER 31, 2012

**COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS**  
**GROUP OF ACCOUNTS - REGULATORY BASIS**

**F**

	<u>2012</u>	<u>2011</u>
General Fixed Assets		
Land (as per assessed valuation)	\$ 13,402,800.00	\$ 13,402,800.00
Buildings (as per assessed valuation)	4,085,900.00	4,085,900.00
Machinery and Equipment	<u>5,288,328.00</u>	<u>5,109,508.09</u>
Total General Fixed Assets	<u>\$ 22,777,028.00</u>	<u>\$ 22,598,208.09</u>
Investment in General Fixed Assets	<u>\$ 22,777,028.00</u>	<u>\$ 22,598,208.09</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
GRANT FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

**G**

				<u>At December 31,</u>		
		<u>Reference</u>	<u>2012</u>	<u>2011</u>		
<b>ASSETS</b>						
Cash	G-1		\$ 51,824.01	\$ 62,640.05		
Grants Receivable	G-2		36,099.38	28,064.10		
Over-Expenditure of Grant Reserves	G-5		501.97	157.99		
<b>TOTAL ASSETS</b>			<u>\$ 88,425.36</u>	<u>\$ 90,862.14</u>		
 <b>LIABILITIES</b>						
Unappropriated Reserves	G-4		\$ 10,140.39	\$ 7,663.61		
Appropriated Reserves	G-5		76,815.21	72,045.04		
Due to Current Fund	A,G-3		1,469.76	11,153.49		
<b>TOTAL LIABILITIES</b>			<u>\$ 88,425.36</u>	<u>\$ 90,862.14</u>		

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
SOLID WASTE UTILITY FUND

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

H

	<u>Reference</u>	<u>At December 31</u>	
		<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	H-4	\$ 792,299.95	\$ 769,034.22
Consumer Accounts Receivable	H-5	40,393.11	25,153.10
Due From Water Operating Fund	D, H-8	1,034.00	-
Deferred Charges- Deficit in Operations	H-1	13,681.48	
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>\$ 847,408.54</b>	<b>\$ 794,187.32</b>
		<hr/> <hr/>	<hr/> <hr/>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Encumbrance Payable	H-3,H-6A	\$ 67,110.75	\$ 37,083.33
Appropriations Reserves	H-3,6	103,032.61	12,284.97
Prepaid Utilities	H-4	91,539.94	79,892.43
Utility Rents Overpaid	H-7	89.39	30.75
Appropriations Reserve Committed		46,166.66	46,166.66
		<hr/>	<hr/>
		307,939.35	175,458.14
		<hr/>	<hr/>
Reserve for Receivable	H-5	40,393.11	25,153.10
Fund Balance	H-1	499,076.08	593,576.08
		<hr/>	<hr/>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b>\$ 847,408.54</b>	<b>\$ 794,187.32</b>
		<hr/> <hr/>	<hr/> <hr/>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
SOLID WASTE UTILITY FUND

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE  
- REGULATORY BASIS**

H-1

	<u>Reference</u>	<u>For the Years Ended</u>	
		<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
		<b>REVENUE AND OTHER INCOME REALIZED</b>	
Operating Surplus	H-2	\$ 94,500.00	\$ -
Fees	H-2	764,159.39	784,428.00
Interest Income	H-2	2,885.06	3,959.93
Delinquent Interest	H-2,4	3,089.10	3,012.96
Appropriation Reserve Canceled	H-6	6,684.97	231,741.18
Total Income		871,318.52	1,023,142.07
<b>EXPENDITURES</b>			
Operating	H-3	785,000.00	767,000.00
Capital Improvements	H-3	100,000.00	
Statutory Expenditures	H-3	-	13,000.00
Total Expenditures	H-3	885,000.00	780,000.00
<b>EXCESS (DEFICIT) IN REVENUES</b>		(13,681.48)	243,142.07
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year			
Deficit - Current Year	H	13,681.48	-
		(0.00)	243,142.07
Fund Balance - Operating - January 1	H	593,576.08	350,434.01
		593,576.08	593,576.08
Surplus Utilized	H-2	94,500.00	-
<b>FUND BALANCE - OPERATING - DECEMBER 31</b>	H	<b>\$ 499,076.08</b>	<b>\$ 593,576.08</b>

BOROUGH OF HO-HO-KUS, NJ  
SOLID WASTE UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**STATEMENT OF REVENUE - REGULATORY BASIS**

**H-2**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	\$ 94,500.00	\$ 94,500.00	\$ -
Solid Waste Fees	784,000.00	764,159.39	(19,840.61)
Interest on Investments	6,500.00	2,885.06	(3,614.94)
Delinquent Interest		3,089.10	3,089.10
	<u>\$ 885,000.00</u>	<u>\$ 864,633.55</u>	<u>\$ (20,366.45)</u>
	H-3	H-1, Below	

	<u>Reference</u>	
Surplus Anticipated	H-1	94,500.00
Receipts	H-4	684,236.21
Delinquent Interest	H-4	3,089.10
Interest Income	H-4	2,885.06
Prepaid Applied	H	79,892.43
Overpayment Applied	H-7	30.75
	Above	<u>\$ 864,633.55</u>

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**H-3**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	
			<u>Paid or Charged</u>	<u>Reserved</u>
Operating				
Salaries & Wages	\$ 150,000.00	\$ 180,000.00	\$ 149,961.94	\$ 30,038.06
Other Expenses	635,000.00	605,000.00	580,231.08	24,768.92
	<u>785,000.00</u>	<u>785,000.00</u>	<u>730,193.02</u>	<u>54,806.98</u>
Capital Improvements				
Capital Outlay	100,000.00	100,000.00	51,774.37	48,225.63
	<u>100,000.00</u>	<u>100,000.00</u>	<u>51,774.37</u>	<u>48,225.63</u>
Total Solid Waste Utility Appropriations	<u>\$ 885,000.00</u>	<u>\$ 885,000.00</u>	<u>\$ 781,967.39</u>	<u>\$ 103,032.61</u>
Reference	H-2	H-2	Below	H
		<u>Reference</u>		
Encumbrances		H-6A	\$ 67,110.75	
Disbursements		H-4	714,856.64	
		Above	<u>\$ 781,967.39</u>	

See independent auditor's report and the notes to the financial statements.

**BOROUGH OF HO-HO-KUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

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

**A. Reporting Entity**

The Borough operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14, which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not issue financial statements in accordance with GAAP, and thus, do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers, or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Volunteer Fire Department, Volunteer Ambulance Squad or Public Library which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**B. Fund Accounting**

Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions and activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds. The Borough has the following funds and account group:

*Current Fund* - Resources and expenditures for governmental operations of a general nature.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies (Continued)**

***B. Fund Accounting (Continued)***

*Trust Fund* - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The Division of Local Government Services regulates the accounting for these funds.

*General Capital Fund* - receipt and disbursement of funds for the acquisition of general capital facilities other than those acquired in the Current Fund.

*Water Utility Fund* – revenues and expenditures for the operation of the Borough’s water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities for the water utility are accounted for in the capital section of the fund.

*Public Assistance Fund* - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

*General Fixed Assets* - used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or insurable cost if the actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

*Grant Fund* - receipt and disbursement of funds from Federal, State, and County Grants.

*Solid Waste Utility Fund* - receipt and disbursement of funds for solid waste operations.

***C. Basis of Accounting***

A modified accrual basis of accounting is followed by the Borough. Under this method of accounting, revenues, except for State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local government units. The more significant differences are as follows:

*Property Tax Revenues* – 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. 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 June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough.

See independent auditor’s report.

**BOROUGH OF HO-HO-KUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies (Continued)**

*C. Basis of Accounting (Continued)*

*Property Tax Revenues (Continued)*

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 tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes 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, reduced by an allowance for doubtful accounts.

*Miscellaneous Revenues* - 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 statement of financial position of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

*Grant Revenues* - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund, are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

*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 for the Current Fund and Swimming Pool Utility Fund.

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

Trust Funds  
General Capital Fund  
Public Assistance Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. 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 2012 and 2011, the Mayor and Council approved several budget transfers.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies (Continued)**

*C. Basis of Accounting (Continued)*

*Expenditures* - Expenditures are recorded in 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 canceled by the governing body. Except for unmaturing interest on general long-term debt which should be recognized when due, GAAP requires expenditures, if measurable, to be recognized in the accounting period in which the fund liability is incurred.

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

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

*Compensated Absences* - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

*Property Acquired for Taxes* - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

*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.

*Inventories* - The cost 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 statement of financial position.

*Cash and Investments* - Cash includes amounts in demand deposits, as well as short-term investments, with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1(a).

See independent auditor's report.

**BOROUGH OF HO-HO-KUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies (Continued)**

*C. Basis of Accounting (Continued)*

*Deferred Charges to Future Taxation Funded and Unfunded* – Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

*General Fixed Assets* – **N.J.A.C. 5:30-5.6 accounting for governmental fixed assets** continues the requirement that all local units shall have and maintain a fixed assets accounting and reporting system that differs in certain respects from GAAP. The fixed assets accounting and reporting system shall establish and maintain a physical inventory of fixed assets of non-expendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular 87, Cost Principals for State, Local and Indian Governments and shall place a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The fixed assets accounting and reporting system shall also have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets and such ledger shall be maintained and reconciled periodically and at the end of every fiscal year with the general ledger control accounts for fixed assets. The system shall also provide property management standards for fixed assets that ensures that property records are maintained accurately, to reflect a description and source of the property, its ownership, the acquisition cost and date, the percentage of Federal participation in the acquisition, and the location, use and condition of the property. Property management standards for fixed assets shall also ensure that periodic physical inventories are taken and reconciled with property records, that a control system is provided with adequate safeguards against loss, damage, or theft of property and that property is adequately maintained to keep the property in good condition. A Statement of General Fixed Assets shall be in every annual audit report.

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

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

See independent auditor's report.

**BOROUGH OF HO-HO-KUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**1. Summary of Significant Accounting Policies (Continued)**

***D. Basic Financial Statements***

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

**2. Cash and Cash Equivalents**

***Custodial Credit Risk – Deposits.*** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2011, \$0 of the Borough's bank balance of \$5,356,862.44 was exposed to custodial credit risk.

**3. Investments**

***Interest Rate Risk.*** The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A: 5-15.1(a) limits the length of time for most investments to 397 days.

***Credit Risk.*** New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

***Concentration of Credit Risk.*** The Borough places no limit on the amount the Borough may invest in any one issuer. As of December 31, 2012 and 2011, the Borough had no investments.

**4. Property Taxes Receivable, Tax Title Liens**

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens 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 taxes receivable and tax title liens that are uncollectible.

