

BOROUGH OF TOTOWA
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

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**BOROUGH OF TOTOWA
PASSAIC 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
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Totowa, as of December 31, 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 Totowa 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 Totowa 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 Totowa as of December 31, 2014 and 2013, or changes in financial position, or, where applicable, cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Totowa as of December 31, 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

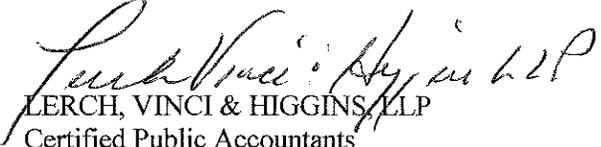
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Totowa as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary 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 Totowa.

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 30, 2015 on our consideration of the Borough of Totowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Totowa's internal control over financial reporting and compliance.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
June 30, 2015

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

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	A-4	\$ 13,629,973	\$ 12,424,807
Cash - Change Funds	A-6	720	220
Cash - Petty Cash Funds	A-7	150	150
Grants Receivable	A-12	<u>54,522</u>	<u>69,670</u>
		<u>13,685,365</u>	<u>12,494,847</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes	A-9	577,504	592,296
Property Acquired for Taxes	A-10	72,900	72,900
Revenue Accounts Receivable	A-11	41,168	38,553
Due from Assessment Trust Fund	B-4	1,919	2,489
Due from Animal Control Fund	B-7	818	1,157
Due from General Capital Fund	C-5	1,024,709	1,154,707
Due from Water Utility Operating Fund	D-12	93,000	111,546
Due from Swim Pool Utility Operating Fund	E-9		39,862
Due from Public Assistance Fund	F-2	<u>7,500</u>	<u>10,002</u>
		<u>1,819,518</u>	<u>2,023,512</u>
Deferred Charges			
Special Emergency Authorization	A-13	<u>72,600</u>	<u>122,800</u>
		<u>\$ 15,577,483</u>	<u>\$ 14,641,159</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Appropriation Reserves	A-3,A-14	\$ 1,243,246	\$ 1,409,956
Encumbrance Payable	A-15	448,562	410,042
Accounts Payable	A-16	426,167	242,319
Prepaid Taxes	A-17	176,979	140,620
Tax Overpayments	A-18	6,361	974
Fees Payable	A-19	10,594	10,642
County Taxes Payable-Added Taxes	A-21	7,561	7,653
Local District School Tax Payable	A-22	4,286,816	4,160,253
Regional High School Tax Payable	A-23	2,482,245	2,560,801
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-8	79,797	75,905
Due to Other Trust Fund	B-9	123,951	81,640
Reserve for Unappropriated Grants	A-24	50,272	35,320
Reserve for Appropriated Grants	A-25	117,559	177,543
Reserve for Tax Appeals Pending	A-26	1,696,184	795,028
Miscellaneous Reserves	A-27	<u>7,503</u>	<u>7,503</u>
		11,163,797	10,116,199
Reserve for Receivables	A	1,819,518	2,023,512
Fund Balance	A-1	<u>2,594,168</u>	<u>2,501,448</u>
		<u>\$ 15,577,483</u>	<u>\$ 14,641,159</u>

BOROUGH OF TOTOWA
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 REALIZED			
Fund Balance Utilized	A-2	\$ 1,895,000	\$ 1,800,000
Miscellaneous Revenue Anticipated	A-2	2,842,227	3,061,673
Receipts from Delinquent Taxes	A-2	596,191	724,026
Receipts from Current Taxes	A-2	47,454,347	47,726,243
Non-Budget Revenue	A-2	436,678	563,613
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	459,512	281,468
Swim Pool Utility Fund - Prior Year			
Operating Deficit Funding Returned	E-9	31,496	38,655
Statutory Excess - Animal Control Fund	B-7	1,480	1,156
Cancelled Accounts Payable	A-1		30,630
Cancelled Appropriated Grant Reserves	A-25	39,651	57,226
Interfunds Returned	A	<u>191,817</u>	<u>16,639</u>
Total Income		<u>53,948,399</u>	<u>54,301,329</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	6,346,757	6,066,579
Other Expenses	A-3	6,674,780	6,895,572
Capital Improvements	A-3	684,000	840,000
Deferred Charges and Statutory Expenditures	A-3	1,422,814	1,395,644
Judgements	A-3	95,000	
County Taxes	A-20	13,575,030	14,095,981
Due County For Added and Omitted Taxes	A-21	7,554	7,646
Local District School Tax	A-22	14,015,703	13,775,651
Regional High School Tax	A-23	9,119,991	9,387,246
Senior Citizens' Deductions Disallowed for Prior Year Taxes	A-8	16,500	3,750
Cancelled Grants Receivable	A-12	2,550	
Refund of Prior Year Revenues	A-1	<u>-</u>	<u>249</u>
Total Expenditures		<u>51,960,679</u>	<u>52,468,318</u>
Statutory Excess to Fund Balance		1,987,720	1,833,011
Fund Balance, January 1	A	<u>2,501,448</u>	<u>2,468,437</u>
		4,489,168	4,301,448
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>1,895,000</u>	<u>1,800,000</u>
Fund Balance, December 31,	A	<u>\$ 2,594,168</u>	<u>\$ 2,501,448</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>\$ 1,895,000</u>	<u>\$ 1,895,000</u>	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-11	11,000	11,488	\$ 488
Other	A-2	20,000	30,661	10,661
Fees and Permits	A-2	50,000	76,812	26,812
Fines and Costs				
Municipal Court	A-11	270,000	283,557	13,557
Interest and Costs on Taxes	A-11	120,000	174,524	54,524
Consolidated Municipal Property				
Tax Relief Aid	A-11	515	515	
Energy Receipts Tax	A-11	1,303,699	1,303,699	
Uniform Fire Safety Act Fees	A-11	7,000	16,268	9,268
Cable Television Franchise Fee	A-11	148,000	148,022	22
Uniform Construction Code Fees	A-11	190,000	234,145	44,145
Public and Private Revenues Offset				
With Appropriations				
Recycling Tonnage Grant - Reserve	A-24	13,623	13,623	
Clean Communities Program - Reserve	A-24	17,654	17,654	
Alcohol Education and Rehabilitation - Reserve	A-24	3,325	3,325	
Safe and Secure Communities Program	A-12	60,000	60,000	
Municipal Alliance on Alcoholism	A-12	23,533	23,533	
NJDOT Safe Corridors	A-12	8,797	8,797	
Body Armor - Reserve	A-24	718	718	
Body Armor	A-12	3,582	3,582	
Special Items of General Revenue				
Uniform Fire Safety Act	A-11	20,000	29,581	9,581
Hotel/Motel Tax	A-11	105,000	127,905	22,905
Sewer User Fees	A-11	<u>320,000</u>	<u>273,818</u>	<u>(46,182)</u>
Total Miscellaneous Revenues	A-1	<u>2,696,446</u>	<u>2,842,227</u>	<u>145,781</u>
Receipts from Delinquent Taxes	A-1,A-9	<u>261,000</u>	<u>596,191</u>	<u>335,191</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes		\$ 11,403,002	\$ 11,766,817	\$ 363,815
Minimum Library Tax		<u>669,252</u>	<u>669,252</u>	<u>-</u>
 Total Amount to be Raised by Taxes for Support of Municipal Budget	 A-2	 <u>12,072,254</u>	 <u>12,436,069</u>	 <u>363,815</u>
 Budget Revenues	 A-3	 <u>\$ 16,924,700</u>	 17,769,487	 <u>\$ 844,787</u>
 Non-Budget Revenues	 A-1,A-2		 <u>436,678</u>	
			 <u>\$ 18,206,165</u>	

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

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue From Collections	A-9	\$ 48,175,347
Less: Reserve for Tax Appeals	A-26	<u>721,000</u>
Revenue Realized	A-1	47,454,347
Allocated to		
Local School, Regional High School and County Taxes	A-20,A-21,A-22,A-23	<u>36,718,278</u>
		10,736,069
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,700,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,436,069</u>
Licenses - Other		
Borough Clerk	A-11	\$ 11,431
Board of Health/Registrar of Vital Statistics	A-11	<u>19,230</u>
	A-2	<u>\$ 30,661</u>
Fees and Permits		
Borough Clerk	A-11	\$ 4,720
Board of Health/Registrar of Vital Statistics	A-11	25,371
Planning Board	A-11	18,821
Zoning Board of Adjustment	A-11	27,470
Police	A-11	<u>430</u>
	A-2	<u>\$ 76,812</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

Reference

ANALYSIS OF NON-BUDGET REVENUES

Interest on Investments and Deposits		\$ 42,598
Rent		192,879
Host Community Fees		63,762
Interest on Assessments		1,919
Misc. Refunds/Reimbursements		1,200
Accident Reports		4,677
Administrative Fee - Police Outside Duty		111,140
Motor Vehicle Fees		8,362
Other		6,961
Copies		469
Administrative Fee - Sr. Citizens & Veterans Deductions		<u>2,711</u>
	A-1,A-2	<u>\$ 436,678</u>
Cash Receipts	A-4	\$ 319,600
Due from Assessment Trust Fund	B-4	1,975
Due from Animal Control Fund	B-7	12
Due from Other Trust Fund	B-9	115,018
Due from General Capital Fund	C-5	55
Due from Public Assistance Trust Fund	F-2	<u>18</u>
	A-1,A-2	<u>\$ 436,678</u>

