

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

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2014

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

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BERGEN COUNTY, NEW JERSEY**

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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

Report on the Financial Statements

We have audited the accompanying comparative balance sheets -regulatory basis of the various funds of the Borough of Ho-Ho-Kus, County of Bergen, State of New Jersey (the "Borough"), as of December 31, 2014 and 2013, and the related comparative statements of operations and changes in fund balance – regulatory basis for the year then ended, and the related statements of revenues and expenditures – regulatory basis, and comparative statement of general fixed assets group of accounts – regulatory basis for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements 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 (the "financial statements") in accordance with the financial reporting provision of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements 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. 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 Borough'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 described in Note 1, the financial statements are prepared and presented by the Borough on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirement of the State of New Jersey for municipal government entities. The effect on financial statements of the variances between the regulatory accounting practices and accounting principles of generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, 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 each fund of the Borough as of December 31, 2014 and 2013, or the changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, present fairly, in all material respects, the accompanying comparative balance sheets – regulatory basis of the various funds of the Borough as of December 31, 2014 and 2013, and the results of the comparative statements operations and changes in fund balance – regulatory basis of such funds for the years then ended, and the revenues and expenditures – regulatory basis of the various funds, and general fixed assets group of accounts for the year ended December 31, 2014, in accordance with accounting principles and practices prescribed by the Division as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has omitted management’s discussion and analysis 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. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division, to supplement the financial statements and therefore it has not been presented by management. 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 the schedules of federal, state and county financial assistance are presented for purpose of additional analysis as required by the Division, and are not a required part of the basic financial statements.

The supplementary schedules and schedules 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 financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2015 on our consideration of the Borough's internal control over financial reporting and 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 the 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

March 05, 2015
Carlstadt, New Jersey

BOROUGH OF HO-HO-KUS, NJ
 CURRENT FUND
 AT DECEMBER 31, 2014 AND 2013
 COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

	Reference	At December 31,	
		2014	2013
ASSETS			
Cash	A-4	\$ 3,438,728.45	\$ 2,414,840.19
Cash - Change Fund	A-5	230.00	230.00
		3,438,958.45	2,415,070.19
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	179,887.59	231,139.33
Property Acquired for Taxes - Assessed Valuation	A-11	20,100.00	20,100.00
Revenue Accounts Receivable	A-12	8,695.18	7,113.82
Due from Other Funds:			
Grant Fund	G	-	9,827.53
Developers Escrow Fund	B	0.16	60.72
Public Assistance Fund I	E		
Due from Local School	A-6	5,390.57	5,087.38
	Contra	214,073.50	273,328.78
TOTAL ASSETS		\$ 3,653,031.95	\$ 2,688,398.97

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
AT DECEMBER 31, 2014 AND 2013
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

	Reference	At December 31,	
		2014	2013
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Encumbrance Payable	A-3, A-21	\$ 610,354.64	\$ 99,809.51
Appropriation Reserve	A-3,13	557,918.31	438,599.19
Appropriation Reserve Committed		30,000.00	30,000.00
Prepaid Taxes	A-14	166,567.10	144,567.90
County Taxes Payable	A-17	8,234.04	7,440.76
Reserve for Construction Official Fees	A-20	25,703.32	25,703.32
Tax Overpayments Payable	A-15	26,193.44	21,728.51
Due to Capital Fund	C	100,000.00	80,000.00
Prepaid Municipal Rents	A-4	13,013.24	19,009.09
Prepaid Parking Permits	A-4	38,025.00	19,470.00
Reserve for Tax Appeals Pending	A-16	20,366.90	20,366.90
Reserve for DCA Fees - Construction	A-19	9,713.65	7,900.65
Accounts Payable	A-10	52,548.17	44,031.51
Reserve for Codification	A-23	19,077.50	19,077.50
Due to Other Trust Fund	B	-	25,024.75
Due to Grant Fund	G	1,942.03	
Due to State of NJ - Seniors and Veterans	A-7	1,242.32	1,492.32
Due to Library - State Aid	A-22	5,364.00	3,592.00
		1,686,263.66	1,007,813.91
Reserve for Receivable	Contra	214,073.50	273,328.78
Fund Balance	A-1	1,752,694.79	1,407,256.28
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 3,653,031.95	\$ 2,688,398.97

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

BOROUGH OF HO-HO-KUS, NJ
 CURRENT FUND
 AT DECEMBER 31, 2014 AND 2013
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

A-1

	Reference	For the Years Ended December 31,	
		2014	2013
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 225,000.00	\$ 187,000.00
Miscellaneous Revenue Anticipated	A-2	1,083,317.13	1,190,642.81
Receipts from Delinquent Taxes	A-2	222,464.95	255,829.94
Receipts from Current Taxes	A-2	22,301,493.83	21,791,224.85
Non-Budget Revenues	A-2	100,601.29	246,299.80
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	249,935.68	100,880.58
Payroll Adjustments			9,697.27
Canceled Tax Overpayments	A-15	0.76	
Interfund Returned		9,524.34	
Total Income		<u>24,192,337.98</u>	<u>23,781,575.25</u>
EXPENDITURES			
Budget Appropriations	A-3	7,983,266.94	7,936,529.37
General County	A-17	2,840,856.46	2,831,443.83
County- Open Space Preservation	A-17	30,809.48	31,199.83
Due County for Added Taxes	A-17	8,234.04	7,440.76
Prior Year County Tax Adjustment	A-17	90.55	
Local District School Tax	A-18	12,758,642.00	12,492,272.00
Interfund Advances			6,692.28
Tax Appeals	A-15		876.49
Total Expenditures		<u>23,621,899.47</u>	<u>23,306,454.56</u>
Excess in Revenue		570,438.51	475,120.69
Fund Balance January 1	A	<u>1,407,256.28</u>	<u>1,119,135.59</u>
		1,977,694.79	1,594,256.28
Less: Amount of Fund Balance Utilized as Revenue	A-2	<u>225,000.00</u>	<u>187,000.00</u>
Fund Balance December 31	A	<u>\$ 1,752,694.79</u>	<u>\$ 1,407,256.28</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, 2014

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

	Reference	Adopted Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 225,000.00	\$ 225,000.00	\$ -
Miscellaneous Revenues:				
Liquor Licenses		4,475.00	4,525.00	50.00
Fees and Permits		28,000.00	35,010.25	7,010.25
Municipal Court		84,000.00	125,327.00	41,327.00
Interest and Costs on Taxes		55,000.00	59,547.62	4,547.62
Parking Meters		90,000.00	95,061.95	5,061.95
Interest on Investments and Deposits		15,000.00	20,443.01	5,443.01
Rent - Municipal Property		172,000.00	172,972.01	972.01
Uniform Fire Safety Act		4,000.00	8,586.80	4,586.80
Energy Receipts Tax (P.L. 1998, Chapters 162 & 167)		295,884.00	295,884.00	-
Uniform Construction Code Fees		158,000.00	160,919.00	2,919.00
Interlocal - Court Borough of Allendale		32,000.00	34,458.06	2,458.06
Cable Franchise Fees		58,000.00	61,062.43	3,062.43
Municipal Alliance		9,520.00	9,520.00	-
Total Miscellaneous Revenues	Nxt Pg, A-1	1,005,879.00	1,083,317.13	77,438.13
Receipts from Delinquent Taxes	A-1, A-9	225,000.00	222,464.95	(2,535.05)
Amount to be Raised for Support of Municipal Budget:				
Local Tax for Municipal Purposes	Nxt Pg, A-9	6,790,387.94	6,925,951.85	135,563.91
Budget Totals	A-3	<u>\$ 8,246,266.94</u>	8,456,733.93	<u>\$ 210,466.99</u>
Non-Budget Revenues	A-1, Nxt Pg		<u>100,601.29</u>	
			<u>\$ 8,557,335.22</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, 2014

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	\$ 22,301,493.83
Allocated to:		
School Taxes	A-18	\$ 12,758,642.00
County Taxes	A-17	<u>2,879,899.98</u>
		<u>15,638,541.98</u>
Balance for Support of Municipal Budget Appropriations		6,662,951.85
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>263,000.00</u>
Amount for Support of Muni. Budget Appropriations	Prev Pg	<u>\$ 6,925,951.85</u>
MISCELLANEOUS REVENUES		
Cash - Collected - Treasurer	A-4	\$ 1,035,318.04
Prepaid Rent	A	19,009.09
Prepaid Parking Meters Applied	A	19,470.00
Grant Receivable	G-2	<u>9,520.00</u>
	Prev. Pg. , A-1	<u>\$ 1,083,317.13</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, 2014

STATEMENT OF REVENUES - REGULATORY BASIS (Continued)

A-2

	Reference	
Miscellaneous Revenue Not Anticipated		
Miscellaneous reimbursements	\$	533.94
Sale of assets		17,640.00
Sewer billings		40,303.77
Letters, copies and lists		97.00
2013 FEMA Reimbursement- Hurricane Sandy		37,849.63
Street Opening permits		100.00
Construction fines		500.00
Police fees		601.95
Administrative Fee - Seniors and Veterans		575.00
Polling rent		2,400.00
Total	Previous Page, A-1,4	\$ 100,601.29

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, 2014

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS-WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 160,000.00	\$ 162,500.00	\$ 162,253.00	\$ 247.00	\$ -
Other Expenses	22,000.00	12,300.00	12,031.53	268.47	
Borough Clerk					
Salaries and Wages	57,500.00	59,500.00	59,023.00	477.00	
Other Expenses	2,100.00	2,100.00	1,660.00	440.00	
Election Costs	6,000.00	6,000.00	4,270.20	1,729.80	
Financial Administration					
Salaries and Wages	51,000.00	42,100.00	18,133.68	23,966.32	
Other Expenses	16,000.00	16,000.00	8,370.28	7,629.72	
Audit Services	20,000.00	20,000.00	4,200.00	15,800.00	
Assessment of Taxes					
Salaries and Wages	20,200.00	20,200.00	20,119.92	80.08	
Other Expenses	21,000.00	21,000.00	6,335.66	14,664.34	
Collection of Taxes					
Salaries and Wages	78,000.00	79,300.00	79,163.00	137.00	
Other Expenses	5,000.00	5,000.00	4,715.20	284.80	
Legal Services and Costs					
Other Expenses	70,000.00	70,000.00	28,931.24	41,068.76	
Municipal Prosecutor					
Salaries and Wages	11,000.00	11,000.00	10,097.04	902.96	
Engineering Services and Costs					
Other Expenses	4,000.00	6,000.00	4,865.00	1,135.00	
Public Buildings and Grounds					
Salaries and Wages	40,000.00	41,200.00	41,187.80	12.20	
Other Expenses	60,000.00	60,000.00	59,559.35	440.65	
Planning Board					
Salaries and Wages	6,000.00	8,500.00	7,694.60	805.40	
Other Expenses	30,000.00	30,000.00	22,918.60	7,081.40	
Board of Adjustment					
Salaries and Wages	6,000.00	7,000.00	6,459.84	540.16	
Other Expenses	5,500.00	6,500.00	6,301.15	198.85	
Shade Tree Commission					
Salaries and Wages	1,000.00	1,000.00	1,000.00	-	
Other Expenses	10,000.00	12,700.00	12,673.71	26.29	
Insurance					
Employee Group Health	593,000.00	593,000.00	557,728.16	35,271.84	
General Liability	200,000.00	200,000.00	199,774.00	226.00	

(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, 2014

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS-WITHIN "CAPS" - Continued					
PUBLIC SAFETY					
Fire - Other Expenses					
Fire Hydrant	\$ 21,500.00	\$ 21,500.00	\$ 20,669.87	\$ 830.13	\$ -
Miscellaneous and Other Expenses	31,075.00	31,075.00	21,479.47	9,595.53	
Police					
Salaries and Wages	2,048,023.00	2,048,023.00	1,947,350.64	100,672.36	
Other Expenses	67,000.00	67,000.00	63,037.65	3,962.35	
Parking Meter Maintenance					
Other Expenses	5,000.00	5,000.00	1,770.82	3,229.18	
Aid to Volunteer Ambulance Corps.	8,000.00	8,000.00	2,841.97	5,158.03	
Zoning official:					
Salaries and Wages	10,000.00	22,700.00	22,700.00	-	
Other Expenses	500.00	500.00	284.00	216.00	
Public Defender					
Other Expenses	2,000.00	2,000.00	600.00	1,400.00	
PEOSHA					
Other Expenses	14,000.00	14,000.00	13,283.29	716.71	
Uniform Fire Safety Act Chapter 383-83					
Fire Prevention Code Official					
Salaries and Wages	10,000.00	13,000.00	12,499.92	500.08	
Other Expenses	2,000.00	2,000.00	400.00	1,600.00	
Emergency Management Services					
Salaries and Wages	4,200.00	4,200.00	4,180.00	20.00	
Other Expenses	9,000.00	9,000.00	8,592.56	407.44	
STREETS AND ROADS					
Road Repairs and Maintenance					
Salaries and Wages	500,000.00	500,000.00	500,000.00	-	
Other Expenses	42,500.00	47,500.00	47,272.36	227.64	
Street Lighting and Traffic Lights	58,000.00	58,000.00	46,079.18	11,920.82	
HEALTH AND WELFARE					
Board of Health					
Salaries and Wages	16,500.00	16,500.00	15,954.00	546.00	
Other Expenses	14,000.00	14,000.00	10,629.06	3,370.94	
Uniform Construction Official					
Salaries and Wages	41,000.00	21,000.00	16,395.80	4,604.20	
Other Expenses	18,500.00	18,500.00	18,499.68	0.32	