For the year ended December 31, 2012 and 2011, property taxes receivable were \$255,703.20 and \$222,194.59, respectively.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**5. Leases**

188 East Franklin Turnpike (Block 1016 Lot 6); Leased to Sanzari Building Corp.

<b>Lease Term Ended</b>	<b>Minimum Rent</b>
June 2014	\$ 30,517.42

The term of the lease is from 2009 to 2014 with a one five-year option through 2019. The rent is to be increased yearly, "triple net" with rent adjustment tied to the lesser of the CPI or a 3% increase. Security deposit of \$4,000.00 was posted.

1 East Franklin Turnpike (Block 1009 Lot 1.01); Leased to Ho-Ho-Kus Inn & Tavern

<b>Lease Term Ended</b>	<b>Minimum Rent</b>
January 2013	80,634.91
January 2014	83,053.97
January 2015	85,545.58
January 2016	88,111.95

The term of the lease is from 2006 to 2016 with three five-year extension options. The rent is to be increased yearly, "triple net" with rent adjustment tied to the lesser of the CPI or a 3% increase. Security deposit of \$10,000.00 was posted.

The lease was transferred from Korbitz to the Ho-Ho-Kus Inn & Tavern in 2009.

***Cellular Towers at DPW Building***

The Borough received lease payments for two cellular towers. The payments were \$54,499.71 in 2012 and \$57,427.61 in 2011.

**6. Interfund Receivable and Payables**

Interfund receivables and payables at December 31, 2012 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
Current	\$ 2,295.04	\$ 21,062.23
Trust	2,644.14	825.28
Capital	18,418.09	
Water Utility		
Water Capital		
Grant		1,469.76
Public Assistance		
Total Interfund Receivables/Payables	\$ 23,357.27	\$ 23,357.27

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**7. Fund Balance Appropriated**

Fund balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2013, were as follows:

Current Fund	\$	187,000
Water Utility Operating Fund	\$	68,890
Solid Waste Utility Operating Fund	\$	61,000

**8. Property Tax Calendar**

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with State statutes. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budget of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when they are available and measurable, reduced by an allowance for doubtful accounts.

***School Taxes***

The Borough is responsible for levying, collecting and remitting school taxes for the Board of Education. Operations are charged for the full amount required to be raised from taxation to operate the local school district.

***County Taxes***

The municipality is responsible for levying, collecting and remitting county taxes for the County of Bergen. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

***Prepaid Taxes***

Taxes collected in advance are recorded as cash liabilities in the financial statements and were \$216,653.29 and \$250,943.08 for the year ended December 31, 2012 and 2011, respectively.

***Reserve for Uncollected Taxes***

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

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**9. Municipal Debt**

*Long-Term Debt*

Long-term debt as of December 31, 2012 consisted of the following:

	Balance Dec.31, 2011	Additions	Reductions	Balance Dec.31, 2012	Due in One Year
Bonds Payable - General	\$ 4,253,000.00	\$ -	\$ 715,000.00	\$3,538,000.00	\$ 758,000.00
Bonds Payable - Water Utility	1,357,000.00	-	160,000.00	1,197,000.00	165,000.00
	<u>\$ 5,610,000.00</u>	<u>\$ -</u>	<u>\$ 875,000.00</u>	<u>\$4,735,000.00</u>	<u>\$ 923,000.00</u>

As of December 31, 2012, all outstanding bonds are included in the general capital fund and water utility capital fund and interest and principal reductions are included in the operating budget of the Borough.

General Obligation Bonds

2003 Bonds, due in an annual installment of \$538,000 due 5/1/2013, interest at 2.95%	\$ 538,000.00
2011 Bonds, due in annual installments of \$220,000 due 07/15/13, \$260,000 due 07/15/14, \$305,000 due 07/15/15, \$335,000 due 07/15/16, \$350,000 due 07/15/17, \$365,000 due 07/15/18, \$375,000 due 07/15/19, \$390,000 due 07/15/20, \$400,000 due 07/15/21, interest at Variable rates from 1.00% to 2.750%	<u>3,000,000.00</u>
	<u>\$3,538,000.00</u>

Schedule of Annual Debt Service for Principal and Interest for

Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2013	758,000.00	71,848.00
2014	260,000.00	61,712.50
2015	305,000.00	59,112.50
2016	335,000.00	53,012.50
2017	350,000.00	46,312.50
2018-2021	1,530,000.00	103,137.50
Total	<u>\$ 3,538,000.00</u>	<u>\$ 395,135.50</u>

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**9. Municipal Debt (Continued)**

Water Utility Bonds

1998 Bonds, due in annual installments of \$75,000 due 8/01/2013 to 2014, and \$80,000 due 8/01/2015 to 2018, interest at variable rates of 4.50% to 4.85%	\$470,000.00
2003 Bonds, due in an annual installment of \$35,000 due 5/01/2013, interest at 2.95%	35,000.00
2011 Bonds, due in annual installments of \$55,000 due 07/15/13, \$60,000 due 07/15/14, \$65,000 due 07/15/15, \$70,000 due 07/15/16, \$75,000 due 07/17/17, \$85,000 due 07/17/18, \$90,000 due 07/15/19, \$95,000 due 07/15/20, \$97,000 due 07/15/21, interest at variable rates of 1.00% to 2.750%	692,000.00
	\$1,197,000.00

Water Utility Debt

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2013	165,000.00	37,721.75
2014	135,000.00	33,167.50
2015	145,000.00	29,042.50
2016	150,000.00	23,942.50
2017	160,000.00	18,702.50
2018-2021	442,000.00	28,800.00
Total	\$1,197,000.00	\$171,376.75

<b>Total General Obligation and Water Utility Bonds</b>	<b>\$5,450,000.00</b>
---	-----------------------

***Summary of Municipal Debt***

	2012	2011
Bonds and Notes Issued		
General:		
Bonds and Notes	\$ 3,538,000	\$ 4,253,000
Water Utility Bonds and Notes	1,197,000	1,357,000
Total Bonds and Notes Issued	4,735,000	5,610,000
Authorized but not Issued		
General	211,900	211,900
Water Utility Bonds and Notes	-	-
Total Authorized But not Issued	211,900	211,900
Bonds and Notes Issued and Authorized but not Issued	\$ 4,946,900	\$ 5,821,900

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**9. Municipal Debt (Continued)**

*Summary of Statutory Debt Condition – Annual Debt Statement*

The following summarized statement of debt condition is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.294%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Bonds and Notes for School Purposes	\$ 9,680,000	\$ 9,680,000	\$ -
General Debt			
Bonds	3,538,000		3,538,000
Notes Authorized but Not Issued	211,900		211,900
Water Utility Debt			
Bonds	1,197,000	1,197,000	-
			-
	<u>\$ 14,626,900</u>	<u>\$ 10,877,000</u>	<u>\$ 3,749,900</u>

Net Debt \$4,749,900 divided by Equalized Valuation Basis  
Per N.J.S.A.40A:2-2 as amended \$1,276,041,175 = .294%

Borrowing Power Under N.J.S.A. 40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 44,661,441.13
Net Debt	3,749,900.00
Remaining Borrowing Power	<u>\$ 40,911,541.13</u>

**Water Utility**

Calculation of "Self-Liquidating Purpose"

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 892,613.61
Deductions:	
Operating and maintenance cost	653,295.75
Debt service	202,704.25
Deferred Charges & Statutory Expenditures	
Total Deductions	<u>856,000.00</u>
Excess / (deficit) in revenue	<u>\$ 36,613.61</u>

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of twenty times such deficit amount.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**10. Pensions**

Substantially all Borough employees participate in the Public Employees Retirement System (PERS) and the Police and Fireman’s Retirement System of New Jersey (PFRS). The PERS and PFRS systems are cost sharing multiple-employer contributory defined benefit plans, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service. Employees who retire at or after age 55 are entitled to a retirement benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of credible service. The PRFS was 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 firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

According to state law, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated. The State of New Jersey issues publicly available financial reports that include the financial statements and required supplementary information of the PERS and PFRS. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy for PFRS and PERS is set by laws of the State of New Jersey, and requires contributions by active members and their employers. Plan member and employer contributions may be amended by legislation of the State of New Jersey. Employers are required to contribute at an actuarially determined rate in both systems. Contributions made by employers to PERS for the years ended December 31, 2012 were 6.5% of base wages for that year. Contributions made by employees to PFRS for the year ended December 31, 2012 were 10% of their base wages for that year. The Borough and employees’ contributions for PERS and PFRS combined for the past three years were as follows:

Year Ended December 31,	PERS Amount	PFRS Amount
2012	\$152,110.00	\$442,345.00
2011	143,309.00	383,520.00
2010	140,219.00	375,676.00

**11. Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial.

See independent auditor’s report.

**BOROUGH OF HO-HO-KUS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**11. Defined Contribution Retirement Program (Continued)**

Under DCRP, the value of the pension is based on the amount of the contributions made by the employees and employer and through investment earnings. The employee, through options provided under the plan, directs investment of contributions. The employee contribution to DCRP is 5.5% of defined salary and the employer contributes 3%. The employer also makes contribution for eligible members' life insurance and disability coverage under DCRP.

**12. Compensated Absences**

Under the existing contracts and policies of the Borough, certain employees are allowed to accumulate a limited amount of unused vacation and sick pay over the duration of their employment, which may be taken as time off or paid upon retirement or termination at an agreed-upon rate.

As of December 31, 2012 and 2011, the total accumulated absence liability was \$1,290,153.76 and \$1,290,153.76, respectively. Also, as of December 31, 2012 and 2011, the Borough has reserved in its Trust Fund \$109,059.16 and \$140,859.16 for potential compensated absence payments.

**13. Post Employment Benefits**

**Plan Description.** The Borough contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In July, 2010, the Borough authorized participation in the SHBP's post-retirement benefit program through resolution number 10-71. Any employee who retires after twenty-five (25) years or more of service within the Borough shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf)

**Funding Policy.** Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**13. Post Employment Benefits (Continued)**

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions to SHBP for the years ended December 31, 2012 and 2011 were \$454,155.11 and \$412,096.62, respectively, which equaled the required contributions.

**14. Other Post Employment Benefits**

The Borough pays health insurance of \$1,500 each year for 10 years to employees who have retired after they have completed 25 years or more of service. Currently the Borough has 2 retired employees who receive this benefit. In 2012, the cost of these health benefits totals \$3,000.

**15. Risk Management**

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

The Borough is a member of the Bergen County Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing its members the following low cost coverage.

General liability  
Automobile liability  
Law enforcement professional liability  
Employee benefits liability

Members are insured up to \$250,000. The Borough pays actuarial assessments annually. If these assessments prove deficient, additional assessments may be levied. The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides insurance coverage for claims in excess of \$250,000 for general liability, automobiles and workers' compensation/employer's liability. The MEL provides the following coverage:

Public officials' liability/employment practices liability  
Crime coverage  
Statutory and excess public official bond  
Workers compensation  
Environmental liability

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**15. Risk Management (Continued)**

In addition, the MEL also provides for a Faithful Performance and Employee Dishonesty Blanket Bond with a \$1,000,000 limit.

