

BOROUGH OF HAWORTH
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF HAWORTH

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BOROUGH OF HAWORTH
BERGEN COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Haworth, as of December 31, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation 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 of the financial statements, the financial statements are prepared and presented by the Borough of Haworth 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 of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Haworth prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Haworth as of December 31, 2014 and 2013, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 43.3 percent and 39.2 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Haworth as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Haworth as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Haworth.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2015 on our consideration of the Borough of Haworth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Haworth's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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


Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
June 24, 2015

BOROUGH OF HAWORTH
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	A-4	\$ 3,205,758	\$ 3,414,073
Cash - Change Funds	A-5	300	300
Grants Receivable	A-7	25,616	25,335
FEMA Reimbursements Receivable	A-12	<u>45,373</u>	<u>109,810</u>
		<u>3,277,047</u>	<u>3,549,518</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	189,643	154,892
Tax Title Liens	A-9	54,731	50,493
Property Acquired for Taxes - Assessed Valuation	A-10	42,335	42,335
Revenue Accounts Receivable	A-11	1,611	3,824
Due from Animal Control Fund	B-2	6,077	6,077
Due from General Capital Fund	C-5	359	
Other Accounts Receivable	A-13	<u>1,823</u>	<u>-</u>
		<u>296,579</u>	<u>257,621</u>
Deferred Charges			
Special Emergency Authorizations	A-14	<u>-</u>	<u>2,000</u>
		<u>-</u>	<u>2,000</u>
Total Assets		<u>\$ 3,573,626</u>	<u>\$ 3,809,139</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-15	\$ 168,400	\$ 171,823
Encumbrances Payable	A-17	290,279	261,051
Accounts Payable	A-18	13,820	29,138
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-16	27,599	27,099
Prepaid Taxes	A-19	73,756	85,959
Tax Overpayments	A-20	-	130
Fees Payable	A-21	1,532	1,218
Tax Anticipation Note	A-22	2,200,000	2,400,000
County Taxes Payable	A-27	7,976	6,022
Due to Other Trust Fund	B-5	2,332	
Due to Unemployment Insurance Trust Fund	B-14	6	6
Due to Length of Service Award Program Fund	B	22,900	28,450
Due to Swim Pool Utility Capital Fund	D-12	8,966	8,966
Reserve for Tax Appeals	A-23	65,000	
Reserve for State and Federal Grants:			
Unappropriated	A-24	20,242	9,291
Appropriated	A-25	64,746	54,769
Miscellaneous Reserves	A-26	<u>-</u>	<u>9,000</u>
		<u>2,967,554</u>	<u>3,092,922</u>
Reserve for Receivables	A	296,579	257,621
Fund Balance	A-1	<u>309,493</u>	<u>458,596</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,573,626</u>	<u>\$ 3,809,139</u>

BOROUGH OF HAWORTH
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME			
Fund Balance Utilized	A-2	\$ 382,000	\$ 260,000
Miscellaneous Revenues Anticipated	A-2	1,175,568	1,546,105
Receipts from Delinquent Taxes	A-2	143,053	188,962
Receipts from Current Taxes	A-2	21,729,357	21,338,647
Nonbudget Revenues	A-2	51,214	93,990
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-15	113,952	171,134
Cancelled Tax Overpayments	A-1	-	3,406
Statutory Excess Animal Control Fund	A-1	-	6,077
Prepays Applied	A-1	-	374
Cancelled Accounts Payable	A-18	18,000	-
Cancelled Prior Year LOSAP Contributions	A-1	5,100	-
		<u>23,618,244</u>	<u>23,608,695</u>
Total Income			
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	2,849,259	2,713,436
Other Expenses	A-3	2,750,811	2,693,899
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	576,754	823,932
Capital Improvements	A-3	48,595	27,831
Municipal Debt Service	A-3	975,898	965,346
Judgements	A-3		39,000
County Taxes Payable	A-27	2,163,895	2,265,395
County Added Taxes	A-27	7,976	6,022
Local District School Taxes	A-28	8,519,532	8,362,251
Regional High School Taxes	A-29	5,485,461	5,278,293
Refund of Prior Year Revenue	A-4	4,297	7,183
Cancelled Grant Receivables	A-7	187	18,427
Prior Year-Sr. Cit. and Vets. Deductions Disallowed	A-16	500	250
Interfund and Other Receivable Advances	A	2,182	809
		<u>23,385,347</u>	<u>23,202,074</u>
Total Expenditures			
Excess in Revenues		232,897	406,621
FUND BALANCE, JANUARY 1	A	<u>458,596</u>	<u>311,975</u>
		691,493	718,596
Decreased by:			
Utilized as Anticipated Revenues	A-1,A-2	<u>382,000</u>	<u>260,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 309,493</u>	<u>\$ 458,596</u>

**BOROUGH OF HAWORTH
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	<u>Budget</u>	Special Added by: <u>40A:4-87</u>	<u>Realized</u>	Excess (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 382,000	\$ -	\$ 382,000	\$ -
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	2,100		2,114	\$ 14
Other	A-2	2,900		2,146	(754)
Fees and Permits	A-2	10,700		12,613	1,913
Fines and Costs					
Municipal Court	A-11	50,000		41,575	(8,425)
Interest and Costs on Taxes	A-11	40,000		35,988	(4,012)
Interest on Investments and Deposits	A-2	25,000		24,465	(535)
Energy Receipts Taxes	A-11	617,495		617,495	-
Watershed Moratorium Offset Aid	A-11	19,270		19,270	-
Uniform Construction Code Fees	A-11	40,500		49,393	8,893
Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services					
Senior Citizen Van - Harrington Park	A-11	11,500		10,090	(1,410)
Municipal Alliance on Alcoholism and Drug Abuse	A-7	9,520		9,520	-
Clean Communities Grant	A-24	1,096		1,096	-
Recycling Tonnage Grant	A-24	7,689		7,689	-
BCCD - Senior Citizen Program/Van Driver	A-7	6,000		6,000	-
BCCD - Senior Citizen Activities	A-7	3,500		3,500	-
Bergen County Mini Grant	A-24	400		400	-
Alcohol Education and Rehab	A-24	106		106	-
Volunteer Ambulance Corp. Contribution	A-11		23,700	23,700	
Paper Recycling Receipts	A-11	4,620		4,446	(174)
Rental Use of DPW Salt Dome by United Water	A-11	12,000		12,000	-
Composting Fees - Latz	A-11	20,900		10,450	(10,450)
Cell Tower Lease Agreements	A-11	196,730		187,389	(9,341)
Cable Franchise Fee	A-11	46,000		47,513	1,513
Recreation Trust Fund- Farmer's Market	B-5	6,527		6,527	-
Land Sale Proceeds	C-5	8,153		8,153	-
Police Outside Duty Fee	B-5	22,831		22,831	-
Reserve for Deferred Pension Contribution	A-26	9,000		9,000	-
Reserve for Payment of Bonds	C-5	99	-	99	-
 Total Miscellaneous Revenues	 A-1	 <u>1,174,636</u>	 <u>23,700</u>	 <u>1,175,568</u>	 <u>(22,768)</u>
RECEIPTS FROM DELINQUENT TAXES	A-1, A-8	<u>154,000</u>	<u>-</u>	<u>143,053</u>	<u>(10,947)</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes		5,357,746		5,443,069	85,323
Minimum Library Tax		<u>309,424</u>	<u>-</u>	<u>309,424</u>	<u>-</u>
	A-2	<u>5,667,170</u>	<u>-</u>	<u>5,752,493</u>	<u>85,323</u>
 Total General Revenues	 A-3	 <u>\$ 7,377,806</u>	 <u>23,700</u>	 <u>7,453,114</u>	 <u>\$ 51,608</u>
Nonbudget Revenue	A-1,A-2			<u>51,214</u>	
				<u>\$ 7,504,328</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HAWORTH
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	<u>2014</u>
ANALYSIS OF REALIZED REVENUE		
Allocation of Current Tax Collection		
Revenue from Collections	A-1,A-8	\$ 21,729,357
Less Allocated to School and County Taxes	A-27,A-28,A-29	<u>16,176,864</u>
Balance for Support of Municipal Budget Appropriations		5,552,493
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>200,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 5,752,493</u>
Licenses - Other		
Borough Clerk	A-11	\$ 125
Board of Health/Registrar	A-11	<u>2,021</u>
	A-2	<u>\$ 2,146</u>
Fees and Permits		
Borough Clerk	A-11	\$ 11,701
Board of Adjustment/Planning Board	A-11	510
Board of Health/Registrar	A-11	116
Police Department	A-11	<u>286</u>
	A-2	<u>\$ 12,613</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-11	\$ 22,255
Due from Animal Control Fund	B-2	24
Due from Unemployment Insurance Trust Fund	B-14	23
Due from General Capital Fund	C-5	<u>2,163</u>
	A-2	<u>\$ 24,465</u>
ANALYSIS OF NON-BUDGET REVENUE		
LEA Rebate		\$ 3,150
Duplicate Tax Bills		360
Administration Fee-Sr. Cit. and Vets		510
Fire Inspections/Permits		1,505
Certificate of Occupancy		2,500
UFSC Permits		2,426
Miscellaneous		35,764
Spectrum in Lieu of Taxes		<u>4,999</u>
	A-2,A-4	<u>\$ 51,214</u>
Cash Receipts	A-4	\$ 48,714
Due from Other Trust Fund	B-5	<u>2,500</u>
		<u>\$ 51,214</u>

BOROUGH OF HAWORTH
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries & Wages	\$ 30,536	\$ 30,536	\$ 30,536		
Other Expenses	4,750	4,750	4,626	\$ 124	
Publications	3,900	3,200	2,376	824	
Public Information	4,800	4,300	3,883	417	
Municipal Clerk					
Salaries & Wages	185,173	185,173	183,377	1,796	
Salaries & Wages-Elections	1,815	1,815	1,815		
Other Expenses					
Elections	3,000	2,917	2,917	-	
Miscellaneous	19,700	15,170	12,383	2,787	
Ethics Board					
Other Expenses	500	-			
Financial Administration					
Salaries & Wages	83,583	85,748	85,479	269	
Other Expenses	33,435	33,435	31,365	2,070	
Fixed Asset Inventory Appraisal	3,300	2,700	2,700	-	
Website					
Salaries & Wages	1,020	1,020	1,000	* 20	
Computer Maintenance					
Other Expenses	14,500	17,000	14,864	2,136	
Audit Services					
Other Expenses	21,200	21,200	21,200		
Revenue Administration					
Salaries & Wages	53,404	52,404	51,785	619	
Other Expenses	5,550	5,050	4,458	592	
Tax Assessment Administration					
Salaries & Wages	23,811	23,811	23,695	116	
Other Expenses	51,000	39,000	32,363	6,637	
Legal Services & Costs					
Other Expenses	27,500	26,500	23,161	3,339	
Engineering Services & Costs					
Other Expenses	8,000	7,200	7,093	107	
Planning Board					
Salaries & Wages	2,346	2,346	1,638	708	
Other Expenses	12,500	12,000	11,960	40	
Board of Adjustment					
Salaries & Wages	2,346	2,346	1,412	934	
Other Expenses	3,000	2,500	1,494	1,006	
Insurance					
Employee Group Health	418,918	418,918	399,656	19,262	
General Liability	94,123	94,123	94,123		
Workers Compensation	110,368	110,368	109,234	1,134	
Employee Flexible Spending	2,500			-	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HAWORTH
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY					
Police					
Salaries & Wages	\$ 1,452,508	\$ 1,520,508	\$ 1,512,103	\$ 8,405	
Other Expenses	53,050	43,000	42,393	607	
Purchase of Police Vehicle	28,000	27,743	27,742	1	
Police Reserves					
Other Expenses	2,000	2,000	2,000		
Police Dispatch/911					
Salaries & Wages	51,171	51,171	50,773	398	
Contractual	41,651	41,651	41,651		
Fire					
Salaries & Wages	6,000	6,000	6,000		
Other Expenses	66,600	64,600	61,446	3,154	
Fire Hydrant Service	75,326	75,326	75,325	1	
Uniform Fire Safety Code					
Fire Prevention					
Salaries & Wages	5,367	5,367	5,098	269	
Other Expenses	400	205	205	-	
Aid to Volunteer Ambulance Company					
Other Expenses	37,250	37,250	37,250		
Emergency Management Services					
Other Expenses	1,000				
Prosecutor's Office					
Salaries & Wages	4,144	4,144	4,113	31	
Other Expenses	200				
DEPARTMENT OF PUBLIC WORKS					
Streets and Roads					
Salaries & Wages	714,942	694,942	687,564	7,378	
Other Expenses	74,770	71,470	65,146	6,324	
Snow Removal					
Salaries & Wages	28,000	25,530	24,798	732	
Shade Tree Committee					
Other Expenses	31,230	22,870	22,870	-	
Emergency Trees					
Other Expenses	20,000	16,600	14,885	1,715	
Tree Farm					
Other Expenses	910				
Water Pollution Control					
Salaries & Wages	2,400	2,400	2,400		
Recycling Program					
Contractual	36,777	36,777	36,777		
Garbage and Trash Removal					
Contractual	263,000	263,000	263,000		

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HAWORTH
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After	Paid or	<u>Reserved</u>	Balance
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
DEPARTMENT OF PUBLIC WORKS (Cont'd)					
Public Buildings & Grounds					
Other Expenses	\$ 16,800	\$ 18,300	\$ 17,857	\$ 443	
Vehicle Maintenance					
Other Expenses	25,500	30,050	28,458	1,592	
HEALTH & WELFARE					
Public Health Services					
Salaries & Wages	8,718	8,718	8,483	235	
Other Expenses	8,528	8,528	8,089	439	
Environmental Health Services					
Other Expenses	2,300	400	340	60	
Animal Control Services					
Other Expenses	297	297	297		
Aid to Mental Health Center (40:5-2.9)	600	600	600		
OSHA Hepatitis B Program					
Other Expenses	2,600	2,600	2,600		
PARK AND RECREATION FUNCTIONS					
Parks Department					
Other Expenses	29,200	30,500	30,375	125	
Board of Recreation Commissioners					
Salaries & Wages	5,000	5,000	5,000		
Chamber of Commerce					
Other Expenses	500				
Parks & Playground Committee					
Other Expenses	10,500	9,519	8,818	701	
Tennis Committee					
Other Expenses	10,900	8,983	8,982	1	
Senior Citizens - Committee					
Salaries & Wages	1,000	1,000	446	554	
Other Expenses	2,300	2,300	1,512	788	
Senior Citizens - Publications					
Other Expenses	150	150	58	92	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Event, Anniversary or Holiday	5,000	3,000	2,215	785	