(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, 2014

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS-WITHIN "CAPS" - Continued					
MUNICIPAL COURT					
Salaries and Wages	\$ 55,000.00	\$ 55,000.00	\$ 49,107.16	\$ 5,892.84	\$ -
Other Expenses	26,500.00	26,500.00	26,500.00	-	
UNCLASSIFIED					
Recreation					
Salaries and Wages	25,000.00	26,700.00	26,609.88	90.12	
Other Expenses	20,000.00	20,000.00	4,153.97	15,846.03	
Utilities					
	92,000.00	92,000.00	78,758.55	13,241.45	
Recycling Expense					
Salaries and Wages	60,000.00	60,000.00	60,000.00	-	
Other Expenses	35,000.00	35,000.00	12,063.47	22,936.53	
Sick Leave Payouts					
	315,000.00	315,000.00	315,000.00	-	
Vehicle Maintenance					
	160,000.00	160,000.00	129,918.05	30,081.95	
Total Operations {Item 8(A)} Within "CAPS"	5,206,598.00	5,206,598.00	4,816,097.31	390,500.69	-
CONTINGENT					
TOTAL OPERATIONS INCLUDING					
CONTINGENT WITHIN "CAPS"					
	\$ 5,206,598.00	\$ 5,206,598.00	\$ 4,816,097.31	\$ 390,500.69	\$ -
Detail:					
Salaries and Wages	\$ 3,200,423.00	\$ 3,199,423.00	\$ 3,059,929.28	\$ 139,493.72	\$ -
Other Expenses	2,006,175.00	2,007,175.00	1,756,168.03	251,006.97	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
Deferred Charges:					
Overexpenditures of Grants	696.53	696.53	696.53	-	
Statutory Expenditures:					
Contribution to:					
PERS	200,231.00	200,231.00	183,706.24	16,524.76	
PFRS	429,661.00	429,661.00	405,239.93	24,421.07	
Social Security System (O.A.S.I.)	130,000.00	130,000.00	102,839.74	27,160.26	
TOTAL DEFERRED CHARGES AND STATUTORY	760,588.53	760,588.53	692,482.44	68,106.09	
EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
TOTAL GENERAL APPROPRIATIONS FOR	\$ 5,967,186.53	\$ 5,967,186.53	\$ 5,508,579.75	\$ 458,606.78	\$ -
MUNICIPAL PURPOSES WITHIN "CAPS"					

(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, 2014

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS EXCLUDED FROM "CAPS"					
Sewer Authority Share of Costs	\$ 600,000.00	\$ 600,000.00	\$ 599,710.00	\$ 290.00	\$ -
Maintenance of Free Public Library (Chapter. 82 & 541, P.L. 1985)	410,847.91	410,847.91	405,970.64	4,877.27	
Volunteer Incentive Program	70,000.00	70,000.00	-	70,000.00	
Storm Water Management	3,000.00	3,000.00		3,000.00	
Reserve for Tax Appeals	150,000.00	150,000.00	129,201.44	20,798.56	
				-	
Interlocal Municipal Service Agreements					
Municipal Court					
Salaries and Wages	20,000.00	20,000.00	20,000.00	-	
Other Expenses	6,500.00	6,500.00	6,500.00	-	
Shared Service - Midland Park Construction	120,000.00	120,000.00	119,679.00	321.00	
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES					
Matching Funds for Grants - Other Expenses	2,000.00	2,000.00	2,000.00	-	
Municipal Alliance on Alcoholism and Drug Abuse	9,520.00	9,520.00	9,520.00	-	
Municipal Alliance - Matching Funds	2,500.00	2,500.00	2,500.00	-	
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 1,394,367.91	\$ 1,394,367.91	\$ 1,295,081.08	\$ 99,286.83	\$ -
Detail:					
Salaries and Wages	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -
Other Expenses	1,374,367.91	1,374,367.91	1,275,081.08	99,286.83	

(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, 2014

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled/ (Overexpended)	
	Budget	Budget After Modification	Paid or Charged	Reserved		
OPERATIONS EXCLUDED FROM "CAPS" - Continued						
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -	\$ -	
Capital Outlay	200,000.00	200,000.00	199,975.30	24.70		
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"	\$ 300,000.00	\$ 300,000.00	\$ 299,975.30	\$ 24.70	\$ -	
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"						
Payment of Bond Principal	\$ 260,000.00	\$ 260,000.00	\$ 260,000.00	\$ -	\$ -	
Interest on Bonds	61,712.50	61,712.50	61,712.50			
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"	\$ 321,712.50	\$ 321,712.50	\$ 321,712.50	\$ -	\$ -	
DEFERRED CHARGES:						
Special Emergency Authorizations - 5 Years (N.J.S.40A:4-55)	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL MUNICIPAL DEFERRED CHARGES EXCLUDED FROM "CAPS"	\$ -	\$ -	\$ -	\$ -	\$ -	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES-EXCLUDED FROM "CAPS"	\$ 2,016,080.41	\$ 2,016,080.41	\$ 1,916,768.88	\$ 99,311.53	\$ -	
Sub-Total General Appropriations	A-1 \$ 7,983,266.94	\$ 7,983,266.94	\$ 7,425,348.63	\$ 557,918.31	\$ -	
Reserve for Uncollected Taxes	263,000.00	263,000.00	263,000.00	-		
Total General Appropriations	\$ 8,246,266.94	\$ 8,246,266.94	\$ 7,688,348.63	\$ 557,918.31	\$ -	
	Reference	A-2	Below	Below	A	A-1
Budget Adopted	Reference	A-2	\$ 8,246,266.94			
	A-2, Above		\$ 8,246,266.94			
Encumbrance Payable	A-21		\$ 610,354.64			
Reserve for Uncollected Taxes	A-2		263,000.00			
Deferred Charge - Grant Fund	G-3		696.53			
Budget Offsets	A-4		(503,869.15)			
Disbursements	A-4		7,205,411.61			
Due to Capital Fund - Capital Improvement Fund	C-6		100,000.00			
Due to Grant Fund - Unexpended Current Year Grants	G-5		12,755.00			
	Above		\$ 7,688,348.63			

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
AT DECEMBER 31, 2014 AND 2013

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

B

ASSETS	<u>Reference</u>	At December 31,	
		2014	2013
Animal License Fund:			
Cash and Cash Equivalents	B-1	\$ 3,356.21	\$ 3,554.21
Other Trust Fund:			
Cash and Cash Equivalents	B-1	766,910.93	696,495.66
Due from Current Fund	B-4	-	25,024.75
		766,910.93	721,520.41
Developers Escrow Fund:			
Cash and Cash Equivalents	B-1	0.16	60.72
COAH Fund:			
Cash and Cash Equivalents	B-1	201,389.52	170,336.08
Recreation Fund:			
Cash and Cash Equivalents	B-1	17,333.50	33,992.37
TOTAL ASSETS		\$ 988,990.32	\$ 929,463.79

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
AT DECEMBER 31, 2014 AND 2013

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

B

		At December 31,	
		2014	2013
LIABILITIES, RESERVES AND SURPLUS	<u>Reference</u>		
Animal License Fund:			
Due to State of NJ	B-7	\$ 7.20	\$ 11.40
Reserve for Animal Fund Expenditures	B-2	3,349.01	3,542.81
		3,356.21	3,554.21
Other Trust Fund:			
Security Deposits	B-5	342,516.70	315,365.34
Trust Reserves	B-6	424,366.23	406,077.07
Due to State of New Jersey	B-3	28.00	78.00
		766,910.93	721,520.41
Developers Escrow Fund:			
Due to Current Fund	A,B-4	0.16	60.72
COAH Fund:			
COAH Development Fees	B-9	201,389.52	170,336.08
Recreation Fund:			
Reserve for Recreation	B-8	17,333.50	33,992.37
TOTAL LIABILITIES, RESERVES AND SURPLUS		\$ 988,990.32	\$ 929,463.79

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

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
AT DECEMBER 31, 2014 AND 2013
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

C

		At December 31,	
		2014	2013
ASSETS	Reference		
Cash and Cash Equivalents:			
Cash	C-2	\$ 1,264,495.71	\$ 167,092.69
Deferred Charges to Future Taxation:			
Funded	C-10	2,520,000.00	2,780,000.00
Unfunded	C-3	2,038,900.00	1,743,900.00
Due from Current Fund	A, C-6	100,000.00	80,000.00
Grant Receivable	C-7	440,952.10	240,952.10
TOTAL ASSETS		\$ 6,364,347.81	\$ 5,011,944.79
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 2,520,000.00	\$ 2,780,000.00
Bond Anticipation Notes	C-13	1,682,000.00	-
Improvement Authorizations:			
Funded	C-5	330,678.63	351,863.82
Unfunded	C-5	1,380,435.92	1,548,225.55
Encumbrances Payable	C-9	34,377.84	-
Capital Improvement Fund	C-4	98,303.39	13,303.39
Reserve for Grants Receivable	C-8	185,953.00	185,953.00
Reserve for Payment of Bonds	C-11	105,576.72	105,576.72
Fund Balance	C-1	27,022.31	27,022.31
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 6,364,347.81	\$ 5,011,944.79

There were bonds and notes authorized but not issued
of \$356,900 and \$1,743,900 on December 31, 2014 and December 31, 2013, respectively (C-12).

STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	Reference	
Balance December 31, 2013	C	\$ 27,022.31
Balance December 31, 2014	C	\$ 27,022.31

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
AT DECEMBER 31, 2014 AND 2013

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

D

ASSETS	Reference	December 31 ,	
		2014	2013
Operating Fund:			
Cash	D-5	\$ 839,803.28	\$ 672,361.21
Deferred Charge - Overexpenditure of Approp. Reserves	D-9	-	984.75
Receivable with Full Reserves:			
Consumer Accounts Receivable	D-6	164,207.83	157,095.20
Total Operating Fund		1,004,011.11	830,441.16
Capital Fund:			
Cash	D-5	395,787.75	119,646.47
Due From Water Utility Fund	D-8	30,000.18	48,890.00
Fixed Capital	D-7	5,191,478.24	5,156,879.52
Fixed Capital: Authorized and Uncompleted	D-14	329,776.40	364,375.12
Deferred Charges- Overexpenditure of Capital Ordinance	D-13	-	0.18
Total Capital Fund		5,947,042.57	5,689,791.29
TOTAL ASSETS		\$ 6,951,053.68	\$ 6,520,232.45
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Liabilities			
Appropriation Reserve	D-4,9	\$ 98,883.80	\$ 31,624.18
Encumbrance Payable	D-4,9	117,813.68	11,352.54
Storm Damage Reserve		130,000.00	130,000.00
Water Rent Overpayment	D-18	2,029.28	1,379.12
Accrued Interest on Bonds	D-19	12,669.48	14,357.56
Accrued Interest on BAN's	D-15	878.10	
Due to Water Capital Fund	D-8	30,000.18	48,890.00
Reserve for Receivable	D-6	164,207.83	157,095.20
Fund Balance	D-1	447,528.76	435,742.56
Total Operating Fund		1,004,011.11	830,441.16
Capital Fund:			
Utility Serial Bonds	D-17	897,000.00	1,032,000.00
Bond Anticipation Notes	D-22	261,850.00	
Improvement Authorizations:			
Funded	D-10	113,505.12	113,505.12
Unfunded	D-10	216,271.28	250,870.00
Capital Improvement Fund	D-11	44,536.85	44,536.85
Reserve for Amortization	D-12	4,359,086.64	4,210,936.64
Reserve for Deferred Amortization	D-16	-	13,150.00
Down Payment on Improvements	D-20	46,850.00	16,850.00
Fund Balance	D-2	7,942.68	7,942.68
Total Capital Fund		5,947,042.57	5,689,791.29
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 6,951,053.68	\$ 6,520,232.45

There were no bonds and notes authorized but not issued on December 31, 2014 and \$ 261,850 on December 31, 2013 (D-21)

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
AT DECEMBER 31, 2014 AND 2013