The Borough continues to carry commercial insurance coverage for all these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**16. Contingent Liabilities**

*Litigation*

From time to time the Borough is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

*Tax Appeals*

A number of tax appeals are outstanding. Accordingly, the Borough has budgeted a "Reserve for Tax Appeals Pending" in the 2013 budget, in the amount of \$10,000. It is anticipated that this reserve will provide sufficient funds to cover all settlements.

**17. Deferred Charges to be raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges were reported on balance sheets of various funds:

Current Fund:		
Overexpenditure of Appropriation Reserves	\$	5,064.15
Grant Fund:		
Overexpenditure of Appropriations		501.97
Water Utility Operating Fund:		
Overexpenditure of Improvement Appropriation		18,890.00
Trust Fund:		
Overexpenditure of Reserve		72.25
Total Deferred Charges	<u>\$</u>	<u>24,528.37</u>

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**18. Joint Ventures with Other Municipalities**

The Borough participates in an interlocal agreement with the Borough of Allendale to share the services of a Municipal Court. The revenues received by the Borough are used to offset the expenses of the Court. The Borough files an annual report with the County Administrative Office of the Courts which reports on the annual collections and disbursements of fines, costs and bail.

**19. Subsequent Events**

The Borough has evaluated subsequent events through July 31, 2013, which is the date the financial statements were available to be issued.

See independent auditor's report.

## Supplementary Data

**BOROUGH OF HO-HO-KUS**

**Supplementary Data**

**Comparative Schedule of Fund Balances**

	<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized In</u> <u>Budget of</u> <u>Succeeding Year</u>
Current Fund	2012	\$ 1,119,135.59	\$ 187,000.00
	2011	822,483.14	187,000.00
	2010	514,346.94	130,000.00
	2009	937,752.39	466,100.00
Water Utility Operating Fund	2012	\$ 279,269.91	\$ 68,890.00
	2011	224,356.17	-
	2010	164,106.39	-
	2009	2,082.15	-
Solid Waste Utility Operating Fund	2012	\$ 499,076.08	\$ 61,000.00
	2011	593,576.08	94,500.00
	2010	350,434.01	-
	2009	342,825.29	158,000.00

**Comparative Schedule of Tax Rate Information**

Assessed Valuation

2012	\$	<u>1,263,868,792</u>
2011*	\$	<u>1,241,057,068</u>
2010	\$	<u>1,372,609,945</u>
2009	\$	<u>1,370,892,566</u>
2008		<u>\$1,362,713,779</u>

\* Revaluation

See independent auditor's report.

**BOROUGH OF HO-HO-KUS**

**Supplementary Data**

**Comparison of Tax Levies and Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$ 21,668,666	\$ 21,413,439	98.82%
2011	21,178,159	20,957,186	98.96%
2010	20,790,977	20,568,847	98.93%
2009	19,789,506	19,611,270	99.10%
2008	19,018,223	18,880,279	99.27%

**Delinquent Taxes and Tax Title Liens**

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

<u>December Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2012	\$ -	\$ 255,703	\$ 255,703	1.18%
2011	-	222,195	222,195	1.05%
2010	-	165,143	165,143	0.79%
2009	-	167,916	167,916	0.85%
2008	-	118,431	118,431	0.62%

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2012	\$ 20,100
2011	20,100
2010	20,100
2009	20,100
2008	20,100

See independent auditor's report.

**BOROUGH OF HO-HO-KUS**

**Supplementary Data**

**Comparison of Water Utility Levies**

<u>December Year</u>	<u>Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2012	\$ 889,061	\$ 870,885	97.96%
2011	854,003	857,926	100.46%
2010	889,502	840,639	94.51%
2009	683,479	692,830	101.37%
2008	691,689	709,913	102.63%

**Comparison of Solid Waste Utility Levies**

<u>December Year</u>	<u>Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2012	\$ 779,399	\$ 764,129	98.04%
2011	784,432	784,428	100.00%
2010	778,090	775,601	99.68%
2009	781,044	772,116	98.86%
2008	794,739	797,167	100.31%

See independent auditor's report.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CASH-COLLECTOR-TREASURER**

A-4

	Reference		
Balance December 31, 2011	A		\$ 1,980,939.77
<b>Increased by Receipts:</b>			
Taxes Receivable	A-9	\$ 21,334,262.96	
Prepaid Municipal Rents	A	5,052.52	
Prepaid Parking Permits	A	26,550.00	
Miscellaneous Revenue	A-2	947,463.44	
Miscellaneous Revenue not Anticipated	A-2	103,951.69	
Due from State of NJ. - Senior Citizens and Veterans Deductions	A-7	33,250.00	
Accounts Payable - Refundable	A-10	544,315.64	
Prepaid Taxes	A-14	216,153.30	
Tax Overpayments	A-15	12,462.50	
Reserve for DCA	A-19	6,855.00	
Adjustment to Payroll- Prior Year Social Security	A-1	25,095.95	
Due to Grant Fund- Unappropriated Grants	G-3	24,568.15	
Due from Developer's Escrow Fund	B-4	148.37	
Due from Public Assistance Fund	E-5	5.04	
Petty Cash	A-8	300.00	
Budget Offsets-Reserves	A-13	15,095.09	
Budget Offsets	A-3	371,426.55	
			23,666,956.20
			25,647,895.97
<b>Decreased by Disbursements:</b>			
2012 Budget Appropriations	A-3	7,639,371.12	
2011 Appropriation Reserves	A-13	236,759.71	
Tax Overpayments Refunded	A-15	31,331.74	
County Taxes	A-17	2,773,428.09	
Local District School Tax	A-18	12,230,721.00	
Accounts Payable - Refundable	A-10	511,785.41	
Reserve for DCA	A-19	8,238.00	
Due to Capital Fund	C-6	25,000.00	
Grant Expenditures	G-3	9,468.80	
Due to COAH Fund	B-4	628.68	
Due to Animal License Fund	B-4	636.41	
Due from Local School-Gas Expenses	A-6	1,421.44	
Petty Cash Funds	A-8	300.00	
			23,469,090.40
Balance December 31, 2012	A		\$ 2,178,805.57

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CHANGE FUNDS**

A-5

OFFICE	Balance 12/31/12	Balance 12/31/11
Tax Collector-Treasurer	\$ 100.00	\$ 100.00
Police Department	30.00	30.00
Municipal Court	100.00	100.00
	\$ 230.00	\$ 230.00
Reference	A	A

**SCHEDULE OF DUE FROM LOCAL SCHOOL-GASOLINE EXPENSES**

A-6

Balance December 31, 2011	Reference A	\$4,506.15
Increased by:		
Due from Local School	A-4	1,421.44
Balance December 31, 2012	A	\$5,927.59

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE (TO) / FROM STATE OF NEW JERSEY FOR  
SENIOR CITIZENS AND VETERANS DEDUCTIONS (CHAPTER. 20, P.L. 1971)**

A-7

	Reference	
Balance December 31, 2011	A	\$ (1,242.32)
Increased by:		
Senior Citizens Deductions		\$ 750.00
Veterans Deductions		32,250.00
Veterans Deductions Allowed		-
		33,000.00
		31,757.68
Decreased by:		
Seniors and Veterans Disallowed		-
Received in Cash from State	A-4	33,250.00
		33,250.00
Balance December 31, 2012	A	\$ (1,492.32)
2011 Tax Revenue Realized:		
Senior Citizens Deductions		\$ 750.00
Veterans Deductions		32,250.00
Senior Citizen Deductions Allowed		0.00
Total Realized	A-9	\$ 33,000.00

**SCHEDULE OF PETTY CASH**

A-8

	Reference	
Cash Received	A-4	300.00
		\$ 300.00
Cash Disbursed	A-4	\$ 300.00
Balance December 31, 2012		0.00

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-9

Year	Balance 12/31/11	Added	2012 Levy	Cash Collections		Canceled	Balance 12/31/12
				2011	2012		
2010	\$ 5,065.26	\$ -	-				\$ 5,065.26
2011	217,129.33		21,607,979.80	250,943.08	204,767.30	4.06	12,357.97
2012		60,686.34	21,607,979.80	250,943.08	21,162,495.66	16,947.43	238,279.97
Reference	\$ 222,194.59	\$ 60,686.34	\$ 21,607,979.80	\$ 250,943.08	\$ 21,367,262.96	\$ 16,951.49	\$ 255,703.20
	A	Below		A-14	Below		A

  

Reference							
Cash							
State of NJ Realized Seniors and Veterans Deductions	Reference A-4		\$ 21,334,262.96				
	A-7, Below		33,000.00				
	Above		<u>\$ 21,367,262.96</u>				

ANALYSIS OF 2011 PROPERTY TAX LEVY  
TAX YIELD

General Purpose Tax	\$ 21,574,979.80
State Share of Senior Citizens and Veterans Deductions	33,000.00
Added Taxes (54:4-63.1 et. seq.)	60,686.34
	<u>\$ 21,668,666.14</u>
	Below

TAX LEVY

Local District School Tax (Abstract)	\$ 12,230,721.00	A-18
County Taxes (Abstract)	2,770,281.29	A-17
Due County for Added Taxes	7,803.48	A-17
Local Tax for Municipal Purposes	6,601,504.58	A-2
Add: Additional Taxes	<u>58,355.79</u>	
Total Tax Levy	<u>\$ 21,668,666.14</u>	Above

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF ACCOUNTS PAYABLE**

A-10

	Reference		
Balance December 31, 2011	A		\$ 28,253.15
Increased by			
Receipts	A-4		544,315.64
			<u>572,568.79</u>
Decreased by:			
Disbursements	A-4	<u>511,785.41</u>	<u>511,785.41</u>
Balance December 31, 2012	A		<u>\$ 60,783.38</u>

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

A-11

	Reference		
Balance December 31, 2011	A		<u>\$ 20,100.00</u>
Balance December 31, 2012	A, Below		<u>\$ 20,100.00</u>

	Block	Lot		Amount
	1014	11	\$	4,000.00
	1011	10		5,800.00
	805	13		10,300.00
		Above	\$	<u>20,100.00</u>

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

A-12

	Balance 12/31/11	Accrued 2012	Collected	Balance 12/31/12
Municipal Court	\$ 4,242.20	\$ 5,866.20	\$ 4,242.20	\$ 5,866.20
	<u>\$ 4,242.20</u>	<u>\$ 5,866.20</u>	<u>\$ 4,242.20</u>	<u>\$ 5,866.20</u>
Reference	A			A