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

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balances Canceled</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	\$ 32,128	\$ 32,128	\$ 31,762	\$ 366	
Municipal Clerk					
Salaries & Wages	244,563	244,563	244,311	252	
Other Expenses	25,000	25,000	21,320	3,680	
Other Expenses-Codification of Ordinances	5,000	5,000	1,195	3,805	
Grant Professional - Other Expenses	25,000	25,000	25,000	-	
Elections					
Salaries & Wages	17,164	17,164	17,150	14	
Other Expenses	7,000	7,000	4,966	2,034	
Financial Administration					
Salaries & Wages	75,000	75,000	74,834	166	
Other Expenses	25,000	25,000	17,347	7,653	
Annual Audit	38,500	38,500	38,500		
Assessment of Taxes					
Salaries & Wages	92,495	92,495	92,495		
Other Expenses	35,000	35,000	22,478	12,522	
Collection of Taxes					
Salaries & Wages	47,291	47,291	47,291		
Other Expenses	12,000	12,000	10,535	1,465	
Legal Services & Costs					
Salaries & Wages	12,000	12,000	12,000		
Other Expenses	80,000	80,000	48,678	31,322	
Engineering Services & Costs					
Other Expenses	70,000	70,000	47,331	22,669	
Municipal Land Use Law (NJS 40:55D-1)					
Planning Board					
Salaries & Wages	10,176	10,176	10,176		
Other Expenses	60,000	60,000	23,313	36,687	
Board of Adjustments					
Salaries & Wages	5,213	5,213	5,212	1	
Other Expenses	7,500	7,500	2,613	4,887	
Insurance					
Unemployment Compensation Insurance	14,000	14,000	14,000		
General Liability	182,750	182,750	152,464	30,286	
Workers Compensation	173,212	173,212	171,244	1,968	
Employee Group Health	1,174,652	1,174,652	1,160,802	13,850	
Employee Group Health - Waiver	4,000	4,000	4,000		

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balances Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY					
Fire					
Salaries and Wages	\$ 6,579	\$ 6,579	\$ 6,579		
Other Expenses	130,000	133,000	61,065	\$ 71,935	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Fire Officials					
Salaries and Wages	124,933	124,933	124,933		
Other Expenses	1,000	1,000	100	900	
Police Dispatch/911					
Salaries and Wages	139,885	139,885	135,226	4,659	
Other Expenses	1,000	1,000	313	687	
Police					
Salaries & Wages	3,376,644	3,376,644	3,326,102	50,542	
Other Expenses	70,000	70,000	51,313	18,687	
Vehicle Purchases	60,000	60,000	5,356	54,644	
First Aid Squad					
Contribution	15,000	15,000	15,000		
Other Expenses	12,500	12,500		12,500	
Emergency Management Services					
Salaries and Wages	5,410	5,410	5,410		
Other Expenses	5,000	5,000	4,492	508	
Municipal Prosecutor					
Salaries and Wages	15,918	15,918	15,918		
Other Expenses	1,000	1,000		1,000	
PUBLIC WORKS					
Road Repairs and Maintenance					
Salaries and Wages	1,013,739	954,739	899,133	55,606	
Other Expenses	90,000	120,000	113,003	6,997	
Public Buildings and Grounds					
Salaries and Wages	59,206	59,206	56,962	2,244	
Other Expenses	30,000	30,000	21,394	8,606	
Vehicle Maintenance					
Salaries and Wages	5,832	5,832	5,832		
Other Expenses	100,000	118,000	92,849	25,151	
Sewer System					
Salaries & Wages	352,330	352,330	342,881	9,449	
Other Expenses	70,000	70,000	57,098	12,902	
Shade Tree Commission					
Salaries & Wages	2,608	2,608	2,608		
Other Expenses	5,000	5,000	2,545	2,455	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Appropriations</u>		<u>Expended</u>		Unexpended Balances <u>Canceled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
PUBLIC WORKS (Continued)					
Garbage and Trash Removal					
Contractual	\$ 234,000	\$ 234,000	\$ 234,000		
Recycling Program					
Salaries & Wages	29,130	29,130	28,882	\$ 248	
Other Expenses	40,000	40,000	39,500		500
Solid Waste Transfer Fees	340,000	340,000	307,041		32,959
Leaf/Grass Removal					
Other Expenses	87,000	87,000	86,010		990
Condo Services Act					
Other Expenses	30,000	14,000			14,000
HEALTH AND WELFARE					
Board of Health					
Salaries & Wages	109,635	109,635	109,433		202
Other Expenses	15,000	15,000	8,322		6,678
Animal Control					
Other Expenses	20,000	20,000	15,000		5,000
Administration of Public Assistance					
Salaries and Wages	13,719	13,719	13,719		
Other Expenses	1,000	1,000	35		965
Hepatitis B Vaccine					
Other Expense	1,200	1,200	(204)		1,404
RECREATION AND EDUCATION					
Parks and Playgrounds					
Salaries & Wages	95,627	95,627	92,223		3,404
Other Expenses	20,000	20,000	20,000		-
Celebration of Public Events					
Other Expenses	5,000	5,000	4,244		756
Senior Citizen Program					
Salaries and Wages	20,280	20,280	14,313		5,967
Other Expenses	6,000	6,000	4,040		1,960
Contribution	3,000	3,000			3,000
MUNICIPAL COURT FUNCTIONS					
Municipal Court Administration					
Salaries and Wages	185,509	185,509	183,669		1,840
Other Expenses	13,000	21,000	19,587		1,413
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	9,148	9,148	9,148		
Other Expenses	3,000	3,000	1,500		1,500

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Appropriations</u>		<u>Expended</u>		Unexpended Balances <u>Canceled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	\$ 243,595	\$ 243,595	\$ 243,465	\$ 130	
Other Expenses	7,000	7,000	4,536	2,464	
UNCLASSIFIED AND BULK PURCHASES					
Utilities:					
Electricity and Natural Gas	240,000	240,000	211,333	28,667	
Street Lighting	135,000	151,000	95,767	55,233	
Gasoline	160,000	160,000	147,395	12,605	
Telephone	50,000	50,000	38,479	11,521	-
Total Operations Within "CAPS"	<u>10,285,071</u>	<u>10,285,071</u>	<u>9,578,566</u>	<u>706,505</u>	-
Detail:					
Salaries & Wages	6,345,757	6,286,757	6,151,667	135,090	-
Other Expenses	3,939,314	3,998,314	3,426,899	571,415	-
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Deferred Charges					
Anticipated Deficit in Swim Pool Operations	75,020	75,020	73,671		\$ 1,349
Statutory Charges					
Social Security System (O.A.S.I.)	280,000	280,000	257,515	22,485	
Public Employees Retirement System	307,000	307,000	282,000	25,000	
Police and Fireman's Retirement System	711,943	711,943	711,943	-	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>1,373,963</u>	<u>1,373,963</u>	<u>1,325,129</u>	<u>47,485</u>	<u>1,349</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>11,659,034</u>	<u>11,659,034</u>	<u>10,903,695</u>	<u>753,990</u>	<u>1,349</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage - Contractual	1,189,440	1,189,440	1,189,440		
Recycling Tax	15,200	15,200	13,309	1,891	
Reserve for Tax Appeals	705,000	705,000	705,000		
Maintenance of Free Public Library	669,252	669,252	669,252		
Insurance					
Employee Group Health Insurance	642	642	-	642	-
Total Operations Excluded from "CAPS"	<u>2,579,534</u>	<u>2,579,534</u>	<u>2,577,001</u>	<u>2,533</u>	-

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balances Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Safe and Secure Communities Program					
Police - Salaries and Wages	\$ 60,000	\$ 60,000	\$ 60,000		
Drug and Alcohol					
Municipal Alliance	23,533	23,533	20,013	\$ 3,520	
Body Armor	4,300	4,300		4,300	
Matching Funds for Grants	25,700	25,700		25,700	
Clean Communities Grant Program	17,654	17,654		17,654	
Alcohol Education and Rehabilitation Fund	3,325	3,325	723	2,602	
NJ DOT - Safe Corridors	8,797	8,797		8,797	
Recycling Tonnage Grant	13,623	13,623	13,623	-	-
	<u>156,932</u>	<u>156,932</u>	<u>94,359</u>	<u>62,573</u>	<u>-</u>
Total Public and Private Programs					
Offset by Revenues	<u>156,932</u>	<u>156,932</u>	<u>94,359</u>	<u>62,573</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,736,466</u>	<u>2,736,466</u>	<u>2,671,360</u>	<u>65,106</u>	<u>-</u>
Detail:					
Salaries & Wages	60,000	60,000	60,000	-	-
Other Expenses	2,676,466	2,676,466	2,611,360	65,106	-
	<u>2,676,466</u>	<u>2,676,466</u>	<u>2,611,360</u>	<u>65,106</u>	<u>-</u>
CAPITAL IMPROVEMENTS -					
EXCLUDED FROM "CAPS"					
Capital Improvement Fund	150,000	150,000	150,000		
Renovation of Public Buildings	140,000	140,000		140,000	
Acquisition of Office Equipment	30,000	30,000	19,343	10,657	
Office of Emergency Management - Vehicle	27,000	27,000	27,000	-	
Sewer Dept. Equipment/Improvements	29,000	29,000		29,000	
DPW Equipment	130,000	130,000	43,169	86,831	
Fire Department Equipment	60,000	60,000	12,338	47,662	
Road Dept. - Storm Drainage Sewer Improvements	80,000	80,000		80,000	
Acquisition of Fire Rescue Truck	15,000	15,000		15,000	
Installation of Traffic Light Video Detection System	15,000	15,000	-	15,000	
Impvts. To Recreation Facilities - Lightning Detection Equip.	8,000	8,000	8,000	-	-
	<u>684,000</u>	<u>684,000</u>	<u>259,850</u>	<u>424,150</u>	<u>-</u>
Total Capital Improvements -					
Excluded from "CAPS"	<u>684,000</u>	<u>684,000</u>	<u>259,850</u>	<u>424,150</u>	<u>-</u>

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

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balances Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 Years	\$ 50,200	\$ 50,200	\$ 50,200	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>50,200</u>	<u>50,200</u>	<u>50,200</u>	-	-
Judgments	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,565,666</u>	<u>3,565,666</u>	<u>3,076,410</u>	<u>\$ 489,256</u>	-
Subtotal General Appropriations	15,224,700	15,224,700	13,980,105	1,243,246	\$ 1,349
Reserve for Uncollected Taxes	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>	-	-
Total General Appropriations	<u>\$ 16,924,700</u>	<u>\$ 16,924,700</u>	<u>\$ 15,680,105</u>	<u>\$ 1,243,246</u>	<u>\$ 1,349</u>

	<u>Reference</u>	A-2	A-3	A-1	A,A-1
Cash Disbursed	A-4			\$ 12,552,672	
Encumbrances Payable	A-15			448,562	
Special Emergency Authorization	A-13			50,200	
Due to General Capital Fund	C-5			150,000	
Due to Swim Pool Utility Operating Fund	E-9			73,671	
Reserve for Tax Appeals	A-26			705,000	
Reserve for Uncollected Taxes	A-2			<u>1,700,000</u>	
	A-3			<u>\$ 15,680,105</u>	