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

D-1

		For the Years Ended December 31:	
		<u>2014</u>	<u>2013</u>
	Reference		
REVENUE AND OTHER INCOME REALIZED			
Surplus Anticipated	D-3	\$ -	\$ 68,890.00
Rents	D-3	1,002,423.85	1,040,708.99
Fire Hydrant Service	D-3	-	21,500.00
Interest Income	D-5	2,478.38	2,520.84
Interest Income - Capital	D-5	1,082.25	
Other Credits to Income:			
Appropriation Canceled	D-4	809.98	143.16
Unexpended Balance of Appropriation Reserves	D-9	991.74	21,489.66
Total Income		<u>1,007,786.20</u>	<u>1,155,252.65</u>
 EXPENDITURES			
Operating	D-4	635,000.00	585,000.00
Capital Improvements	D-4	191,847.57	100,000.00
Debt Service	D-4	168,167.50	201,000.00
Deferred Charges	D-4	984.93	18,890.00
Statutory Expenditures	D-4	-	25,000.00
Total Expenditures	D-4	<u>996,000.00</u>	<u>929,890.00</u>
EXCESS / (DEFICIT) IN REVENUES		11,786.20	225,362.65
Fund Balance - Operating - January 1	D	<u>435,742.56</u>	<u>279,269.91</u>
		447,528.76	504,632.56
Less: Amount of Fund Balance Utilized as Revenue		<u>-</u>	<u>68,890.00</u>
FUND BALANCE-OPERATING-DECEMBER 31	D	<u><u>\$ 447,528.76</u></u>	<u><u>\$ 435,742.56</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, 2014

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

D-2

	Reference	
Balance December 31, 2013	D	<u>\$ 7,942.68</u>
Balance December 31, 2014	D	<u><u>\$ 7,942.68</u></u>

STATEMENT OF REVENUES - REGULATORY BASIS

D-3

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	\$ 975,000.00	\$ 1,002,423.85	\$ 27,423.85
Fire Hydrant Service	21,000.00	-	(21,000.00)
Total	<u>\$ 996,000.00</u>	<u>\$ 1,002,423.85</u>	<u>\$ 6,423.85</u>
Reference	D-4	D-1,Below	

Analysis of Revenue

	Reference	
Cash Receipts	Below	\$ 1,001,044.73
Overpayments Applied-Accounts Receivables	D-6	1,379.12
Total	Above	<u>\$ 1,002,423.85</u>

Collections - Accounts Receivables	D-6	<u>\$ 1,001,044.73</u>
	Above	<u>\$ 1,001,044.73</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, 2014
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>
Operating:					
Salaries and Wages	\$ 250,000.00	\$ 250,000.00	\$ 249,958.20	\$ 41.80	\$ -
Other Expenses	325,000.00	325,000.00	227,366.13	97,633.87	
Group Health Insurance	60,000.00	60,000.00	60,000.00	-	
Total Operating	635,000.00	635,000.00	537,324.33	97,675.67	-
Capital Improvements:					
Down Payment for Improvements	30,000.00	30,000.00	30,000.00	-	
Capital Outlay	161,847.57	161,847.57	160,639.44	1,208.13	
Total Capital Improvements	191,847.57	191,847.57	190,639.44	1,208.13	-
Debt Service:					
Payment of Bond Principal	135,000.00	135,000.00	135,000.00		-
Interest on Bonds	33,167.50	33,167.50	32,357.52		809.98
Total Debt Service	168,167.50	168,167.50	167,357.52	-	809.98
Deferred Charges:					
Overexpenditure of Appropriation Reserve	984.75	984.75	984.75		-
Overexpenditure of Improvement Authorization	0.18	0.18	0.18		-
Total Deferred Charges	984.93	984.93	984.93	-	-
TOTAL WATER UTILITY APPROPRIATIONS	\$ 996,000.00	\$ 996,000.00	\$ 896,306.22	\$ 98,883.80	\$ 809.98
Reference	D-1,3	D-1,3	Below	D	D-1
Reference					
Disbursements	D-5		\$ 748,317.59		
Decrease in Accrued Interest on Bonds	D-19		(1,688.08)		
Increase in Accrued Interest on BAN's	D15		878.10		
Encumbrances Payable	D		117,813.68		
Due to Water Capital Fund- down pmt on capital imp.	D-8		30,000.00		
Deferred Charges	D, D-8, 13		984.93		
	Above		\$ 896,306.22		

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
AT DECEMBER 31, 2014 AND 2013

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

E

	<u>Reference</u>	<u>At December 31</u>	
		<u>2014</u>	<u>2013</u>
ASSETS			
Cash	E-4	\$ 723,033.27	\$ 640,007.69
Consumer Accounts Receivable	E-5	40,693.25	30,786.16
Deferred Charges- Deficit in Operations-2012	E	-	13,681.48
TOTAL ASSETS		<u>\$ 763,726.52</u>	<u>\$ 684,475.33</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrance Payable	E-3,E-6A	\$ 111,390.72	\$ 40,047.47
Appropriations Reserves	E-3,6	66,462.97	27,929.16
Prepaid Utilities	E-4,5	14,599.22	3,292.12
Utility Rents Overpaid	E-7	942.24	342.00
Appropriations Reserve Committed		46,166.66	46,166.66
		<u>239,561.81</u>	<u>117,777.41</u>
Reserve for Receivable	E-5	40,693.25	30,786.16
Fund Balance	E-1	483,471.46	535,911.76
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 763,726.52</u>	<u>\$ 684,475.33</u>

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
AT DECEMBER 31, 2014 AND 2013

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

E-1

		<u>Reference</u>	For the Years Ended December 31,	
			<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED				
Operating Surplus	E-2	\$	73,682.00	\$ 61,000.00
Fees	E-2		773,364.18	791,069.45
Interest Income	E-4		2,892.95	2,805.74
Delinquent Interest	E-4		3,854.89	3,814.38
Appropriation Reserve Canceled	E-6		21,129.16	69,146.11
			<u>874,923.18</u>	<u>927,835.68</u>
EXPENDITURES				
Operating	E-3		770,000.00	760,000.00
Capital Improvements	E-3		50,000.00	50,000.00
Statutory Expenditures	E-3		33,681.48	20,000.00
			<u>853,681.48</u>	<u>830,000.00</u>
EXCESS (DEFICIT) IN REVENUES			21,241.70	97,835.68
Fund Balance - Operating - January 1	E		<u>535,911.76</u>	<u>499,076.08</u>
			557,153.46	596,911.76
Surplus Utilized	E-2		<u>73,682.00</u>	<u>61,000.00</u>
FUND BALANCE - OPERATING - DECEMBER 31	E	\$	<u><u>483,471.46</u></u>	<u><u>\$ 535,911.76</u></u>

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, 2014

STATEMENT OF REVENUE - REGULATORY BASIS

E-2

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Utilized	\$ 73,682.00	\$ 73,682.00	\$ -
Solid Waste Fees	774,999.48	773,364.18	(1,635.30)
Interest on Investments / Delinquent Interest	5,000.00	6,747.84	1,747.84
	<u>\$ 853,681.48</u>	<u>\$ 853,794.02</u>	<u>\$ 112.54</u>
	E-3	E-1, Below	

	<u>Reference</u>		
Fund Balance Utilized	E-1	\$ 73,682.00	
Solid Waste Fees	E-5	773,364.18	
Delinquent Interest	E-4	3,854.89	
Interest Income	E-4	2,892.95	
	Above	<u>\$ 853,794.02</u>	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

E-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	\$ 150,000.00	\$ 149,983.04	\$ 16.96
Other Expenses	620,000.00	620,000.00	575,878.65	44,121.35
	<u>770,000.00</u>	<u>770,000.00</u>	<u>725,861.69</u>	<u>44,138.31</u>
Capital Improvements:				
Capital Outlay	50,000.00	50,000.00	37,675.34	12,324.66
	<u>50,000.00</u>	<u>50,000.00</u>	<u>37,675.34</u>	<u>12,324.66</u>
Statutory Expenditures:				
Social Security	10,000.00	10,000.00	10,000.00	-
Public Employees Retirement System	10,000.00	10,000.00	-	10,000.00
	<u>20,000.00</u>	<u>20,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>
Deficit in Operations in Prior Years	<u>13,681.48</u>	<u>13,681.48</u>	<u>13,681.48</u>	<u>-</u>
Total Solid Waste Utility Appropriations	<u>\$ 853,681.48</u>	<u>\$ 853,681.48</u>	<u>\$ 787,218.51</u>	<u>\$ 66,462.97</u>
Reference	E-2	E-2	Below	E

	<u>Reference</u>		
Encumbrances	E-6A	\$ 111,390.72	
Deferred Charges- Deficit	E	13,681.48	
Disbursements	E-4	662,146.31	
	Above	<u>\$ 787,218.51</u>	

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, 2014 AND 2013

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

F

	At December 31,	
	<u>2014</u>	<u>2013</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>5,084,509.65</u>	<u>5,040,182.08</u>
Total General Fixed Assets	<u>\$ 22,573,209.65</u>	<u>\$ 22,528,882.08</u>
Investment in General Fixed Assets	<u>\$ 22,573,209.65</u>	<u>\$ 22,528,882.08</u>

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

BOROUGH OF HO-HO-KUS, NJ
GRANT FUND
AT DECEMBER 31, 2014 AND 2013

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

G

		At December 31,	
	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	G-1	\$ 75,398.85	\$ 64,849.54
Grants Receivable	G-2	9,520.00	40,819.38
Due From Current Fund	G-3	1,942.03	
Over-Expenditure of Appropriated Reserves	G-5	<u>3,172.00</u>	<u>696.53</u>
TOTAL ASSETS		<u><u>\$ 90,032.88</u></u>	<u><u>\$ 106,365.45</u></u>
 LIABILITIES			
Unappropriated Reserves	G-4	\$ 45,376.25	\$ 24,550.63
Appropriated Reserves	G-5	44,656.63	71,987.29
Due to Current Fund	A,G-3	<u> </u>	<u>9,827.53</u>
TOTAL LIABILITIES		<u><u>\$ 90,032.88</u></u>	<u><u>\$ 106,365.45</u></u>

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

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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, 2014 AND 2013

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, 2014 AND 2013

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 2014 and 2013, the Mayor and Council approved several budget transfers.

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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 unmatured 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, 2014 AND 2013

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, 2014 AND 2013

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, 2014, \$0 of the Borough's bank balance of \$ 7,987,339.00 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, 2014 and 2013, 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, 2014 and 2013, property taxes receivable were \$179,887.59 and \$231,139.33, respectively.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

5. Leases

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

Lease Term Ended	Minimum Rent
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. The lease ended in June 2014.

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

Lease Term Ended	Minimum Rent
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 \$62,988.36 in 2014 and \$53,512.86 in 2013.

6. Interfund Receivable and Payables

Interfund receivables and payables at December 31, 2014 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
Current	\$ 0.16	\$ 101,942.03
Trust	-	0.16
Capital	100,000.00	
Water Utility	-	
Water Capital		-
Grant	1,942.03	-
Public Assistance		
Total Interfund Receivables/Payables	\$ 101,942.19	\$ 101,942.19

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

7. Fund Balance Appropriated

Fund balances at December 31, 2014, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2014, were as follows:

Current Fund	\$ 225,000.00
Water Utility Operating Fund	\$ 0.00
Solid Waste Utility Operating Fund	\$ 73,682.00

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 \$166,567.10 and \$144,567.90 for the year ended December 31, 2014 and 2013, 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, 2014 AND 2013

9. Municipal Debt

Long-Term Debt

Long-term debt as of December 31, 2014 consisted of the following:

	Balance Dec. 31, 2013	Additions	Reductions	Balance Dec. 31, 2014	Due in One Year
Bonds Payable - General	\$ 2,780,000.00	\$ -	\$ 260,000.00	\$ 2,520,000.00	\$ 305,000.00
Bonds Payable - Water Utility	1,032,000.00	-	135,000.00	897,000.00	145,000.00
	<u>\$ 3,812,000.00</u>	<u>\$ -</u>	<u>\$ 395,000.00</u>	<u>\$ 3,417,000.00</u>	<u>\$ 450,000.00</u>

As of December 31, 2014, 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.