BOROUGH OF HO-HO-KUS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF 2011 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2011	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
<b>GENERAL GOVERNMENT</b>								
Administrative and Executive Salaries and Wages	\$ 446.00	\$ -	\$ 6,500.00	\$ 6,946.00	\$ 1,030.00	\$ 6,059.00	\$ 1,917.00	\$ -
Other Expenses	138.20	478.62		616.82	1,131.50	752.12	996.20	
Borough Clerk Salaries and Wages	424.92	4,097.41		4,249.22	1,056.14		1,521.06	
Election Costs	35.31			4,132.72			4,132.72	
Financial Administration Salaries and Wages	4,670.65	351.46	(4,500.00)	170.65		4,164.87	170.65	
Other Expenses	3,813.41			4,164.87		7,125.00	-	
Audit Services	7,125.00							
Assessment of Taxes Salaries and Wages	274.88	1,104.50		274.88		21,810.50	274.88	
Other Expenses	22,649.89			23,754.39			1,943.89	
Collection of Taxes Salaries and Wages	5,037.64		(5,000.00)	37.64			37.64	
Other Expenses	69.08			69.08			69.08	
Legal Services and Costs Other Expenses	78.14	49.00	12,000.00	12,127.14	3,896.72	10,465.31	5,558.55	
Municipal Prosecutor Salaries and Wages	902.96			902.96			902.96	
Engineering Services and Costs Other Expenses	1,877.50			1,877.50		1,877.50	-	
Public Buildings and Grounds Other Expenses	1,235.32	1,713.57		2,948.89		963.76	1,985.13	
Planning Board Salaries and Wages	3,056.83	556.65	(3,000.00)	56.83			56.83	
Other Expenses				556.65		556.65	-	
Board of Adjustment Salaries and Wages	7,291.61	54.99	(7,000.00)	291.61		243.95	291.61	
Other Expenses	188.94			243.95			-	
Shade Trees Salaries and Wages	200.00	6,000.00		200.00		6,110.73	200.00	
Other Expenses	110.73			6,110.73			-	
Insurance Employee Group Health	97,406.13			97,406.13			97,406.13	

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See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012  
SCHEDULE OF 2011 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2011	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
<b>PUBLIC SAFETY</b>								
Fire - Other Expenses	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -
Fire Hydrant	2,172.15	802.40	7,500.00	10,474.55	-	10,156.40	318.15	-
Miscellaneous and Other Expenses								
Police	31,314.66	1,795.59		31,314.66		16,426.48	14,888.18	
Salaries and Wages	1,416.35			2,211.94		2,652.12	559.82	
Other Expenses	1,072.00			1,072.00		270.00	802.00	
Police Cars								
Parking Meter Maintenance						(121.78)	121.78	
Other Expenses								
Aid to Volunteer Ambulance Corps.		494.16		494.16		294.36	199.80	
Zoning Official								
Salaries and Wages	7,552.00		(7,500.00)	52.00		-	52.00	
Other Expenses	500.00			500.00		214.46	285.54	
PEOSHA								
Other Expenses	289.94			289.94			289.94	
Uniform Fire Safety Act Chapter 383-43								
Fire Prevention Code Official	233.59			247.08		18.21	228.87	
Other Expenses		13.49						
Emergency Management Services								
Salaries and Wages	20.00			20.00		-	20.00	
Other Expenses	239.13	761.44		1,000.57		880.86	119.71	
<b>STREETS AND ROADS</b>								
Road Repairs and Maintenance								
Salaries and Wages	18,506.72	4,732.00	15,000.00	15,000.00		13,627.84	1,372.16	
Other Expenses	5,796.72		(15,000.00)	8,238.72		6,009.14	2,229.58	
Street Lighting and Traffic Lights				5,796.72		5,713.08	83.64	

See independent auditor's report and the notes to the financial statements.

Continued - Next Page

BOROUGH OF HO-HO-KUS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012  
SCHEDULE OF 2011 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2011	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
<b>HEALTH AND WELFARE</b>								
Board of Health:								
Salaries and Wages	1,046.00	-	-	1,046.00	-	-	1,046.00	\$
Other Expenses	487.12	113.98	-	601.10	-	601.10	-	
Construction Code Official								
Other Expenses	19.98	19.98	-	19.98	-	19.98	-	
Municipal Court								
Salaries and Wages	8,502.80	953.00	-	8,502.80	-	8,502.80	8,502.80	
Other Expenses	3,072.66	-	-	4,025.66	-	2,531.56	1,494.10	
Sever Authority Share of Costs	6.00	-	-	6.00	-	-	6.00	
Recreation								
Salaries and Wages	231.60	-	-	231.60	-	-	231.60	
Other Expenses	10,670.93	-	-	10,670.93	-	9,375.36	1,295.57	
Recycling Program								
Other Expenses	3,647.99	4,355.54	-	8,003.53	-	7,611.39	392.14	
Reserve for Tax Appeals	1,689.00	3,476.00	-	5,165.00	-	3,476.00	1,689.00	
Contingent	1,506.63	556.76	4,500.00	6,563.39	-	5,752.62	810.77	
Utilities	47.77	12,939.21	(3,500.00)	9,486.98	7,940.73	22,491.86	-	5,064.15
Vehicle Maintenance								
Contribution to:								
Social Security System (O.A.S.I.)								
PERS								
Maintenance of Free Public Library (Chapter 82 & 541, P.L. 1985)	88,312.78	6,301.73	-	94,614.51	-	10,884.30	83,730.21	
Municipal Alliance Grant		865.00	-	865.00	-	865.00	-	
Storm Water Management								
PERS								
Volunteer Incentive Program	66,000.00	-	-	66,000.00	-	56,880.00	9,120.00	
<b>TOTALS</b>	<b>\$ 411,867.66</b>	<b>\$ 52,586.48</b>	<b>\$ -</b>	<b>\$ 464,454.14</b>	<b>\$ 15,095.09</b>	<b>\$ 236,759.71</b>	<b>\$ 247,853.67</b>	<b>\$ 5,064.15</b>
	A	A-21		Below	A-4	A-4	A-1	A

Reference

Appropriation Reserve	A	\$ 411,867.66
Encumbrance Payable	A-21	52,586.48
Above		464,454.14

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF PREPAID TAXES**

	Reference		A-14
Balance December 31, 2011	A		\$ 250,943.08
Increased by:			
Transfer from Overpayments	A-15	499.99	
Collection of Taxes	A-4	<u>216,153.30</u>	<u>216,653.29</u>
			467,596.37
Decreased by:			
Applied to 2011 Taxes	A-9		<u>250,943.08</u>
Balance December 31, 2012	A		<u>\$ 216,653.29</u>

**SCHEDULE OF TAX OVERPAYMENTS**

	Reference		A-15
Balance December 31, 2011	A		\$ 15,550.30
Increased by:			
Tax appeals - Applied to Reserve	A-16	6,751.84	
Tax Appeals- Charged to Fund Balance	A-1	6,839.08	
2012 Overpayments	A-4	<u>12,462.50</u>	<u>26,053.42</u>
			41,603.72
Decreased by:			
Canceled	A-1	654.04	
Transfer to 2013 Prepaid	A-14	499.99	
Refunds	A-4	<u>31,331.74</u>	<u>32,485.77</u>
Balance December 31, 2012	A		<u>\$ 9,117.95</u>

**SCHEDULE OF RESERVE FOR TAX APPEALS PENDING  
NJ DIVISION OF TAX APPEALS ( N.J.S.A. 54: 3-27)**

	Reference		A-16
Balance December 31, 2011	A		\$ 6,751.84
Decreased by:			
Tax Appeals Applied to 2012 Taxes	A-15		<u>6,751.84</u>
Balance December 31, 2012	A		<u>\$ -</u>

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF COUNTY TAXES PAYABLE**

	Reference		A-17
Balance December 31, 2011	A	\$	3,146.80
Increased by:			
2012 Levy:			
General County	A-1,9	2,738,684.57	
Open Space Preservation	A-1,9	31,596.72	
Due County for Added Taxes	A-1,9	<u>7,803.48</u>	
	A-2		<u>2,778,084.77</u>
			<u>2,781,231.57</u>
Decreased by:			
Payments	A-4		<u>2,773,428.09</u>
Balance December 31, 2012	A	\$	<u><u>7,803.48</u></u>

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

	Reference		A-18
Balance December 31, 2011	A	\$	-
Levy, Calendar Year ( 01/01 - 12/31 )	A-1,2,9		<u>12,230,721.00</u>
			12,230,721.00
Decreased by:			
Disbursements	A-4		<u>12,230,721.00</u>
Balance December 31, 2012	A	\$	<u><u>-</u></u>

**SCHEDULE OF RESERVE FOR DCA - CONSTRUCTION PAYABLE**

	Reference		A-19
Balance December 31, 2011	A	\$	9,588.65
Increased by:			
DCA Fees Received	A-4		<u>6,855.00</u>
			16,443.65
Decreased by:			
Disbursements to State	A-4		<u>8,238.00</u>
Balance December 31, 2012	A	\$	<u><u>8,205.65</u></u>

BOROUGH OF HO-HO-KUS, NJ  
 CURRENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CONSTRUCTION FEES**

**A-20**

	Reference	
Balance December 31, 2011	A	<u>\$ 25,703.32</u>
Balance December 31, 2012	A	<u><u>\$ 25,703.32</u></u>

**SCHEDULE OF ENCUMBRANCE PAYABLE**

**A-21**

	Reference	
Balance December 31, 2011	A	\$ 52,586.48
Increased by:		
Appropriations	A-3	<u>118,049.08</u>
		170,635.56
Decreased by:		
Applied to Appropriation Reserves	A-13	<u>52,586.48</u>
Balance December 31, 2012	A	<u><u>\$ 118,049.08</u></u>

**DUE TO LIBRARY - STATE AID**

**A-22**

	Reference	
Balance December 31, 2011	A	<u>\$ 19,356.00</u>
Balance December 31, 2012	A	<u><u>\$ 19,356.00</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF FLOOD DAMAGE RESERVE**

A-23

	Reference	
Balance December 31, 2011	A	<u>\$ 175,596.98</u>
Balance December 31, 2012	A	<u><u>\$ 175,596.98</u></u>

**SCHEDULE OF RESERVE FOR CODIFICATION**

A-24

	Reference	
Balance December 31, 2011	A	<u>\$19,077.50</u>
Balance December 31, 2012	A	<u><u>\$19,077.50</u></u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY -  
UNEMPLOYMENT ASSESSMENT LIABILITY**

A-25

	Reference	
Balance December 31, 2011	A	<u>\$ 50,677.97</u>
Balance December 31, 2012	A	<u><u>\$ 50,677.97</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF TRUST CASH**