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

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
ASSESSMENT TRUST FUND			
Cash	B-1,B-2	\$ 105,782	\$ 1,770
Assessments Receivable	B-3	<u>582,855</u>	<u>29,719</u>
		<u>688,637</u>	<u>31,489</u>
ANIMAL CONTROL FUND			
Cash	B-1	<u>3,474</u>	<u>3,911</u>
OTHER TRUST FUND			
Cash	B-1	2,854,067	2,898,996
Due from Current Fund	B-9	123,951	81,640
Due from Water Utility Capital Fund	D-23	<u>-</u>	<u>16,633</u>
		<u>2,978,018</u>	<u>2,997,269</u>
		<u>\$ 3,670,129</u>	<u>\$ 3,032,669</u>

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013
(Continued)

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ASSESSMENT TRUST FUND			
Due to Current Fund	B-4	\$ 1,919	\$ 2,489
Due to General Capital Fund	C-6	<u>686,718</u>	<u>29,000</u>
		<u>688,637</u>	<u>31,489</u>
ANIMAL CONTROL FUND			
Due to Current Fund	B-7	818	1,157
Due to State of New Jersey	B-6	3	3
Reserve for Animal Control Expenditures	B-5	<u>2,653</u>	<u>2,751</u>
		<u>3,474</u>	<u>3,911</u>
OTHER TRUST FUND			
Escrow Deposits Payable	B-8	1,354,434	1,388,415
Premium Received at Tax Sale	B-10	40,500	83,000
Payroll Deductions Payable	B-11	9,977	10,433
Due to State - Unemployment Claims	B-12	846	1,660
Reserve for Unemployment Insurance	B-13	136,121	124,138
Miscellaneous Reserves	B-14	<u>1,436,140</u>	<u>1,389,623</u>
		<u>2,978,018</u>	<u>2,997,269</u>
		<u>\$ 3,670,129</u>	<u>\$ 3,032,669</u>

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

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	C-2,C-3	\$ 285,550	\$ 8,605
Grants Receivable	C-4	1,455,973	1,995,148
Due from Assessment Trust Fund	C-6	686,718	29,000
Due from Water Utility Capital Fund	D-18	397,022	507,022
Prospective Assessments Raised by Taxation	C-7		47,000
Deferred Charges to Future Taxation Unfunded	C-8	<u>2,775,050</u>	<u>3,861,435</u>
		<u>\$ 5,600,313</u>	<u>\$ 6,448,210</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Contracts Payable	C-9	\$ 17,741	\$ 196,528
Due to Current Fund	C-5	1,024,709	1,154,707
Improvement Authorizations			
Funded	C-14	139,472	404,604
Unfunded	C-14	2,676,326	2,994,952
Capital Improvements Fund	C-10	278,853	118,000
Reserve for:			
Sewer Connection Charges	C-11	11,000	8,000
Capital Improvements	C-12	12,138	3,844
Road Improvements	C-13	150,000	
Grants Receivable	C-4	1,250,000	1,504,771
Prospective Assessments Raised by Taxation	C-7		47,000
Fund Balance	C-1	<u>40,074</u>	<u>15,804</u>
		<u>\$ 5,600,313</u>	<u>\$ 6,448,210</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2014 and 2013 of \$3,357,905 and \$3,891,154 respectively (See Exhibit C-15).

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

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 15,804	\$ 15,804
Increased by:			
Funded Improvement Authorizations Cancelled	C-14	<u>47,739</u>	<u>-</u>
		63,543	15,804
Decreased by:			
Grant Receivables Cancelled	C-4	<u>23,469</u>	<u>-</u>
Balance, December 31	C	<u>\$ 40,074</u>	<u>\$ 15,804</u>

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
OPERATING FUND			
Cash	D-6	\$ 955,113	\$ 742,031
Due from Water Utility Capital Fund	D-15		14,722
Due from Water Assessment Trust Fund	D-17	<u>313</u>	<u>-</u>
		955,426	756,753
Receivables With Full Reserves			
Consumer Accounts Receivable	D-10	<u>561,922</u>	<u>533,198</u>
 Total Operating Fund		<u>1,517,348</u>	<u>1,289,951</u>
ASSESSMENT TRUST FUND			
Cash	D-6,D-8	<u>313</u>	<u>313</u>
 Total Assessment Trust Fund		<u>313</u>	<u>313</u>
CAPITAL FUND			
Cash	D-6,D-9	1,558	376
Fixed Capital	D-13	4,194,051	4,127,030
Fixed Capital Authorized and Uncompleted	D-14	<u>44,825</u>	<u>110,000</u>
 Total Capital Fund		<u>4,240,434</u>	<u>4,237,406</u>
		<u>\$ 5,758,095</u>	<u>\$ 5,527,670</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013
(Continued)

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-5,D-16	\$ 254,140	\$ 184,536
Encumbrances Payable	D-19	182,103	159,990
Accounts Payable	D-22	83	394
Accrued Interest on Bonds	D-20		110
Water Rent Overpayments	D-21	1,961	1,573
Due to Current Fund	D-12	<u>93,000</u>	<u>111,546</u>
		531,287	458,149
Reserve for Receivables	D	561,922	533,198
Fund Balance	D-1	<u>424,139</u>	<u>298,604</u>
Total Operating Fund		<u>1,517,348</u>	<u>1,289,951</u>
ASSESSMENT TRUST FUND			
Due to Water Utility Operating Fund	D-17	313	
Fund Balance	D-2	<u>-</u>	<u>313</u>
Total Trust Assessment Fund		<u>313</u>	<u>313</u>
CAPITAL FUND			
Serial Bonds	D-30		49,000
Contracts Payable	D-24		71,885
Due to Other Trust Fund	D-23		16,633
Due to General Capital Fund	D-18	397,022	507,022
Due to Water Utility Operating Fund	D-15		14,722
Improvement Authorizations			
Funded	D-25	44,825	41,587
Capital Improvement Fund	D-26	127,108	67,108
Reserve for Amortization	D-27	3,610,474	3,344,453
Deferred Reserve for Amortization	D-28	44,825	110,000
Reserve for Water Tower Fees	D-29	14,219	13,035
Fund Balance	D-3	<u>1,961</u>	<u>1,961</u>
Total Capital Fund		<u>4,240,434</u>	<u>4,237,406</u>
		<u>\$ 5,758,095</u>	<u>\$ 5,527,670</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2014 and 2013 of \$583,577 and \$733,577 respectively. (See Exhibit D-31)

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-4	\$ 200,000	\$ 200,000
Water Usage Charges	D-4	2,714,880	2,665,068
Miscellaneous Fees	D-4	283,226	366,105
Interest on Delinquent Accounts	D-4	23,000	23,255
Interest on Investments	D-4	2,966	2,118
Water Utility Assessment Trust Fund	D-4	313	
Other Credits			
Appropriation Reserves Lapsed	D-16	183,749	32,508
Accounts Payable Cancelled	D-22	394	490
		<u>3,408,528</u>	<u>3,289,544</u>
Total Income			
EXPENDITURES			
Operating	D-5	2,637,280	2,542,568
Capital Improvements	D-5	105,000	100,000
Debt Service	D-5	50,213	215,625
Deferred Charges and Statutory Expenditures	D-5	290,500	198,882
		<u>3,082,993</u>	<u>3,057,075</u>
Total Expenditures			
Statutory Excess to Fund Balance		325,535	232,469
Fund Balance, January 1,	D	<u>298,604</u>	<u>266,135</u>
		624,139	498,604
Decreased by:			
Utilized as Anticipated Revenue	D-1,D-4	<u>200,000</u>	<u>200,000</u>
Balance, December 31,	D	<u>\$ 424,139</u>	<u>\$ 298,604</u>

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE- REGULATORY BASIS
WATER UTILITY ASSESSMENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	D	\$ 313	\$ 313
Anticipated as Water Utility Operating Fund Revenue	D-17	<u>313</u>	<u>-</u>
Balance, December 31,	D	<u>\$ -</u>	<u>\$ 313</u>

COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER 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>\$ 1,961</u>	<u>\$ 1,961</u>
Balance, December 31,	D	<u>\$ 1,961</u>	<u>\$ 1,961</u>

**BOROUGH OF TOTOWA
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 200,000	\$ 200,000	
Water Usage Charges	D-1,D-4	2,534,000	2,714,880	\$ 180,880
Miscellaneous Fees	D-1,D-4	330,000	283,226	(46,774)
Interest on Delinquent Accounts	D-1,D-7	18,000	23,000	5,000
Interest on Investments	D-1,D-4	687	2,966	2,279
Water Assessment Trust Fund Balance	D-1, D-17	<u>313</u>	<u>313</u>	<u>-</u>
 Budget Revenues	 D-5	 <u>\$ 3,083,000</u>	 <u>\$ 3,224,385</u>	 <u>\$ 141,385</u>
 <u>Analysis of Realized Revenue</u>				
Water Usage Charges:				
Cash Receipts-Rents	D-10		\$ 2,708,689	
Overpayments Applied	D-10		1,573	
Water Utility Liens Collected	D-11		<u>4,618</u>	
	D-4		<u>\$ 2,714,880</u>	
Miscellaneous Fees				
Consumer Accounts Receivable Collected				
Sprinkler Fees			\$ 262,528	
Water Meters			9,588	
Special Readings			9,110	
No Meter Access Fee			<u>2,000</u>	
	D-4, D-10		<u>\$ 283,226</u>	
Interest on Investments				
Cash Receipts	D-6		\$ 2,964	
Due from Water Utility Capital Fund	D-15		<u>2</u>	
			<u>\$ 2,966</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 701,280	\$ 701,280	\$ 592,370	\$ 108,910	
Other Expenses	<u>1,936,000</u>	<u>1,936,000</u>	<u>1,842,973</u>	<u>93,027</u>	<u>-</u>
 Total Operating	 <u>2,637,280</u>	 <u>2,637,280</u>	 <u>2,435,343</u>	 <u>201,937</u>	 <u>-</u>
 CAPITAL IMPROVEMENTS					
Capital Outlay	45,000	45,000	1,846	43,154	
Capital Improvement Fund	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
 Total Capital Improvements	 <u>105,000</u>	 <u>105,000</u>	 <u>61,846</u>	 <u>43,154</u>	 <u>-</u>
 DEBT SERVICE					
Payment of Bond Principal	49,000	49,000	49,000		
Interest on Bonds	<u>1,220</u>	<u>1,220</u>	<u>1,213</u>	<u>-</u>	<u>\$ 7</u>
 Total Debt Service	 <u>50,220</u>	 <u>50,220</u>	 <u>50,213</u>	 <u>-</u>	 <u>7</u>
 DEFERRED CHARGES AND STATUTORY					
Deferred Charges					
Cost of Improvements - Ord. 12-01	150,000	150,000	150,000		
Statutory Expenditures					
Contribution to					
Public Employees Retirement System	82,000	82,000	82,000		
Social Security System (O.A.S.I.)	55,000	55,000	45,951	9,049	
Unemployment Compensation Insurance (NJSA 43:21-3 et seq.)	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>-</u>
 Total Deferred Charges and Statutory Expenditures	 <u>290,500</u>	 <u>290,500</u>	 <u>281,451</u>	 <u>9,049</u>	 <u>-</u>
	<u>\$ 3,083,000</u>	<u>\$ 3,083,000</u>	<u>\$ 2,828,853</u>	<u>\$ 254,140</u>	<u>\$ 7</u>