Schedule of Annual Debt Service for Principal and Interest for

Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 305,000.00	\$ 59,112.50
2016	335,000.00	53,012.50
2017	350,000.00	46,312.50
2018	365,000.00	39,312.50
2019	375,000.00	31,100.00
2020-2021	790,000.00	32,725.00
Total	<u>\$ 2,520,000.00</u>	<u>\$ 261,575.00</u>

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

9. Municipal Debt (Continued)

Water Utility Bonds

1998 Bonds, due in annual installments of \$80,000 due 8/01/2015 to 2018, interest at variable rates of 4.50% to 4.85% \$ 320,000.00

2011 Bonds, due in annual installments of \$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% 577,000.00

\$ 897,000.00

Water Utility Debt

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2015	145,000.00	29,042.50
2016	150,000.00	23,942.50
2017	155,000.00	18,702.50
2018	165,000.00	13,322.50
2019	90,000.00	7,530.00
2020-2021	<u>192,000.00</u>	<u>7,947.50</u>
Total	<u>\$ 897,000.00</u>	<u>\$ 100,487.50</u>

Total General Obligation and Water Utility Bonds \$ 3,417,000.00

The Borough's short-term debt consisted of Bond Anticipation Notes Payable in the amount of \$1,943,850. Schedules C-13 and D-22 of the financial statements disclosed the various due dates and interest rates of the Bond Anticipation Notes Payable as of December 31, 2014.

Summary of Municipal Debt

	2014	2013
Bonds and Notes Issued		
General:		
Bonds and Notes	\$ 4,202,000	\$ 2,780,000
Water Utility Bonds and Notes	<u>1,158,850</u>	<u>1,032,000</u>
Total Bonds and Notes Issued	<u>5,360,850</u>	<u>3,812,000</u>
Authorized but not Issued		
General	356,900	61,900
Water Utility Bonds and Notes	<u>-</u>	<u>-</u>
Total Authorized But not Issued	<u>356,900</u>	<u>61,900</u>
Bonds and Notes Issued and Authorized but not Issued	<u>\$ 5,717,750</u>	<u>\$ 3,873,900</u>

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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 .367 %.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Bonds and Notes for School Purposes	\$ 1,158,850	\$ 1,158,850	\$ -
General Debt			
Bonds and Notes	4,202,000		4,202,000
Notes Authorized but Not Issued	356,900		356,900
Water Utility Debt			
Bonds and Notes	1,158,850	1,158,850	-
Notes Authorized but Not Issued	-	-	-
	<u>\$ 6,876,600</u>	<u>\$ 2,317,700</u>	<u>\$ 4,558,900</u>

Net Debt \$4,558,900 divided by Equalized Valuation Basis
Per N.J.S.A.40A:2-2 as amended \$1,243,400,344.33 = .367%

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

3 1/2% of Equalized Valuation Basis (Municipal)	43,519,012.05
Net Debt	4,558,900.00
Remaining Borrowing Power	<u>\$ 38,960,112.05</u>

Water Utility

Calculation of "Self-Liquidating Purpose"

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,002,423.85
Deductions:	
Operating and maintenance cost	827,832.50
Debt service	168,167.50
Total Deductions	<u>996,000.00</u>
Excess / (deficit) in revenue	<u>\$ 6,423.85</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, 2014 AND 2013

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 1/55th 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, 2014 were 6.5% of base wages for that year. Contributions made by employees to PFRS for the year ended December 31, 2014 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
2014	\$183,706.24	\$405,239.93
2013	\$152,310.00	\$403,209.00
2012	152,110.00	442,345.00
2011	143,309.00	383,520.00

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. 2011. 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, 2014 AND 2013

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, 2014 and 2013, the total accumulated absence liability was \$1,427,615.09 and \$1,405,155.64, respectively. Also, as of December 31, 2014 and 2013, the Borough has reserved in its Trust Fund \$169,827.73 and \$149,099.04 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, 2011, 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

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, 2014 AND 2013**

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, 2014 and 2013 were \$577,504.65 and \$560,110.47, 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 1 retired employee who receive this benefit. In 2014, the cost of these health benefits totals \$1,500.

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, 2014 AND 2013

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 2015 budget, in the amount of \$150,000. 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, 2014, the following deferred charges were reported on balance sheets of various funds:

Grant Fund:	
Overexpenditure of Appropriations	\$ 3,172.00
Total Deferred Charges	<u>\$ 3,172.00</u>

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 March 5, 2015, which is the date the financial statements were available to be issued.

See independent auditor's report.

BOROUGH OF HO-HO-KUS

Supplementary Data

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2014	\$ 1,752,694.79	\$ 200,000.00
	2013	1,407,256.28	225,000.00
	2012	1,119,135.59	187,000.00
	2011	822,483.14	187,000.00
Water Utility Operating Fund	2014	\$ 447,528.76	\$ -
	2013	435,742.56	-
	2012	279,269.91	68,890.00
	2011	224,356.17	-
Solid Waste Utility Operating Fund	2014	\$ 483,471.46	\$ 57,000.00
	2013	535,911.76	73,682.00
	2012	499,076.08	61,000.00
	2011	593,576.08	94,500.00

Comparative Schedule of Tax Rate Information

Assessed Valuation

2014	<u>\$ 1,232,379,127</u>	
2013	<u>\$ 1,247,993,130</u>	
2012	<u>\$ 1,263,868,792</u>	
2011*		<u>\$ 1,372,609,945</u>
2010		<u>\$1,372,609,945</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>
2014	\$ 22,496,289	\$ 22,301,494	99.13%
2013	22,065,800	21,791,225	98.76%
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%

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>
2014	\$ -	\$ 179,888	\$ 179,888	0.80%
2013	-	231,139	231,139	1.05%
2012	-	255,703	255,703	1.21%
2011	-	222,195	222,195	1.07%
2010	-	165,143	165,143	0.83%

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>
2014	\$ 20,100
2013	20,100
2012	20,100
2011	20,100
2010	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>
2014	\$ 1,009,536	\$ 1,002,424	99.30%
2013	1,070,539	1,060,190	99.03%
2012	889,061	870,885	97.96%
2011	854,003	857,926	100.46%
2010	889,502	840,639	94.51%

Comparison of Solid Waste Utility Levies

<u>December Year</u>	<u>Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2014	\$ 783,271	\$ 773,364	98.74%
2013	781,463	790,980	101.22%
2012	779,399	764,129	98.04%
2011	784,432	784,428	100.00%
2010	778,090	775,601	99.68%

See independent auditor's report.

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF CASH - COLLECTOR - TREASURER

A-4

	Reference			
Balance December 31, 2013	A		\$	2,414,840.19
Increased by Receipts:				
Taxes Receivable	A-9	\$ 22,350,390.88		
Prepaid Municipal Rents	A	13,013.24		
Prepaid Parking Permits	A	38,025.00		
Payroll Adjustment	A-1			
Miscellaneous Revenue	A-2	1,035,318.04		
Miscellaneous Revenue not Anticipated	A-2	100,601.29		
Due From Local School	A-6	1,320.11		
Due from State of NJ. - Senior Citizens and Veterans Deductions	A-7	28,750.00		
Accounts Payable - Refundable	A-10	69,275.14		
Prepaid Taxes	A-14	166,567.10		
Tax Overpayments	A-15	5,491.54		
Reserve for DCA	A-19	8,198.00		
Due to Grant Fund - Unappropriated Grants	G-3	12,695.03		
State Library Aid	A-22	1,772.00		
Petty Cash	A-8	300.00		
Budget Offsets - Reserves	A-13	17,397.68		
Budget Offsets	A-3	503,869.15		
				24,352,984.20
				26,767,824.39
Decreased by Disbursements:				
2014 Budget Appropriations	A-3	7,205,411.61		
2013 Appropriation Reserves	A-13	305,870.70		
Tax Overpayments Refunded	A-15	1,025.85		
County Taxes	A-17	2,879,197.25		
Local District School Tax	A-18	12,758,642.00		
Accounts Payable - Refundable	A-10	60,758.48		
Reserve for DCA	A-19	6,385.00		
Due to Capital Fund	C-6	80,000.00		
Grant Expenditures	G-3	4,857.00		
Due to Other Trust Fund	B-4	25,024.75		
Due from Local School - Gas Expenses	A-6	1,623.30		
Petty Cash Funds	A-8	300.00		
				23,329,095.94
Balance December 31, 2014	A		\$	3,438,728.45

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, 2014

SCHEDULE OF CHANGE FUNDS

A-5

OFFICE	Balance Dec. 31, 2014	Balance Dec. 31, 2013
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, 2013	Reference A	\$ 5,087.38
Increased by:		
Due from Local School	A-4	1,623.30
		6,710.68
Decreased by:		
Cash Receipts	A-4	1,320.11
		1,320.11
Balance December 31, 2014	A	\$ 5,390.57

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, 2014

**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, 2013	A	\$ (1,492.32)
Increased by:		
Senior Citizens Deductions		\$ 750.00
Veterans Deductions		28,000.00
Veterans Deductions Allowed		<u>250.00</u>
		<u>29,000.00</u>
		27,507.68
Decreased by:		
Seniors and Veterans Disallowed		-
Received in Cash from State	A-4	<u>28,750.00</u>
		<u>28,750.00</u>
Balance December 31, 2014	A	<u><u>\$ (1,242.32)</u></u>
2014 Tax Revenue Realized:		
Senior Citizens Deductions		\$ 750.00
Veterans Deductions		28,000.00
Senior Citizen Deductions Allowed		<u>250.00</u>
Total Realized	A-9	<u><u>\$ 29,000.00</u></u>

SCHEDULE OF PETTY CASH

A-8

	Reference	
Cash Received	A-4	<u>\$ 300.00</u>
		300.00
Cash Disbursed	A-4	<u>300.00</u>
Balance December 31, 2014		<u><u>\$ -</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, 2014

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-9

Year	Balance	<u>Added</u>	2014	Cash Collections		Added Penalty	Balance
	Dec. 31, 2013		Levy	2013	2014	(Canceled)	Dec. 31, 2014
2010	\$ 1,023.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,023.02
2011	2,504.04						2,504.04
2012	2,550.11						2,550.11
2013	225,062.16				222,464.95	(3.74)	2,593.47
2014		64,100.74	22,430,253.21	144,567.90	22,156,925.93	(21,643.17)	171,216.95
	<u>\$ 231,139.33</u>	<u>\$ 64,100.74</u>	<u>\$ 22,430,253.21</u>	<u>\$ 144,567.90</u>	<u>\$ 22,379,390.88</u>	<u>\$ (21,646.91)</u>	<u>\$ 179,887.59</u>
Reference	A	Below		A-14	Below		A
Cash	Reference				\$ 22,350,390.88		
State of NJ Realized Seniors and Veterans Deductions	A-4						29,000.00
	A-7, Below						
	Above				<u>\$ 22,379,390.88</u>		

ANALYSIS OF PROPERTY TAX LEVY
TAX YIELD

General Purpose Tax		\$ 22,401,503.21
State Share of Senior Citizens and Veterans Deductions	A-7	28,750.00
Added Taxes (54:4-63.1 et. seq.)	Above	64,100.74
	Below	<u>\$ 22,494,353.95</u>

TAX LEVY

Local District School Tax (Abstract)	A-18	\$ 12,758,642.00
County Taxes (Abstract)	A-17	2,871,665.94
Due County for Added Taxes	A-17	8,234.04
Local Tax for Municipal Purposes	A-2	6,790,387.94
Add: Additional Taxes		<u>65,424.03</u>
TOTAL TAX LEVY	Above	<u>\$ 22,494,353.95</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, 2014

SCHEDULE OF ACCOUNTS PAYABLE

	Reference	A-10
Balance December 31, 2013	A	\$ 44,031.51
Increased by:		
Receipts	A-4	<u>69,275.14</u>
		113,306.65
Decreased by:		
Disbursements	A-4	<u>\$ 60,758.48</u>
		<u>60,758.48</u>
Balance December 31, 2014	A	<u><u>\$ 52,548.17</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

	Reference	A-11
Balance December 31, 2013	A	<u>\$ 20,100.00</u>
Balance December 31, 2014	A, Below	<u><u>\$ 20,100.00</u></u>

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

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2013	Accrued 2014	Collected	Balance Dec. 31, 2014
Municipal Court	\$ 7,113.82	\$ 8,695.18	\$ 7,113.82	\$ 8,695.18
	<u>\$ 7,113.82</u>	<u>\$ 8,695.18</u>	<u>\$ 7,113.82</u>	<u>\$ 8,695.18</u>
Reference	A			A