BOROUGH OF HAWORTH
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

(Continued)

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	\$ 58,751	\$ 59,127	\$ 59,125	\$ 2	
Other Expenses	5,150	5,150	3,323	1,827	
Public Defender					
Other Expenses	2,000	1,400	1,400	-	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
Building Inspector					
Salaries & Wages	45,727	45,727	41,269	4,458	
Other Expenses	3,140	2,640	1,340	1,300	
Subcode Officials					
Plumbing Inspector					
Salaries & Wages	9,480	9,480	9,408	72	
Fire Prevention					
Salaries & Wages	5,728	5,728	5,728		
Electrical Inspector					
Salaries & Wages	5,122	5,122	4,987	135	
UTILITY EXPENSES AND BULK PURCHASES					
Street Lighting	63,000	63,000	62,360	640	
Electricity	38,000	46,500	45,055	1,445	
Telephone	37,000	37,500	36,959	541	
Water	10,800	8,300	5,637	2,663	
Gas (natural or propane)	14,000	20,000	17,217	2,783	
Gasoline	67,000	65,362	61,907	3,455	-
Total Operations Within "CAPS"	4,718,065	4,723,065	4,623,977	99,088	-
Detail:					
Salaries & Wages	2,788,092	2,835,163	2,808,032	27,131	-
Other Expenses (Including Contingent)	1,929,973	1,887,902	1,815,945	71,957	-

BOROUGH OF HAWORTH
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
STATUTORY CHARGES					
Social Security System (O.A.S.I.)	\$ 132,900	\$ 132,900	\$ 126,096	\$ 6,804	
Public Employees Retirement System	158,156	159,156	158,826	330	
Police and Firemans Retirement System	282,698	282,698	282,698	-	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>573,754</u>	<u>574,754</u>	<u>567,620</u>	<u>7,134</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>5,291,819</u>	<u>5,297,819</u>	<u>5,191,597</u>	<u>106,222</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (Chap. 82, 541 PL 85)	327,338	327,338	302,384	24,954	
Sanitation (Chap. 74 PL 87)					
Bergen County Utilities Authority Flow Charges					
Sewer - Contractual	416,000	410,000	410,000		
Borough of Oradell Flow Charges					
Sewer - Contractual	4,600	4,600	4,543	57	
LOSAP - Fire and Ambulance					
Other Expenses	25,756	25,756	20,700	5,056	
Reserve for Tax Appeals	65,000	65,000	65,000		
Recycling Tax	4,500	4,500	-	4,500	-
Total Other Operations Excluded from "CAPS"	<u>843,194</u>	<u>837,194</u>	<u>802,627</u>	<u>34,567</u>	<u>-</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Senior Van Harrington Park					
Salaries and Wages	9,500	9,500	9,500	-	
Other Expenses	2,000	2,000	431	1,569	-
Total Interlocal Municipal Service Agreements	<u>11,500</u>	<u>11,500</u>	<u>9,931</u>	<u>1,569</u>	<u>-</u>

BOROUGH OF HAWORTH
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriated</u>	<u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
BCCD - Senior Citizen Activities-Other Expenses	\$ 6,000	\$ 6,000	\$ 6,000		
BCCD - Senior Citizen Activities-Van Driver	3,500	3,500	3,500		
Bergen Co. Clean Communities Mini-grant	400	400		\$ 400	
Alcohol Education and Rehab	106	106		106	
Municipal Alliance	9,520	9,520	8,067	1,453	
Recycling Tonnage	7,689	7,689	7,689	-	
Clean Communities Program					
Salaries & Wages	1,096	1,096		1,096	
Other Expenses	-	-	-	-	-
	<u>28,311</u>	<u>28,311</u>	<u>25,256</u>	<u>3,055</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues					
	<u>28,311</u>	<u>28,311</u>	<u>25,256</u>	<u>3,055</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>883,005</u>	<u>877,005</u>	<u>837,814</u>	<u>39,191</u>	<u>-</u>
Detail:					
Salaries & Wages	14,096	14,096	13,000	1,096	-
Other Expenses (Including Contingent)	868,909	862,909	824,814	38,095	-
	<u>883,005</u>	<u>877,005</u>	<u>837,814</u>	<u>39,191</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	24,895	24,895	24,895	-	-
Volunteer Ambulance Corp. Contribution: Improvements to Ambulance Corp Building	-	23,700	713	22,987	-
	<u>24,895</u>	<u>48,595</u>	<u>25,608</u>	<u>22,987</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"					
	<u>24,895</u>	<u>48,595</u>	<u>25,608</u>	<u>22,987</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	720,000	720,000	720,000		
Interest on Bonds	162,927	162,927	162,927		
Interest on Notes	22,110	22,110	21,923		\$ 187
Payment of Bond Anticipation Notes					
Preservation Trust Loan Program: Loan Repayments for Principal & Interest	71,050	71,050	71,048	-	2
	<u>976,087</u>	<u>976,087</u>	<u>975,898</u>	<u>-</u>	<u>189</u>
Total Municipal Debt Service - Excluded from "CAPS"					
	<u>976,087</u>	<u>976,087</u>	<u>975,898</u>	<u>-</u>	<u>189</u>

BOROUGH OF HAWORTH
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriated</u>	<u>Expended</u>		
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Unexpended</u>
		<u>Modification</u>	<u>Charged</u>	<u>Balance</u>
			<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"				
Emergency Authorizations	\$ 2,000	\$ 2,000	\$ 2,000	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,885,987</u>	<u>1,903,687</u>	<u>1,841,320</u>	<u>\$ 62,178</u>
Subtotal General Appropriations	7,177,806	7,201,506	7,032,917	168,400
Reserve for Uncollected Taxes	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total General Appropriations	<u>\$ 7,377,806</u>	<u>\$ 7,401,506</u>	<u>\$ 7,232,917</u>	<u>\$ 168,400</u>
	<u>Reference</u>			
	A-2		A-1	A,A-1
Budget as Adopted	A-3	\$ 7,377,806		
Appropriation by 40A: 4-87	A-2	<u>23,700</u>		
		<u>\$ 7,401,506</u>		
Cash Disbursements	A-4		\$ 6,630,043	
Encumbrances Payable	A-17		290,279	
Due to Length of Service Awards Program Fund	B		20,700	
Due to General Capital Fund	C-5		24,895	
Reserve for Tax Appeals	A-23		65,000	
Deferred Charge - Special Emergency Authorization	A-14		2,000	
Reserve for Uncollected Taxes	A-2		<u>200,000</u>	
			<u>\$ 7,232,917</u>	

BOROUGH OF HAWORTH
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 8,879	\$ 10,076
OTHER TRUST FUND			
Cash	B-1	455,697	478,681
Due from Current Fund	B-5	2,332	-
Due from General Capital Fund	B-9	<u>12,000</u>	<u>12,000</u>
		<u>470,029</u>	<u>490,681</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	25,635	32,527
Due from Current Fund	B-14	6	6
Due from Other Trust Fund	B-15	<u>5,093</u>	<u>5,093</u>
		<u>30,734</u>	<u>37,626</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	344,573	296,605
Due from Current Fund	B	22,900	28,450
Other Receivables	B	<u>21,150</u>	<u>22,300</u>
		<u>388,623</u>	<u>347,355</u>
Total Assets		<u>\$ 898,265</u>	<u>\$ 885,738</u>

BOROUGH OF HAWORTH
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to the State Department of Health	B-4	\$ -	\$ 2
Due to Current Fund	B-2	6,077	6,077
Reserve for Animal Control Expenditures	B-3	<u>2,802</u>	<u>3,997</u>
		<u>8,879</u>	<u>10,076</u>
OTHER TRUST FUND			
Accounts Payable	B-11	12,305	12,305
Due to Unemployment Insurance Trust Fund	B-15	5,093	5,093
Escrow Deposits	B-6	159,690	152,375
Miscellaneous Reserves and Deposits	B-7	271,263	279,820
Reserve for Premiums on Tax Sale	B-8	-	17,500
Payroll Deductions Payable	B-10	<u>21,678</u>	<u>23,588</u>
		<u>470,029</u>	<u>490,681</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-12	3,220	215
Reserve for Unemployment Insurance Benefits	B-13	<u>27,514</u>	<u>37,411</u>
		<u>30,734</u>	<u>37,626</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>388,623</u>	<u>347,355</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 898,265</u>	<u>\$ 885,738</u>

**BOROUGH OF HAWORTH
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	C-2, C-3	\$ 39,391	\$ 3,785,811
Grants Receivable	C-4	12,056	49,616
Deferred Charges to Future Taxation			
Funded	C-6	5,945,303	6,728,043
Unfunded	C-7	<u>516,359</u>	<u>19,659</u>
 Total Assets		 <u>\$ 6,513,109</u>	 <u>\$ 10,583,129</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-15	\$ 5,577,000	\$ 6,297,000
Preservation Trust Fund Loan	C-14	368,303	431,043
Bond Anticipation Notes	C-16	-	2,672,666
Contracts Payable	C-9	212,057	720,053
Due to Current Fund	C-5	359	
Due to Other Trust Fund	B-9	12,000	12,000
Improvement Authorizations			
Funded	C-8	162,451	410,835
Unfunded	C-8	152,267	14,085
Capital Improvement Fund	C-10	10,804	10,804
Reserve for Land Sale Proceeds	C-11	-	8,153
Reserve for Improvements	C-12	4,000	4,000
Reserve for Payment of Bonds	C-13	-	99
Fund Balance	C-1	<u>13,868</u>	<u>2,391</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 6,513,109</u>	 <u>\$ 10,583,129</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 amounting to \$516,359 and \$19,659 respectively (Exhibit C-17).

BOROUGH OF HAWORTH
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 2,391	\$ 15,696
Increased by:			
Premium on Serial Bonds and Notes Issued	C-1	-	2,463
Improvement Authorization Balances Cancelled	C-8	<u>27,677</u>	<u>-</u>
		<u>30,068</u>	<u>18,159</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-8	16,200	8,800
Due to Current Fund as Anticipated Budget Revenue	C-1	-	6,896
Cancelled Improvement Authorization Balances Restored	C-1	<u>-</u>	<u>72</u>
		<u>16,200</u>	<u>15,768</u>
Balance, December 31	C	<u>\$ 13,868</u>	<u>\$ 2,391</u>

BOROUGH OF HAWORTH
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
SWIM POOL UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
OPERATING FUND			
Cash	D-5	\$ 62,082	\$ 31,401
Due from Swim Pool Utility Capital Fund	D-19	<u>18,029</u>	<u>5,029</u>
		80,111	36,430
Deferred Charges			
Emergency Authorization	D-8	-	7,500
Overexpenditure of Appropriations	D-8	<u>-</u>	<u>9,984</u>
		-	17,484
Total Operating Fund		<u>80,111</u>	<u>53,914</u>
CAPITAL FUND			
Cash	D-5,D-6	4,712	1,936
Grants Receivable	D-7	9,555	
Due from Current Fund	D-12	8,966	8,966
Fixed Capital	D-9	565,148	542,267
Fixed Capital Authorized and Uncompleted	D-10	<u>1,436</u>	<u>1,570</u>
Total Capital Fund		<u>589,817</u>	<u>554,739</u>
Total Assets		<u>\$ 669,928</u>	<u>\$ 608,653</u>
LIABILITIES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-4,D-11	\$ 276	\$ 734
Encumbrances Payable	D-13	3,774	854
Accounts Payable	D-14	391	391
Accrued Interest on Notes	D-15	<u>2,138</u>	<u>1,014</u>
		6,579	2,993
Fund Balance	D-1	<u>73,532</u>	<u>50,921</u>
Total Operating Fund		<u>80,111</u>	<u>53,914</u>
CAPITAL FUND			
Bond Anticipation Notes	D-20	388,726	401,334
Encumbrances Payable	D-16	-	535
Due to Swim Pool Utility Operating Fund	D-19	18,029	5,029
Improvement Authorizations			
Unfunded	D-17	1,436	1,570
Capital Improvement Fund	D-18	3,000	3,000
Reserve for Amortization	D-21	177,858	142,503
Fund Balance	D-2	<u>768</u>	<u>768</u>
Total Capital Fund		<u>589,817</u>	<u>554,739</u>
Total Liabilities and Fund Balance		<u>\$ 669,928</u>	<u>\$ 608,653</u>

There were no bonds and notes authorized but not issued on December 31, 2014 and 2013.