	<u>Reference</u>	D-4	D-5	D-1	D, D-1
Disbursed	D-6			\$ 2,342,537	
Encumbrances Payable	D-19			182,103	
Accrued Interest on Bonds	D-20			1,213	
Due to Current Fund	D-12			93,000	
Due to Water Utility Capital Fund	D-15			<u>210,000</u>	
				<u>\$ 2,828,853</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
OPERATING FUND			
Cash	E-5	\$ 25,995	\$ 73,226
Total Operating Fund		<u>25,995</u>	<u>73,226</u>
CAPITAL FUND			
Cash	E-5,E-6	192	192
Fixed Capital	E-7	<u>239,372</u>	<u>239,372</u>
Total Capital Fund		<u>239,564</u>	<u>239,564</u>
		<u>\$ 265,559</u>	<u>\$ 312,790</u>
LIABILITIES, RESERVES AND FUND BALANCE			
OPERATING FUND			
Liabilities			
Appropriation Reserves	E-4, E-8	\$ 24,506	\$ 31,496
Encumbrances Payable	E-10	636	1,015
Accounts Payable	E-11	244	244
Due to Current Fund	E-9	<u>-</u>	<u>39,862</u>
		25,386	72,617
Fund Balance	E-1	<u>609</u>	<u>609</u>
Total Operating Fund		<u>25,995</u>	<u>73,226</u>
CAPITAL FUND			
Reserve for Amortization	E-12	239,372	239,372
Fund Balance	E-2	<u>192</u>	<u>192</u>
Total Capital Fund		<u>239,564</u>	<u>239,564</u>
		<u>\$ 265,559</u>	<u>\$ 312,790</u>

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

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

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Swimming Pool Receipts	E-3	\$ 42,207	\$ 41,332
Non-Budget Revenue	E-3	<u>142</u>	<u>97</u>
Total Income		<u>42,349</u>	<u>41,429</u>
EXPENDITURES			
Operating	E-4	96,420	94,500
Capital Improvements	E-4	15,000	15,000
Deferred Charges and Statutory Expenditures	E-4	<u>4,600</u>	<u>8,775</u>
Total Expenditures		<u>116,020</u>	<u>118,275</u>
Deficit in Revenue		(73,671)	(76,846)
Adjustments to Income Before Fund Balance			
Realized from General Budget for Anticipated Deficit	E-3	<u>73,671</u>	<u>76,846</u>
Statutory Excess to Fund Balance		-	-
Fund Balance, January 1	E	<u>609</u>	<u>609</u>
Fund Balance, December 31	E	<u>\$ 609</u>	<u>\$ 609</u>

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

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Fund Balance, January 1	E	\$ <u>192</u>	\$ <u>192</u>
Fund Balance, December 31	E	\$ <u>192</u>	\$ <u>192</u>

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

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Swim Pool Fees	E-1,E-3	\$ 41,000	\$ 42,207	\$ 1,207
Deficit (General Budget)	E-1, E-9	<u>75,020</u>	<u>73,671</u>	<u>(1,349)</u>
Budget Revenues	E-4	<u>\$ 116,020</u>	115,878	<u>\$ (142)</u>
Non-Budget Revenues	E-1,E-3		<u>142</u>	
			<u>\$ 116,020</u>	

Analysis of Realized Swim Pool Fees:

Cash Receipts				
Membership Fees			\$ 28,875	
Guest Fees			7,217	
Party Fees			970	
Swimming Lessons			475	
Movie Night			671	
Snack Bar Concession Stand			<u>3,999</u>	
	E-3, E-5		<u>\$ 42,207</u>	

Analysis of Non-Budget Revenues

Interest on Investments	E-3, E-5		<u>\$ 142</u>	
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BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries and Wages	\$ 55,420	\$ 55,420	\$ 54,123	\$ 1,297
Other Expenses	<u>41,000</u>	<u>41,000</u>	<u>33,151</u>	<u>7,849</u>
Total Operating	<u>96,420</u>	<u>96,420</u>	<u>87,274</u>	<u>9,146</u>
CAPITAL IMPROVEMENTS				
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Capital Improvements	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Statutory Expenditures				
Contribution to				
Social Security System (O.A.S.I.)	4,500	4,500	4,140	360
Unemployment Compensation Insurance (NJSA 43:21-3 et seq.)	<u>100</u>	<u>100</u>	<u>100</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	<u>4,600</u>	<u>4,600</u>	<u>4,240</u>	<u>360</u>
	<u>\$ 116,020</u>	<u>\$ 116,020</u>	<u>\$ 91,514</u>	<u>\$ 24,506</u>
	<u>Reference</u>	E-3	E-4	E-1
Cash Disbursed	E-5			\$ 90,878
Encumbrances Payable	E-10			<u>636</u>
				<u>\$ 91,514</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	F-1	\$ <u>20,760</u>	\$ <u>25,047</u>
LIABILITIES AND RESERVES			
Due to Current Fund	F-2	\$ 7,500	\$ 10,002
Reserve for Public Assistance	F-3	<u>13,260</u>	<u>15,045</u>
		<u>\$ 20,760</u>	<u>\$ 25,047</u>

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

	<u>2014</u>	<u>2013</u>
Land	\$ 24,337,100	\$ 24,337,100
Buildings and Building Improvements	15,123,079	15,123,079
Machinery and Equipment	<u>5,765,043</u>	<u>5,639,064</u>
	<u>\$ 45,225,222</u>	<u>\$ 45,099,243</u>
Investment in Fixed Assets	<u>\$ 45,225,222</u>	<u>\$ 45,099,243</u>

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Totowa (the "Borough") was incorporated in 1898 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and 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. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, water supply and distribution and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

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

B. Description of Regulatory Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

The Borough has the following funds and account group:

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

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

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against certain properties for specific purposes.

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

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

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

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

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

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

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 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 Totowa follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

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

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

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of 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).

Utility Revenues/Receivables - Water utility charges are levied quarterly based upon a minimum service charge and if applicable, an excess consumption or usage charge. Swim pool utility charges are based on a flat fee by membership type (i.e., family, senior, single, etc.). Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water and swim pool utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 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.

Deferred School Taxes - School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

**BOROUGH OF TOTOWA
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 - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Totowa has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 1996 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

General Fixed Assets purchased prior to December 31, 1996 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

GAAP requires that capital assets 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 TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund
Water Utility Assessment and Capital Funds
Swim Pool Utility Capital Fund
Public Assistance 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 did not increase the original budget. However, 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 TOTOWA
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 \$17,883,647 and \$16,179,644 and bank and brokerage firm balances of the Borough's deposits amounted to \$18,124,065 and \$16,699,204, 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	<u>\$ 18,124,065</u>	<u>\$ 16,699,204</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, none of the Borough's bank balances were exposed to custodial credit risk.

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).

As of December 31, 2014 and 2013 the Borough had no outstanding investments.

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

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2014 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2014</u>			
Property Taxes	\$ 577,504		\$ 577,504
Water Utility Charges and Fees	-	\$ 561,922	561,922
	<u>\$ 577,504</u>	<u>\$ 561,922</u>	<u>\$ 1,139,426</u>

In 2014, the Borough collected \$592,296 and \$533,198 from delinquent taxes and utility rents, which represented 100% and 100% of the delinquent tax and water charges receivable at December 31, 2013.

Receivables at December 31, 2013 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2013</u>			
Property Taxes	\$ 592,296		\$ 592,296
Water Utility Charges and Fees	-	\$ 533,198	533,198
	<u>\$ 592,296</u>	<u>\$ 533,198</u>	<u>\$ 1,125,494</u>

In 2013, the Borough collected \$724,026 and \$523,978 from delinquent taxes and utility rents, which represented 99% and 100% of the delinquent tax and water charges receivable at December 31, 2012.

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

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	\$ 1,127,946	\$ 123,951	\$ 1,319,763	\$ 81,640
Trust Funds:				
Assessment Trust		688,637		31,489
Animal Control		818		1,157
Other Trust	123,951		98,273	
General Capital Fund	1,083,740	1,024,709	536,022	1,154,707
Water Utility Fund:				
Operating	313	93,000	14,722	111,546
Assessment Trust		313		
Capital		397,022		538,377
Swim Pool Utility Fund:				
Operating				39,862
Public Assistance Trust Fund	-	7,500	-	10,002
Total	<u>\$ 2,335,950</u>	<u>\$ 2,335,950</u>	<u>\$ 1,968,780</u>	<u>\$ 1,968,780</u>

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

The Borough expects all interfund balances to be liquidated within one year except general capital fund and water utility capital fund interfund balances.

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 72,600	\$ 50,200	\$ 22,400
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 122,800	\$ 50,200	\$ 72,600

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

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The following is the balance of unpaid school taxes levied, amounts deferred and amounts reported as a payable at December 31, 2014 and 2013.