B-1

Reference	Animal License	Trust Other	Developers Escrow	COAH	Unemployment Compensation	Recreation
Balance December 31, 2011	\$ 1,409.60	\$ 632,028.98	\$ 132,751.92	\$ 169,281.05	\$ 697.08	\$ 43,218.96
<b>Increased by Receipts:</b>						
Licenses and Fees	7,119.00					
Due to State	600.00	250.00				
Interest Income	14.43	2,577.77	128.20		2.74	192.45
Budget Appropriation: Deferred Charges						
Security Deposits		109,580.98				
Trust Reserves		74,592.34				
Transfer from Current Fund	636.41			628.68		
Development Fees				16,317.00		
Developers Payments/ Interest			256.97			
Recreation Fees						29,429.78
Due from Trust Other						
	<u>8,369.84</u>	<u>187,001.09</u>	<u>385.17</u>	<u>16,945.68</u>	<u>2.74</u>	<u>29,622.23</u>
	<u>9,779.44</u>	<u>819,030.07</u>	<u>133,137.09</u>	<u>186,226.73</u>	<u>699.82</u>	<u>72,841.19</u>
<b>Decreased by Disbursements:</b>						
Animal Fund Expenditures	6,569.00					
Due to State	598.80	275.00				
Due to Grant Fund						
Due to Unemployment Fund						
Due to Current Fund- Interest	14.43	2,577.77	148.37		2.74	192.45
Due to Current Fund- Transfers						
Security Deposits		176,827.22				
Trust Reserves		137,472.85				
Unemployment Compensation Reserve				18,254.15		
Coah Expenditures						29,346.47
Recreation Expenditures						29,538.92
	<u>7,182.23</u>	<u>317,152.84</u>	<u>148.37</u>	<u>18,254.15</u>	<u>2.74</u>	<u>29,346.47</u>
	<u>\$ 2,597.21</u>	<u>\$ 501,877.23</u>	<u>\$ 132,988.72</u>	<u>\$ 167,972.58</u>	<u>\$ 697.08</u>	<u>\$ 43,302.27</u>
<b>Balance December 31, 2012</b>						

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 TRUST FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012  
**SCHEDULE OF RESERVE FOR ANIMAL FUND  
 EXPENDITURES**

**B-2**

	<u>Reference</u>	
Balance December 31, 2011		
Deficit in Animal License Fund	B	\$ 2,040.01
Increased by:		
Receipts - Licenses and Fees	B-1	7,119.00
		9,159.01
Decreased by Disbursements:		
Animal Fund Expenditures	B-1	6,569.00
		6,569.00
Balance December 31, 2012	B	\$ 2,590.01

**OTHER TRUST - SCHEDULE OF DUE TO STATE OF NEW JERSEY**

**B-3**

	<u>Reference</u>	
Balance December 31, 2011	B	\$ 53.00
Increased by:		
Marriage Licenses	B-1	250.00
		303.00
Decreased by:		
Disbursements	B-1	275.00
		275.00
Balance December 31, 2012	B	\$ 28.00

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

B-4

**SCHEDULE OF DUE TO/(FROM) CURRENT FUND**

Reference	Other Trust Funds	Animal License Fund	Developers Escrow	COAH	Unemployment Compensation	Recreation
Balance December 31, 2011	\$ (2,644.14)	\$ (636.41)	\$ 148.37	\$ (628.68)	\$ 697.08	\$ -
Increased by:						
Interest Income - Due to Current Fund	2,577.77	14.43	128.20		2.74	192.45
Transfer from Current Fund	(66.37)	636.41		628.68		
		14.43	276.57	-	699.82	192.45
Decreased by:						
Transfers of Interest to Current	2,577.77	14.43	148.37		2.74	192.45
	2,577.77	14.43	148.37	0.00	2.74	192.45
Balance December 31, 2012	\$ (2,644.14)	\$ (0.00)	\$ 128.20	\$ -	\$ 697.08	\$ -

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CONSTRUCTION SECURITY DEPOSITS AND  
ESCROW FOR PROFESSIONAL FEES**

B-5

	<u>Reference</u>	
Balance December 31, 2011	B	\$ 345,903.34
Increased by:		
Receipts	B-1	109,580.98
		455,484.32
Decreased by:		
Disbursements	B-1	176,827.22
		176,827.22
Balance December 31, 2012	B	\$ 278,657.10

**SCHEDULE OF OTHER TRUST RESERVES**

B-6

	Balance Dec. 31, 2011	Receipts	Disbursements	Adjustment	Balance Dec. 31, 2012
Donations	\$ 700.00				\$ 700.00
Library Grants	44.62				44.62
Firemen's Death Benefit Fund	8,700.00				8,700.00
Police Accessories	14,256.72	1,500.00	2,419.84		13,336.88
Accrued Sick Leave	140,859.16		31,800.00		109,059.16
Electronic Filing Fees		660.00			660.00
Girl Scouts	195.22				195.22
Insurance Reimbursements	4,028.55				4,028.55
Uniform Fire Safety Penalties	3,135.00				3,135.00
Tax Sale Certificate - Premium	18,600.00	12,700.00			31,300.00
Sewer Connection Fees	2,800.00				2,800.00
Treasurer Clearing	37.75	0.08			37.83
Unemployment Reserve	15,522.63	4,899.89	20,494.77	72.25	-
Dare Donations	200.00				200.00
Streetscape Donations	4,256.54				4,256.54
Shade Tree Ross Donation	60,854.58	1,706.00	28,839.18		33,721.40
POAA Court Fees	-	158.00			158.00
JIF Awards	448.97				448.97
State Health Benefit Program	1,626.25	45,757.86	47,384.11		-
Fuel Reimbursement	4,669.67	3,710.51	39.95		8,340.23
Lightning Detection System	3,226.00	3,500.00	6,495.00		231.00
Tax Appeals	1,161.22				1,161.22
Historical Society	110.00				110.00
Restitution for Building Damages	2,403.00				2,403.00
Tree Lighting Ceremony	200.00				200.00
Ho-Ho-Kus Celebration	680.90				680.90
	<u>\$ 288,716.78</u>	<u>\$ 74,592.34</u>	<u>\$ 137,472.85</u>	<u>\$ 72.25</u>	<u>\$ 225,908.52</u>
Reference	B	B-1	B-1	Below	B

Deferred Charge- Overexpenditure                      Above, B                      \$ 72.25

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF ESCROW RESERVE**

**B-7**

	<u>Reference</u>	
Balance December 31, 2011	B	132,603.55
Increased by:		
Developer Escrow Fees/Interest	B-1	<u>256.97</u>
Balance December 31, 2012	B	<u><u>\$ 132,860.52</u></u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY  
ANIMAL FUND**

**B-8**

	<u>Reference</u>	
Balance December 31, 2011	B	\$ 6.00
Increased by:		
2012 Dog Licenses	B-1	<u>600.00</u>
		606.00
Decreased by:		
State Payments	B-1	<u>598.80</u>
Balance December 31, 2012	B	<u><u>\$ 7.20</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR RECREATION**

		<b>B-9</b>
	<u>Reference</u>	
Balance December 31, 2011	B	\$ 43,218.96
Increased by:		
Recreation Fees	B-1	29,429.78
		72,648.74
Decreased by:		
Disbursements	B-1	29,346.47
		29,346.47
Balance December 31, 2012	B	\$ 43,302.27

**SCHEDULE OF COAH DEVELOPMENT FEES**

		<b>B-10</b>
	<u>Reference</u>	
Balance December 31, 2011	B	\$ 169,909.73
Increased by:		
Development Fees	B-1	16,317.00
		186,226.73
Decreased by:		
Disbursements	B-1	18,254.15
		18,254.15
Balance December 31, 2012	B	\$ 167,972.58

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 GENERAL CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF GENERAL CAPITAL CASH**

C-2

	Reference		
Balance December 31, 2011	C		\$ 494,881.17
Increased by Receipts:			
Grants Receivable	C-7	231,250.00	
Due from Water Utility Capital	C	68.00	
Interest Income	C-6	2,199.36	
Transfer from Current Fund	C-6	25,000.00	
Reserve for Payment of Bonds	C-12	50,000.00	
		\$308,517.36	
Decreased by Disbursements:			
Due to Current Fund - Interest	C-6	2,199.36	
Improvement Authorization	C-5	228,986.37	
Encumbrances Paid	C-9	30,753.05	
Transfer to Water Utility Trust	C-10	68.00	
		262,006.78	
Balance December 31, 2012	C		\$ 541,391.75

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 GENERAL CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

C-3

Ord. #	Improvement Description	Balance Dec. 31, 2011	Funded Through Grants Receivable	Balance Dec. 31, 2012
991	General Improvements -2011	211,900.00	150,000.00	61,900.00
		<u>211,900.00</u>	<u>150,000.00</u>	<u>61,900.00</u>
	Reference	C	C-8	C

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

C-4

	Reference	
Balance December 31, 2011	C	\$ 1,303.39
Increased by:		
Budget Appropriation	C-6	<u>20,000.00</u>
Balance December 31, 2012	C	<u>\$ 21,303.39</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 GENERAL CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-5

Ord. #	Improvement Description	Balance December 31, 2011		2012 Authorizations	Expended/ Canceled	Balance December 31, 2012	
		Funded	Unfunded			Funded	Unfunded
852	Improvements and Acquisition of Equipment and Machinery - 2002	\$ 95,624.51			\$ 60,191.34	\$ 35,433.17	
887	General Improvements - 2004	7,556.78			4,505.31	3,051.47	
928	General Improvements & Equipment	17,362.28			9,771.36	7,590.92	
940	General Improvements & Equipment	21,777.47			4,889.17	16,888.30	
941	Streetscape Improvements	43,460.71			18,171.71	25,289.00	
955	Various Public Improvements	128,424.67			49,406.13	79,018.54	
967	General Improvements & Equipment	225,596.00			96,830.68	128,765.32	
991	General Improvements -2011	55,667.19	211,900.00		23,976.91	181,690.28	61,900.00
		\$ 595,469.61	\$ 211,900.00	\$ -	\$ 267,742.61	\$ 477,727.00	\$ 61,900.00
		C	C	C-3	Below	C	C

Cash Disbursements	\$ 228,986.37	C-2
Encumbrances Payable	38,756.24	C-9
	<u>\$ 267,742.61</u>	Above

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 GENERAL CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE TO/(FROM) CURRENT FUND**

C-6

	Reference	
Balance December 31, 2011	C	\$ (25,000.00)
Increased by:		
Transfer from Current Fund	A-4, C-2	\$ 25,000.00
Accrued Interest on Bond Ant. Notes	A-2, C-2	\$ 1,581.91
Interest Earned - Checking Account	C-2	2,199.36
		28,781.27
		3,781.27
Decreased by:		
Transfers to Current Fund	C-2	2,199.36
Appropriation - Capital Improvement Fund	A-3, C-4	20,000.00
		22,199.36
Balance December 31, 2012	C	\$ (18,418.09)

**SCHEDULE OF GRANTS RECEIVABLE**

C-7

	Reference	
Balance December 31, 2011	C	\$ 472,202.10
Decreased by:		
Grant Received	C-2	231,250.00
Balance December 31, 2012	C	\$ 240,952.10

**SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE**

C-8

	Reference	
Balance December 31, 2011	C	\$ 335,953.00
Decreased by:		
New Jersey Department of Transportation Applied to Deferred Charges Unfunded	C-3,13	150,000.00
Balance December 31, 2012	C	\$ 185,953.00

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 GENERAL CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF ENCUMBRANCES PAYABLE**