BOROUGH OF HAWORTH
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING
FUND BALANCE-REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

REVENUE AND OTHER INCOME REALIZED	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Fund Balance Utilized	D-3	\$ 27,576	\$ 8,800
Swim Pool Fees	D-3	218,179	194,866
Miscellaneous Revenue	D-3	1,112	3,326
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-10	<u>1,237</u>	<u>336</u>
Total Income		<u>248,104</u>	<u>207,328</u>
 EXPENDITURES			
Budget Appropriations			
Operating	D-4	145,600	164,134
Capital Improvements	D-4	13,192	250
Debt Service	D-4	15,041	11,186
Deferred Charges and Statutory Expenditures	D-4	<u>24,084</u>	<u>21,382</u>
Total Expenditures		<u>197,917</u>	<u>196,952</u>
Excess in Revenue		50,187	10,376
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Year	D-8	<u>-</u>	<u>17,484</u>
Statutory Excess to Fund Balance		50,187	27,860
 FUND BALANCE, JANUARY 1			
	D	<u>50,921</u>	<u>31,861</u>
		101,108	59,721
Decreased by:			
Utilized as Anticipated Revenues	D-1,D-3	<u>27,576</u>	<u>8,800</u>
FUND BALANCE, DECEMBER 31	D	<u>\$ 73,532</u>	<u>\$ 50,921</u>

BOROUGH OF HAWORTH
COMPARATIVE STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SWIM POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	D	\$ <u>768</u>	\$ <u>768</u>
Balance, December 31	D	\$ <u>768</u>	\$ <u>768</u>

BOROUGH OF HAWORTH
STATEMENT OF REVENUES - REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 27,576	\$ 27,576	
Swim Pool Fees	D-1; D-3	190,768	218,179	\$ 27,411
Miscellaneous Revenues	D-1; D-3	<u>3,000</u>	<u>1,112</u>	<u>(1,888)</u>
	D-4	<u>\$ 221,344</u>	<u>\$ 246,867</u>	<u>\$ 25,523</u>
Analysis of Revenues Realized				
Swim Pool Fees:				
Membership Fees			\$ 206,760	
Guest Fees			10,339	
Swim Team Program Fees			<u>1,080</u>	
	D-3; D-5		<u>\$ 218,179</u>	
Miscellaneous Revenues:				
Snack Stand Concession Fee	D-5		\$ 900	
Interest on Investment:				
Cash Receipts	D-5	\$ 196		
Due from Swim Pool Utility Capital Fund	D-19	<u>16</u>		
			<u>212</u>	
Total Miscellaneous Revenue	D-3		<u>\$ 1,112</u>	

BOROUGH OF HAWORTH
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
OPERATING					
Salaries	\$ 90,000	\$ 90,000	\$ 86,252		\$ 3,748
Other Expenses	<u>78,300</u>	<u>78,300</u>	<u>59,074</u>	\$ 274	<u>18,952</u>
Total Operating	<u>168,300</u>	<u>168,300</u>	<u>145,326</u>	<u>274</u>	<u>22,700</u>
CAPITAL OUTLAY					
Capital Improvement Fund	<u>13,192</u>	<u>13,192</u>	<u>13,192</u>	-	-
Total Capital Outlay	<u>13,192</u>	<u>13,192</u>	<u>13,192</u>	-	-
DEBT SERVICE					
Payment on Bond Anticipation Notes	12,608	12,608	12,608		
Interest on Notes	<u>2,860</u>	<u>2,860</u>	<u>2,433</u>	-	<u>427</u>
Total Debt Service	<u>15,468</u>	<u>15,468</u>	<u>15,041</u>	-	<u>427</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Deferred Charges					
Emergency Authorizations	7,500	7,500	7,500		
Overexpenditure of Budget Appropriations	9,984	9,984	9,984		
Statutory Expenditures					
Contribution to Social Security System (O.A.S.I.)	<u>6,900</u>	<u>6,900</u>	<u>6,598</u>	<u>2</u>	<u>300</u>
Total Deferred Charges and Statutory Expenditures	<u>24,384</u>	<u>24,384</u>	<u>24,082</u>	<u>2</u>	<u>300</u>
	<u>\$ 221,344</u>	<u>\$ 221,344</u>	<u>\$ 197,641</u>	<u>\$ 276</u>	<u>\$ 23,427</u>

	<u>Reference</u>	D-3	D-4	D-1	D, D-1
Cash Disbursements	D-5			\$ 160,758	
Encumbrances Payable	D-12			3,774	
Due to Swim Pool Utility Capital Fund				13,192	
Accrued Interest on Notes	D-14			2,433	
Deferred Charges:					
Emergency Authorizations				7,500	
Overexpenditures of Appropriations	D-7			<u>9,984</u>	
				<u>\$ 197,641</u>	

BOROUGH OF HAWORTH
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Land and Land Improvements	\$ 51,827,200	\$ 24,240,445
Buildings & Building Improvements	2,109,475	3,036,277
Vehicles and Equipment	<u>4,713,701</u>	<u>4,787,618</u>
	<u>\$ 58,650,376</u>	<u>\$ 32,064,340</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 58,650,376</u>	<u>\$ 32,064,340</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Haworth (the "Borough") was incorporated in 1904 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and six councilpersons are elected at large to serve staggered three-year terms. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings, provided leadership in the development of community projects and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by State law. A Borough Administrator is appointed by the Borough council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. 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 requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

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

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

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

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

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Swim Pool Utility Fund - This fund is used to account for the revenues and expenditures for operation of the Borough's swimming and recreational facilities and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the swim pool utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the swim pool utility fund. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. 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. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Swim Pool Utility Revenues/Receivables - Swim pool utility charges are based upon a flat fee by membership type (i.e., family, single, senior, etc.) or service type (i.e. guest fees, swim lessons, etc.). Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's swim pool utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Haworth has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$500 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

**BOROUGH OF HAWORTH
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

In 2014, the Borough contracted with an independent appraisal company to conduct a physical inventory and to update and revalue the Borough's general fixed assets as of December 31, 2014. General fixed assets as of December 31, 2014 are stated at the following values:

Land and Buildings	Assessed Values
Machinery and Equipment	Estimated Historical Costs

Prior to 2014 general fixed assets purchased after December 31, 1990 were stated as cost. Donated fixed assets were recorded at estimated fair market value at the date of donation.

General fixed assets purchased prior to December 31, 1990 were stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the swim pool utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Swim Pool Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- A. **Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds
General Capital Fund
Swim Pool Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014 and 2013 the Borough Council increased the original budget of the Current Fund by \$23,700 and \$-0- and the Swim Pool Utility Operating Fund by \$-0- and \$7,500, respectively. The increase in the Current Fund budget for 2014 was funded by a contribution from the Volunteer Ambulance Corp for improvements to the Corp's Building. In 2013 the increase to the Swim Pool Utility Fund was attributable to an emergency authorization for costs associated with pool supplies. In addition, the governing body approved several budget transfers during 2014 and 2013.

NOTE 3 DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. **Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$3,802,454 and \$7,754,805 and bank and brokerage firm balances of the Borough's deposits amounted to \$3,841,917 and \$7,797,077, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured	\$ 3,722,718	\$ 7,677,946
Uninsured and Collateralized	<u>119,199</u>	<u>119,131</u>
	<u>\$ 3,841,917</u>	<u>\$ 7,797,077</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2014 and 2013, the Borough's bank balances of \$119,199 and \$119,131 were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 119,199</u>	<u>\$ 119,131</u>
	<u>\$ 119,199</u>	<u>\$ 119,131</u>

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2014 and 2013, the Borough had the following investments:

	Fair Value (LOSAP-Unaudited)	
	<u>2014</u>	<u>2013</u>
Investment:		
Lincoln Financial LOSAP Investment Fund	\$ 344,573	\$ 296,605
	<u>\$ 344,573</u>	<u>\$ 296,605</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2014 and 2013, \$344,573 and \$296,605 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP- Unaudited)	
	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 344,573	\$ 296,605
	<u>\$ 344,573</u>	<u>\$ 296,605</u>

Interest Rate Risk – The Borough has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are limited to a maturity of not more than one year unless a longer term is permitted by applicable federal or state regulations.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2014 and 2013, the Borough’s investment in Lincoln Financial, a subsidiary to Lincoln National Corporation, was rated Baa1, respectively by Moody’s Investor Service.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial LOSAP Investment Fund. These investments are 100% of the Borough’s total investments.

The fair value of the above-listed investment was based on quoted market prices provided by Lincoln Financial.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Swim Pool Utility Capital Fund is assigned to the Swim Pool Utility Operating Fund in accordance with the regulatory basis of accounting.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Property Taxes	\$ 189,643	\$ 154,892
Tax Title Liens	<u>54,731</u>	<u>50,493</u>
	<u>\$ 244,374</u>	<u>\$ 205,385</u>

In 2014 and 2013, the Borough collected \$143,053 and \$188,962 from delinquent taxes, which represented 70% and 80%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2014</u>		<u>2013</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 6,436	\$ 34,204	\$ 6,077	\$ 37,422
Trust Fund:				
Animal Control		6,077		6,077
Other Trust	14,332	5,093	12,000	5,093
Unemployment	5,099		5,099	
LOSAP Trust Fund	22,900		28,450	
General Capital Fund		12,359		12,000
Swim Pool Utility Fund:				
Operating	18,029		5,029	
Capital	<u>8,966</u>	<u>18,029</u>	<u>8,966</u>	<u>5,029</u>
Total	<u>\$ 75,762</u>	<u>\$ 75,762</u>	<u>\$ 65,621</u>	<u>\$ 65,621</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and receipts deposited or revenues earned in one fund which are due to another fund.

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

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

2014

There are none.

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$2,000	\$2,000	
Swim Pool Utility			
Emergency Authorization	\$7,500	\$7,500	
Overexpenditure of Appropriations	9,984	9,984	

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, 2014	Utilized in Subsequent Year's Budget (1)	Fund Balance December 31, 2013	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 238,504	\$ 238,000	\$ 321,451	\$ 318,000
Non-Cash Surplus	<u>70,989</u>	<u>-</u>	<u>137,145</u>	<u>64,000</u>
	<u>\$ 309,493</u>	<u>\$ 238,000</u>	<u>\$ 458,596</u>	<u>\$ 382,000</u>
Swim Pool Utility Operating Fund				
Cash Surplus	\$ 73,532	\$ -	\$ 33,437	\$ 27,576
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>17,484</u>	<u>-</u>
	<u>\$ 73,532</u>	<u>\$ -</u>	<u>\$ 50,921</u>	<u>\$ 27,576</u>

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Increases</u>	Change in Accounting Estimate <u>Adjustment</u> (1)	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land and Land Improvements	\$ 24,240,445		27,586,755	\$ 51,827,200
Buildings and Building Improvements	3,036,277	\$ 26,675	(953,477)	2,109,475
Vehicles and Equipment	<u>4,787,618</u>	<u>83,733</u>	<u>(157,650)</u>	<u>4,713,701</u>
	<u>\$ 32,064,340</u>	<u>\$ 110,408</u>	<u>\$ 26,475,628</u>	<u>\$ 58,650,376</u>
	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land and Land Improvements	\$ 24,240,445			\$ 24,240,445
Buildings and Building Improvements	3,034,449	\$ 1,828		3,036,277
Vehicles and Equipment	<u>4,366,479</u>	<u>421,139</u>	<u>-</u>	<u>4,787,618</u>
	<u>\$ 31,641,373</u>	<u>\$ 422,967</u>	<u>\$ -</u>	<u>\$ 32,064,340</u>

(1) In 2014, the Borough conducted an update and appraisal of its general fixed assets. The update and appraisal was conducted by an independent appraisal company hired by the Borough. As a result, the Borough elected to change the estimated values of its general fixed assets at December 31, 2014 from the values reported prior to 2014. The fixed asset report stated land and land improvements and building and buildings improvements at their 2014 assessed values and vehicles and equipment at their estimated historical cost values at December 31, 2014.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 8 FIXED ASSETS (Continued)

B. Swim Pool Utility Fund Fixed Assets

The following is a summary of changes in the Swim Pool Utility Fund fixed assets for the years ended December 31, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Fixed Capital				
Building Improvements	\$ 271,006			\$ 271,006
Swim Pool Improvements	242,511	\$ 134		242,645
Furniture and Equipment	<u>28,750</u>	<u>22,747</u>	<u>-</u>	<u>51,497</u>
	<u>\$ 542,267</u>	<u>\$ 22,881</u>	<u>\$ -</u>	<u>\$ 565,148</u>
	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Fixed Capital				
Building Improvements				
Swim Pool Improvements	\$ 271,006			\$ 271,006
Furniture and Equipment	163,331	\$ 79,180		242,511
	<u>16,047</u>	<u>12,703</u>	<u>-</u>	<u>28,750</u>
	<u>\$ 450,384</u>	<u>\$ 91,883</u>	<u>\$ -</u>	<u>\$ 542,267</u>

BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and swim pool utility capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds, Notes and Loans	\$ 5,945,303	\$ 9,400,709
Swim Pool Utility		
Notes	<u>388,726</u>	<u>401,334</u>
	6,334,029	9,802,043
Less Funds Temporarily Held to Pay Bonds and Notes	<u>-</u>	<u>2,672,765</u>
Net Debt Issued	6,334,029	7,129,278
Authorized But Not Issued		
General		
Bonds and Notes	<u>516,359</u>	<u>19,659</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 6,850,388</u>	<u>\$ 7,148,937</u>

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .677% and .686% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 6,461,662	\$ -	\$ 6,461,662
School Debt	4,086,178	4,086,178	
Utility Debt	<u>388,726</u>	<u>388,726</u>	<u>-</u>
Total	<u>\$ 10,936,566</u>	<u>\$ 4,474,904</u>	<u>\$ 6,461,662</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 9,420,368	\$ 2,672,765	\$ 6,747,603
School Debt	4,791,872	4,791,872	
Utility Debt	<u>401,334</u>	<u>401,334</u>	<u>-</u>
Total	<u>\$ 14,613,574</u>	<u>\$ 7,865,971</u>	<u>\$ 6,747,603</u>

Statutory Borrowing Power

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

	<u>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 33,414,103	\$ 34,436,148
Net Debt	<u>6,461,662</u>	<u>6,747,603</u>
Remaining Borrowing Power	<u>\$ 26,952,441</u>	<u>\$ 27,688,545</u>

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

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

	<u>2014</u>	<u>2013</u>
\$1,730,000, 2006 Bonds, due in annual installments of \$195,000 to \$200,000 through February 15, 2019, interest at 3.75-4.00%	\$ 985,000	\$ 1,180,000
\$2,469,000, 2009 Bonds, due in annual installments of \$350,000 to \$364,000 through August 1, 2019, interest at 2.50-3.000%	1,769,000	2,119,000
\$2,998,000, 2013 Bonds, due in annual installments of \$175,000 to \$350,000 through December 15, 2024, interest at 2.00-2.50%	<u>2,823,000</u>	<u>2,998,000</u>
	<u>\$ 5,577,000</u>	<u>\$ 6,297,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection Agency for the financing relating to the acquisition of real property for open space. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
\$1,142,565, 2000 Loans, due in semi-annual installments of \$30,599 to \$35,173 through May 16, 2020, interest at 2.000%	<u>\$ 368,303</u>	<u>\$ 431,043</u>
	<u>\$ 368,303</u>	<u>\$ 431,043</u>