	<u>Local District School</u>		<u>Regional High School</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Balance of Tax	\$ 7,312,082	\$ 7,185,519	\$ 4,575,254	\$ 4,653,810
Deferred	<u>3,025,266</u>	<u>3,025,266</u>	<u>2,093,009</u>	<u>2,093,009</u>
Taxes Payable	<u>\$ 4,286,816</u>	<u>\$ 4,160,253</u>	<u>\$ 2,482,245</u>	<u>\$ 2,560,801</u>

NOTE 8 FUND BALANCES APPROPRIATED

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

	<u>2014</u>		<u>2013</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,467,046	\$ 1,895,000	\$ 2,308,978	\$ 1,895,000
Non-Cash Surplus	<u>127,122</u>	<u>-</u>	<u>192,470</u>	<u>-</u>
	<u>\$ 2,594,168</u>	<u>\$ 1,895,000</u>	<u>\$ 2,501,448</u>	<u>\$ 1,895,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 424,139	\$ 282,384	\$ 298,604	\$ 200,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 424,139</u>	<u>\$ 282,384</u>	<u>\$ 298,604</u>	<u>\$ 200,000</u>
Swim Pool Utility Operating Fund				
Cash Surplus	\$ 609		\$ 609	
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ -</u>

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

NOTE 9 FIXED ASSETS

A. General Fixed Assets

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

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 24,337,100			\$ 24,337,100
Buildings and Building Improvements	15,123,079			15,123,079
Machinery and Equipment	<u>5,639,064</u>	<u>\$ 125,979</u>	<u>-</u>	<u>5,765,043</u>
	<u>\$ 45,099,243</u>	<u>\$ 125,979</u>	<u>\$ -</u>	<u>\$ 45,225,222</u>

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land	\$ 24,337,100			\$ 24,337,100
Buildings and Building Improvements	15,123,079			15,123,079
Machinery and Equipment	<u>5,470,477</u>	<u>\$ 201,537</u>	<u>\$ 32,950</u>	<u>5,639,064</u>
	<u>\$ 44,930,656</u>	<u>\$ 201,537</u>	<u>\$ 32,950</u>	<u>\$ 45,099,243</u>

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

NOTE 9 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets

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

<u>Water Utility Fund</u>	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Fixed Capital				
System and System Improvements	\$ 3,812,848	\$ 65,175		\$ 3,878,023
Vehicles and Equipment	<u>314,182</u>	<u>1,846</u>	<u>-</u>	<u>316,028</u>
	<u>\$ 4,127,030</u>	<u>\$ 67,021</u>	<u>\$ -</u>	<u>\$ 4,194,051</u>

<u>Water Utility Fund</u>	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Fixed Capital				
System and System Improvements	\$ 3,812,848			\$ 3,812,848
Vehicles and Equipment	<u>274,394</u>	<u>\$ 39,788</u>	<u>-</u>	<u>314,182</u>
	<u>\$ 4,087,242</u>	<u>\$ 39,788</u>	<u>\$ -</u>	<u>\$ 4,127,030</u>

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

NOTE 9 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets (Continued)

<u>Swim Pool Utility Fund</u>	Balance December 31, 2013	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2014
<u>2014</u>				
Fixed Capital				
Facility and Facility Improvements	\$ 239,372	-	-	\$ 239,372
	<u>\$ 239,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,372</u>
<u>Swim Pool Utility Fund</u>	Balance December 31, 2012	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2013
<u>2013</u>				
Fixed Capital				
Facility and Facility Improvements	\$ 239,372	-	-	\$ 239,372
	<u>\$ 239,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,372</u>

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

NOTE 10 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. 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		
Water Utility Bonds and Notes	-	\$ 49,000
Net Debt Issued	-	49,000
Authorized But Not Issued		
General Bonds and Notes	\$ 3,357,905	3,891,154
Water Utility Bonds and Notes	<u>583,577</u>	<u>733,577</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,941,482</u>	<u>\$ 4,673,731</u>

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 .160% and .180% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 3,357,905		\$ 3,357,905
School Debt	7,444,698	\$ 7,444,698	
Utility Debt	<u>583,577</u>	<u>583,577</u>	-
Total	<u>\$ 11,386,180</u>	<u>\$ 8,028,275</u>	<u>\$ 3,357,905</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 3,891,154		\$ 3,891,154
School Debt	8,209,152	\$ 8,209,152	
Utility Debt	<u>782,577</u>	<u>782,577</u>	-
Total	<u>\$ 12,882,883</u>	<u>\$ 8,991,729</u>	<u>\$ 3,891,154</u>

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

NOTE 10 MUNICIPAL DEBT (Continued)

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)	\$ 73,454,024	\$ 75,829,354
Net Debt	<u>3,357,905</u>	<u>3,891,154</u>
Remaining Borrowing Power	<u>\$ 70,096,119</u>	<u>\$ 71,938,200</u>

A. Long-Term Debt

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

Utility Bonds

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

	<u>2014</u>	<u>2013</u>
\$700,000, 1994 Bonds, due in an annual installment of \$49,000 through June 15, 2014, interest at 5.40%	<u>\$ -</u>	<u>\$ 49,000</u>

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

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>				
Water Utility Capital Fund Bonds Payable	\$ 49,000	\$ 49,000	\$ -	\$ -
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 49,000</u>	<u>\$ 49,000</u>	<u>\$ -</u>	<u>\$ -</u>
	Balance, December 31, <u>2012</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>				
Water Utility Capital Fund Bonds Payable	\$ 259,000	\$ 210,000	\$ 49,000	\$ 49,000
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 259,000</u>	<u>\$ 210,000</u>	<u>\$ 49,000</u>	<u>\$ 49,000</u>

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

NOTE 11 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>		
Purchase of New Fire Truck	\$294,044	2015
Lincoln field Drainage Improvements – Phases 2 & 3	96,470	2015
<u>2013</u>		
Road Improvements – Lincoln Ave.	\$171,941	2014
Purchase of New Dump Trucks	140,048	2014
Abandonment of Water Pump Station on Shepard’s Lane	68,000	2014
Purchase of New Police Cars	49,377	2014

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$575,326 and \$667,176 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.

As of December 31, 2014 and 2013, the Borough has reserved in the Other Trust Fund \$212,009 and \$251,970, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

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

NOTE 12 OTHER LONG-TERM LIABILITIES (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	\$ 667,176	\$ 59,111	\$ 150,961	\$ 575,326	\$ 50,000
Other Long-Term Liabilities	<u>\$ 667,176</u>	<u>\$ 59,111</u>	<u>\$ 150,961</u>	<u>\$ 575,326</u>	<u>\$ 50,000</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	\$ 748,535	\$ 39,641	\$ 121,000	\$ 667,176	\$ 150,961
Other Long-Term Liabilities	<u>\$ 748,535</u>	<u>\$ 39,641</u>	<u>\$ 121,000</u>	<u>\$ 667,176</u>	<u>\$ 150,961</u>

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after 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 TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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.

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- 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.

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 CPFPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

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 and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>
2014	\$ 711,943	\$ 389,000
2013	727,288	397,192
2012	667,788	392,623

(1) Includes Library portion of pension contribution for the year.

NOTE 14 RISK MANAGEMENT

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

The Borough of Totowa is a member of the Garden State Municipal Joint Insurance Fund (GSMJIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is a risk-sharing public entity pool. The GSMJIF coverage amounts are on file with the Borough.

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

NOTE 14 RISK MANAGEMENT (Continued)

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

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

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

The 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</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2014	\$ 17,600	\$ 9,765	\$ 15,545	\$ 136,121
2013	17,600	11,471	23,154	124,138
2012	17,600	-	15,483	118,051

NOTE 15 CONTINGENT LIABILITIES

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

Pending Litigation – **Department of Environmental Protection and the Administrator of the New Jersey Spill Compensation Fund v. Occidental Chemical Corporation, et als., Superior Court of New Jersey, Law Division, Essex County, Docket No. ESX-L-9868-05** – In 2005, the United States Environmental Protection Agency ("EPA") has designated a seventeen (17) mile stretch of the Passaic River as a Superfund Site. The EPA had indicated that the Passaic Valley Sewerage Commissioners ("PVSC") and its constituent municipalities, which include the Borough of Totowa, are potentially responsible parties ("PRP") under the Federal Superfund Law. Also in 2005, the New Jersey Department of Environmental Protection filed suit against numerous chemical companies seeking to recover past and future clean-up costs as well as unspecified economic damages. In February of 2009, these chemical companies filed a third-party complaint against PVSC and 81 additional municipalities alleging that pollutants are being discharged into the River as a result of "combined system overflow outfalls" or "CSOs". Some of PVSC's member municipalities maintain combined sewer systems. These systems were installed in the 1800s. During periods of heavy rainfall, these systems overflow and discharge directly into the Passaic River. This discharge is also referred to as CSOs. The complaint also alleges that the municipal wastewater that bypasses the CSOs contains hazardous substances. Because Totowa is one of the 34 municipalities that uses PVSC's system, the Borough has been named in this lawsuit.

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

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Litigation (Continued)

The Borough was served with this third-party complaint in the spring of 2009 and Totowa's insurance carrier has declined coverage on this lawsuit. It is anticipated that the Borough will join one of the Joint Defense Groups in this matter to defend against the allegations in the complaint. A Special Master of Discovery has been assigned and the parties are attempting to craft an Alternate Dispute Resolution Process. Although there is a stay in the lawsuit prohibiting the filing of any motions, the third-party plaintiffs are aggressively pursuing discovery and all documents must be filed via a dedicated website. The Borough has filed an Answer, along with an Initial Disclosure Statement and a Response to an Electronically Stored Information Questionnaire. Remediation and clean-up costs are estimated to be in the billions for this lawsuit and Totowa's liability may be in the millions. An Order was entered on January 28, 2011 ordering all parties in the lawsuit, including the Borough of Totowa, to pay various assessments on a per party basis including costs of a Special Master and electronic discovery database. A settlement has been reached with each of the Municipal Defendants including the Borough of Totowa in the sum of \$95,000 with the plaintiff N.J.D.E.P. In these cases, there is a process that potential settlement must go through with the Court and the direct Defendants and the public have a right to object to same. The Court has approved the settlement of \$95,000. Of the \$95,000 owed, \$386 was deducted from the Borough's State aid in 2014. The remaining balance of \$94,614 was encumbered in the Borough's Current Fund at year end. There is still the possibility that one of the defendants will appeal the Consent Order approving the settlement and if so, the Borough will have to await its decision. However, it is to be noted that once this litigation is over, the EPA will be filing suit against the same Defendants, who, as in this case, will file a Third Party action against the Municipalities, including the Borough of Totowa.