C-9

	Reference	
Balance December 31, 2011	C	\$ 30,753.05
Increased by:		
Encumbrances Payable	C-5	<u>38,756.24</u>
		69,509.29
Decreased by:		
Disbursements	C-2	<u>30,753.05</u>
Balance December 31, 2012	C	<u><u>\$ 38,756.24</u></u>

**SCHEDULE OF DUE FROM (TO) WATER TRUST**

C-10

	Reference	
Balance December 31, 2011	C	\$ (68.00)
Increased by:		
Cash Disbursements	C-2	<u>68.00</u>
Balance December 31, 2012	C	<u><u>\$ -</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 GENERAL CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF GENERAL SERIAL BONDS**

Date of Issue	Purpose of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2012	Interest Rate	Balance Dec. 31, 2011	Increase	Decrease	Balance Dec. 31, 2012
05/01/03	General Improvements	\$4,138,000.00	05/01/13	2.95%	\$1,038,000.00		\$ 500,000.00	\$ 538,000.00
07/15/11	General Improvements	\$3,215,000.00	07/15/13	1.00%	3,215,000.00		215,000.00	3,000,000.00
			07/15/14	1.00%				
			07/15/15	2.00%				
			07/15/16	2.00%				
			07/15/17	2.00%				
			07/15/18	2.25%				
			07/15/19	2.50%				
			07/15/20	2.75%				
			07/15/21	2.75%				
					Reference			
					Paid by Budget Appropriation	\$ -	\$ 715,000.00	\$3,538,000.00
					A-3, Above	Below		
					C	C		

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF RESERVE FOR PAYMENT OF BONDS**

C-12

	Reference	
Increased by:		
New Jersey Department of Transportation Ord # 941/955	C-2	<u>50,000.00</u>
Balance December 31, 2012	C	<u>\$ 50,000.00</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

C-13

**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Funded / Transferred	Balance Dec. 31, 2012
991	General Improvements -2011	211,900.00		150,000.00	61,900.00
		<u>\$ 211,900.00</u>	<u>\$ -</u>	<u>\$ 150,000.00</u>	<u>\$ 61,900.00</u>
				Below	C
	Funded Through:				
	Grants Receivable		C-8	\$ 150,000.00	
			Above	<u>\$ 150,000.00</u>	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
WATER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CASH**

**D-5**

	Reference	Operating	Capital
Balance December 31, 2011	D	<u>\$ 423,961.60</u>	<u>\$ 453,714.57</u>
Increased by:			
Budget Revenues	D-3	888,691.85	
Interest Income	D-1	2,660.68	
Transfer of Interest to Water Operating	D-8		1,352.65
Water Rents Overpaid	D-18	2,018.93	
Due from General Capital Fund	D,C-2	68.00	
		<u>893,439.46</u>	<u>1,352.65</u>
		<u>1,317,401.06</u>	<u>455,067.22</u>
Decreased by Disbursements:			
2012 Appropriations	D-4	731,829.81	
2011 Appropriations	D-9	34,732.45	
Improvement Authorization	D-10		284,452.23
Transfer Interest	D-8		1,352.65
Transfer to General Capital	D, C-2		68.00
		<u>766,562.26</u>	<u>285,872.88</u>
Balance December 31, 2012	D	<u><u>\$ 550,838.80</u></u>	<u><u>\$ 169,194.34</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
WATER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF ACCOUNTS RECEIVABLE**

**D-6**

	Reference		
Balance December 31, 2011	D	\$	131,850.40
Increased by:			
Water Rents levied			889,061.20
			1,020,911.60
Decreased by:			
Collections	D-3,18	\$	870,885.42
Overpayment applied	D-3,18		1,261.08
			872,146.50
Balance December 31, 2012	D	\$	148,765.10

**SCHEDULE OF FIXED CAPITAL**

**D-7**

	Balance Dec. 31, 2011	Completed Projects	Balance Dec. 31, 2012
Pumping Station and structures	\$ 1,596,402.61		\$ 1,596,402.61
Meters and hydrants	130,179.02		130,179.02
Distribution Mains and accessories	99,837.33		99,837.33
General equipment	185,383.58	37,146.58	222,530.16
Computer system	13,707.50		13,707.50
Improvements	1,171,435.51	259,554.09	1,430,989.60
Storage tank	1,503,077.14	113,976.61	1,617,053.75
Chlorine Retention well	2,789.55		2,789.55
	\$ 4,702,812.24	\$ 410,677.28	\$ 5,113,489.52
Reference	D	D-14	D

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
WATER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE FROM/(TO) WATER CAPITAL FUND**

**D-8**

	Reference		
Balance December 31, 2011	D	\$	-
Increased by:			
Transfer from water operating	D-5		
Interest - Income	D-5		1,352.65
			1,352.65
Decreased by:			
Transfer of Interest to water operating	D-5		1,352.65
			1,352.65
Balance December 31, 2012	D	\$	-
			-

**SCHEDULE OF APPROPRIATION RESERVES**

**D-9**

	Balance Dec. 31, 2011	Modified Balance Dec. 31, 2011	Paid or Charged	(Overexpended)/ Lapsed
Salaries and Wages	\$ 28,487.69	\$13,487.69	\$ -	\$13,487.69
Other Expenses	3,126.90	37,718.64	34,732.45	2,986.19
	\$ 31,614.59	\$51,206.33	\$ 34,732.45	\$ 16,473.88
	D	Below	D-5	D-I
			<u>Reference</u>	
Appropriation Reserve		\$31,614.59	D	
Encumbrances Payable		19,591.74	D	
		\$51,206.33		
		Above		

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 WATER UTILITY - CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

D-10

Ord. #	Improvement Description	Ord. Date	Balance 12/31/11		2012 Authorizations	Expended	Over expenditure	Balance 12/31/12	
			Funded	Unfunded				Funded	Unfunded
825	Various Improvements	2000	\$ 112,083.65	\$ -			\$ 112,083.65	\$ -	
913	Water Tank & Other Improvements	2006	20,212.64		39,102.82	18,890.18	0.00		
929	Install Water Valves and Acquis. Of Mach. & Equip.	2007	33,135.19		12,775.87		20,359.32		
942	Various Improvements	2008	98,670.82		98,380.01		290.81		
954	Various Public Improvements	2009	129,330.25		129,298.91		31.34		
968	Acquisition of Machinery & Equip.	2010	11,052.49		11,052.49		0.00		
			<u>\$ 404,485.04</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,890.18</u>	<u>\$ 132,765.12</u>	<u>\$ -</u>	
Reference			D	D	D-14	D-13	D	D	
Cash Disbursements					Below				
Ennumbrance Payable					284,452.23				
					<u>6,157.87</u>				
					Above		<u>\$ 290,610.10</u>		

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 WATER UTILITY - CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

**D-11**

	Reference	
Balance December 31, 2011	D	\$ 44,536.85
Balance December 31, 2012	D	<u>\$ 44,536.85</u>

**SCHEDULE OF RESERVE FOR AMORTIZATION**

**D-12**

	Reference	
Balance December 31, 2011	D	\$ 3,854,386.64
Increased by:		
Bond Payment	D-17	<u>160,000.00</u>
Balance December 31, 2012	D	<u>\$ 4,014,386.64</u>

**SCHEDULE OF DEFERRED CHARGES OVER EXPENDITURE OF CAPITAL ORDINANCE**

**D-13**

	Reference	
Increased by:		
Over-expenditure of Capital Ordinance	D-10	<u>18,890.18</u>
Balance December 31, 2012	D	<u>\$ 18,890.18</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 WATER UTILITY - CAPITAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF FIXED CAPITAL AUTHORIZED & UNCOMPLETED**

**D-14**

	Reference	
Balance December 31, 2011	D	\$ 543,442.40
Decreased by:		
Completed Projects	D-7	<u>410,677.28</u>
Balance December 31, 2012	D	<u><u>\$ 132,765.12</u></u>

**ENCUMBRANCE PAYABLE- WATER CAPITAL FUND**

**D-15**

	Reference	
Increased by:		
Encumbrances	D-10	<u>6,157.87</u>
Balance December 31, 2012	D	<u><u>\$ 6,157.87</u></u>

**SCHEDULE OF DEFERRED AMORTIZATION**

**D-16**

	Reference	
Balance December 31, 2011	D	\$ 31,550.00
Balance December 31, 2012	D	<u><u>\$ 31,550.00</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
WATER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF UTILITY SERIAL BONDS**

Date of Issue	Purpose of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2011 Date	Interest Rate	Balance		D-17
					Dec. 31, 2011	Dec. 31, 2012	
08/01/98	General Improvements	\$ 1,375,000	8/1/2013	4.65%	\$ 545,000.00	\$ 75,000.00	\$ 470,000.00
			8/1/2014	4.70%			
			8/1/2015	4.75%			
			8/1/2016	4.80%			
			8/1/2017-2018	4.85%			
05/01/03	General Improvements	\$ 315,000	5/1/2012-2013	2.95%	70,000.00	35,000.00	35,000.00
07/15/11	General Improvements	\$ 742,000	07/15/2013	1.00%	742,000.00	50,000.00	692,000.00
			07/15/2015	1.00%			
			07/15/2016	2.00%			
			07/15/2017	2.00%			
			07/15/2018	2.00%			
			07/15/2018	2.25%			
			07/15/2019	2.50%			
			07/15/2020	2.75%			
			07/15/2021	2.75%			
Reference					<u>\$1,357,000.00</u>	<u>\$ 160,000.00</u>	<u>\$ 1,197,000.00</u>
					D	D-12	D

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 WATER UTILITY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF RENT OVERPAYMENTS**

**D-18**

	Reference	
Balance December 31, 2011	D	\$ 1,261.08
Increased by:		
Receipts	D-5	<u>2,018.93</u> 3,280.01
Decreased by:		
Overpayments Applied	D-6	<u>1,261.08</u>
Balance December 31, 2012	D	<u><u>\$ 2,018.93</u></u>

**SCHEDULE OF ACCRUED INTEREST ON BONDS**

**D-19**

	Reference	
Balance December 31, 2011	D	\$ 18,047.72
Decreased by:		
Accrued Interest on Bonds	D-4	<u>1,825.75</u>
Balance December 31, 2012	D	<u><u>\$ 16,221.97</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
PUBLIC ASSISTANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION**

**E-1**

	Reference	P.A.T.F. #1
Balance December 31, 2011	E	<u>\$ 6,018.62</u>
Increased by:		
Interest Income	E-5	23.91
		<u>23.91</u>
Decreased by:		
Transfer to Current Fund	E-5	28.95
		<u>28.95</u>
Balance December 31, 2012	E	<u><u>\$ 6,013.58</u></u>

**Reconciliation - December 31, 2012**

	<u>P.A.T.F. #1</u>
Balance on deposit per statement of: Valley National Bank 41004841	<u>\$6,013.58</u>
Less: Outstanding Checks	<u>-</u>
Balance-December 31, 2012	<u><u>\$6,013.58</u></u>
<u>Reference</u>	E