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	General Bonds		General Loans		Total
	Principal	Interest	Principal	Interest	
2015	755,000	143,364	64,001	7,048	969,413
2016	760,000	123,101	65,287	5,761	954,149
2017	765,000	102,739	66,599	4,449	938,787
2018	780,000	80,183	67,938	3,112	931,233
2019	794,000	57,033	69,304	1,745	922,082
2020-2024	1,723,000	117,814	35,174	352	1,876,340
Total	<u>\$ 5,577,000</u>	<u>\$ 624,234</u>	<u>\$ 368,303</u>	<u>\$ 22,467</u>	<u>\$ 6,592,004</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 6,297,000		\$ 720,000	\$ 5,577,000	\$ 755,000
Intergovernmental Loans Payable	<u>431,043</u>	<u>-</u>	<u>62,740</u>	<u>368,303</u>	<u>64,001</u>
General Capital Fund Long-Term Liabilities	<u>\$ 6,728,043</u>	<u>\$ -</u>	<u>\$ 782,740</u>	<u>\$ 5,945,303</u>	<u>\$ 819,001</u>

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 3,839,000	\$ 2,998,000	\$ 540,000	\$ 6,297,000	\$ 720,000
Intergovernmental Loans Payable	492,546	-	61,503	431,043	62,740
General Capital Fund Long-Term Liabilities	<u>\$ 4,331,546</u>	<u>\$ 2,998,000</u>	<u>\$ 601,503</u>	<u>\$ 6,728,043</u>	<u>\$ 782,740</u>

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2014</u>
<u>2014</u>						
General Capital Fund						
Road Improvement Program			\$ 903,490	\$ -	\$ 903,490	\$ -
Various Improvements and Acquisitions			1,458,284	-	1,458,284	-
Refunding Bond Ordinance-Irene Emergency			-		-	-
Acquisition of Various Equipment			310,892	-	310,892	-
Total General Capital Fund			<u>\$ 2,672,666</u>	<u>\$ -</u>	<u>\$ 2,672,666</u>	<u>\$ -</u>
Swim Pool Utility Capital Fund						
Various Capital Improvements	0.60%	2/27/2015	401,334	388,726	401,334	388,726
Total Swim Pool Utility Capital Fund			<u>\$ 401,334</u>	<u>\$ 388,726</u>	<u>\$ 401,334</u>	<u>\$ 388,726</u>

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2012</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2013</u>
<u>2013</u>						
<u>General Capital Fund</u>						
Road Improvement Program	0.50%	2/28/2014	\$ 547,700	\$ 903,490	\$ 547,700	\$ 903,490
Various Improvements and Acquisitions	0.50%	2/28/2014	1,532,300	1,458,284	1,532,300	1,458,284
Refunding Bond Ordinance-Irene Emergency	0.50%	2/28/2014	157,000		157,000	-
Acquisition of Various Equipment	0.50%	2/28/2014	<u>313,000</u>	<u>310,892</u>	<u>313,000</u>	<u>310,892</u>
Total General Capital Fund			<u>\$ 2,550,000</u>	<u>\$ 2,672,666</u>	<u>\$ 2,550,000</u>	<u>\$ 2,672,666</u>
<u>Swim Pool Utility Capital Fund</u>						
Various Capital Improvements	0.50%	2/28/2014	<u>410,300</u>	<u>401,334</u>	<u>410,300</u>	<u>401,334</u>
Total Swim Pool Utility Capital Fund			<u>\$ 410,300</u>	<u>\$ 401,334</u>	<u>\$ 410,300</u>	<u>\$ 401,334</u>

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2014 and 2013 as follows:

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

Emergency Notes

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

2014

There were none.

<u>Purpose</u>	Balance, December 31, <u>2012</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Hurricane Sandy	\$ 220,625	-	\$ 220,625	-
Total Emergency Notes	<u>\$ 220,625</u>	<u>\$ -</u>	<u>\$ 220,625</u>	<u>\$ -</u>

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Tax Anticipation Notes

In any fiscal year in anticipation of the collection of taxes for such year, whether levied or to be levied in such year, or in anticipation of other revenues for such year, the Borough may borrow money in the form of tax anticipation notes. The amount of tax anticipation notes of any fiscal year outstanding at any one time shall not exceed an amount certified as the gross borrowing power. Tax anticipation notes may be renewed from time to time, but all such notes and any renewals shall mature within 120 days after the beginning of the succeeding fiscal year.

<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>	Balance, December 31, <u>2013</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2014</u>
<u>2014</u>						
Property Tax Collections	0.66%	2/24/2014	\$ 2,400,000		\$ 2,400,000	
Property Tax Collections	0.60%	2/23/2015	<u>-</u>	<u>\$ 2,200,000</u>	<u>-</u>	<u>\$ 2,200,000</u>
Total Tax Anticipation Notes			<u>\$ 2,400,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,200,000</u>
			Balance, December 31, <u>2012</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2013</u>
<u>2013</u>						
Property Tax Collections	0.66%	2/25/2013	\$ 2,400,000		\$ 2,400,000	
Property Tax Collections	0.66%	2/24/2014	<u>-</u>	<u>\$ 2,400,000</u>	<u>-</u>	<u>\$ 2,400,000</u>
Total Tax Anticipation Notes			<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>

**BOROUGH OF HAWORTH
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2014</u>		
Library Addition	\$40,095	2015
Renovations to Ambulance Corp Building	79,785	2015
Replacement of Dump Body and Hoist on Existing Truck Chassis	44,376	2015
<u>2013</u>		
Self Contained Vacuum Leaf Collector	\$36,319	2014
Library Addition	578,230	2015

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$558,789 and \$514,336 at December 31, 2014 and 2013, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

B. Deferred Pension Obligation

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$169,402 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at December 31, 2014 and 2013 is \$185,088 and \$194,724, respectively.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation (Continued)

Changes in Other Long-Term Liabilities

The Borough's changes in other long-term liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
Compensated Absences	\$ 514,336	\$ 44,453	\$ -	\$ 558,789	
Deferred Pension Obligation	<u>194,724</u>	<u>15,383</u>	<u>25,019</u>	<u>185,088</u>	<u>\$ 25,537</u>
Other Long-Term Liabilities	<u>\$ 709,060</u>	<u>\$ 59,836</u>	<u>\$ 25,019</u>	<u>\$ 743,877</u>	<u>\$ 25,537</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 499,564	\$ 57,228	\$ 42,456	\$ 514,336	
Deferred Pension Obligation	<u>203,033</u>	<u>16,040</u>	<u>24,349</u>	<u>194,724</u>	<u>\$ 25,019</u>
Other Long-Term Liabilities	<u>\$ 702,597</u>	<u>\$ 73,268</u>	<u>\$ 66,805</u>	<u>\$ 709,060</u>	<u>\$ 25,019</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 282,698	\$ 158,826	\$ 670
2013	306,535	157,602	None
2012	250,754	161,898	None

NOTE 13 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Haworth is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

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

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 RISK MANAGEMENT (Continued)

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	None	\$ 8,883	\$ 18,780	\$ 27,514
2013	None	5,093	2,112	37,411
2012	None	7,847	7,158	34,430

NOTE 14 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough’s Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2014 and 2013, the Borough reserved \$65,000 and \$-0-, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget, from fund balance or the Current Fund reserve for tax appeals.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014 and 2013, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Haworth Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 2, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Haworth approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Haworth has contributed between \$700 per year for the first year of eligibility to \$1,150 per year for the fourth year and thereafter of eligibility for 2014 and 2013 for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$20,700 and \$21,100 for 2014 and 2013, respectively.

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

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

**BOROUGH OF HAWORTH
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 17 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. The Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event as approved by FEMA is approximately \$240,000 and therefore has been recognized in the financial statements as of December 31, 2013. As of December 31, 2014 the Borough has received \$194,627 of its approved FEMA reimbursements and has recorded the remaining balance of \$45,373 as a receivable.

CURRENT FUND

**BOROUGH OF HAWORTH
STATEMENT OF CURRENT CASH**

Balance, December 31, 2013	\$ 3,414,073
Increased by Receipts:	
Taxes Receivable	\$ 21,761,201
Miscellaneous Revenue Not Anticipated	48,714
FEMA Reimbursements Receivable	64,437
Revenue Accounts Receivable	1,098,437
Grants Receivable	18,539
Prepaid Taxes	73,756
Tax Overpayments	20,928
State of NJ Senior Citizens' and Veterans' Deductions	25,250
Petty Cash	500
Tax Anticipation Note	2,200,000
Fees Payable	6,212
Reserve for State and Federal Grants - Unappropriated	20,242
Receipts for General Capital Fund	37,560
Receipts from Animal Control Fund	24
Receipts from Other Trust Fund	31,858
Receipts for Other Trust Fund	2,332
Receipts from Unemployment Trust Fund	23
Receipts from General Capital Fund	<u>897,601</u>
	<u>26,307,614</u>
	29,721,687
Decreased by Disbursements:	
2014 Budget Appropriations	6,630,043
2013 Appropriation Reserves	39,461
Encumbrances Payable	260,296
Accounts Payable	6,163
Tax Overpayments	21,058
Tax Anticipation Note	2,400,000
Local District School Tax	8,519,532
Regional High School Tax	5,485,461
County Tax	2,169,917
Refund of Prior Year Revenue	4,297
Petty Cash	500
Fees Payable	5,898
Other Accounts Receivable - Vendor Overpayment	1,823
Reserve for Grants-Appropriated	330
Payments to LOSAP Fund	21,150
Payments to General Capital Fund	<u>950,000</u>
	<u>26,515,929</u>
Balance, December 31, 2014	<u>\$ 3,205,758</u>

**BOROUGH OF HAWORTH
STATEMENT OF CHANGE FUNDS**

Balance, December 31, 2013	\$ <u>300</u>
Balance, December 31, 2014	\$ <u>300</u>

STATEMENT OF PETTY CASH

<u>Office</u>	Received From <u>Treasurer</u>	Returned To <u>Treasurer</u>
Borough Clerk	\$ <u>500</u>	\$ <u>500</u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2013</u>	Awards Accrued	Cash Receipts	Cancelled	Balance, December 31, <u>2014</u>
BCCD - Senior Citizen Program/Van Driver	\$ 6,000	\$ 6,000	\$ 6,299		\$ 5,701
BCCD - Senior Citizen Activities	-	3,500	3,500		-
Municipal Alliance	14,135	9,520	8,740		14,915
ANJEC	5,000			-	5,000
Homeland Security Grant	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>
	<u>\$ 25,335</u>	<u>\$ 19,020</u>	<u>\$ 18,539</u>	<u>\$ 200</u>	<u>\$ 25,616</u>
				Appropriated Grant Reserve	\$ 13
				Charged to Operations	<u>187</u>
					<u>\$ 200</u>

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

Year	Balance, December 31,	2014 Levy	Senior Citizens' and Veterans' Deductions	Cash Receipts		Senior Citizens' and Veterans' Deductions	Transferred to Tax Title Liens	Cancelled	Balance, December 31,
	2013		Disallowed	2013	2014	Allowed			2014
2013	\$ 154,892		\$ 250		\$ 143,053				\$ 12,089
2014	-	\$ 21,923,622	250	\$ 85,959	21,618,148	\$ 25,500	\$ 4,238	\$ 12,473	177,554
	<u>\$ 154,892</u>	<u>\$ 21,923,622</u>	<u>\$ 500</u>	<u>\$ 85,959</u>	<u>\$ 21,761,201</u>	<u>\$ 25,500</u>	<u>\$ 4,238</u>	<u>\$ 12,473</u>	<u>\$ 189,643</u>

Analysis of 2014 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 21,843,312
Added Taxes (54:4-63.1 et seq.)	<u>80,310</u>
	<u>\$ 21,923,622</u>
Tax Levy	
Local District School Tax	\$ 8,519,532
Regional High School Tax	5,485,461
County Taxes	
County Taxes	\$ 2,140,712
County Open Space Preservation	23,183
Due County for Added Taxes (54:63.1 et seq.)	<u>7,976</u>
	2,171,871
Local Tax for Municipal Purposes	5,357,746
Minimum Library Tax	309,424
Add Additional Tax Levied	<u>79,588</u>
	<u>5,746,758</u>
	<u>\$ 21,923,622</u>

**BOROUGH OF HAWORTH
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2013	\$ 50,493
Increased by:	
Transfer from Taxes-2014	4,238
Balance, December 31, 2014	\$ 54,731

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2013	\$ 42,335
Balance, December 31, 2014	\$ 42,335

EXHIBIT A-11

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2013</u>	Accrued in 2014	Collected	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses - Alcoholic Beverages		\$ 2,114	\$ 2,114	
Licenses - Other		125	125	
Fees and Permits		11,701	11,701	
Board of Health/Registrar				
Licenses - Other		2,021	2,021	
Fees and Permits		116	116	
Tax Department				
Interest and Costs on Taxes		35,988	35,988	
Police				
Fees and Permits		286	286	
Board of Adjustment/Planning Board				
Fees and Permits		510	510	
Municipal Court				
Fines and Costs	\$ 3,824	39,362	41,575	\$ 1,611
Construction Code Official				
Uniform Construction Code Fees		49,393	49,393	
Interest Earned on Investments and Deposits		22,255	22,255	
Energy Receipts Taxes		617,495	617,495	
Watershed Moratorium Offset Aid		19,270	19,270	
Senior Citizen Van - Harrington Park		10,090	10,090	
Volunteer Ambulance Corp. Contribution		23,700	23,700	
Paper Recycling Receipts		4,446	4,446	
Rental Use of DPW Salt Dome by United Water		12,000	12,000	
Composting Fees-Latz		10,450	10,450	
Cable Franchise Fee		47,513	47,513	
Cell Tower Lease Agreements	-	187,389	187,389	-
	\$ 3,824	\$ 1,096,224	\$ 1,098,437	\$ 1,611

**BOROUGH OF HAWORTH
STATEMENT OF FEMA REIMBURSEMENTS RECEIVABLE**

Balance, December 31, 2013	\$ 109,810
Decreased by:	
Cash Reimbursements Received	<u>64,437</u>
Balance, December 31, 2014	<u>\$ 45,373</u>