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 \$1,696,184 and \$795,028, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 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.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

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

CURRENT FUND

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

Balance, December 31, 2013		\$ 12,424,807
Increased by Receipts:		
Tax Collector	\$ 48,861,781	
Non-Budget Revenue	319,600	
Revenue Accounts Receivable	2,536,471	
Grants Receivable	75,443	
NJ Senior Citizens' and Veterans' Deductions	123,058	
Fees Payable	17,672	
Received from Assessment Trust Fund	2,545	
Received from Animal Control Fund	1,831	
Received from Other Trust Fund	135,740	
Received for Other Trust Fund	1,389	
Received from General Capital Fund	90,000	
Received for General Capital Fund	134,229	
Received from Water Utility Operating Fund	111,546	
Received from Public Assistance Trust Fund	2,520	
Reserve for Unappropriated Grants	<u>50,272</u>	
		<u>52,464,097</u>
		64,888,904
Decreased by Disbursements:		
2014 Budget Appropriations	12,552,672	
2013 Appropriation Reserves	472,424	
Change Funds	500	
Fees Payable	17,720	
Encumbrances Payable	406,043	
Accounts Payable	119,819	
Refund of Tax Overpayments	9,639	
Reserve for Appropriated Grants	24,618	
Reserve for Tax Appeals	524,844	
County Taxes Payable	13,575,030	
Added County Taxes Payable	7,646	
Local District School Tax	13,889,140	
Regional High School Tax	9,198,547	
Payments made to Other Trust Fund	120,800	
Payments made for General Capital Fund	244,176	
Payments made for Water Utility Operating Fund	93,000	
Payments made to Swim Pool Operating Fund	<u>2,313</u>	
		<u>51,258,931</u>
Balance, December 31, 2014		<u>\$ 13,629,973</u>

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

Received:		
Taxes Receivable	\$ 48,495,252	
Interest and Cost on Taxes	174,524	
Prepaid Taxes	176,979	
Tax Overpayments	<u>15,026</u>	
		\$ 48,861,781
Decreased by:		
Payments to Treasurer		<u>\$ 48,861,781</u>

STATEMENT OF CHANGE FUNDS

<u>Title</u>	Balance, December 31, <u>2013</u>	Established by Treasurer's <u>Disbursement</u>	Balance, December 31, <u>2014</u>
Tax Collector	\$ 100		\$ 100
Treasurer - Deputy Tax Collector	50		50
Court Clerk	70	\$ 300	370
Building Department	<u>-</u>	<u>200</u>	<u>200</u>
	<u>\$ 220</u>	<u>\$ 500</u>	<u>\$ 720</u>

STATEMENT OF PETTY CASH FUNDS

<u>Office</u>	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Borough Clerk	<u>\$ 150</u>	<u>\$ 150</u>

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

Balance, December 31, 2013		\$	75,905
Increased by:			
Senior Citizens' and Veterans' Deductions Disallowed by the Tax Collector - Current Year	\$		5,334
Senior Citizens' and Veterans' Deductions Disallowed by the Tax Collector - Prior Year			4,000
Senior Citizens' and Veterans' Deductions Disallowed by State - Prior Year			12,500
Received in Cash from the State			<u>123,058</u>
			<u>144,892</u>
			220,797
Decreased by:			
Senior Citizens' and Veterans' Deductions Allowed Per Tax Billings			139,250
Senior Citizens' and Veterans' Deductions Allowed by the Tax Collector - Current Year			<u>1,750</u>
			<u>141,000</u>
Balance, December 31, 2014		\$	<u>79,797</u>

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

<u>Year</u>	Balance, December 31, <u>2013</u>	<u>2014 Levy</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	Collections <u>2013</u>	<u>2014</u>	Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Cancelled</u>	Balance, December 31, <u>2014</u>
2013	\$ 592,296	-	\$ 4,000	-	\$ 596,191	-	\$ 105	-
	592,296	-	4,000	-	596,191	-	105	-
2014	-	\$ 48,822,064	5,334	\$ 140,620	47,899,061	\$ 141,000	69,213	\$ 577,504
	<u>\$ 592,296</u>	<u>\$ 48,822,064</u>	<u>\$ 9,334</u>	<u>\$ 140,620</u>	<u>\$48,495,252</u>	<u>\$ 141,000</u>	<u>\$ 69,318</u>	<u>\$ 577,504</u>

Analysis of 2014 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 48,794,943
Added Taxes (RS 54:4-36.1 et seq.)	27,121
	<u>\$48,822,064</u>
Tax Levy	
Regional High School Taxes	\$ 9,119,991
Local District School Taxes	14,015,703
County Taxes	
County Tax	\$ 13,376,660
Open Space Tax	198,370
Due County for Added Tax	7,554
	13,582,584
Local Tax for Municipal Purposes	11,403,002
Minimum Library Tax	669,252
Add: Additional Tax Levied	31,532
	<u>12,103,786</u>
	<u>\$48,822,064</u>

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

Balance, December 31, 2013	<u>\$ 72,900</u>
Balance, December 31, 2014	<u>\$ 72,900</u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
41	8	\$ 5,500
112	65	3,300
115	26	600
122	6	5,000
122	8	6,600
123	5	7,800
125	8	5,100
171A	5	28,500
172	1	5,000
182	17	<u>5,500</u>
		<u>\$ 72,900</u>

BOROUGH OF TOTOWA
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2013</u>	Accrued In 2014	<u>Collected by</u>		Balance, December 31, <u>2014</u>
			<u>Treasurer</u>	<u>Tax Collector</u>	
Borough Clerk					
Licenses					
Alcoholic Beverages		\$ 11,488	\$ 11,488		
Other		11,431	11,431		
Fees and Permits		4,720	4,720		
Tax Collector					
Interest and Costs on Taxes	\$ 14,266	175,504		\$ 174,524	\$ 15,246
Board of Health/Registrar of Vital Statistics					
Licenses		19,230	19,230		
Fees and Permits		25,371	25,371		
Planning Board					
Fees and Permits		18,821	18,821		
Zoning Board of Adjustments					
Fees and Permits		27,470	27,470		
Building Department					
Uniform Construction Code Fees		234,145	234,145		
Police Department					
Fees and Permits		430	430		
Municipal Court					
Fines and Costs	20,288	283,873	283,557		20,604
Energy Receipts Tax		1,303,699	1,303,699		
Consolidated Municipal Property Tax					
Relief Aid		515	515		
Fire Inspection Official					
Uniform Fire Safety Act Fees		16,268	16,268		
Uniform Fire Safety Act Rebate		29,581	29,581		
Sewer User Fees	3,999	275,137	273,818		5,318
Cable Television Franchise Fee		148,022	148,022		
Hotel/Motel Tax	-	127,905	127,905	-	-
	<u>\$ 38,553</u>	<u>\$ 2,713,610</u>	<u>\$ 2,536,471</u>	<u>\$ 174,524</u>	<u>\$ 41,168</u>

**BOROUGH OF TOTOWA
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2013</u>	<u>Accrued</u>	<u>Received</u>	<u>Cancelled</u>	Balance, December 31, <u>2014</u>
Municipal Alliance Program	\$ 29,336	\$ 23,533	\$ 22,950		\$ 29,919
New Jersey Transportation Trust Fund - Grant Ave Phase II	33,067			\$ 33,067	
Passaic County Open Space - Lincoln Field	4,717				4,717
Safe & Secure Communities	2,550	60,000	40,834	2,550	19,166
Body Armor Grant		3,582	2,862		720
NJ DOT Safe Corridors	-	8,797	8,797	-	-
	<u>\$ 69,670</u>	<u>\$ 95,912</u>	<u>\$ 75,443</u>	<u>\$ 35,617</u>	<u>\$ 54,522</u>
			Appropriated Grant Reserves	\$ 33,067	
			Fund Balance	<u>2,550</u>	
				<u>\$ 35,617</u>	

EXHIBIT A-13

STATEMENT OF SPECIAL EMERGENCY AUTHORIZATION (40A:4-53)

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1//5 of Net Amount Authorized</u>	<u>Balance, December 31, 2013</u>	<u>Amount in 2014 Budget</u>	<u>Balance, December 31, 2014</u>
6/15/2010	Revaluation of Real Property	\$ 139,000	\$ 27,800	\$ 55,600	\$ 27,800	\$ 27,800
11/29/2011	Hurricane Irene E.O. #73, Storm Damage	112,000	22,400	<u>67,200</u>	<u>22,400</u>	<u>44,800</u>
				<u>\$ 122,800</u>	<u>\$ 50,200</u>	<u>\$ 72,600</u>

BOROUGH OF TOTOWA
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Encumbrance Payable <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES						
Municipal Clerk	\$ 148			\$ 148	\$ 148	
Mayor and Council	88			88	88	
Financial Administration	2,154			2,154	2,154	
Collection of Taxes	359			359	359	
Police Dispatch/911	193			193	193	
Police	48,031	\$ (10,000)		38,031	38,031	
Road Repairs and Maintenance	31,199			31,199	31,199	
Public Buildings and Grounds	1,202			1,202	1,202	
Sewer System	4,080			4,080	4,080	
Recycling Program	76			76	76	
Board of Health	3,601			3,601	3,601	
Parks and Playgrounds	10,053			10,053	10,053	
Senior Citizen Program	3,919			3,919	3,919	
Municipal Court	6,218			6,218	6,218	
Construction Code Official	123	-	-	123	123	-
	<u>111,444</u>	<u>(10,000)</u>	<u>-</u>	<u>101,444</u>	<u>101,444</u>	<u>-</u>
OTHER EXPENSES						
Municipal Clerk	6,749		\$ 89	6,838		\$ 6,838
Codification of Ordinances	1,847			1,847		1,847
Grant Professional	4			4		4
Elections	1,149			1,149		1,149
Assessment of Taxes	21,400		2,073	23,473		23,473
Financial Administration						
Other Expenses	4,347			4,347	1,000	3,347
Collection of Taxes	1,885		89	1,974		1,974
Legal Services and Costs	29,913			29,913	1,497	28,416
Engineering Services & Costs	45,642			45,642	45,642	
Planning Board	46,139			46,139	4,688	41,451
Board of Adjustment	5,510			5,510		5,510
Insurance				-		
General Liability	2,545			2,545	2,545	
Workers Compensation	419			419	24	395
Employee Group Health	6,954			6,954	6,954	
Fire	64,892	5,000		69,892	69,459	433
Fire Officials	1,000			1,000		1,000
Police Dispatch/911	535			535		535
Police	6,260	5,000		11,260	3,738	7,522
Vehicle Purchases	10,623			10,623	6,278	4,345
First Aid Squad						
Other Expenses	18,500			18,500	9,375	9,125
Emergency Management Services	5,000			5,000	1,415	3,585
Municipal Prosecutor	1,000			1,000		1,000
Road Repairs and Maintenance	3,383		453	3,836	3,836	
Public Buildings and Grounds	13,499			13,499	13,499	
Vehicle Maintenance	46,788			46,788	15,181	31,607
Sewer System	1,862			1,862		1,862
Shade Tree Commission	2,230			2,230		2,230
Solid Waste Transfer Fees	88,900			88,900		88,900
Leaf Grass Removal	553			553		553
Condo Services Act	30,000			30,000	22,715	7,285
Board of Health	6,820			6,820	5,107	1,713
Animal Control	4,673			4,673		4,673