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, 2014

SCHEDULE OF 2013 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2013	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
GENERAL GOVERNMENT								
Administrative and Executive								
Salaries and Wages	\$ 3,635.04	\$ -	\$ -	\$ 3,635.04	\$ -	\$ -	\$ 3,635.04	\$ -
Other Expenses	115.27	1,500.00	1,000.00	2,615.27	-	2,611.78	3.49	-
Borough Clerk								
Salaries and Wages	3,241.54	-	-	3,241.54	-	-	3,241.54	-
Other Expenses	1,322.94	-	-	1,322.94	-	-	1,322.94	-
Election Costs	-	-	-	-	-	-	-	-
Financial Administration								
Salaries and Wages	5,904.15	-	-	5,904.15	-	-	5,904.15	-
Other Expenses	3,612.24	1,305.77	3,000.00	7,918.01	-	1,594.17	6,323.84	-
Audit Services	950.00	4,350.00	13,000.00	18,300.00	-	24,146.44	(5,846.44)	-
Assessment of Taxes								
Salaries and Wages	80.08	-	-	80.08	-	-	80.08	-
Other Expenses	-	736.62	-	736.62	-	736.62	-	-
Collection of Taxes								
Salaries and Wages	67.71	-	-	67.71	-	-	67.71	-
Other Expenses	-	-	-	-	-	-	-	-
Legal Services and Costs								
Other Expenses	801.41	17,795.49	-	18,596.90	-	18,584.99	11.91	-
Municipal Prosecutor								
Salaries and Wages	402.96	-	-	402.96	-	-	402.96	-
Engineering Services and Costs								
Other Expenses	395.00	-	-	395.00	-	-	395.00	-
Public Buildings and Grounds								
Salaries and Wages	-	-	-	-	-	-	-	-
Other Expenses	3,073.51	4,368.38	1,500.00	8,941.89	-	8,226.38	715.51	-
Planning Board								
Salaries and Wages	19,555.77	-	(19,000.00)	555.77	-	-	555.77	-
Other Expenses	6,170.63	3,666.55	-	9,837.18	-	7,675.46	2,161.72	-
Board of Adjustment								
Salaries and Wages	14,705.77	-	-	14,705.77	-	-	14,705.77	-
Other Expenses	656.61	100.00	-	756.61	-	756.61	-	-
Shade Trees								
Salaries and Wages	500.00	-	-	500.00	-	-	500.00	-
Other Expenses	7,857.97	9,750.00	-	17,607.97	-	9,785.00	7,822.97	-
Insurance								
Employee Group Health	10,493.16	-	(9,000.00)	1,493.16	-	192.00	1,301.16	-
General Liability	392.80	-	-	392.80	-	-	392.80	-

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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, 2014

SCHEDULE OF 2013 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2013	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
PUBLIC SAFETY								
Fire - Other Expenses								
Fire Hydrant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous and Other Expenses	9,396.95	1,412.83		10,809.78		9,654.78	1,155.00	
Police								
Salaries and Wages	-	-	57,000.00	57,000.00		56,699.24	300.76	
Other Expenses	2,069.52	4,473.99	2,000.00	8,543.51		5,851.71	2,691.80	
Police Cars	-	-		-			-	
Parking Meter Maintenance								
Other Expenses	3,757.00	300.00		4,057.00		300.00	3,757.00	
Aid to Volunteer Ambulance Corps.	2,314.40	771.68		3,086.08		2,599.68	486.40	
Zoning Official								
Salaries and Wages	102.26	-		102.26			102.26	
Other Expenses	500.00	-		500.00			500.00	
Public Defender								
Other Expenses	200.00	-		200.00			200.00	
PEOSHA								
Other Expenses	4,901.25	5,010.00		9,911.25		5,333.50	4,577.75	
Uniform Fire Safety Act Chapter 383-83								
Fire Prevention Code Official								
Other Expenses	1,749.53	16.28		1,765.81		16.28	1,749.53	
Emergency Management Services								
Salaries and Wages	20.00	-		20.00			20.00	
Other Expenses	1,224.46	2,531.95		3,756.41		2,038.90	1,717.51	
STREETS AND ROADS								
Road Repairs and Maintenance								
Salaries and Wages	38,630.77	-	(38,000.00)	630.77			630.77	
Other Expenses	650.22	12,076.76	1,500.00	14,226.98		14,226.98	-	
Street Lighting and Traffic Lights	7,669.86	-		7,669.86	5,619.45	4,377.08	8,912.23	

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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, 2014

SCHEDULE OF 2013 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2013	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
HEALTH AND WELFARE								
Board of Health								
Salaries and Wages	\$ 546.00	\$ -	\$ -	\$ 546.00	\$ -	\$ -	\$ 546.00	\$ -
Other Expenses	4,772.36	1,381.00		6,153.36		2,028.44	4,124.92	
Construction Code Official								
Salaries and Wages	3,614.93	-		3,614.93			3,614.93	
Other Expenses	2,116.35	165.82		2,282.17		313.19	1,968.98	
Municipal Court								
Salaries and Wages	5,591.38	-		5,591.38			5,591.38	
Other Expenses	1,159.50	-		1,159.50		18.03	1,141.47	
Recreation								
Salaries and Wages	231.60	-		231.60			231.60	
Other Expenses	1,975.01	-		1,975.01		117.53	1,857.48	
Recycling Program								
Salaries and Wages	1,641.96	-		1,641.96			1,641.96	
Other Expenses	1,421.77	7,090.62		8,512.39		7,090.62	1,421.77	
Utilities	19,276.91	737.13	(13,000.00)	7,014.04		6,032.30	981.74	
Vehicle Maintenance	11,577.59	2,707.91		14,285.50	11,778.23	17,466.29	8,597.44	
Contribution to:								
Social Security System (O.A.S.I.)	-	-		-			-	
PERS	190.00	-		190.00			190.00	
PFRS	1,291.00	-		1,291.00			1,291.00	
Sewerage Authority- Share of Costs	126,051.00	-		126,051.00		10,000.00	116,051.00	
Maintenance of Free Public Library (Chapter 82 & 541, P.L. 1985)	25,490.29	2,973.26		28,463.55		8,788.68	19,674.87	
Reserve for Tax Appeals	68.72	-		68.72			68.72	
Storm Water Management	6,000.00	-		6,000.00			6,000.00	
Volunteer Incentive Program	64,750.00	-		64,750.00		63,237.05	1,512.95	
Municipal Alliance Grant		530.47		530.47		530.47	-	
Capital Outlay	<u>3,712.04</u>	<u>14,057.00</u>		<u>17,769.04</u>		<u>14,840.50</u>	<u>2,928.54</u>	
TOTALS	<u>\$ 438,599.19</u>	<u>\$ 99,809.51</u>	<u>\$ -</u>	<u>\$ 538,408.70</u>	<u>\$ 17,397.68</u>	<u>\$ 305,870.70</u>	<u>\$ 249,935.68</u>	<u>\$ -</u>
Reference	A	A-21		Below	A-4	A-4	A-1	A
Appropriation Reserve	A			\$ 438,599.19				
Encumbrance Payable	A-21			<u>99,809.51</u>				
	Above			<u>\$ 538,408.70</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, 2014

SCHEDULE OF PREPAID TAXES

	Reference	A-14
Balance December 31, 2013	A	\$ 144,567.90
Increased by:		
Collection of Taxes	A-4	166,567.10
		<u>311,135.00</u>
Decreased by:		
Applied to 2014 Taxes	A-9	144,567.90
		<u>144,567.90</u>
Balance December 31, 2014	A	<u><u>\$ 166,567.10</u></u>

SCHEDULE OF TAX OVERPAYMENTS

	Reference	A-15
Balance December 31, 2013	A	\$ 21,728.51
Increased by:		
2014 Overpayments	A-4	5,491.54
		<u>27,220.05</u>
Decreased by:		
Canceled	A-1	\$ 0.76
Refunds	A-4	1,025.85
		<u>1,026.61</u>
Balance December 31, 2014	A	<u><u>\$ 26,193.44</u></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, 2013	A	\$ 20,366.90
Balance December 31, 2014	A	<u><u>\$ 20,366.90</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, 2014

SCHEDULE OF COUNTY TAXES PAYABLE

	Reference	A-17
Balance December 31, 2013	A	\$ 7,440.76
Increased by:		
2014 Levy:		
General County	A-1,9	\$ 2,840,856.46
Open Space Preservation	A-1,9	30,809.48
Due County for Added Taxes	A-1,9	8,234.04
Adjustment - Prior Year Added	A-1	90.55
	A-2	<u>2,879,990.53</u>
		2,887,431.29
Decreased by:		
Payments	A-4	<u>2,879,197.25</u>
Balance December 31, 2014	A	<u><u>\$ 8,234.04</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	Reference	A-18
Balance December 31, 2013	A	\$ -
Levy, Calendar Year (01/01 - 12/31)	A-1,2,9	<u>12,758,642.00</u>
		12,758,642.00
Decreased by:		
Disbursements	A-4	<u>12,758,642.00</u>
Balance December 31, 2014	A	<u><u>\$ -</u></u>

SCHEDULE OF RESERVE FOR DCA - CONSTRUCTION PAYABLE

	Reference	A-19
Balance December 31, 2013	A	\$ 7,900.65
Increased by:		
DCA Fees Received	A-4	<u>8,198.00</u>
		16,098.65
Decreased by:		
Disbursements to State	A-4	<u>6,385.00</u>
Balance December 31, 2014	A	<u><u>\$ 9,713.65</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, 2014

SCHEDULE OF CONSTRUCTION FEES

	Reference	A-20
Balance December 31, 2013	A	<u>\$ 25,703.32</u>
Balance December 31, 2014	A	<u><u>\$ 25,703.32</u></u>

SCHEDULE OF ENCUMBRANCE PAYABLE

	Reference	A-21
Balance December 31, 2013	A	\$ 99,809.51
Increased by:		
Appropriations	A-3	<u>610,354.64</u>
		710,164.15
Decreased by:		
Applied to Appropriation Reserves	A-13	<u>99,809.51</u>
Balance December 31, 2014	A	<u><u>\$ 610,354.64</u></u>

DUE TO LIBRARY - STATE AID

	Reference	A-22
Balance December 31, 2013	A	\$ 3,592.00
Increased by:		
State Library Aid	A-4	<u>1,772.00</u>
Balance December 31, 2014	A	<u><u>\$ 5,364.00</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, 2014

SCHEDULE OF RESERVE FOR CODIFICATION

A-23

	Reference	
Balance December 31, 2013	A	<u>\$ 19,077.50</u>
Balance December 31, 2014	A	<u><u>\$ 19,077.50</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, 2014

SCHEDULE OF TRUST CASH

B-1

	<u>Reference</u>	<u>Animal License</u>	<u>Trust Other</u>	<u>Developers Escrow</u>	<u>COAH</u>	<u>Recreation</u>
Balance December 31, 2013	B	\$ 3,554.21	\$ 696,495.66	\$ 60.72	\$ 170,336.08	\$ 33,992.37
Increased by Receipts:						
Licenses and Fees	B-2	7,043.20				
Due to State	B-3,7	615.60	350.00			
Interest Income	B-4	21.75	2,633.86	0.16		100.73
Security Deposits	B-5		104,714.01			
Trust Reserves	B-6		147,658.95			
Transfer from Current Fund	B-4	-	25,024.75			
Development Fees	B-9				34,729.24	
Recreation Fees	B-8					26,250.00
		<u>7,680.55</u>	<u>280,381.57</u>	<u>0.16</u>	<u>34,729.24</u>	<u>26,350.73</u>
		<u>11,234.76</u>	<u>976,877.23</u>	<u>60.88</u>	<u>205,065.32</u>	<u>60,343.10</u>
Decreased by Disbursements:						
Animal Fund Expenditures	B-2	7,237.00				
Due to State	B-3,7	619.80	400.00			
Due to Current Fund- Interest	B-4	21.75	2,633.86	60.72		100.73
Security Deposits	B-5		77,562.65			
Trust Reserves	B-6		129,369.79			
COAH Expenditures	B-9				3,675.80	
Recreation Expenditures	B-8					42,908.87
		<u>7,878.55</u>	<u>209,966.30</u>	<u>60.72</u>	<u>3,675.80</u>	<u>43,009.60</u>
Balance December 31, 2014	B	<u>\$ 3,356.21</u>	<u>\$ 766,910.93</u>	<u>\$ 0.16</u>	<u>\$ 201,389.52</u>	<u>\$ 17,333.50</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, 2014

**SCHEDULE OF RESERVE FOR ANIMAL FUND
EXPENDITURES**

B-2

	<u>Reference</u>	
Balance December 31, 2013	B	\$ 3,542.81
Increased by:		
Receipts - Licenses and Fees	B-1	7,043.20
		10,586.01
Decreased by Disbursements:		
Animal Fund Expenditures	B-1	7,237.00
		7,237.00
Balance December 31, 2014	B	\$ 3,349.01

SCHEDULE OF DUE TO STATE OF NEW JERSEY - OTHER TRUST

B-3

	<u>Reference</u>	
Balance December 31, 2013	B	\$ 78.00
Increased by:		
Marriage Licenses	B-1	350.00
		428.00
Decreased by:		
Disbursements	B-1	400.00
		400.00
Balance December 31, 2014	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, 2014