STATEMENT OF OTHER ACCOUNTS RECEIVABLE

Increased by:	
Vendor Overpayment	<u>\$ 1,823</u>
Balance, December 31, 2014	<u>\$ 1,823</u>

**STATEMENT OF DEFERRED CHARGES
N.J.S. 40A:4-55 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date</u>	<u>Purpose</u>	<u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>	<u>Raised in</u> <u>2014 Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
6/9/09	Consultant for Preparation of Master Plan	\$ 10,000	\$ 2,000	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>
				<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>

BOROUGH OF HAWORTH
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages:						
Municipal Clerk	\$ 560			\$ 560	\$ 402	\$ 158
Financial Administration	4,946	\$ (2,299)		2,647	201	2,446
Mayor & Council		1		1		1
Tax Assessment Administration		1		1		1
Planning Board	1,380			1,380	456	924
Board of Adjustment	1,380			1,380		1,380
Police	3,010			3,010	1,906	1,104
Fire		1		1		1
Prosecutor's Office	155			155	155	-
Streets and Roads	19,897	(103)		19,794	502	19,292
Snow Removal	48	103		151	151	-
Water Pollution Control		1		1		1
Public Health	699			699	460	239
Senior Citizens - Committee	313			313		313
Municipal Court	100			100		100
Building Inspector	608			608	159	449
Electrical Inspector	602		155	757		757
Senior Van-Harrington Park	3,179	-	-	3,179	83	3,096
	<u>36,877</u>	<u>(2,295)</u>	<u>155</u>	<u>34,737</u>	<u>4,475</u>	<u>30,262</u>
Other Expenses:						
Mayor & Council	270			270	252	18
Municipal Clerk						
Elections	255			255		255
Miscellaneous	797			797		797
Publications	207			207		207
Public Information	1			1		1
Financial Administration						
Other Expenses	6,470			6,470	6,030	440
Cost of Registered Bonds	43			43		43
Revenue Administration	873			873		873
Tax Assessment Administration	8,312	(7,315)	463	1,460		1,460
Legal Services and Costs	20,565			20,565	2,576	17,989
Engineering Services and Costs	185	7,315		7,500	7,500	-
Planning Board	591			591	591	-
Board of Adjustment	678			678		678
Fire						
Other Expenses	251		27	278		278
Fire Hydrant Services	104			104	104	-
Police	1,554			1,554	-	1,554
Purchase of Police Vehicle	1			1		1

BOROUGH OF HAWORTH
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)						
Fire Prevention	\$ 396			\$ 396		\$ 396
Streets and Roads	135			135	135	-
Shade Tree Committee	46			46		46
Emergency Trees	6,589			6,589	3,600	2,989
Public Buildings and Grounds	1,089	835		1,924	1,921	3
Vehicle Maintenance	9,716			9,716	9,716	-
Public Health Services	2,164			2,164		2,164
Environmental Health Services	271			271		271
Parks Department	5			5	5	-
Parks and Playground Committee	1			1		1
Tennis Committee	244		110	354		354
Celebration of Public Event	523			523	202	321
Senior Citizens-Committee	66			66	66	-
Senior Citizens-Publications	491			491		491
Building Inspector	44			44		44
Street Lighting	12	\$ 410		422	417	5
Electricity		350		350	218	132
Telephone	392	700		1,092	1,070	22
Water	1,565			1,565	839	726
Gas (natural or propane)	1,112			1,112	305	807
Gasoline	3,646			3,646		3,646
Public Employees Retirement System	9,270			9,270		9,270
Social Security System	4,948			4,948	411	4,537
Municipal Court	415			415		415
Public Defender	1,300			1,300		1,300
Maintenance of Free Public Library	7,728			7,728	7,661	67
Employee Group Health	19,399			19,399		19,399
Employee Flexible Spending	27			27		27
Borough of Oradell Flow Charges	146			146	146	-
Recycling Tonnage	4,660			4,660	4,660	-
Senior Van Harrington Park	1,874			1,874		1,874
BCCD-Senior Citizen Activities-Van Driver	87			87	87	-
Bergen County Mini Grant	100			100	100	-
Alcohol Education and Rehab	54			54	54	-
Municipal Alliance	3,940			3,940	3,940	-
Clean Communities	82			82	82	-
Body Armor Fund	1,463			1,463	1,463	-
Judgements	9,789	-	-	9,789	-	9,789
	<u>134,946</u>	<u>2,295</u>	<u>600</u>	<u>137,841</u>	<u>54,151</u>	<u>83,690</u>
	<u>\$ 171,823</u>	<u>\$ -</u>	<u>\$ 755</u>	<u>\$ 172,578</u>	<u>\$ 58,626</u>	<u>\$ 113,952</u>

Cash Disbursements	\$ 39,461
Transferred to Accounts Payable	8,845
Transferred to Reserve for Grants - Appropriated	<u>10,320</u>
	<u>\$ 58,626</u>

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

Balance, December 31, 2013		\$ 27,099
Increased by:		
Cash Received from State of New Jersey	\$ 25,250	
Senior Citizens and Veterans' Deductions Disallowed by Tax Collector - 2014	250	
Senior Citizens and Veterans' Deductions Disallowed by Tax Collector -2013	250	
Prior Year Deduction Disallowed by Division of Taxation	<u>250</u>	
		<u>26,000</u>
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	1,250	53,099
Veterans' Deductions Per Tax Billings	22,750	
Senior Citizens' Deductions Allowed per Tax Collector	<u>1,500</u>	
		<u>25,500</u>
Balance, December 31, 2014		<u>\$ 27,599</u>

EXHIBIT A-17

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2013		\$ 261,051
Increased by:		
Charges to 2014 Budget Appropriations		<u>290,279</u>
		551,330
Decreased by:		
Cash Disbursements	\$ 260,296	
Cancellations Restored to 2013 Appropriation Reserves	<u>755</u>	
		<u>261,051</u>
Balance, December 31, 2014		<u>\$ 290,279</u>

EXHIBIT A-18

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2013		\$ 29,138
Increased by:		
Transferred from 2013 Appropriation Reserves		<u>8,845</u>
		37,983
Decreased by:		
Cash Disbursements	\$ 6,163	
Cancelled to Operations	<u>18,000</u>	
		<u>24,163</u>
Balance, December 31, 2014		<u>\$ 13,820</u>

**BOROUGH OF HAWORTH
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2013	\$	85,959
Increased by:		
Cash Receipts - 2015 Taxes		<u>73,756</u>
		159,715
Decreased by:		
Application to 2014 Taxes		<u>85,959</u>
Balance, December 31, 2014	\$	<u><u>73,756</u></u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2013	\$	130
Increased by:		
Overpayments Received in 2014		<u>20,928</u>
		21,058
Decreased by:		
Refunds	\$	<u><u>21,058</u></u>

**BOROUGH OF HAWORTH
STATEMENT OF FEES PAYABLE**

	Balance, December 31, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursement</u>	Balance, December 31, <u>2014</u>
State Training Fees	\$ 418	\$ 4,637	\$ 4,573	\$ 482
Marriage License Fees	-	175	125	50
Driveway Permits	<u>800</u>	<u>1,400</u>	<u>1,200</u>	<u>1,000</u>
	<u>\$ 1,218</u>	<u>\$ 6,212</u>	<u>\$ 5,898</u>	<u>\$ 1,532</u>

EXHIBIT A-22

STATEMENT OF TAX ANTICIPATION NOTE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
Anticipated Tax	4/23/2013	2/23/2014	0.66%	\$ 2,400,000		\$ 2,400,000	
Collections	4/23/2014	2/23/2015	0.60%	<u>-</u>	\$ 2,200,000	<u>-</u>	<u>\$ 2,200,000</u>
				<u>\$ 2,400,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,400,000</u>	<u>\$ 2,200,000</u>

EXHIBIT A-23

RESERVE FOR TAX APPEALS

Increased by:		
2014 Budget Appropriation		<u>\$ 65,000</u>
Balance, December 31, 2014		<u>\$ 65,000</u>

EXHIBIT A-24

STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2013</u>	Cash <u>Receipts</u>	Anticipated as Budget <u>Revenue</u>	Balance, December 31, <u>2014</u>
Recycling Tonnage	\$ 7,689	\$ 11,620	\$ 7,689	\$ 11,620
Bergen County Mini Grant	400	-	400	-
Alcohol Education and Rehab	106	177	106	177
Clean Communities	1,096	6,933	1,096	6,933
Body Armor Grant	<u>-</u>	<u>1,512</u>	<u>-</u>	<u>1,512</u>
	<u>\$ 9,291</u>	<u>\$ 20,242</u>	<u>\$ 9,291</u>	<u>\$ 20,242</u>

BOROUGH OF HAWORTH
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance, December 31, <u>2013</u>	Transferred from Approp <u>Reserves</u>	Cash <u>Disbursements</u>	Grant Receivables <u>Cancelled</u>	Balance, December 31, <u>2014</u>
Alcohol Education and Rehab	\$ 1,223	\$ 54			\$ 1,277
DWI	11,065				11,065
Body Armor	3,453	1,463			4,916
ANJEC	260	-			260
Bergen County Mini Grant	899	100			999
Homeland Security Grant	13			\$ 13	-
Obey the Signs or Pay the Fines	2,800				2,800
Over the Limit/Under Arrest	2,900				2,900
Stormwater Management Grant	5,172				5,172
Cool Cities - State Share	16,568				16,568
Cool Cities - Local Share	1,120				1,120
Clean Communities Grant	574	82			656
BCCD - Sr. Van Driver		3			3
Recycling Tonnage Grant		4,660	\$ 330		4,330
Municipal Alliance	8,722	3,958	-	-	12,680
	<u>\$ 54,769</u>	<u>\$ 10,320</u>	<u>\$ 330</u>	<u>\$ 13</u>	<u>\$ 64,746</u>
				Cancelled-Grants Receivable <u>\$ 13</u>	

EXHIBIT A-26

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2013</u>	Anticipated As Budget <u>Revenue</u>
Deferred Pension Contributions	\$ 9,000	9,000
	<u>\$ 9,000</u>	<u>\$ 9,000</u>

**BOROUGH OF HAWORTH
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2013		\$ 6,022
Increased by:		
County Tax - General	\$ 2,140,712	
County Open Space Preservation	<u>23,183</u>	
		\$ 2,163,895
County Tax for Added Taxes		<u>7,976</u>
		<u>2,171,871</u>
		2,177,893
Decreased by:		
Cash Disbursements		<u>2,169,917</u>
Balance, December 31, 2014		<u>\$ 7,976</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
Levy - Calendar Year 2014		\$ 8,519,532
Decreased by:		
Cash Disbursements		<u>\$ 8,519,532</u>

STATEMENT OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE

Increased by:		
Levy-Calendar Year 2014		\$ 5,485,461
Decreased by:		
Cash Disbursements		<u>\$ 5,485,461</u>

TRUST FUND

**BOROUGH OF HAWORTH
STATEMENT OF TRUST CASH**

	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment Insurance</u>
Balance, December 31, 2013	\$ 10,076	\$ 478,681	\$ 32,527
Increased by:			
Dog License Fees	\$ 3,193		
Cat License Fees	384		
Late Fees	1,755		
Fees Due to State Dept. of Health	515		
Interest Earned	24		\$ 23
Escrow Deposits		\$ 22,976	
Receipts for Current Fund	-	2,500	-
Miscellaneous Reserves		233,925	
Payroll Deductions/Deposits	-	3,850,770	8,883
	<u>5,871</u>	<u>4,110,171</u>	<u>8,906</u>
	15,947	4,588,852	41,433
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.1	6,527		
Due to State Dept. of Health	517		
Payments to General Capital Fund		-	
Payments to Current Fund	24	31,858	23
Payroll Disbursements		3,852,680	
Tax Sale Premium		17,500	
Unemployment Insurance Claims			15,775
Escrow Deposits		15,661	
Miscellaneous Reserves	-	215,456	-
	<u>7,068</u>	<u>4,133,155</u>	<u>15,798</u>
Balance, December 31, 2014	<u>\$ 8,879</u>	<u>\$ 455,697</u>	<u>\$ 25,635</u>

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

Balance, December 31, 2013	\$	6,077
Increased by:		
Interest Earned on Deposits		24
		6,101
Decreased by:		
Payments to Current Fund		24
Balance, December 31, 2014	\$	6,077

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

Balance, December 31, 2013	\$	3,997
Increased by:		
Dog License Fees Collected	\$	3,193
Cat License Fees Collected		384
Late Fees Collected		1,755
		5,332
		9,329
Decreased by:		
Expenditures Under R.S. 4:19-15.1		6,527
Balance, December 31, 2014	\$	2,802

**BOROUGH OF HAWORTH
STATEMENT OF DUE TO STATE DEPARTMENT OF HEALTH
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$	2
Increased by:		
State Fees Collected		515
		517
Decreased by:		
Payments to State	\$	517

EXHIBIT B-5

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

Increased by:		
Other Trust Fund Receipts Deposited in Current Fund	\$	2,332
Payments to Current Fund		31,858
		34,190
Decreased by:		
Police Outside Duty Fees Anticipated as Budget Revenues	\$	22,831
Recreation Trust Fund- Farmer's Market Anticipated as Budget Revenues		6,527
	\$	29,358
Current Fund Receipts Deposited into Other Trust Fund		2,500
		31,858
Balance, December 31, 2014	\$	2,332

EXHIBIT B-6

**STATEMENT OF ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2013	\$	152,375
Increased by:		
Cash Receipts		22,976
		175,351
Decreased by:		
Cash Disbursements		15,661
Balance, December 31, 2014	\$	159,690