BOROUGH OF TOTOWA
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	<u>Transfers</u>	Encumbrance Payable <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES: (Continued)						
Administration of Public Assistance	\$ 871			\$ 871		\$ 871
Hepatitis B Vaccine	1,200			1,200		1,200
Parks and Playgrounds	4,016			4,016	\$ 1,200	2,816
Celebration of Public Events	1,341			1,341		1,341
Senior Citizen Program						
Contribution	3,000			3,000		3,000
Other Expense	1,978			1,978		1,978
Municipal Court	1,172			1,172		1,172
Public Defender	1,500			1,500		1,500
Construction Code Official	2,644			2,644		2,644
Utilities						
Street Lighting	9,661		\$ 1,295	10,956		10,956
Electricity and Natural Gas	23,378			23,378	9,149	14,229
Gasoline	37,251			37,251		37,251
Telephone	840			840		840
Social Security System (O.A.S.I.)	33			33	33	
Recycling Tax	4,015			4,015		4,015
Clean Communities Grant Program	15,037			15,037	15,037	
Drug and Alcohol Municipal Alliance	16,256			16,256	16,256	
Body Armor	10,019			10,019	10,019	
Securing Our Cities	591			591	591	
Alcohol Education and Rehabilitation Fund	2,051			2,051	2,051	
NJ DOT - Safe Corridors	7,717			7,717	7,717	
Renovation of Public Buildings	85,000			85,000	18,820	66,180
Road Improvements Program	150,000			150,000	150,000	
Acquisition of Various Technology Equipment for Police Dept.	20,000			20,000	20,000	
Acquisition of Office Equipment	7,295			7,295	7,295	
Sewer Department Equipment	1,606			1,606		1,606
Acquisition of Fire Rescue Truck	280,000			280,000	280,000	
Underground Storage Tank Removal - Site Remediation	28,800			28,800	4,506	24,294
DPW Department Equipment	84,861			84,861	82,145	2,716
Fire Department Equipment	15,358	-	-	15,358	15,227	131
	<u>1,298,512</u>	<u>\$ 10,000</u>	<u>3,999</u>	<u>1,312,511</u>	<u>852,999</u>	<u>459,512</u>
	<u>\$ 1,409,956</u>	<u>\$ -</u>	<u>\$ 3,999</u>	<u>\$ 1,413,955</u>	<u>\$ 954,443</u>	<u>\$ 459,512</u>
Cash Disbursed					\$ 472,424	
Due to Other Trust Fund:						
Accumulated Absence Reserve					111,000	
Snow Removal Reserve					30,000	
Transferred to:						
Accounts Payable					303,667	
Reserve for Appropriated Grants					<u>37,352</u>	
					<u>\$ 954,443</u>	

**BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013		\$ 410,042
Increased by:		
Charges to 2014 Budget Appropriations		<u>448,562</u>
		858,604
Decreased by:		
Payments	\$ 406,043	
Cancellations Restored to Appropriation Reserves	<u>3,999</u>	
		<u>410,042</u>
Balance, December 31, 2014		<u>\$ 448,562</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2013		\$ 242,319
Increased by:		
Transferred from 2013 Appropriation Reserves		<u>303,667</u>
		545,986
Decreased by:		
Payments		<u>119,819</u>
Balance, December 31, 2014		<u>\$ 426,167</u>

**BOROUGH OF TOTOWA
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2013	\$ 140,620
Increased by:	
Collection of 2015 Taxes	<u>176,979</u>
	317,599
Decreased by:	
Application to 2014 Taxes	<u>140,620</u>
Balance, December 31, 2014	<u>\$ 176,979</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2013	\$ 974
Increased by:	
Overpayments in 2014	<u>15,026</u>
	16,000
Decreased by:	
Refunds	<u>9,639</u>
Balance, December 31, 2014	<u>\$ 6,361</u>

**BOROUGH OF TOTOWA
STATEMENT OF FEES PAYABLE**

	Balance, December 31, <u>2013</u>	<u>Received</u>	<u>Disbursed</u>	Balance, December 31, <u>2014</u>
Due to State				
Construction Code Training Fees	\$ 6,103	\$ 16,372	\$ 16,431	\$ 6,044
Elevator Inspection Fees	3,519		409	3,110
Marriage License Fees	<u>1,020</u>	<u>1,300</u>	<u>880</u>	<u>1,440</u>
	<u>\$ 10,642</u>	<u>\$ 17,672</u>	<u>\$ 17,720</u>	<u>\$ 10,594</u>

EXHIBIT A-20

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
2014 Levy			
General County		\$ 13,376,660	
County Open Space Preservation		<u>198,370</u>	
			\$ 13,575,030
Decreased by:			
Payments			<u>\$ 13,575,030</u>

EXHIBIT A-21

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2013	\$ 7,653
Increased by:	
County Share of 2014 Levy	
Added Taxes (RS 54:4-63.1 et seq.)	<u>7,554</u>
	15,207
Decreased by:	
Payments	<u>7,646</u>
Balance, December 31, 2014	<u>\$ 7,561</u>

**BOROUGH OF TOTOWA
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE**

Balance, December 31, 2013		
School Tax Payable	\$ 4,160,253	
School Tax Deferred	<u>3,025,266</u>	
		\$ 7,185,519
Increased by:		
Levy - School Year July 1, 2014 to June 30, 2015		<u>14,015,703</u>
		21,201,222
Decreased by:		
Payments		<u>13,889,140</u>
Balance, December 31, 2014		
School Tax Payable	4,286,816	
School Tax Deferred	<u>3,025,266</u>	
		<u>\$ 7,312,082</u>
 <u>Analysis of Amount Charged to Operations</u>		
2014 Liability for Local District School Tax		
Tax Paid		\$ 13,889,140
Tax Payable at December 31, 2014		<u>4,286,816</u>
		18,175,956
Less: Tax Payable at December 31, 2013		<u>4,160,253</u>
Amount Charged to 2014 Operations		<u>\$ 14,015,703</u>

BOROUGH OF TOTOWA
STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE

Balance, December 31, 2013		
School Tax Payable	\$ 2,560,801	
School Tax Deferred	<u>2,093,009</u>	
		\$ 4,653,810
Increased by:		
Levy - School Year July 1, 2014 to June 30, 2015		<u>9,119,991</u>
		13,773,801
Decreased by:		
Payments		<u>9,198,547</u>
Balance, December 31, 2014		
School Tax Payable	2,482,245	
School Tax Deferred	<u>2,093,009</u>	
		<u>\$ 4,575,254</u>
 <u>Analysis of Amount Charged to Operations</u>		
2014 Liability for Regional High School Tax		
Tax Paid		\$ 9,198,547
Tax Payable at December 31, 2014		<u>2,482,245</u>
		11,680,792
Less: Tax Payable at December 31, 2013		<u>2,560,801</u>
Amount Charged to 2014 Operations		<u>\$ 9,119,991</u>

**BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS**

	Balance, December 31, <u>2013</u>	<u>Received</u>	Anticipated in 2014 <u>Budget</u>	Balance, December 31, <u>2014</u>
Clean Communities	\$ 17,654	\$ 16,557	\$ 17,654	\$ 16,557
Body Armor	718	2,452	718	2,452
Safe and Secure Communities		15,000		15,000
Alcohol Ed & Rehabilitation	3,325	2,777	3,325	2,777
Recycling Tonnage	<u>13,623</u>	<u>13,486</u>	<u>13,623</u>	<u>13,486</u>
	<u>\$ 35,320</u>	<u>\$ 50,272</u>	<u>\$ 35,320</u>	<u>\$ 50,272</u>

STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

	Balance, December 31, <u>2013</u>	Transferred From 2013 Appropriation <u>Reserves</u>	<u>Expended</u>	<u>Cancelled</u>	Balance, December 31, <u>2014</u>
Clean Communities Program	\$ 49,066	\$ 15,037	\$ 10,492		\$ 53,611
Alcohol Ed & Rehabilitation	277	2,051	277		2,051
Recycling Tonnage Grant	4,510		4,221		289
Body Armor Replacement Fund	6	4,008	6		4,008
Drunk Driving Enforcement Fund	3,135		639		2,496
Open Space Grant - Lincoln Field	14,289				14,289
Improvements to Hudson Ave. - Local	31,932			\$ 31,932	
NJ Transportation Trust - Grant Ave - Section II	33,067			33,067	
FEMA - Firefighters Equipment - Local	4,608				4,608
FEMA - Firefighters Equipment - Federal	11,325		7,782		3,543
Soldiveri - Recreation	1,818		1,201		617
Municipal Alliance	6,106	16,256			22,362
H1N1	7,719			7,719	
Muchuga	690				690
Safe Corridors	<u>8,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,995</u>
	<u>\$ 177,543</u>	<u>\$ 37,352</u>	<u>\$ 24,618</u>	<u>\$ 72,718</u>	<u>\$ 117,559</u>
		Grants Receivable		\$ 33,067	
		Fund Balance		<u>39,651</u>	
				<u>\$ 72,718</u>	

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

Balance, December 31, 2013		\$	795,028
Increased by:			
2014 Budget Appropriation		\$	705,000
Transfer from Current Year Tax Collections			<u>721,000</u>
			<u>1,426,000</u>
			2,221,028
Decreased by:			
Tax Appeal Refunds			<u>524,844</u>
Balance, December 31, 2014		\$	<u><u>1,696,184</u></u>