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
PUBLIC ASSISTANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF PUBLIC ASSISTANCE REVENUES**

**E-2**

	<u>Reference</u>	<u>P.A.T.F. # I</u>
Interest Income - Due to Current Fund	E-5	\$ 23.91
Total		\$ 23.91

**SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES**

**E-3**

	<u>Reference</u>	<u>P.A.T.F. # I</u>
Transfer Interest to Current Fund	E-5	\$ 28.95
Total		\$ 28.95

**SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE**

**E-4**

	<u>Reference</u>	<u>P.A.T.F. #I</u>
Balance December 31, 2011	E	\$ 6,013.58
Balance December 31, 2012	E	\$ 6,013.58

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
 PUBLIC ASSISTANCE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE TO CURRENT FUND**

**E-5**

	Reference	P.A.T.F. #I
Balance December 31, 2011	E	<u>\$ 5.04</u>
Increased by:		
Interest Income	E-1,2	23.91
		<u>23.91</u>
Decreased by:		
Transfer to Current Fund	E-1,2	28.95
		<u>28.95</u>
Balance December 31, 2012	E	<u><u>\$ -</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CASH**

	<u>Reference</u>		<b>G-1</b>
Balance December 31, 2011	G		\$ 62,640.05
Increased by receipts:			
Grants Received Appropriated	G-2	\$ 7,056.72	
Grants Received Unappropriated	G-4	3,782.45	
Interest Income	G-3	242.84	
		<u>11,082.01</u>	<u>73,722.06</u>
Decreased by:			
Grant Expenditures	G-5	3,445.00	
Transfer to Current Fund	G-3	18,210.21	
Transfer to Current Fund- Interest	G-3	242.84	
		<u>21,898.05</u>	<u>21,898.05</u>
Balance December 31, 2012	G		<u><u>\$ 51,824.01</u></u>

**SCHEDULE OF GRANTS RECEIVABLE**

	<u>Reference</u>		<b>G-2</b>
Balance December 31, 2011	G		\$ 28,064.10
Increased by:			
Budget Appropriation	A-2, G-5		<u>17,182.00</u>
Decreased by:			
Grants Received - Current Fund	G-3	2,090.00	
Grants Received -Grant Fund	G-1	7,056.72	
		<u>9,146.72</u>	<u>9,146.72</u>
Balance December 31, 2012	G		<u><u>\$ 36,099.38</u></u>
<b>Analysis of Receivables:</b>			
Clean Communities			443.22
Municipal Alliance			35,656.16
	G		<u><u>\$ 36,099.38</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF DUE FROM / (TO) CURRENT FUND**

**G-3**

	<u>Reference</u>		
Due to Current Fund December 31, 2011	G		\$(11,153.49)
 Increased by:			
Transfer to Current Fund	G-1	\$ 18,210.21	
Transfer Interest Income to Current Fund	G-1	242.84	
Unappropriated Grants Received	G-4	6,357.94	
Municipal Alliance Receivable	G-2	2,090.00	
Due from Current Fund- Deferred Charges	G	157.99	
Matching Funds for Grants	G-5	4,500.00	
		<u>31,558.98</u>	
			<u>20,405.49</u>
 Decreased by:			
Grants Expended in Current Fund	G-5	12,163.61	
Prior Year Grant Expenditures	A-4, G-5	9,468.80	
Interest Income	G-1	242.84	
		<u>21,875.25</u>	
Due to Current Fund December 31, 2012	G		<u><u>\$ (1,469.76)</u></u>

**SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS**

**G-4**

<u>GRANTS</u>	<u>12/31/11</u>	<u>Budget</u>	<u>Recd.</u>	<u>12/31/12</u>
Body Armor Grant	\$ -		\$ 1,813.49	\$ 1,813.49
Recycling Tonnage Grant			4,552.94	4,552.94
Alcohol Education & Rehabilitation	647.22	647.22	539.63	539.63
State Library Aid	1,503.00	1,503.00	1,805.00	1,805.00
Drunk Driving Enforcement Fund	5,513.39	5,513.39	1,429.33	1,429.33
	<u>\$ 7,663.61</u>	<u>\$ 7,663.61</u>	<u>\$ 10,140.39</u>	<u>\$ 10,140.39</u>
	G	A-2, G-5	Below	G
		Received in Grant Fund	G-1 3,782.45	
		Received in Current Fund	G-3 6,357.94	
			<u>\$ 10,140.39</u>	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

G-5

**SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS**

Transferred from 2012  
Budget Appropriations

	December 31, <u>2011</u>	<u>Budget</u>	<u>Non-Budgeted Grants</u>	<u>Expended</u>	Deferred Charges <u>Overexpenditure</u>	December 31, <u>2012</u>
Alcohol Rehabilitation	\$ 3,866.47	\$ 647.22		\$ 647.22		\$ 3,866.47
Clean Community	12,504.25	7,182.00		7,468.80		12,217.45
State Tonnage Recycling Grant	(0.00)					(0.00)
Drunk Driving	1,193.03	5,513.39		7,208.39	501.97	-
Safety Belt Performance Grant	555.00					555.00
Bergen County Community Development Grant	2,150.00					2,150.00
Police Vest Grant	6,136.85			1,750.00		4,386.85
Shade Tree	300.00					300.00
SLAHEOP OEM Grant	14.22					14.22
Municipal Alliance	32,095.96	12,500.00		4,500.00		40,095.96
Municipal Alliance Matching Funds	11,702.50	2,000.00		2,000.00		11,702.50
Stormwater Management Grant	1,526.76					1,526.76
Bergen County Recycling Grant	-	1,503.00		1,503.00		-
Library Aid	-					-
	<u>\$ 72,045.04</u>	<u>\$ 29,345.61</u>	<u>\$ -</u>	<u>\$ 25,077.41</u>	<u>\$ 501.97</u>	<u>\$ 76,815.21</u>
	G	Below	-	Below	G	G

Reference

Budget Appropriations	G-2	\$ 17,182.00				
Budget Appropriations - Matching Fund	G-3	4,500.00				
Budget Appropriations - Unappropriated	G-4	7,663.61				
	Above	\$ 29,345.61	Due From Current Fund:	G-3	\$ 12,163.61	
			Current Year Grants	G-3	9,468.80	
			Prior Year Grant Expenditures	G-1	3,445.00	
			Grant Fund Expenditures		<u>\$ 25,077.41</u>	
Grant Expended in Current Fund	G-3	(12,163.61)				
	A-3	\$ 17,182.00				
		<u>\$ 17,182.00</u>				
		Above				

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
SOLID WASTE UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF CASH**

**H-4**

	<u>Reference</u>		
Balance December 31, 2011	H		\$ 769,034.22
Increased by:			
Solid Waste Fees	H-2,5	\$ 684,236.21	
Fee Overpayments	H-7	89.39	
Delinquent Interest	H-1	3,089.10	
Prepaid Utility Rents	H	91,539.94	
Interest Income	H-2	2,885.06	
			781,839.70
			1,550,873.92
Decreased by:			
Due from Water Operating	H-8	1,034.00	
Appropriation Reserves	H-6	42,683.33	
Appropriations	H-3	714,856.64	
			758,573.97
Balance December 31, 2012	H		\$ 792,299.95

**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

**H-5**

	<u>Reference</u>		
Balance December 31, 2011	H		\$ 25,153.10
Increased by:			
Solid Waste Charges			779,399.40
			804,552.50
Decreased by:			
Collections	H-4	\$ 684,236.21	
Prepaid Applied	H	79,892.43	
Overpayments applied	H-7	30.75	
			764,159.39
Balance December 31, 2012	H		\$ 40,393.11

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
SOLID WASTE UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF APPROPRIATION RESERVES**

**H-6**

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Encumbrance</u> <u>Payable</u>	<u>Paid or</u> <u>Charged</u>	<u>Canceled</u>
Salaries & Wages	\$ -	\$ -	\$ -	\$ -
Other Expenses	7,284.97	37,083.33	42,683.33	1,684.97
Statutory Expenditures	5,000.00	-		5,000.00
	<u>\$ 12,284.97</u>	<u>\$ 37,083.33</u>	<u>\$ 42,683.33</u>	<u>\$ 6,684.97</u>
<u>Reference</u>	H	H, H-6A	H-4	H-1

**SCHEDULE OF ENCUMBRANCE PAYABLE**

**H-6A**

	<u>Reference</u>	
Balance December 31, 2011	H	\$ 37,083.33
Increased by:		
Encumbrance Payable	H-3	67,110.75
		104,194.08
Decreased by:		
Applied to Appropriation Reserves	H-6	37,083.33
Balance December 31, 2012	H	\$ 67,110.75

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS, NJ  
SOLID WASTE UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012

**SCHEDULE OF RENT OVERPAYMENTS**

**H-7**

	<u>Reference</u>	
Balance December 31, 2011	H	\$ 30.75
Increased by:		
Receipts	H-4	89.39
		120.14
Decreased by:		
Overpayments Applied	H-2,5	30.75
		30.75
Balance December 31, 2012	H	\$ 89.39

**SCHEDULE OF DUE FROM WATER OPERATING**

**H-8**

	<u>Reference</u>	
Increased by:		
Cash Disbursements	H-4	1,034.00
		1,034.00
Balance December 31, 2012	H	\$ 1,034.00

See independent auditor's report and the notes to the financial statements.

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Ho-Ho-Kus, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Borough of Ho-Ho-Kus (the "Borough"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated July 31, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all the deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying general comments and recommendations as item 12-01.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which are described in the accompanying comments and recommendations as items 12-02 and 12-03.