BOROUGH OF HAWORTH
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND

	Balance, December 31, <u>2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2014</u>
Municipal Drug and Alcohol Alliance Program Donations	\$ 1	\$ 3,705	\$ 3,935	\$ (229)
Senior Van Donations	380	50		430
Shade Tree Program Donations	790	200		990
POAA Fees	206	22		228
COAH Developer Fees	162,116	1,744	2,264	161,596
Employee Scholarship Fund	2,449	7		2,456
Outside Police Employment Fees	22,831	134,254	143,051	14,034
Centennial Fund Donations	300	50	230	120
Police Equipment Donations	22,717		9,537	13,180
Municipal Donations-Variou s	9,705	16,478	21,861	4,322
Recreation Commission Fees	35,297	73,330	60,560	48,067
Public Defender	-	175		175
Other Deposits		2,153		2,153
Disposal of Forfeited Funds	22,500			22,500
Flexible Spending Account Deposits	528	4,089	3,376	1,241
	<u>\$ 279,820</u>	<u>\$ 236,257</u>	<u>\$ 244,814</u>	<u>\$ 271,263</u>
Cash Receipts		\$ 233,925		
Due from Current Fund		2,332		
Due to Current Fund			29,358	
Cash Disbursements		<u>-</u>	<u>215,456</u>	
		<u>\$ 236,257</u>	<u>\$ 244,814</u>	

EXHIBIT B-8

STATEMENT OF RESERVE FOR PREMIUMS ON TAX SALE
OTHER TRUST FUND

Balance, December 31, 2013	\$ 17,500
Decreased by:	
Cash Disbursements	<u>17,500</u>

EXHIBIT B-9

STATEMENT OF DUE FROM GENERAL CAPITAL FUND
OTHER TRUST FUND

Balance, December 31, 2013	<u>\$ 12,000</u>
Balance, December 31, 2014	<u>\$ 12,000</u>

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

Balance, December 31, 2013	\$ 23,588
Increased by:	
Payroll Deposits	<u>3,850,770</u>
	3,874,358
Decreased by:	
Payroll Disbursements	<u>3,852,680</u>
Balance, December 31, 2014	<u>\$ 21,678</u>

**STATEMENT OF ACCOUNTS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2013	<u>\$ 12,305</u>
Balance, December 31, 2014	<u>\$ 12,305</u>

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

Balance, December 31, 2013	\$ 215
Increased by:	
Unemployment Claims Due to State	<u>18,780</u>
	18,995
Decreased by:	
Payment of Unemployment Claims	<u>15,775</u>
Balance, December 31, 2014	<u>3,220</u>

BOROUGH OF HAWORTH
STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS
UNEMPLOYMENT INSURANCE TRUST FUND

Balance, December 31, 2013	\$ 37,411
Increased by:	
Employee Payroll Deductions	<u>8,883</u>
	46,294
Decreased by:	
Unemployment Claims Due to State	<u>18,780</u>
 Balance, December 31, 2014	 <u>\$ 27,514</u>

EXHIBIT B-14

STATEMENT OF DUE FROM CURRENT FUND
UNEMPLOYMENT INSURANCE TRUST FUND

Balance, December 31, 2013	\$ 6
Increased by:	
Payments to Current Fund	<u>23</u>
	29
Decreased by:	
Interest Earned	<u>23</u>
 Balance, December 31, 2014	 <u>\$ 6</u>

EXHIBIT B-15

STATEMENT OF DUE FROM OTHER TRUST FUND
UNEMPLOYMENT INSURANCE TRUST FUND

Balance, December 31, 2013	\$ <u>5,093</u>
 Balance, December 31, 2014	 <u>\$ 5,093</u>

GENERAL CAPITAL FUND

**BOROUGH OF HAWORTH
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2013		\$ 3,785,811
Increased by Receipts:		
Interest on Investments	\$ 2,163	
Received from Current Fund	<u>950,000</u>	
		<u>952,163</u>
		4,737,974
Decreased by Disbursements:		
Improvement Authorizations	417,517	
Payments to Current Fund	897,601	
Encumbrances Payable	710,799	
Bond Anticipation Notes	<u>2,672,666</u>	
		<u>4,698,583</u>
Balance, December 31, 2014		<u>\$ 39,391</u>

**BOROUGH OF HAWORTH
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2014</u>
Fund Balance		\$ 13,868
Grants Receivable		(12,056)
Capital Improvement Fund		10,804
Contracts Payable		212,057
Due to Other Trust Fund		12,000
Due to Current Fund		359
Reserve for Improvements		4,000
 Improvement Authorizations:		
Ord.		
<u>No.</u>	<u>Improvement Description</u>	
910	Various Capital Improvements	10
933	Restoration and Improvement of Athletic Fields	(430)
934	Various Public Improvements	40
944	Acquisition of New Equipment and Machinery	1,313
956	2007 Road Improvement Program	10,163
963	Various Capital Improvements	18,658
967	2008 Road Improvements	(5,144)
971	Various Public Improvements	468
978	Various Public Improvements	21,888
11-12	Acquisition of Various Equipment	31,541
12-07	Refunding Bond Ordinance - Irene Emergency	8,645
12-09	Various Capital Improvements and Acquisitions	1,293
12-18	2012 Road Improvement Program	14,658
12-19	Resurfacing of Sunset Avenue	19,106
13-05	2013 Road Improvement Program	8,261
13-08	Various Capital Improvements	24,723
13-09	Acquisition of Computers and Office Equipment	1,684
14-09	Various Public Improvements	<u>(358,518)</u>
		 <u>\$ 39,391</u>

**BOROUGH OF HAWORTH
STATEMENT OF GRANTS RECEIVABLE**

Ord. No.	<u>Grantor Agency</u>	Balance, December 31, <u>2013</u>	<u>Received</u>	Balance, December 31, <u>2014</u>	<u>Balance Pledged to Improvement Authorization</u>
12-19	Department of Transportation	\$ 49,616	\$ 37,560	\$ 12,056	\$ 12,056
		<u>\$ 49,616</u>	<u>\$ 37,560</u>	<u>\$ 12,056</u>	<u>\$ 12,056</u>
			Due From Current Fund	<u>\$ 37,560</u>	

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

Increased by:	
Interest on Investments	\$ 2,163
Land Sale Proceeds Anticipated as Budget Revenue	8,153
Reserve for Payment of Bonds Anticipated as Budget Revenue	99
Receipts from Current Fund	<u>950,000</u>
	<u>960,415</u>
Decreased by:	
2014 Budget Appropriation- Capital Improvement Fund	24,895
Capital Grant Receipts Deposited in Current Fund	37,560
Payments to Current Fund	<u>897,601</u>
	<u>960,056</u>
Balance, December 31, 2014	<u>\$ 359</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013	\$ 6,728,043
Decreased by:	
2014 Budget Appropriations	
Serial Bonds	\$ 720,000
EDA Loan	<u>62,740</u>
	<u>782,740</u>
Balance, December 31, 2014	<u>\$ 5,945,303</u>

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

		<u>Analysis of Balance December 31, 2014</u>				
<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2013</u>	2014 Authori- zation	Balance, December 31, <u>2014</u>	<u>Expenditures</u>	Unexpended Improvement <u>Authorizations</u>
933	Restoration and Improvement of Athletic Fields	\$ 430		\$ 430	\$ 430	
967	2008 Road Improvement Program	5,144		5,144	5,144	
978	Various Public Improvements	303		303		\$ 303
13-08	Various Public Improvments	13,782	-	13,782		13,782
14-09	Various Public Improvements/Roads	<u>-</u>	<u>496,700</u>	<u>496,700</u>	<u>358,518</u>	<u>138,182</u>
		<u>\$ 5,877</u>	<u>\$ 496,700</u>	<u>\$ 516,359</u>	<u>\$ 364,092</u>	<u>\$ 152,267</u>
					Improvement Authorizations-Unfunded	<u>\$ 152,267</u>

**BOROUGH OF HAWORTH
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Amount	2014 Authorizations							Balance,		
			December 31, 2013		Deferred Charges Unfunded	Capital Impvt Fund	Capital Fund Balance	Cancelled Encumbrances	Paid or Charged	Cancelled Authorizations	December 31, 2014	
			Funded	Unfunded							Funded	Unfunded
910	Various Capital Improvements	163,000	\$ 10								\$ 10	
934	Various Public Improvements	152,000	40								40	
944	Acquisition of New Equipment and Machinery	237,000					\$ 1,313				1,313	
956	2007 Road Improvement Program	135,000	10,163								10,163	
963	Various Capital Improvements	379,000	26,958					\$ 5,765	\$ 2,535		18,658	
971	Various Public Improvements	733,904	8,453					1,045	6,940		468	
978	Various Public Improvements	493,000	39,035	\$ 303				17,147	-		21,888	\$ 303
995	Various Public Improvements and Acquisitions	887,000	2,894					2,336	558		-	
11-06	2011 Road Improvement Program	345,000	9,693					9,693			-	
11-07	Various Capital Improvements	771,416	15,278					15,278			-	
11-12	Acquisition of Various Equipment	49,000	31,541								31,541	
12-07	Refunding Bond Ordinance-Irene Emergency	157,000	8,645								8,645	
12-09	Various Capital Improvements and Acquisitions	41,607	8,405					4,691	2,421		1,293	
12-12	Acquisition of Various Equipment	328,700	16,274					16,274			-	
12-18	2012 Road Improvement	230,000	24,220					9,562			14,658	
12-19	Resurfacing of Sunset Avenue	145,000	19,206					100			19,106	
13-05	2013 Road Improvement Program	212,000	843					7,418			8,261	
13-07	Improvement of Ambulance Corps Building	60,000	59,020					59,020			-	
13-08	Various Public Improvements	296,000	128,996	13,782				89,050	15,223		24,723	13,782
13-09	Acquisition of Computers and Office Equipment	8,800	1,161					523			1,684	
14-09	Various Public Improvements	537,795	-			\$ 496,700	\$ 24,895	\$ 16,200			-	138,182
			<u>\$ 410,835</u>	<u>\$ 14,085</u>	<u>\$ 496,700</u>	<u>\$ 24,895</u>	<u>\$ 16,200</u>	<u>\$ 9,254</u>	<u>\$ 629,574</u>	<u>\$ 27,677</u>	<u>\$ 162,451</u>	<u>\$ 152,267</u>
										\$ 27,677		
								\$ 417,517				
								212,057				
								<u>\$ 629,574</u>	<u>\$ 27,677</u>			

**BOROUGH OF HAWORTH
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2013		\$ 720,053
Increased by:		
Charges to Improvement Authorizations		<u>212,057</u>
		932,110
Decreased by:		
Cancelled Encumbrances Restored to Improvement Authorizations	\$ 9,254	
Cash Disbursements	<u>710,799</u>	
		<u>720,053</u>
Balance, December 31, 2014		<u>\$ 212,057</u>

EXHIBIT C-10

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013		\$ 10,804
Increased by:		
2014 Budget Appropriations Due from Current Fund		<u>24,895</u>
		35,699
Decreased by:		
Appropriated to Finance Improvement Authorization		<u>24,895</u>
Balance, December 31, 2014		<u>\$ 10,804</u>

EXHIBIT C-11

STATEMENT OF RESERVE FOR LAND SALE PROCEEDS

Balance, December 31, 2013		\$ 8,153
Decreased by:		
Due to Current Fund - Anticipated as Budget Fund Revenue		<u>8,153</u>

**BOROUGH OF HAWORTH
STATEMENT OF RESERVE FOR IMPROVEMENTS**

Balance, December 31, 2013	\$ <u>4,000</u>
Balance, December 31, 2014	\$ <u>4,000</u>

EXHIBIT C-13

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2013	\$ 99
Decreased by:	
Due to Current Fund - Anticipated as Budget Revenue	<u>99</u>

EXHIBIT C-14

STATEMENT OF PRESERVATION TRUST FUND LOAN PAYABLE

Ord. No.	<u>Improvement Description</u>	<u>Interest Rate</u>	Balance, December 31, 2013	Loan Repayments	Balance, December 31, 2014
866	Acq. of Real Property for Open Space	2.00%	\$ <u>431,043</u>	\$ <u>62,740</u>	\$ <u>368,303</u>
	Paid by Budget Appropriation			<u>\$ 62,740</u>	

BOROUGH OF HAWORTH
STATEMENT OF GENERAL SERIAL BONDS

Issue	Date of Issue	Original Issue	Maturity of Bonds Outstanding		Interest Rate	Balance, December 31, 2013	Increase	Decrease	Balance, December 31, 2014
			Date	Amount					
General Improvement Bonds	2/15/2006	\$ 1,730,000	2/15/2015	\$ 195,000	3.75				
			2/15/2016	195,000	3.75				
			2/15/2017	195,000	3.75				
			2/15/2018	200,000	4.00				
			2/15/2019	200,000	4.00 %				
					\$ 1,180,000		\$ 195,000	\$ 985,000	
General Improvement Bonds	8/1/2009	2,469,000	8/1/2015	350,000	2.500				
			8/1/2016	350,000	2.500				
			8/1/2017	350,000	3.000				
			8/1/2018	355,000	3.000				
			8/1/2019	364,000	3.000 %				
					2,119,000		350,000	1,769,000	
General Improvement Bonds	12/15/2013	2,998,000	12/15/2015	210,000	2.000				
			12/15/2016	215,000	2.000				
			12/15/2017	220,000	2.000				
			12/15/2018	225,000	2.000				
			12/15/2019	230,000	2.000				
			12/15/2020	325,000	2.000				
			12/15/2021	350,000	2.000				
			12/15/2022	350,000	2.125				
			12/15/2023	350,000	2.250				
			12/15/2024	348,000	2.500				
					<u>\$ 6,297,000</u>	<u>\$ -</u>	<u>\$ 720,000</u>	<u>\$ 5,577,000</u>	
							<u>\$ 720,000</u>		

Paid by Budget Appropriation

\$ 720,000

**BOROUGH OF HAWORTH
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2013	Increase	Decrease	Balance, December 31, 2014
994	2010 Road Improvement Program	7/9/2010	7/3/2013	2/28/2014	0.50 %	\$ 200,562		\$ 200,562	
995	Various Public Improvements and Acquisitions	7/9/2010	7/3/2013	2/28/2014	0.50	780,869		780,869	
11-06	2011 Road Improvement Program	7/8/2011	7/3/2013	2/28/2014	0.50	304,512		304,512	
11-07	Various Improvements and Acquisitions	7/8/2011	7/3/2013	2/28/2014	0.50	677,415		677,415	
12-12	Acquisition of Various Equipment	7/6/2012	7/3/2013	2/28/2014	0.50	310,892		310,892	
12-18	2012 Road Program	7/3/2013	7/3/2013	2/28/2014	0.50	196,732		196,732	-
13-05	2013 Road Program	7/3/2013	7/3/2013	2/28/2014	0.50	<u>201,684</u>	<u>-</u>	<u>201,684</u>	<u>-</u>
						<u>\$ 2,672,666</u>	<u>\$ -</u>	<u>\$ 2,672,666</u>	<u>\$ -</u>
							Paid by Capital Cash	<u>\$ 2,672,666</u>	