SCHEDULE OF DUE TO/(FROM) CURRENT FUND

B-4

	<u>Reference</u>	<u>Other Trust Funds</u>	<u>Animal License Fund</u>	<u>Developers Escrow</u>	<u>Recreation</u>
Balance December 31, 2013	B	\$ (25,024.75)	\$ -	\$ 60.72	\$ -
Increased by:					
Interest Income - Due to Current Fund	B-1	2,633.86	21.75	0.16	100.73
Transfer from Current Fund	B-1	25,024.75			
		2,633.86	21.75	60.88	100.73
Decreased by:					
Transfers of Interest to Current	B-1	2,633.86	21.75	60.72	100.73
Balance December 31, 2014	B	\$ -	\$ -	\$ 0.16	\$ -

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, 2014

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

B-5

	<u>Reference</u>	
Balance December 31, 2013	B	\$ 315,365.34
Increased by:		
Receipts	B-1	104,714.01
		420,079.35
Decreased by:		
Disbursements	B-1	77,562.65
		77,562.65
Balance December 31, 2014	B	\$ 342,516.70

SCHEDULE OF OTHER TRUST RESERVES

B-6

	Balance <u>Dec. 31, 2013</u>	Receipts	Disbursements	Adjustment	Balance <u>Dec. 31, 2014</u>
Donations	\$ 700.00	\$ -	\$ -	\$ -	\$ 700.00
Library Grants	44.62				44.62
Firemen's Death Benefit Fund	8,700.00				8,700.00
Police Accessories	5,392.69	1,000.00			6,392.69
Accrued Sick Leave	149,099.04	30,905.65	10,176.96		169,827.73
Electronic Filing Fees	701.00				701.00
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	105,400.00				105,400.00
Sewer Connection Fees	2,800.00				2,800.00
Treasurer Clearing	37.83	5,000.00	5,000.00		37.83
Unemployment Reserve	27,914.27	5,169.38	21,280.94		11,802.71
Dare Donations	200.00				200.00
Streetscape Donations	4,256.54				4,256.54
Shade Tree Ross Donation	9,322.15	6,375.00	5,988.00		9,709.15
POAA Court Fees	324.00	256.00			580.00
JIF Awards	448.97				448.97
State Health Benefit Program	-	84,302.37	80,775.49		3,526.88
Fuel Reimbursement	9,398.38	2,457.00			11,855.38
Lightning Detection System	231.00				231.00
Historical Society	110.00				110.00
Restitution for Building Damages	2,403.00				2,403.00
Tree Lighting Ceremony	200.00				200.00
Motorpool	61,913.15	6,023.55			67,936.70
Police Donations	5,500.00	500.00			6,000.00
Jr. Police Academy	2,940.76	5,670.00	6,148.40		2,462.36
Ho-Ho-Kus Celebration	680.90				680.90
	<u>\$ 406,077.07</u>	<u>\$ 147,658.95</u>	<u>\$ 129,369.79</u>	<u>\$ -</u>	<u>\$ 424,366.23</u>
Reference	B	B-1	B-1	B-4	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, 2014

SCHEDULE OF DUE TO STATE OF NEW JERSEY - ANIMAL FUND

B-7

	<u>Reference</u>	
Balance December 31, 2013	B	\$ 11.40
Increased by:		
2014 Dog Licenses	B-1	615.60
		627.00
Decreased by:		
State Payments	B-1	619.80
		619.80
Balance December 31, 2014	B	\$ 7.20

SCHEDULE OF RESERVE FOR RECREATION

B-8

	<u>Reference</u>	
Balance December 31, 2013	B	\$ 33,992.37
Increased by:		
Recreation Fees	B-1	26,250.00
		60,242.37
Decreased by:		
Disbursements	B-1	42,908.87
		42,908.87
Balance December 31, 2014	B	\$ 17,333.50

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, 2014

SCHEDULE OF COAH DEVELOPMENT FEES

	<u>Reference</u>	B-9
Balance December 31, 2013	B	\$ 170,336.08
Increased by:		
Development Fees	B-1	<u>34,729.24</u>
		205,065.32
Decreased by:		
Disbursements	B-1	<u>3,675.80</u>
Balance December 31, 2014	B	<u><u>\$ 201,389.52</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, 2014

SCHEDULE OF GENERAL CAPITAL CASH

C-2

	Reference		
Balance December 31, 2013	C		\$ 167,092.69
Increased by Receipts:			
Interest Income	C-6	\$ 4,403.95	
Transfer from Current Fund	C-6	80,000.00	
Bond Anticipation Notes Issued	C-12	<u>1,682,000.00</u>	
			<u>1,766,403.95</u>
			1,933,496.64
Decreased by Disbursements:			
Due to Current Fund - Interest	C-6	4,403.95	
Improvement Authorization	C-5	<u>664,596.98</u>	
			<u>669,000.93</u>
Balance December 31, 2014	C		<u><u>\$ 1,264,495.71</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, 2014

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-3

Ord. #	Improvement Description	Balance Dec. 31, 2013	Increased by Improvement Authorization	Decreased by Funded	Balance Dec. 31, 2014
991	General Improvements -2012	\$ 61,900.00	\$ -	\$ -	\$ 61,900.00
1021	General Improvements -2013	1,682,000.00	-	-	1,682,000.00
1029	General Improvements -2014	<u> </u>	<u>510,000.00</u>	<u>215,000.00</u>	<u>295,000.00</u>
		<u>\$ 1,743,900.00</u>	<u>\$ 510,000.00</u>	<u>\$ 215,000.00</u>	<u>\$ 2,038,900.00</u>
	Reference	C	C-5	Below	C

Funded by:	
Capital Improvement Fund	C-4 \$ 15,000.00
NJDOT Grant	C-7 <u>200,000.00</u>
	Above <u>\$ 215,000.00</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-4

	Reference		
Balance December 31, 2013	C	\$	13,303.39
Increased by:			
Budget Appropriation	C-6		<u>100,000.00</u>
			113,303.39
Decreased by:			
Appropriated to Finance Impr Authorizations	C-3,12		<u>15,000.00</u>
Balance December 31, 2014	C	\$	<u><u>98,303.39</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, 2014

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-5

Ord. #	Improvement Description	Balance December 31, 2013		2014 Authorizations	Expended/ Canceled	Balance December 31, 2014	
		Funded	Unfunded			Funded	Unfunded
852	Improvements and Acquisition of Equipment and Machinery - 2002	\$ 23,573.61	\$ -	\$ -	\$ -	\$ 23,573.61	\$ -
887	General Improvements - 2004	-				-	
928	General Improvements & Equipment	7,590.92				7,590.92	
940	General Improvements & Equipment	-				-	
941	Streetscape Improvements	18,281.87				18,281.87	
955	Various Public Improvements	108,506.41				108,506.41	
967	General Improvements & Equipment	78,007.45			10,223.94	67,783.51	
991	General Improvements -2011	115,903.56	61,900.00		10,961.25	104,942.31	61,900.00
1021	General Improvements -2013		1,486,325.55		360,566.80		1,125,758.75
1029	General Improvements - 2014			510,000.00	317,222.83		192,777.17
		<u>\$ 351,863.82</u>	<u>\$ 1,548,225.55</u>	<u>\$ 510,000.00</u>	<u>\$ 698,974.82</u>	<u>\$ 330,678.63</u>	<u>\$ 1,380,435.92</u>
		C	C	C-3,12	Below	C	C
	Cash Disbursements			C-2	\$ 664,596.98		
	Encumbrances Payable			C-9	34,377.84		
				Above	<u>\$ 698,974.82</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, 2014

SCHEDULE OF DUE TO/(FROM) CURRENT FUND

C-6

	Reference		
Balance December 31, 2013	C		\$ (80,000.00)
Increased by:			
Transfer from Current Fund	A-4, C-2	\$ 80,000.00	
Interest Earned - Checking Account	C-2	4,403.95	
			<u>84,403.95</u>
			4,403.95
Decreased by:			
Transfers to Current Fund	C-2	4,403.95	
Appropriation - Capital Improvement Fund	A-3, C-4	<u>100,000.00</u>	
			<u>104,403.95</u>
Balance December 31, 2014	C		<u><u>\$ (100,000.00)</u></u>

SCHEDULE OF GRANTS RECEIVABLE

C-7

	Reference		
Balance December 31, 2013	C		\$ 240,952.10
Increased by:			
NJDOT Grant - Ordinance #1029	C-3,12		<u>200,000.00</u>
Balance December 31, 2014	C		<u><u>\$ 440,952.10</u></u>

SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

C-8

	Reference		
Balance December 31, 2013	C		<u>\$ 185,953.00</u>
Balance December 31, 2014	C		<u><u>\$ 185,953.00</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, 2014

SCHEDULE OF ENCUMBRANCES PAYABLE

C-9

	Reference	
Balance December 31, 2013	C	\$ -
Increased by:		
Encumbrances Payable	C-5	<u>34,377.84</u>
Balance December 31, 2014	C	<u>\$ 34,377.84</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, 2014

SCHEDULE OF GENERAL SERIAL BONDS

C-10

Date of Issue	Purpose of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2013		Interest Rate	Balance Dec. 31, 2013	Increase	Decrease	Balance Dec. 31, 2014
			Date	Amount					
07/15/11	General Improvements	\$3,215,000.00	07/15/15	305,000.00	2.00%	\$ 2,780,000.00	\$ -	\$ 260,000.00	\$ 2,520,000.00
			07/15/16	335,000.00	2.00%				
			07/15/17	350,000.00	2.00%				
			07/15/18	365,000.00	2.25%				
			07/15/19	375,000.00	2.50%				
			07/15/20	390,000.00	2.75%				
			07/15/21	400,000.00	2.75%				
						\$ 2,780,000.00	\$ -	\$ 260,000.00	\$ 2,520,000.00
					Reference	C		Below	C
					Paid by Budget Appropriation		A-3, Above	\$ 260,000.00	

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, 2014

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS

C-11

	Reference	
Balance December 31, 2013	C	<u>\$ 105,576.72</u>
Balance December 31, 2014	C	<u><u>\$ 105,576.72</u></u>
Analysis of Balance:		
New Jersey Department of Transportation- Ord # 941/955		\$ 50,000.00
New Jersey Department of Transportation- Ord # 991		<u>55,576.72</u>
	Above	<u><u>\$ 105,576.72</u></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, 2014

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-12

Ord. No.	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Funded / Transferred	Balance Dec. 31, 2014
991	General Improvements -2012	\$ 61,900.00	\$ -	\$ -	\$ 61,900.00
1021	General Improvements -2013	1,682,000.00	-	1,682,000.00	-
1029	General Improvements - 2014		510,000.00	215,000.00	295,000.00
		<u>\$ 1,743,900.00</u>	<u>\$ 510,000.00</u>	<u>\$ 1,897,000.00</u>	<u>\$ 356,900.00</u>
		C	C-5	Below	C

Funded Through:		
Capital Improvement Fund	C-4	\$ 15,000.00
NJDOT Grant	C-7	200,000.00
Bond Anticipation Notes Issued	C-13	1,682,000.00
	Above	<u>\$ 1,897,000.00</u>

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

BOROUGH OF HO-HO-KUS
 GENERAL CAPITAL FUND
 FOR THE PERIOD ENDED DECEMBER 31, 2014

SCHEDULE OF BOND ANTICIPATION NOTES

C-13

Ord. #	<u>Purpose</u>	<u>Original Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>	<u>Issued</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
1021	Various Public Improv. & Acq of Equip.	04/03/14	04/02/15	0.45%	\$ -	\$ 1,682,000.00	\$ -	\$ 1,682,000.00
					<u>\$ -</u>	<u>\$ 1,682,000.00</u>	<u>\$ -</u>	<u>\$ 1,682,000.00</u>
					C	C-2,12		C

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, 2014

SCHEDULE OF CASH

D-5

	Reference	Operating	Capital
Balance December 31, 2013	D	<u>\$ 672,361.21</u>	<u>\$ 119,646.47</u>
Increased by:			
Budget Revenues	D-3	1,001,044.73	
Interest Income	D-1	2,478.38	1,082.25
Transfer of Interest to Water Operating	D-8	1,082.25	
Water Receipts Overpaid	D-18	2,029.28	
Bond Anticipation Notes	D-22		261,850.00
Transfer from Water Operating			48,890.00
		<u>1,006,634.64</u>	<u>311,822.25</u>
		<u>1,678,995.85</u>	<u>431,468.72</u>
Decreased by Disbursements:			
2014 Appropriations	D-4	748,317.59	
2013 Appropriations	D-9	41,984.98	
Improvement Authorization	D-10		34,598.72
Encumbrances Payable	D-15		
Transfer Interest	D-8		1,082.25
Due to Water Capital	D-8	48,890.00	
		<u>839,192.57</u>	<u>35,680.97</u>
Balance December 31, 2014	D	<u><u>\$ 839,803.28</u></u>	<u><u>\$ 395,787.75</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, 2014