## **Management's Response to Findings**

Management's responses to the findings identified in our audit are described in the accompanying schedule of audit findings and recommendations. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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



Paul W. Garbarini, CPA  
Registered Municipal Accountant  
No. 534



Garbarini & Co. P.C. CPAs  
Registered Municipal Accountants

July 31, 2013  
Carlstadt, New Jersey

BOROUGH OF HO-HO-KUS  
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule I-1

Federal Grant Program	Pass - Through Entity ID #	Federal Account Number	Grant Period	Cash Received	Program Expenditures	Receivable
New Jersey Department of Transportation: NJ- DOT Ordinance #991 General Improvements NJ- DOT Ordinance #955 General Improvements	NJ Dept. of Transportation	CFDA 20.205	01/01/12 - 12/31/12 01/01/10 - 12/31/10	150,000.00 131,250.00	49,406.13	
FEMA Reimbursements	NJ Dept of Law & Public Safety	CFDA 97.036	01/01/12 - 12/31/12	23,707.92	320,199.73	
<b>Total Federal Financial Assistance</b>				<u>\$ 304,957.92</u>	<u>\$ 369,605.86</u>	<u>\$ -</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2012

State Grant Program	State Account Number	Grant Period	Cash Received	Program Expenditures	Receivable
New Jersey Department of Treasury: Library State Aid	2541-100-074-2541-006	01/01/12 - 12/31/12	\$ 1,805.00	\$ 1,503.00	\$ -
New Jersey Division of Criminal Justice: Police Vest Fund	1020-718-066-1020-001	01/01/12 - 12/31/12		1,750.00	
Solid Waste Administration: Clean Communities Grant	4900-765-042-4900-004	01/01/12 - 12/31/12	7,182.00	7,468.80	443.22
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/12 - 12/31/12	4,552.94	-	
Municipal Court Judiciary: Alcohol Education & Rehabilitation Grant	9735-760-098-9735-001	01/01/12 - 12/31/12	539.63	647.22	
Drunk Driving Enforcement Fund		01/01/12 - 12/31/12	1,429.33	7,208.39	
Body Armor Replacement Fund		01/01/12 - 12/31/12	1,813.49		
<b>Total State Financial Assistance</b>			<u>\$ 17,322.39</u>	<u>\$ 18,577.41</u>	<u>\$ 443.22</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF HO-HO-KUS  
 SCHEDULE OF COUNTY FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule F-3

County Grant Program	Pass - Through Entity ID #	County Account Number	Grant Period	Cash Received	Program Expenditures	Receivable
Municipal Alliance Grant		026-032-651-16-58	01/01/08 - 12/31/08	\$	\$	246.16
Municipal Alliance Grant		026-032-651-16-58	01/01/09 - 12/31/09			7,500.00
Municipal Alliance Grant		026-032-651-16-58	01/01/10 - 12/31/10			10,000.00
Municipal Alliance Grant		026-032-651-16-58	01/01/11 - 12/31/11			10,000.00
Municipal Alliance Grant		026-032-651-16-58	01/01/12 - 12/31/12	2,090.00	4,500.00	7,910.00
<b>Total County Financial Assistance</b>				<u>\$ 2,090.00</u>	<u>\$ 4,500.00</u>	<u>\$ 35,656.16</u>
<b>Total Federal, State &amp; County Financial Assistance</b>				<u>\$ 324,370.31</u>	<u>\$ 72,483.54</u>	<u>\$ 36,099.38</u>

See independent auditor's report and the notes to the financial statements.

**BOROUGH OF HO-HO-KUS, NJ**  
**NOTES TO THE SCHEDULES OF EXPENDITURES**  
**OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
**DECEMBER 31, 2012**

1. General

The accompanying schedules present the activity of all federal and state financial assistance programs of the Borough of Ho-Ho-Kus (the "Borough"). The Borough is defined in Note 1A of the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

2. Basis of Accounting

The accompanying schedules are presented using the modified accrual basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1C of the Borough's financial statements.

3. Relationship of Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements, exclusive of the unappropriated reserves. Expended State, Federal, and County awards amounted to \$74,575.44 in 2012.

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
 ROSTER OF OFFICIALS AND SURETY BONDS  
 DECEMBER 31, 2012**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Thomas Randall	Mayor	
Douglas Troast	Council President	
Maryellen Lennon	Council Member	
Phil Rorty	Council Member	
Kevin Shea	Council Member	
Steve Shell	Council Member	
Kim Weiss	Council Member	
Donald Cirulli	Business Administrator Human Resource Director	
Joseph Citro	Chief Financial Officer Qualified Purchasing Agent	\$1,000,000 (A)
Laura Borchers	Borough Clerk Registrar of Vital Statistics Registrar of Elections Assessment Search Officer Liaison/Secretary for Board of Health Claims Processor Public Agency Compliance Officer Security Information Officer Municipal Housing Liaison	(B)
Lawrence Scorzelli	Zoning Officer and Inspector Property Maintenance Officer Chief Construction Code Official Fire Sub-Code Official and Inspector	

See independent auditor's report.

**BOROUGH OF H0-H0-KUS  
 ROSTER OF OFFICIALS AND SURETY BONDS (Continued)  
 DECEMBER 31, 2012**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
James Dougherty	Electrical Sub-Code Official and Inspector	
Ralph Venturini	Bldg. Sub-Code Official and Inspector	
Frank Giordano	Plumbing Sub-Code Official and Inspector	
Harry Norton	Municipal Judge	(B)
Rosemarie Novelli-Salyer	Court Administrator/Violations Clerk	(B)
Marie Merolla	Tax Assessor	
Jeff Kropiewnicki	Tax Collector/Payroll Supervisor	\$1,000,000 (A)
Claudette Wahid	Deputy Tax Collector/Water Registrar Deputy Tax Search Officer/ Deputy Purchasing Agent/Assistant Solid Waste Registrar	\$1,000,000 (A)
Joanne Mc Donald	Assistant to Tax Collector/ Assistant To Water Registrar/ Assistant to Solid Waste Registrar / Sec. Administration Personnel Office/ Deputy Registrar Vital Statistics	(B)

(A)- The Municipal Excess Liability Joint Insurance Fund (MEL) Blanket Bond Coverage of \$1,000,000 is provided through the Bergen County Municipal Joint Insurance Fund.

(B)- Covered under the Blanket Bond Limit with the Bergen County Municipal JIF.

All bonds were examined and properly executed.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
GENERAL COMMENTS  
DECEMBER 31, 2012**

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

N.J.S.40A:11-4 states "Every contract awarded by the contracting agents, for the provision or performance of any goods or services, the cost of which in the aggregate exceed the bid threshold [40A:11-3 "a contract year the total sum of \$36,000...If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$36,000."], shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

N.J.S.40A:11-9 states "The governing body of any contracting unit may by ordinance, in the case of a municipality, by ordinance or resolution, as the case may be, in the case of a county, or by resolution in all other cases, establish the office of purchasing agent, or a purchasing department or a purchasing board, with the authority, responsibility, and accountability as its contracting agent, for the purchasing activity for the contract in unit, to prepare public advertising for bids and to receive bids for the provision or performance of goods or services on behalf of the contracting unit and to award contracts permitted pursuant to subsection a. of section 3 of P.L.1971, c. 198 (C.40A:11-3) in the name of the contracting unit, and conduct any activities as may be necessary or appropriate to the purchasing function of the contracting unit."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the calendar year or any twelve-month period. Where questions arise as to whether any contract or agreement might result in a violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Expenditure of \$5,400 or more and less than \$36,000 Per N.J.S.A. 40A:11-6.1

N.J.S.A 40A:11-6.1 states, "a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5), except for paragraph (a) of that subsection professional services and paragraph (b) of the subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. d. Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous."

See independent auditor's report.

**BOROUGH OF HO-HO-KUS  
GENERAL COMMENTS (Continued)  
DECEMBER 31, 2012**

Collection of Interest of Delinquent Taxes and Assessments and Solid Waste Charges

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

The Governing Body on January 1, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00.

Collection of Interest of Delinquent Taxes, Assessments and Solid Waste Charges

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Borough Council of the Borough of Ho-Ho-Kus, County of Bergen, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00. Real estate taxes for 2012 were advertised for sale on December 19, 2012.
2. Effective January 1, 2012 there will be a ten-day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

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

Collection of Interest on Delinquent Water Rents

Please note Chapter 81 of the Code of the Borough provides that if a bill is not paid within thirty days from the date of the bill a penalty of 10% shall be imposed. If a bill remains unpaid for a period of over sixty days after mailing or presentation, notice will be served on or mailed to the customer. Unless the bill is paid within seven days from the date of notice, the water supply will be discontinued.

See independent auditor's report.

BOROUGH OF HO-HO-KUS  
YEAR ENDED DECEMBER 31, 2012

**STATUS OF PRIOR YEAR  
COMMENTS AND RECOMMENDATIONS**

**CONSTRUCTION CODE OFFICIAL:**

**\*Comment 11-1:**

Cash receipt records must reconcile with the cash receipts posted to the Treasurer's records. The fees in the computer system do not agree with the fees as per the Borough Ordinance. Not all permits were available for inspection.

**Status:**

Corrective action has been taken.

**BOROUGH CLERK:**

**\*Comment 11-2:**

Approved minutes of Mayor and Council meetings were not prepared timely, nor available for inspection from July 2011 to June 2012. Minutes were not formally bound and maintained as official records in a timely manner.

**Status:**

Corrective action has been taken.

**Comment 11-03:**

Several vendors and professional service contracts awarded did not complete Vendor Certification and Disclosure of Political Contributions forms required by N.J.S.A. 19:44A-20.26-20.27.

**Status:**

Corrective action has been taken.

**Comment 11-04:**

The bill lists were not approved in the minutes.

**Status:**

Corrective action has been taken.

**OTHER:**

**\*Comment 11-5:**

There was an over-expenditure of appropriations in the amount of \$841.70 in the Water Utility Fund and \$157.99 in the Grant Fund.

**Status:**

Corrective action has not been taken. See current year's findings.

BOROUGH OF HO-HO-KUS  
YEAR ENDED DECEMBER 31, 2012

**STATUS OF PRIOR YEAR  
COMMENTS AND RECOMMENDATIONS**

**FINANCE**

**Comment 11-6:**

Police salary and wage charges were posted to Solid Waste salaries and wages in the amount of \$ 121,786, Water salary and wage in the amount of \$12,535 and Library appropriation in the amount of \$50,000.

**Status:**

Corrective action has not been taken. See current year's findings.

**PAYROLL:**

**Comment 11-7:**

Over-time is not being approved by the department heads on the time sheets.

**Status:**

Corrective action has been taken.

**\*Repeated from prior year's audit.**

BOROUGH OF HO-HO-KUS  
YEAR ENDED DECEMBER 31, 2012

**CURRENT YEAR**  
**COMMENTS AND RECOMMENDATIONS**

**CONSTRUCTION CODE OFFICIAL:**

**Comment 12-1:**

Several construction permits were unavailable for inspection.

**Recommendation:**

That controls be implemented and monitored over the safekeeping of all documentation.

**OTHER:**

**\*Comment 12-2:**

There were over-expenditures of appropriations in the following amounts:

Grant Fund	\$	501.97
Current Fund: Appropriation Reserves	\$	5,064.15
Trust Fund: Reserves	\$	72.25
Water Utility: Improvement Authorization	\$	18,890.00

**Recommendation:**

That over-expenditures in appropriations be avoided in accordance with Chapter 131 Laws of 1989, making the disbursing of monies or the incurring of obligations by public officials in excess of appropriations or an amount limited by law a gross violation of state statute.

**FINANCE**

**\*Comment 12-3:**

Salary and wage charges were posted to incorrect budget line items.

**Recommendation:**

That appropriations should be monitored and transfers and/or emergencies should be approved when amounts appropriated are expected to exceed budgeted amounts in accordance with New Jersey Local Budget Law N.J.S.A. 40A:4-1 et seq.

**\*Repeated from prior year's audit.**

APPRECIATION

We desire to express our appreciation of the assistance and courtesies rendered by the Borough Officials and employees during the year

\*\*\*\*\*

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