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

<u>No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2013</u>	2014 <u>Authorizations</u>	Balance December 31, <u>2014</u>
933	Restoration and Improvement of Athletic Fields	\$ 430		\$ 430
967	2008 Road Improvement Program	5,144		5,144
978	Various Public Improvements	303		303
13-08	Various Public Improvements	13,782		13,782
14-09	Various Public Improvements/Roads	<u>-</u>	<u>496,700</u>	<u>496,700</u>
		<u>\$ 19,659</u>	<u>\$ 496,700</u>	<u>\$ 516,359</u>

SWIM POOL UTILITY FUND

**BOROUGH OF HAWORTH
STATEMENT OF SWIM POOL UTILITY CASH**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 31,401	\$ 1,936
Increased by Receipts:		
Swim Pool Fees	\$ 218,179	
Snack Stand Concession Fees	900	
Interest on Investments	196	\$ 16
Received from Swim Pool Operating Fund	-	26,192
Received from Swim Pool Capital Fund	<u>16</u>	<u>-</u>
	<u>219,291</u>	<u>\$ 26,208</u>
	250,692	28,144
Decreased by Disbursements:		
2014 Appropriations	160,758	
Encumbrances Payable	351	
Interest on Notes	1,309	
Improvement Authorizations	-	23,416
Payment to Swim Pool Capital Fund	26,192	-
Payments to Swim Pool Operating Fund	<u>-</u>	<u>16</u>
	<u>188,610</u>	<u>23,432</u>
Balance, December 31, 2014	<u>\$ 62,082</u>	<u>\$ 4,712</u>

**BOROUGH OF HAWORTH
ANALYSIS OF SWIM POOL UTILITY CAPITAL CASH**

Fund Balance	\$	768
Due from Current Fund		(8,966)
Grants Receivable		(9,555)
Due to Swim Pool Utility Operating Fund		18,029
Capital Improvement Fund		3,000

Improvement Authorizations:

<u>Ord.</u>	<u>No.</u>	<u>Improvement Description</u>	
11-05		Various Capital Improvements	453
12-11		Various Capital Improvements	983
			<u>983</u>
			\$ <u>4,712</u>

**STATEMENT OF GRANTS RECEIVABLE
SWIM POOL UTILITY CAPITAL FUND**

<u>Ord.</u>	<u>No.</u>	<u>Grantor Agency</u>	Balance, December 31, <u>2014</u>	<u>Grant Award</u>	<u>Balance Pledged to: Improvement Authorization</u>
14-08		Bergen County Open Space	<u>9,555</u>	<u>9,555</u>	<u>9,555</u>
			\$ <u>9,555</u>	\$ <u>9,555</u>	\$ <u>9,555</u>

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

	Balance, December 31, <u>2014</u>	Raised in <u>2014 Budget</u>	Balance, December 31, <u>2014</u>
Emergency Authorizations	\$ 7,500	\$ 7,500	\$ -
Overexpenditure of Appropriations	9,984	9,984	-
	<u>\$ 17,484</u>	<u>\$ 17,484</u>	<u>\$ -</u>

EXHIBIT D-9

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

<u>Description</u>	Balance, December 31, <u>2013</u>	Additions by <u>Ordinance</u>	Balance, December 31, <u>2014</u>
Building Improvements	\$ 271,006		\$ 271,006
Reconstruction of Wading Pool	149,500		149,500
Replace Diving Boards, Slides and Patio Expansion	79,180	\$ 134	79,314
Pumps, Filters and Heating Units	13,831		13,831
Tables, Chairs and Other Furnishing	28,750	-	28,750
Playground Equipment	-	22,747	22,747
	<u>\$ 542,267</u>	<u>\$ 22,881</u>	<u>\$ 565,148</u>

EXHIBIT D-10

**STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SWIM POOL UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2013</u>	<u>2014 Authorizations</u>		Costs to <u>Fixed Capital</u>	Balance, December 31, <u>2014</u>
			<u>Grant Award</u>	<u>Capital Improvement Fund</u>		
11-05	Various Capital Improvements	\$ 453				\$ 453
12-11	Various Capital Improvements	1,117			\$ 134	983
14-08	Various Capital Improvements	-	9,555	13,192	22,747	-
		<u>\$ 1,570</u>	<u>\$ 9,555</u>	<u>\$ 13,192</u>	<u>\$ 22,881</u>	<u>\$ 1,436</u>

BOROUGH OF HAWORTH
STATEMENT OF 2013 APPROPRIATION RESERVES
SWIM POOL UTILITY OPERATING FUND

	Balance, December 31, <u>2013</u>	Encumbrances Payable <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Other Expenses	-	\$ 503	\$ 503	-	\$ 503
Statutory Expenditures					
Social Security Contributions	\$ 734	-	734	-	734
	<u>\$ 734</u>	<u>\$ 503</u>	<u>\$ 1,237</u>	<u>\$ -</u>	<u>\$ 1,237</u>

EXHIBIT D-12

STATEMENT OF DUE FROM CURRENT FUND
SWIM POOL UTILITY CAPITAL FUND

Balance, December 31, 2013	<u>\$ 8,966</u>
Balance, December 31, 2014	<u>\$ 8,966</u>

EXHIBIT D-13

STATEMENT OF ENCUMBRANCES PAYABLE
SWIM POOL UTILITY OPERATING FUND

Balance, December 31, 2013	\$ 854
Increased by:	
Charges to 2014 Budget Appropriations	<u>3,774</u>
	4,628
Decreased by:	
Cash Disbursements	\$ 351
Encumbrances Restored to Appropriation Reserves	<u>503</u>
	<u>854</u>
Balance, December 31, 2014	<u>\$ 3,774</u>

**BOROUGH OF HAWORTH
STATEMENT OF ACCOUNTS PAYABLE
SWIM POOL UTILITY OPERATING FUND**

Balance, December 31, 2013	<u>\$ 391</u>
Balance, December 31, 2014	<u>\$ 391</u>

**STATEMENT OF ACCRUED INTEREST ON NOTES
SWIM POOL UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 1,014
Increased by:	
Budget Appropriation for Interest on Notes	<u>2,433</u>
	3,447
Decreased by:	
Interest Paid	<u>1,309</u>
Balance, December 31, 2014	<u>\$ 2,138</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
SWIM POOL UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 535
Decreased by:	
Restored to Improvement Authorizations	<u>535</u>

**BOROUGH OF HAWORTH
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SWIM POOL UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance Amount	Balance	2014 Authorizations		Encumbrances Cancelled	Expended	Unfunded
			December 31, 2013 Unfunded	Grant Award	Capital Improvement Fund			
11-05	Various Capital Improvements	166,000	\$ 453					\$ 453
12-11	Various Capital Improvements	93,000	1,117			535	\$ 669	983
14-08	Various Capital Improvements	22,747	-	9,555	13,192	-	22,747	-
			<u>\$ 1,570</u>	<u>\$ 9,555</u>	<u>\$ 13,192</u>	<u>\$ 535</u>	<u>\$ 23,416</u>	<u>\$ 1,436</u>
	Cash Disbursed						<u>\$ 23,416</u>	

**BOROUGH OF HAWORTH
STATEMENT OF CAPITAL IMPROVEMENT FUND
SWIM POOL UTILITY CAPITAL FUND**

Balance, December 31, 2013		\$ 3,000
Increased by:		
2014 Budget Appropriation Due From Swim Pool Utility Operating Fund		<u>13,192</u>
		16,192
Decreased by:		
Appropriated to Fund Improvement Authorizations		<u>13,192</u>
Balance, December 31, 2014		<u>\$ 3,000</u>

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

Balance, December 31, 2013		\$ 5,029
Increased by:		
Interest Earned	\$ 16	
Cash Receipt from Swim Pool Operating	<u>26,192</u>	
		<u>26,208</u>
		31,237
Decreased by:		
2014 Budget Appropriation - Capital Improvement Fund	\$ 13,192	
Payments to Swim Pool Utility Operating Fund	<u>16</u>	
		<u>13,208</u>
Balance, December 31, 2014		<u>\$ 18,029</u>

BOROUGH OF HAWORTH
STATEMENT OF BOND ANTICIPATION NOTES
SWIM POOL UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2013	Increase	Decrease	Balance, December 31, 2014
993	Various Capital Improvements	7/9/2010	7/3/2013 2/28/2014	2/28/2014 2/27/2015	0.50 % 0.60	\$ 251,034	\$ 242,068	\$ 251,034	\$ 242,068
11-05	Various Capital Improvements	7/8/2011	7/3/2013 2/28/2014	2/28/2014 2/27/2015	0.50 0.60	93,300	89,658	93,300	89,658
12-11	Various Capital Improvements	7/6/2012	7/3/2013 2/28/2014	2/28/2014 2/27/2015	0.50 0.60	57,000 -	- 57,000	57,000 -	57,000
						<u>\$ 401,334</u>	<u>\$ 388,726</u>	<u>\$ 401,334</u>	<u>\$ 388,726</u>
								\$ 12,608	
Paid by Budget Appropriation Renewals							<u>\$ 388,726</u>	<u>388,726</u>	
							<u>\$ 388,726</u>	<u>\$ 401,334</u>	

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

Balance, December 31, 2013		\$ 142,503
Increased by:		
Notes Paid by Operating Budget	12,608	
Transfer from Deferred Reserve for Amortization	22,747	
		35,355
Balance, December 31, 2014		\$ 177,858

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

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Fixed Capital Authorized</u>	<u>To Reserve For Amortization Fixed Capital</u>
14-08	Various Capital Improvements	<u>\$ 22,747</u>	<u>\$ 22,747</u>
	Grant Award	\$ 9,555	
	Capital Improvement Fund	<u>13,192</u>	
		<u>\$ 22,747</u>	

**BOROUGH OF HAWORTH
BERGEN COUNTY, NEW JERSEY**

**PART II
GOVERNMENT AUDITING STANDARDS
YEAR ENDED DECEMBER 31 2014**



LERCH, VINCI & HIGGINS, LLP

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Haworth, as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Haworth'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 of Haworth's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Haworth's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2014-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2014-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Haworth's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as items 2014-001 and 2014-002.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Haworth in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

Borough of Haworth's Responses to Findings

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

Purpose of this Report

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

Lerch, Vinci & Higgins, CPA

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
June 24, 2015

**BOROUGH OF HAWORTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Grant Program</u>	<u>State Account Number</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>2014 Grant Receipts</u>	<u>Grant Award Amount</u>	<u>Balance, January 1, 2014</u>	<u>Revenue</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, December 31, 2014</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Department of Housing and Urban Development (Passed Through Bergen County Dept. of Community Development)											
Community Development Block Grant	N/A	14.218									
Senior Citizen Van Driver			2014/15	\$ 6,000	6,000		\$ 6,000	\$ 6,000			\$ 6,000
Senior Citizen Van Driver			2013/14		6,000	\$ 87		84		\$ 3	5,997
Senior Citizen Activities			2013/14	3,500			3,500	3,500			3,500
U.S. Department of Transportation (Passed Through (State Department of Law and Public Safety)											
Over the Limit Under Arrest	1160-100-057	20.601	2010		4,400	2,900				2,900	1,500
Obey Sign or Pay Fine	1160-100-036	20.600	2010		2,800	2,800				2,800	
U.S. Homeland Security Public Assistance Grant (Passed Through State Division of Law and Public Safety											
FEMA Reimbursement-Hurricane Sandy Storm	066-1200-100-A92	97.036	2012	64,437	240,000		64,437	64,437			175,563
Homeland Security Grant-Buffer Zone Protection	066-1005-100-009	97.078	2011		47,216	13	-	-	\$ 13	-	47,203
						<u>\$ 5,800</u>	<u>\$ 73,937</u>	<u>\$ 74,021</u>	<u>\$ 13</u>	<u>\$ 5,703</u>	

Note: This schedule was not subject to a single audit under federal OMB-A133

**BOROUGH OF HAWORTH
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

State Grant Program	Grant Number	Grant Year	Grant Award Amount	2014 Grant Receipts	Balance, January 1, 2014	Revenue	Expended	Adjustment Encumbrances Retored	Balance, December 31, 2014	(Memo) Cumulative Expenditures
Drunk Driving Enforcement Fund	1110-448-031020-22	2005	\$ 5,172		\$ 2,223				\$ 2,223	\$ 2,949
		2006	1,862		804				804	1,058
		2008	5,064		5,064				5,064	
		2009	2,974		2,974				2,974	
Body Armor Fund	N/A	2010	2,185		1,080				1,080	1,105
		2010	935		935				935	
		2011	1,438		1,438				1,438	
		2012	1,463		1,463				1,463	
		2014	1,512	\$ 1,512						
Alcohol Education and Rehabilitation	4250-760-050000-63-26	2005	568		289				289	279
		2006	118		118				118	
		2007	507		507				507	
		2008	54		54				54	
		2009	93		93				93	
		2010	200		162				162	38
		2012	54		54				54	
		2013	106			\$ 106			106	
		2014	177	177						
		Clean Communities Grant	4900-765-178900	2011	6,410		574			
2013	7,391				82	1,096			1,178	6,213
2014	6,933			6,933					-	
Municipal Stormwater Grant Program	100-042-4940-091-5750	2005	3,412		1,762				1,762	1,650
		2006	3,410		3,410				3,410	
Municipal Alliance Program	N/A	2010	10,000		1,050				1,050	8,950
		2011	10,000		3,057				3,057	6,943
		2012	10,000		4,615				4,615	5,385
		2013	9,520	8,740	3,940			\$ 18	3,958	5,562
		2014	9,520			9,520	\$ 8,067		1,453	8,067
Recycling Tonnage Grant	752-042-4900-004-178840	2012	6,292		4,660	-	330		4,330	1,962
		2013	7,689			7,689	7,689			7,689
		2014	11,620	11,620						
ANJEC	N/A	2012	5,000		260			260	4,740	
Cool Cities CSIP Tree Planting Grant	N/A	2007	25,000		9,885				9,885	15,115
		2008	22,450		6,683	-	-	-	6,683	15,767
Department of Transportation Resurfacing of Sunset Avenue	078-6320-480-ALC	2012	\$ 135,000	37,560	49,616	-	37,560	-	12,056	122,944
					<u>\$ 106,852</u>	<u>\$ 18,411</u>	<u>\$ 53,646</u>	<u>\$ 18</u>	<u>\$ 71,635</u>	

Note: This schedule was not subject to a single audit under New Jersey OMB 15-08

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

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF HAWORTH
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2014**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory 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 accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 73,937	\$ 18,411	\$ 92,348
Total Financial Awards	<u>\$ 73,937</u>	<u>\$ 18,411</u>	<u>\$ 92,348</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF HAWORTH
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2014, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Total</u>
Preservation Trust Fund Loan	4800-545-899200-60	<u>\$ 368,303</u>

**BOROUGH OF HAWORTH
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified - Unaudited LOSAP Fund

Internal control over financial reporting:

- 1) Material weakness(es) identified X yes no
- 2) Significant deficiency(ies) that are not considered to be material weakness(es)? X yes none
- Noncompliance material to the financial statements noted? X yes no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF HAWORTH
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

Finding 2014-001 – Our audit revealed that general ledger account balances were not in agreement with subsidiary ledgers and supporting documentation for the various funds.