SCHEDULE OF ACCOUNTS RECEIVABLE

D-6

	Reference		
Balance December 31, 2013	D	\$	157,095.20
Increased by:			
Water Rents Levied			<u>1,009,536.48</u>
			1,166,631.68
Decreased by:			
Collections	D-3	\$	1,001,044.73
Overpayment Applied	D-3,18		<u>1,379.12</u>
			<u>1,002,423.85</u>
Balance December 31, 2014	D	\$	<u><u>164,207.83</u></u>

SCHEDULE OF FIXED CAPITAL

D-7

	Balance Dec. 31, 2013	Completed Projects	Balance Dec. 31, 2014
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	222,530.16		222,530.16
Computer system	13,707.50		13,707.50
Improvements	1,474,379.60	34,598.72	1,508,978.32
Storage tank	1,617,053.75		1,617,053.75
Chlorine Retention well	<u>2,789.55</u>		<u>2,789.55</u>
	<u>\$ 5,156,879.52</u>	<u>\$ 34,598.72</u>	<u>\$ 5,191,478.24</u>
Reference	D	D-14	D

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF DUE FROM/(TO) WATER CAPITAL FUND

D-8

	Reference		
Balance December 31, 2013	D		\$ (48,890.00)
Increased by:			
Transfer from Water Utility Operating Fund	D-5	\$ 48,890.00	
Interest - Income	D-5	<u>1,082.25</u>	
			<u>49,972.25</u>
Decreased by:			
Budget Appropriation - Deferred Charges	D-4	0.18	
Budget Appropriation - Down Payment on Impr.	D-4,20	30,000.00	
Transfer of Interest to water operating	D-5	<u>1,082.25</u>	
			<u>31,082.43</u>
Balance December 31, 2014	D		<u><u>\$ (30,000.18)</u></u>

SCHEDULE OF APPROPRIATION RESERVES

D-9

	Balance Dec. 31, 2013	Modified Balance Dec. 31, 2013	Paid or Charged	(Overexpended)/ Lapsed
Salaries and Wages	\$ 687.44	\$ 687.44	\$ -	\$ 687.44
Other Expenses	30,936.74	42,289.28	41,984.98	304.30
Water Group Insurance Other Expense	-	-	-	-
Capital Outlay	-	-	-	-
	<u>\$ 31,624.18</u>	<u>\$ 42,976.72</u>	<u>\$ 41,984.98</u>	<u>\$ 991.74</u>
	D	Below	D-5	D-1
<u>Reference</u>				
Appropriation Reserve	D	\$ 31,624.18		
Encumbrances Payable	D	<u>11,352.54</u>		
		<u>\$ 42,976.72</u>		
		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, 2014

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-10

Ord. #	Improvement Description	Ord.: Date	Balance Dec. 31, 2013		2014 Authorizations	Expended	Over expenditure	Balance Dec. 31, 2014	
			Funded	Unfunded				Funded	Unfunded
825	Various Improvements	2000	\$ 112,083.65	\$ -	\$ -	\$ -	\$ -	\$ 112,083.65	\$ -
929	Install Water Valves and Acquis. Of Mach. & Equip.	2007	1,099.32					1,099.32	
942	Various Improvements	2008	290.81					290.81	
954	Various Public Improvements	2009	31.34					31.34	
1022	Various Improvements - 2013	2013		250,870.00		34,598.72			216,271.28
			<u>\$ 113,505.12</u>	<u>\$ 250,870.00</u>	<u>\$ -</u>	<u>\$ 34,598.72</u>	<u>\$ -</u>	<u>\$ 113,505.12</u>	<u>\$ 216,271.28</u>
Reference			D	D	D-14	D-5	-	D	D

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, 2014

SCHEDULE OF CAPITAL IMPROVEMENT FUND

D-11

	Reference	
Balance December 31, 2013	D	<u>\$ 44,536.85</u>
Balance December 31, 2014	D	<u><u>\$ 44,536.85</u></u>

SCHEDULE OF RESERVE FOR AMORTIZATION

D-12

	Reference	
Balance December 31, 2013	D	\$ 4,210,936.64
Increased by:		
Completed Projects	D-16	\$ 13,150.00
Bond Payment	D-17	<u>135,000.00</u>
		<u>148,150.00</u>
Balance December 31, 2014	D	<u><u>\$ 4,359,086.64</u></u>

SCHEDULE OF DEFERRED CHARGES OVER EXPENDITURE OF CAPITAL ORDINANCE

D-13

	Reference	
Balance December 31, 2013	D	\$ 0.18
Decreased by:		
Appropriated 2014 Budget	D-4	<u>0.18</u>
Balance December 31, 2014	D	<u><u>\$ -</u></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, 2014

SCHEDULE OF FIXED CAPITAL AUTHORIZED & UNCOMPLETED

D-14

	Reference	
Balance December 31, 2013	D	\$ 364,375.12
Decreased by:		
Completed Projects	D-7	<u>34,598.72</u>
Balance December 31, 2014	D	<u><u>\$ 329,776.40</u></u>

SCHEDULE OF ACCRUED INTEREST ON BOND ANTICIPATION NOTES

D-15

	Reference	
Balance December 31, 2013	D	\$ -
Increased in 2014	D-4	<u>878.10</u>
Balance December 31, 2014	D	<u><u>\$ 878.10</u></u>

SCHEDULE OF DEFERRED AMORTIZATION

D-16

	Reference	
Balance December 31, 2013	D	\$ 13,150.00
Decreased by:		
Completed Projects- Reserve for Amortization	D-12	<u>13,150.00</u>
Balance December 31, 2014	D	<u><u>\$ -</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, 2014

SCHEDULE OF UTILITY SERIAL BONDS

D-17

Date of Issue	Purpose of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2013	Decrease	Balance Dec. 31, 2014
			Outstanding Date	Dec. 31, 2013	Amount				
08/01/98	General Improvements	\$ 1,375,000	8/1/2015		80,000	4.75%	\$ 395,000.00	\$ 75,000.00	\$ 320,000.00
			8/1/2016		80,000	4.80%			
			8/1/2017-2018		80,000	4.85%			
07/15/11	General Improvements	\$ 742,000	07/15/2015		65,000	2.00%	637,000.00	60,000.00	577,000.00
			07/15/2016		70,000	2.00%			
			07/15/2017		75,000	2.00%			
			07/15/2018		85,000	2.25%			
			07/15/2019		90,000	2.50%			
			07/15/2020		95,000	2.75%			
			07/15/2021		97,000	2.75%			
						\$1,032,000.00	\$ 135,000.00	\$ 897,000.00	
Reference						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, 2014

SCHEDULE OF REVENUE OVERPAYMENTS

D-18

	Reference	
Balance December 31, 2013	D	\$ 1,379.12
Increased by:		
Overpayments received	D-5	2,029.28
		3,408.40
Decreased by:		
Overpayments applied	D-6	1,379.12
		1,379.12
Balance December 31, 2014	D	\$ 2,029.28

SCHEDULE OF ACCRUED INTEREST ON BONDS

D-19

	Reference	
Balance December 31, 2013	D	\$ 14,357.56
Decreased by:		
Accrued Interest on Bonds	D-4	1,688.08
		1,688.08
Balance December 31, 2014	D	\$ 12,669.48

SCHEDULE OF DOWN PAYMENT ON IMPROVEMENTS

D-20

	Reference	
Balance December 31, 2013	D	\$ 16,850.00
Increased by:		
Due From Water Operating	D-8	30,000.00
		30,000.00
Balance December 31, 2014	D	\$ 46,850.00

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

BOROUGH OF HO-HO-KUS
 WATER UTILITY CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-21

Ord. No.	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Funded / Transferred	Balance Dec. 31, 2014
1022	Various Improvements - 2013	\$ 261,850.00	\$ -	\$ 261,850.00	\$ -
		<u>\$ 261,850.00</u>	<u>\$ -</u>	<u>\$ 261,850.00</u>	<u>\$ -</u>
	Reference	D		D-22	D

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

BOROUGH OF HO-HO-KUS
 WATER UTILITY FUND - CAPITAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

D-22

Ord. Number	Improvement Description	Date of Issue Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
1022	Various Improvements - 2013	04/03/14	04/03/14	04/02/15	0.45%	\$ -	\$ 261,850.00	\$ -	\$ 261,850.00
						<u>\$ -</u>	<u>\$ 261,850.00</u>	<u>\$ -</u>	<u>\$ 261,850.00</u>
						D	D-5,21		D

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE OF CASH

E-4

	<u>Reference</u>		
Balance December 31, 2013	E		\$ 640,007.69
Increased by:			
Solid Waste Fees	E-5	\$ 769,730.06	
Fee Overpayments	E-7	942.24	
Delinquent Interest	E-1,2	3,854.89	
Prepaid Utilities	E	14,599.22	
Interest Income	E-2	2,892.95	
			792,019.36
			1,432,027.05
Decreased by:			
Appropriation Reserves	E-6	46,847.47	
Disbursements	E-3	662,146.31	
			708,993.78
Balance December 31, 2014	E		\$ 723,033.27

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

E-5

	<u>Reference</u>		
Balance December 31, 2013	E		\$ 30,786.16
Increased by:			
Solid Waste Charges			783,271.27
			814,057.43
Decreased by:			
Solid Waste Fees	E-4	\$ 769,730.06	
Prepaid Utilities Applied	E	3,292.12	
Overpayments Applied	E-7	342.00	
	E-2		773,364.18
Balance December 31, 2014	E		\$ 40,693.25

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, 2014

SCHEDULE OF APPROPRIATION RESERVES

E-6

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Encumbrance</u> <u>Payable</u>	<u>Paid or</u> <u>Charged</u>	<u>Canceled</u>
Salaries & Wages	\$ 0.08	\$ -	\$ -	\$ 0.08
Other Expenses	27,929.08	40,047.47	46,847.47	21,129.08
Capital Outlay	-	-	-	-
Statutory Expenditures	-	-	-	-
	<u>\$ 27,929.16</u>	<u>\$ 40,047.47</u>	<u>\$ 46,847.47</u>	<u>\$ 21,129.16</u>
<u>Reference</u>	E	E, E-6A	E-4	E-1

SCHEDULE OF ENCUMBRANCE PAYABLE

E-6a

	<u>Reference</u>	
Balance December 31, 2013	E	\$ 40,047.47
Increased by:		
Encumbrance Payable	E-3	111,390.72
		151,438.19
Decreased by:		
Applied to Appropriation Reserves	E-6	40,047.47
Balance December 31, 2014	E	\$ 111,390.72

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, 2014

SCHEDULE OF FEE OVERPAYMENTS

E-7

	<u>Reference</u>	
Balance December 31, 2013	E	\$ 342.00
Increased by:		
Overpayments Received	E-4	942.24
		<u>1,284.24</u>
Decreased by:		
Overpayments Applied	E-5	<u>342.00</u>
Balance December 31, 2014	E	<u><u>\$ 942.24</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, 2014

SCHEDULE OF CASH

	<u>Reference</u>		G-1
Balance December 31, 2013	G		\$ 64,849.54
Increased by receipts:			
Grants Received Appropriated	G-2	\$ 3,123.22	
Grants Received Unappropriated	G-4	20,825.62	
Interest Income	G-3	235.83	
		<u>24,184.67</u>	<u>89,034.21</u>
Decreased by:			
Grant Expenditures	G-5	3,572.00	
Transfer to Current Fund	G-3	9,827.53	
Transfer to Current Fund- Interest Income	G-3	235.83	
		<u>13,635.36</u>	<u>13,635.36</u>
Balance December 31, 2014	G		<u><u>\$ 75,398.85</u></u>

SCHEDULE OF GRANTS RECEIVABLE

	<u>Reference</u>		G-2
Balance December 31, 2013	G		\$ 40,819.38
Increased by:			
Budget Appropriation	A-2, G-5		9,520.00
Decreased by:			
Grants Canceled to Reserves	G-5	\$ 34,828.66	
Grants Received - Current Fund	G-3	2,867.50	
Grants Received -Grant Fund	G-1	3,123.22	
		<u>40,819.38</u>	<u>40,819.38</u>
Balance December 31, 2014	G		<u><u>\$ 9,520.00</u></u>
Analysis of Receivables:			
Municipal Alliance			<u>\$ 9,520.00</u>
	G		<u><u>\$ 9,520.00</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, 2014

SCHEDULE OF DUE FROM / (TO) CURRENT FUND

G-3

	<u>Reference</u>		
Due to Current Fund December 31, 2013	G		\$ (9,827.53)
Increased by:			
Transfer to Current Fund	G-1	\$ 9,827.53	
Transfer to Current Fund - Interest Income	G-1	235.83	
Grants Receivable - Received in Current	G-3	2,867.50	
Due from Current Fund- Deferred Charges	G	696.53	
Matching Funds for Grants	G-5	<u>4,500.00</u>	
			<u>18,127.39</u>
			8,299.86
Decreased by:			
Due to Current Fund- Library State Aid	D-4	-	
Grants Expended in Current Fund	G-5	1,265.00	
Prior Year Grant Expenditures	A-4, G-5	4,857.00	
Interest Income	G-1	<u>235.83</u>	
			<u>6,357.83</u>
Due to Current Fund December 31, 2014	G		<u><u>\$ 1,942.03</u></u>

SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

G-4

<u>GRANTS</u>	<u>December 31 2013</u>	<u>Transfer to Current Fund</u>	<u>Recd.</u>	<u>December 31 2014</u>
Body Armor Grant	\$ 1,813.49	\$ -	\$ -	\$ 1,813.49
Recycling Tonnage Grant	10,767.77		9,909.05	20,676.82
Alcohol Education & Rehabilitation	1,014.60		1,240.68	2,255.28
Drunk Driving Enforcement Fund	2,669.61		2,348.26	5,017.87
Clean Communities Grant	8,285.16		7,327.63	15,612.79
	<u>\$ 24,550.63</u>	<u>\$ -</u>	<u>\$ 20,825.62</u>	<u>\$ 45,376.25</u>
	G	G-3	Below	G
		Received in Grant Fund	G-1 \$ 20,825.62	
		Received in Current Fund	G-3 -	
			<u>\$ 20,825.62</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, 2014

SCHEDULE OF APPROPRIATED RESERVES

G-5

<u>GRANTS</u>	December 31, <u>2013</u>	Transferred from 2014 Budget Appropriations		<u>Expended/Canceled</u>	<u>Deferred Charges Overexpenditure</u>	December 31, <u>2014</u>
		<u>Budget</u>	<u>Non-Budgeted Grants</u>			
Alcohol Rehabilitation	\$ 3,466.47	\$ -	\$ -	\$ 400.00	\$ -	\$ 3,066.47
Clean Community	-			2,484.00	2,484.00	-
Drunk Driving Enforcement Fund				688.00	688.00	-
Safety Belt Performance Grant	555.00					555.00
Bergen County Community Development Grant	2,150.00					2,150.00
Police Vest Grant	2,686.85			-		2,686.85
Shade Tree	300.00					300.00
SLAHEOP OEM Grant	14.22					14.22
Municipal Alliance	45,085.49	9,520.00		40,585.66		14,019.83
Municipal Alliance Matching Funds	16,202.50	4,500.00		365.00		20,337.50
Stormwater Management Grant	1,526.76					1,526.76
	<u>\$ 71,987.29</u>	<u>\$ 14,020.00</u>	<u>\$ -</u>	<u>\$ 44,522.66</u>	<u>\$ 3,172.00</u>	<u>\$ 44,656.63</u>
<u>Reference</u>	G	Below		Below	G	G
Budget Appropriations	G-2	\$ 9,520.00				
Budget Appropriations - Matching Fund	G-3	4,500.00	Canceled Grant Rese:	G-2	\$ 34,828.66	
Budget Appropriations - Unappropriated	G-4	-	Grant Expended in C	G-3	1,265.00	
	Above	14,020.00	Prior Year Grant Exp	G-3	4,857.00	
			Grant Fund Expendit	G-1	3,572.00	
Grant Expended in Current Fund	G-3	1,265.00		<u>\$ 44,522.66</u>		
	A-3	<u>\$ 12,755.00</u>		Above		

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

**INDEPENDENT AUDITOR'S 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements – regulatory basis (the "financial statements") of the Borough of Ho-Ho-Kus, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated March 5, 2015. As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention 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 14-01 thru 14-04.

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, which are described in the accompanying comments and recommendations as items 14-01 thru 14-04.

Management's Response to Findings

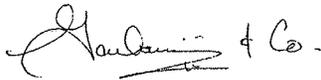
Management's responses to the findings identified in our audit are described in the accompanying schedule of audit findings and recommendations. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion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

March 05, 2015
Carlstadt, New Jersey

BOROUGH OF HO-HO-KUS
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2014

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 #1029 General Improvements	NJ Dept. of Transportation	CFDA 20.205	01/01/12 - 12/31/14	\$ -	\$ 200,000.00	\$ 200,000.00
FEMA Reimbursements	NJ Dept of Law & Public Safety	CFDA 97.036	01/01/12 - 12/31/14	37,849.63		
Total Federal Financial Assistance				<u>\$ 37,849.63</u>	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</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, 2014

Schedule I-2

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	01/01/14 - 12/31/14	\$ 1,772.00	\$ 1,772.00	\$ -
Solid Waste Administration: Clean Communities Grant	4900-765-042-4900-004	01/01/14 - 12/31/14	7,770.85	2,484.00	
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/14 - 12/31/14	9,909.05	-	
Municipal Court Judiciary: Alcohol Education & Rehabilitation Grant	9735-760-098-9735-001	01/01/14 - 12/31/14	1,240.68	400.00	
Drunk Driving Enforcement Fund		01/01/14 - 12/31/14	2,348.26	688.00	
Total State Financial Assistance			<u>\$ 23,040.84</u>	<u>\$ 5,344.00</u>	<u>\$ -</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, 2014

Schedule I-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	01/01/13 - 12/31/13	\$ 5,547.50	\$ 4,857.00	\$ -
Municipal Alliance Grant		026-032-651-16-58	01/01/14 - 12/31/14	-	900.00	9,520.00
Total County Financial Assistance				<u>\$ 5,547.50</u>	<u>\$ 5,757.00</u>	<u>\$ 9,520.00</u>
Total Federal, State & County Financial Assistance				<u>\$ 66,437.97</u>	<u>\$ 211,101.00</u>	<u>\$ 209,520.00</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, 2014

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 \$ 211,101 in 2014.

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, 2014**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Thomas Randall	Mayor	
Douglas Troast	Council President	
Kimberly Weiss	Council Member	
Steven Shell	Council Member	
Maryellen Lennon	Council Member	
Philip Rorty	Council Member	
Kevin Shea	Council Member	
Donald Cirulli	Borough 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)
Lisa Phillips	Zoning Officer and Inspector	
Dan McEldowney	Property Maintenance Officer Fire Sub-Code Official Inspector	
Mark Berninger	Chief Construction Code Official	
JoAnn Carroll	Zoning Board Secretary Planning Board Secretary	
Cassie Borchers	Technical Assistant to Building Department	

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
 ROSTER OF OFFICIALS AND SURETY BONDS (Continued)
 DECEMBER 31, 2014**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Nick Lordo	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	Administrative Assistant to Borough Administrator/Mayor and Council	(B)
Ruthanne Frank	Executive Assistant to Borough Administrator/Borough Clerk/Finance Department	

(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, 2014**

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 \$36,000.00. 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, 2014**

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, 2014 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 2013 were advertised for sale on December 17, 2014.
2. Effective January 1, 2014 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, 2014

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

CONSTRUCTION CODE OFFICIAL:

***Recommendation 13-1:**

- a. That controls be implemented and monitored over the safekeeping of all documentation.
- b. The Uniform Construction Code Department Fee Schedule Ordinance must be updated and adopted for new fees charged by the Construction Code department.
- c. That all cash receipts should be posted to the Uniform Construction Code Activity Reporting System (UCCARS) that is currently in use or maintained in a manual ledger.

Status:

Corrective action was taken.

OTHER:

*** Recommendation 13-2:**

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.

Status:

Corrective action was not taken.

FINANCE

***Recommendation 13-3:**

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.

Status:

Corrective action was not taken.

BOROUGH OF HO-HO-KUS
YEAR ENDED DECEMBER 31, 2014

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

MUNICIPAL COURT

Recommendation 13-4:

1. Police Department bail receipt books:
 - *a). That pre-numbered cash receipt books should not be skipped and must be used in sequential number order. All receipt books should be available for audit.
 - *b). That manual receipts issued by the Police Department for acceptance of bail should be completely filled out, including the date of receipt.
 - *c). That any pre-numbered triplicate receipt which is not used should be voided, and should have all three copies remaining in the receipt book available for inspection. There should not be any singular blank copy of the triplicate receipt remaining in the book.
 - *e). That a bail log book be established in the Police Department and monitored. The log book would improve internal controls involving the transfer of bail monies collected by the police department to the municipal court. The log book should include the date, the amount, and the court employee's signature, when the bail monies are turned over. The log book should be maintained in police headquarters.
- *2. That all "out-of-town" bail monies be receipted and disbursed through the ATS/ACS system and a check be made payable to the Ho-Ho-Kus Municipal Court.
3. That the following backlog in ticket control and processing be rectified:
 - *a). All tickets assigned over six (6) months not issued should be recalled.
 - b). The Cases Eligible for Dismissal Report and the Follow-Up Incomplete Report should be reviewed. As per Rule 7:8-9(f), once the case is over three years old, and the follow up procedures available to the municipal court have not been completed, the ticket must be dismissed.

Status:

Partial corrective action was taken.

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

CURRENT YEAR
FINDINGS AND RECOMMENDATIONS

FINANCE:

***Finding 14-1:**

There was an over-expenditure of appropriations in the Grant Fund of \$3,172.

Criteria:

Chapter 131 Laws of 1989

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.

Management's Response:

Procedures will be implemented to avoid over-expenditures of appropriations.

FINANCE

Payroll

***Finding 14-2:**

Salary and wage charges were posted to incorrect budget line items. Employees for DPW, Roads, Water and Solid Waste, were not allocated correctly to these individual departments. Once budget appropriations were fully expended in July of 2014 in Water Salaries and Wages, all payroll expenditures were then posted to Roads Salaries and Wages. The timesheets did not indicate in which departments these employees actually worked, therefore the correct allocation could not be determined. The timesheets were also not signed for approval by the department head for Roads/DPW. Over-expenditures would have occurred had the posting been done correctly.

Criteria:

New Jersey Local Budget Law N.J.S.A. 40A:4-1 et seq.

Recommendation:

That appropriations 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. All employees that work for more than one department must be allocated to the actual department they worked. The timesheets for DPW/Roads must be detailed as to which department should be charged and signed by the department head.

Management's Response:

The Chief Financial Officer will review the above findings with the payroll clerk. All salaries and wages will be posted to the correct budget line item, transfers of appropriation will be approved when needed, and timesheets will be signed by department heads.

CURRENT YEAR
FINDINGS AND RECOMMENDATIONS

FINANCE (Continued)

Payroll:

Finding 14-3

- a. Eligible employees that meet the criteria established by the State of NJ Division of Pensions must be enrolled either in the pension system or Defined Contribution Retirement Program (DCRP) if ineligible for the Public Employees Retirement System (PERS).
- b. The health insurance contribution was calculated incorrectly for all employees except for police from January 2014 to June 30, 2014. The premium had not been adjusted to the new rate.
- c. There was one non-employee on the prescription plan and one employee that was still on the health insurance plan 6 months after her date of resignation.

Criteria:

- Requirements of Audit, DLGS revised 1987
- NJ Pension LFN 2011-20R
- Division of Pension and Benefits

Recommendation:

All eligible employees that do not meet the requirements of Public Employees Retirement System (PERS) must be enrolled in the Defined Contribution Retirement Program (DCRP).

The health insurance contributions must be adjusted on January 1st of every year to the new premium and payroll deductions adjusted accordingly.

All non-employees must be removed from the Borough's prescription and health insurance plans immediately upon termination or resignation.

MUNICIPAL COURT

***Finding 14-4**

1. Police Department bail receipt books:
 - *a). Numerous manual receipts were not dated or dated incorrectly. There were many instances where the date was either left blank or the receipts were dated with a court date instead of receipt date.
 - *b). There is no log-book in place in the Police Department to document the transfer of bail monies to the municipal court. The log-book would improve internal controls involving the transfer of bail monies collected by the police department to the municipal court. The log-book should include the date, the amount, and the court employee's signature, when the bail monies are turned over. The log-book should be maintained in police headquarters.
- *2. When Bail monies are collected for an out-of-town municipal court and the payment is in the form of a check, the check is made payable to another municipality and mailed directly there. These payments are not processed through the Ho-Ho-Kus Municipal Court ATS/ACS system as "out-of-town bail" as they should be. When accepting bail monies in the form of a check for an "out-of-town summons/warrant, the check should be made payable to Ho-Ho-Kus Municipal Court.

CURRENT YEAR
FINDINGS AND RECOMMENDATIONS

MUNICIPAL COURT

Criteria:

Administrative Office of the Courts ATS Financial Procedures Manual

Recommendation:

1. Police Department bail receipt books:

*a). That manual receipts issued by the Police Department for acceptance of bail should be completely filled out, including the date of receipt.

*b). That a bail log-book be established and monitored by the Police Department.

*2. That all "out-of-town" traffic and criminal bail monies posted must be receipted and disbursed through Ho-Ho-Kus ATS/ACS system.

Management's Response:

The Chief Financial Officer will review the above findings with the Municipal Court Administrator and Police Department and implement procedures for corrective action.

***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.