Criteria and Specific Requirement – Division of Local Government Services Technical Accounting Directive 85-3.

Condition – Numerous adjusting journal entries were required to reconcile the various fund general ledger account balances to subsidiary ledgers and supporting documentation (i.e., tax account status reports, revenue and budget account status reports, bank reconciliations, etc.). The various funds included the Current Fund, General Capital Fund, Swim Pool Utility and Other Trust Funds.

Cause – Current year tax levy, anticipated revenue and appropriated budget accounts, cash receipt and disbursement transactions and reserve account balances required adjusting entries to reconcile the various Funds' general ledger account balances and transactions with their respective subsidiary ledgers and supporting documentation.

Effect – The accuracy of the Borough's financial statements could be compromised due to unposted or misposted transactions which are not reconciled between the general ledger accounts and subsidiary reports and supporting documentation.

Recommendation – Continued efforts be made to ensure the general ledger accounts are reconciled to their respective subsidiary ledgers and supporting documentation on a monthly basis for all funds.

Views of Responsible Officials and Planned Corrective Action Plan – Management has reviewed this finding and has indicated corrective action will be taken.

**BOROUGH OF HAWORTH
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

Finding 2014-002 – Our audit of the various funds revealed that bank reconciliations were not always completed in a timely manner and reconciled items were not properly recorded.

Criteria or Specific Requirement – Internal controls over bank accounts.

Condition – Bank reconciliations were not being completed on a monthly basis and verified to the supporting records. In addition, several bank reconciliations contained reconciling items that were not properly recorded.

Cause – Bank reconciliations were not completed and reconciling items on the Borough's bank reconciliations were not reviewed and adjusted accordingly in the Borough's accounting records on a timely basis.

Effect – Bank reconciliations may not accurately reflect the cash balances of the Borough's funds.

Recommendation – Continued efforts be made to ensure bank reconciliations are completed on a monthly basis and reconciling items are reviewed and verified in a timely manner.

Views of Responsible Officials and Planned Corrective Action Plan – Management has reviewed this finding and has indicated appropriate corrective action will be taken.

**BOROUGH OF HAWORTH
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

This section identifies the status of prior-year findings related to the financial statements that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-001

Condition

Numerous adjusting journal entries were required to reconcile the various fund general ledger account balances to subsidiary ledgers and supporting documentation (i.e., tax account status reports, revenue and budget account status reports, bank reconciliations, etc.). The various funds included the Current Fund, General Capital Fund, Swim Pool Utility and Other Trust Funds.

Current Status – See Finding 2014-001.

Finding 2012-2

Condition

Bank reconciliations were not being completed on a monthly basis and verified to the supporting records. In addition, several bank reconciliations contained invalid reconciling items or reconciling items were not properly recorded. We did note improvements were made during the year.

Current Status – See Finding 2014-002

Finding 2012-3

Condition

Transfers and budget modifications were made without sufficient, timely approval.

Current Status –Corrective action has been taken.

**BOROUGH OF HAWORTH
BERGEN COUNTY, NEW JERSEY**

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31 2014

**BOROUGH OF HAWORTH
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 382,000	1.62%	\$ 260,000	1.10%
Miscellaneous - From Other Than Local				
Property Tax Levies	1,226,782	5.19%	1,640,095	6.95%
Collection of Delinquent Taxes and Tax Title Liens	143,053	0.61%	188,962	0.80%
Collection of Current Tax Levy	21,729,357	92.00%	21,338,647	90.38%
Other Credits	<u>137,052</u>	<u>0.58%</u>	<u>180,991</u>	<u>0.77%</u>
Total Income	<u>23,618,244</u>	<u>100.00%</u>	<u>23,608,695</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	7,201,317	30.79%	7,263,444	31.31%
County Taxes	2,171,871	9.29%	2,271,417	9.79%
Local and Regional School Taxes	14,004,993	59.89%	13,640,544	58.79%
Other Expenditures	<u>7,166</u>	<u>0.03%</u>	<u>26,669</u>	<u>0.11%</u>
Total Expenditures	<u>23,385,347</u>	<u>100.00%</u>	<u>23,202,074</u>	<u>100.00%</u>
Excess in Revenue	232,897		406,621	
Fund Balance, January 1	<u>458,596</u>		<u>311,975</u>	
	691,493		718,596	
Less Utilization as Anticipated Revenue	<u>382,000</u>		<u>260,000</u>	
Fund Balance, December 31	<u>\$ 309,493</u>		<u>\$ 458,596</u>	

**BOROUGH OF HAWORTH
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE – SWIM POOL
UTILITY OPERATING FUND**

	<u>Year 2014</u>			<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 27,576	11.11 %	\$	8,800	4.25 %
Swim Pool Fees	218,179	87.94		194,866	93.99
Miscellaneous Revenues	1,112	0.45		3,326	1.60
Other Credits to Income	<u>1,237</u>	<u>0.50</u>		<u>336</u>	<u>0.16</u>
 Total Income	 <u>248,104</u>	 <u>100.00 %</u>		 <u>207,328</u>	 <u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Operations	145,600	83.34 %		164,134	83.34 %
Capital Improvements	13,192	0.13		250	0.13
Debt Service	15,041	5.68		11,186	5.68
Deferred Charges and Statutory Expenditures	<u>24,084</u>	<u>10.85</u>		<u>21,382</u>	<u>10.85</u>
 Total Expenditures	 <u>197,917</u>	 <u>100.00 %</u>		 <u>196,952</u>	 <u>100.00 %</u>
Less: Expenditures to be Raised by Future Revenue	 <u>-</u>			 <u>17,484</u>	
 Total Adjusted Expenditures	 <u>197,917</u>			 <u>179,468</u>	
 Excess in Revenue	 50,187			 27,860	
 Fund Balance, January 1	 <u>50,921</u>			 <u>31,861</u>	
	101,108			59,721	
Less: Utilized as Anticipated Revenue	<u>27,576</u>			<u>8,800</u>	
 Fund Balance, December 31	 <u>\$ 73,532</u>			 <u>\$ 50,921</u>	

**BOROUGH OF HAWORTH
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.752</u>	<u>\$2.699</u>	<u>\$2.640</u>
 <u>Apportionment of Tax Rate</u>			
Municipal	.675	.656	.660
Library	.039	.041	.043
County	.270	.282	.284
County Open Space	.003	.004	.004
Local District School	1.074	1.052	1.032
Regional High School	.691	.664	.617

Assessed Valuation

2014	<u>\$793,725,005</u>	
2013		<u>\$795,335,388</u>
2012		<u>\$795,944,816</u>

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	\$21,923,622	\$21,729,357	99.11%
2013	21,522,837	21,338,647	99.14%
2012	21,037,042	20,802,917	98.89%

**BOROUGH OF HAWORTH
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2014	\$ 189,643	\$ 54,731	\$ 244,374	1.11%
2013	154,892	50,493	205,385	0.95%
2012	188,962	46,337	235,299	1.12%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2014 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2014	\$42,335
2013	42,335
2012	42,335

Comparative Schedule Of Fund Balance

	<u>Year</u>	<u>Fund Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2014	\$309,493	\$238,000
	2013	458,596	382,000
	2012	311,975	260,000
	2011	332,177	270,000
	2010	433,280	362,000
Swim Pool Utility	2014	\$73,532	\$-0-
	2013	50,921	27,576
	2012	31,861	8,000
	2011	7,677	3,000
	2010	9,144	5,200

**BOROUGH OF HAWORTH
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
John Dean DeRienzo	Mayor		
Michael Bain	Council Member		
Anthony Volpe	Council Member		
Mary Ann Groh	Council Member		
Vincent Iacobino	Council Member		
Glen Poosikian	Council Member		
Andrew Rosenberg	Council Member		
Ann Fay	Borough Administrator, Borough Clerk, School Elections Assessment Search Officer, Registrar	(1)	
Margaret Celotto	Assistant Administrator, Deputy Borough Clerk, School Elections, Deputy Registrar	(1)	
Dawn Wheeler	Chief Financial Officer	(1)	Hartford
Diane Holden	Tax Collector	(1)	
Neil Rubenstein	Assessor		
Harry Kraus	Construction Code Official	(1)	
Alan Silverman	Fire Sub-Code Official/Fire Inspector	(1)	
Leonard Herman	Plumbing Sub-Code Official	(1)	
Frank Dyer	Electrical Sub-Code Official	(1)	
John J. Ryan, Jr.	Magistrate	(1)	
Carter Corriston	Prosecutor		
Janet Gallagher	Court Administrator	(1)	Hartford
Robert T. Regan	Attorney		
CP Statile	Engineer		
Birdsall Engineering, Inc.	Engineer		
Boswell McClave	Engineer		
Christopher Campell	Police Chief		
Robert Hennion	Fire Chief	(1)	
Thomas Kelly	Superintendent of Public Works	(1)	
David Marks	Library Director	(1)	

(1) Public Employee Dishonesty Coverage of \$1,000,000 as part of a policy with the Municipal Excess Liability Joint Insurance Fund.

**BOROUGH OF HAWORTH
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Our comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

Current Year Comments

Our audit revealed the Borough's Affordable Housing Reserve account reported administrative expenses that exceeded the maximum permitted under COAH regulations. It is recommended the Borough review the administrative expenses charged to the Affordable Housing Reserve Trust Account and develop a plan to address the amounts paid in excess of the COAH permitted threshold.

Our audit of outside police duty service fees revealed that the hourly rate charged to vendors for police officers service did not agree to the rate in the adopted ordinance. It is recommended that vendors utilizing outside police duty services be charged in accordance with rates in the adopted ordinance or the ordinance be amended to reflect rates currently being charged.

We noted certain vendors awarded contracts in excess of the bid threshold through county cooperative purchasing agreements that were not approved by resolution. It is recommended that county cooperative purchasing contract awards in excess of the bid threshold be approved by resolution.

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement".

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel'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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

We noted certain vendors awarded contracts in excess of the bid threshold through county cooperative purchasing agreements that were not approved by resolution. It is recommended that county cooperative purchasing contract awards in excess of the bid threshold be approved by resolution.

**BOROUGH OF HAWORTH
LETTER OF COMMENTS AND RECOMMENDATIONS**

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Continued)

Our examination of expenditures did not reveal payments, contracts or agreements in excess of the bid threshold, where bids had not been previously sought by public advertisement or where a resolution had not been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 5, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Haworth, New Jersey, County of Bergen, that the interest on delinquent taxes shall be charged at the rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500.

BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same is payable, and

BE IT FURTHER RESOLVED, that in any case where the tax is not paid within those extended days the full penalty from this date due attaches."

It appears from our examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The Borough did not have a tax sale in 2014.

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

<u>Year</u>	<u>Number of Liens</u>
2014	12
2013	12
2012	12

**BOROUGH OF HAWORTH
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS (Continued)

Management Suggestions

- Old inactive escrow account deposits be reviewed and cleared of record, where applicable.
- A review be made of grant receivable and appropriated grant reserve balances and appropriate action be taken to clear them of record.

APPRECIATION

We desire to express our appreciation to the Borough Administrator, Chief Financial Officer, Tax Collector and other Borough Staff who assisted us during the course of our audit.

**BOROUGH OF HAWORTH
LETTER OF COMMENTS AND RECOMMENDATIONS**

RECOMMENDATIONS

It is recommended that:

- * 1. Continued efforts be made to ensure the general ledger accounts are reconciled to their respective subsidiary ledgers and supporting documentation on a monthly basis for all funds.
- * 2. Continued efforts be made to ensure bank reconciliations are completed on a monthly basis and reconciling items are reviewed and verified in a timely manner.
- 3. The Borough review the administrative expenses charged to the Affordable Housing Reserve Trust Account and develop a plan to address the amount paid in excess of the COAH permitted threshold.
- 4. Vendors utilizing outside police duty services be charged in accordance with rates in the adopted ordinance or the ordinance be amended to reflect rates currently being charged.
- 5. County cooperative purchasing contract awards in excess of the bid threshold be approved by resolution.

* * * * *

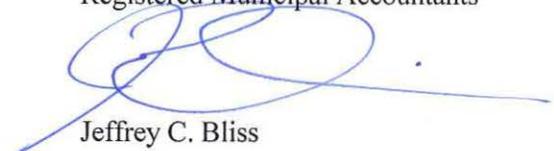
A review was performed on all prior year's recommendations. The Borough has taken corrective action on all prior year's recommendations except those denoted with an asterisk.

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

Should any questions arise as to our comments, please do not hesitate to contact us.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429