STATEMENT OF MISCELLANEOUS RESERVES

		Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Codification of Ordinances		<u>\$ 7,503</u>	<u>\$ 7,503</u>
		<u><u>\$ 7,503</u></u>	<u><u>\$ 7,503</u></u>

TRUST FUND

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

	<u>Assessments</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2013	\$ 1,770	\$ 3,911	\$ 2,898,996
Increased by:			
Interest on Deposits	\$ 56	\$ 12	\$ 7,110
Assessments Receivable	133,582		
Interest on Assessments	1,919		
2014 Budget Appropriations:			
Unemployment Insurance			17,600
Miscellaneous Reserves			587,400
Receipts from Current Fund			120,800
Receipts for Current Fund			111,140
Receipts from Water Utility Capital Fund			16,633
Escrow Deposits			117,210
Premiums Received from Tax Sale			26,700
Dog License Fees Collected		1,382	
Due State of NJ - Dog Registration Fees		311	
Net Pay and Payroll Deduction Deposits	-	-	8,332,058
	<u>135,557</u>	<u>1,705</u>	<u>9,336,651</u>
	137,327	5,616	12,235,647
Decreased by Disbursements:			
Due State of NJ - Dog Registration Fees		311	
Miscellaneous Reserves			686,341
Unemployment Claims Due to State			16,359
Escrow Deposits Payable			151,191
Tax Sale Premium Refunds			69,200
Payments made to Current Fund	2,545	1,831	135,740
Payments made to General Capital Fund	29,000		
Payroll Disbursements	-	-	8,322,749
	<u>31,545</u>	<u>2,142</u>	<u>9,381,580</u>
Balance , December 31, 2014	<u>\$ 105,782</u>	<u>\$ 3,474</u>	<u>\$ 2,854,067</u>

**BOROUGH OF TOTOWA
ANALYSIS OF ASSESSMENT CASH**

	Balance December 31, <u>2014</u>
Due to Current Fund	\$ 1,919
Due to General Capital Fund	686,718
Unfinanced Assessments	
Ord. 08-04 - Replacement of Sidewalks, Curbs and Driveways - Union Blvd.	(14,801)
Ord. 03-10 - Replacement of Sidewalks, Curbs and Driveways - Union Blvd. - Phase II	<u>(568,054)</u>
	<u>\$ 105,782</u>

EXHIBIT B-3

**STATEMENT OF ASSESSMENTS RECEIVABLE
ASSESSMENT TRUST FUND**

<u>Ord. No.</u>	<u>Description</u>	Balance December 31, <u>2013</u>	Confirmed in in 2014 <u>Due to General Capital Fund</u>	<u>Collected</u>	Balance December 31, <u>2014</u>	Balance <u>Pledged to Due General Capital Fund</u>
08-04	Replacement of Sidewalks, Curbs and Driveways on Union Blvd.	\$ 29,719		\$ 14,918	\$ 14,801	\$ 14,801
03-10	Replacement of Sidewalks, Curbs and Driveways on Union Blvd. - Phase II	<u>-</u>	<u>\$ 686,718</u>	<u>118,664</u>	<u>568,054</u>	<u>568,054</u>
		<u>\$ 29,719</u>	<u>\$ 686,718</u>	<u>\$ 133,582</u>	<u>\$ 582,855</u>	<u>\$ 582,855</u>

EXHIBIT B-4

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

Balance, December 31, 2013	\$ 2,489
Increased by:	
Interest on Deposits	\$ 56
Interest on Assessment	<u>1,919</u>
	<u>1,975</u>
	4,464
Decreased by:	
Payments made to Current Fund	<u>2,545</u>
Balance, December 31, 2014	<u>\$ 1,919</u>

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

Balance, December 31, 2013	\$ 2,751
Increased by:	
Dog License Fees Collected	1,382
	4,133
Decreased by:	
Statutory Excess Due Current Fund	1,480
Balance, December 31, 2014	\$ 2,653

EXHIBIT B-6

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance, December 31, 2013	\$ 3
Increased by:	
Dog License Registration Fees Collected	311
	314
Decreased by:	
Payments	311
Balance, December 31, 2014	\$ 3

EXHIBIT B-7

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

Balance, December 31, 2013	\$ 1,157
Increased by:	
Interest Earnings Due to Current Fund	\$ 12
Statutory Excess in Reserve for Animal Control Expenditures	1,480
	1,492
	2,649
Decreased by:	
Payments to Current Fund	1,831
Balance, December 31, 2014	\$ 818

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

Balance, December 31, 2013	\$ 1,388,415
Increased by:	
Cash Receipts	117,210
	1,505,625
Decreased by:	
Cash Disbursements	151,191
Balance, December 31, 2014	\$ 1,354,434

EXHIBIT B-9

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

Balance, December 31, 2013	\$ 81,640
Increased by:	
2013 Appropriation Reserves - Accumulated Absences Reserve	
Accumulated Absences Reserve	\$ 111,000
Snow Removal Reserve	30,000
	\$ 141,000
Cash Received in Current Fund	1,389
Payments to Current Fund	135,740
	278,129
	359,769
Decreased by:	
Receipts from Current Fund	120,800
Receipts for Current Fund - Police Outside Duty Admin. Fees	111,140
Interest on Investments	3,878
	235,818
Balance, December 31, 2014	\$ 123,951
<u>Analysis of Balance</u>	
Escrow Account (Due From)	\$ 123,951

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

Balance, December 31, 2013	\$	83,000
Increased by:		
Cash Receipts		<u>26,700</u>
		109,700
Decreased by:		
Payments		<u>69,200</u>
Balance, December 31, 2014	\$	<u>40,500</u>

EXHIBIT B-11

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

Balance, December 31, 2013	\$	10,433
Increased by:		
Net Pay	\$	5,030,100
Payroll Deductions		<u>3,292,193</u>
		<u>8,322,293</u>
		8,332,726
Decreased by:		
Payroll Disbursements		<u>8,322,749</u>
Balance, December 31, 2014	\$	<u>9,977</u>

EXHIBIT B-12

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

Balance, December 31, 2013	\$	1,660
Increased by:		
Unemployment Claims		<u>15,545</u>
		17,205
Decreased by:		
Payments to State		<u>16,359</u>
Balance, December 31, 2014	\$	<u>846</u>

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

Balance, December 31, 2013		\$ 124,138
Increased by:		
Cash Receipts:		
Budget Appropriation - Current Fund	\$ 14,000	
Budget Appropriation - Water Utility Operating Fund	3,500	
Budget Appropriation - Pool Utility Operating Fund	<u>100</u>	
	\$ 17,600	
Employee Payroll Deductions	9,765	
Interest on Deposits	<u>163</u>	
		<u>27,528</u>
		151,666
Decreased by:		
Unemployment Claims Due to State		<u>15,545</u>
Balance, December 31, 2014		<u>\$ 136,121</u>

EXHIBIT B-14

STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2014</u>
Reserve for Recycling Program	\$ 142,756	\$ 27,318	\$ 32,586	\$ 137,488
Reserve for Centennial Club	22,805			22,805
Reserve for Senior Citizen Donations	279		279	
Reserve for Historical Society Donations	942			942
Reserve for Municipal Alliance Donations	60,887	3,900	4,000	60,787
Reserve for Recreation Program	40,564	44,951	46,383	39,132
Reserve for Polling Place Deposit	146			146
Reserve for Affordable Housing Fees	735,668	3,067		738,735
Reserve for Police Outside Duty Fees	55,453	438,405	452,132	41,726
Reserve for Accumulated Absence Liability	251,970	111,000	150,961	212,009
Reserve for Snow Removal		30,000		30,000
Reserve for O/S Lien Holders Deposits	74,967	73,951		148,918
Reserve for Hickory Hill II Deposit	192			192
Reserve for POAA Fees	1,965	264		2,229
Reserve for Disposal of Forfeited Material Deposits	<u>1,029</u>	<u>2</u>	<u>-</u>	<u>1,031</u>
	<u>\$ 1,389,623</u>	<u>\$ 732,858</u>	<u>\$ 686,341</u>	<u>\$ 1,436,140</u>
Interest on Investments		\$ 3,069		
Cash Receipts		587,400		
Due from Current Fund - 2013 Appropriation Reserves		141,000		
Due from Current Fund - Cash Receipts		1,389		
Cash Disbursements		<u>-</u>	<u>\$ 686,341</u>	
		<u>\$ 732,858</u>	<u>\$ 686,341</u>	

GENERAL CAPITAL FUND

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

Balance, December 31, 2013		\$ 8,605
Increased by:		
2013 Appropriation Reserves:		
Road Improvement Program	\$ 150,000	
Interest Earnings	55	
Grant Receipts	94,851	
Reserve for Sewer Connection Fees	3,000	
Receipts from Assessment Trust Fund	29,000	
Receipts from Water Utility Capital Fund	<u>110,000</u>	
		<u>386,906</u>
		395,511
Decreased by:		
Improvement Authorizations	19,961	
Payments to Current Fund	<u>90,000</u>	
		<u>109,961</u>
Balance, December 31, 2014		<u>\$ 285,550</u>

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

	Balance, December 31, <u>2014</u>
Fund Balance	\$ 40,074
Capital Improvement Fund	278,853
Contracts Payable	17,741
Due to Current Fund	1,024,709
Due from Assessment Trust Fund	(686,718)
Due From Water Utility Capital Fund	(397,022)
Grants Receivable	(205,973)
Reserve for Sewer Connection Charges	11,000
Reserve for Capital Improvements	12,138
Reserve for Road Improvements	150,000
 Improvement Authorizations:	
 Ordinance	
<u>Number</u>	<u>Description</u>
08-04	Rep. of Sidewalks, Curbs and Driveway Aprons - Union Blvd.-Phase I
02-10	Union Boulevard Streetscape Improvements
03-10	Rep. of Sidewalks, Curbs and Driveway Aprons - Union Blvd.-Phase II
08-12/06-13/	
10-13/05-14	Various Sanitary Sewer, Storm Sewer, and Road Improvements
03-13	Replacement of 24" Sanitary Sewer Force Main(Phase IV)
12-13	Flood Acquisition Project
	(1,270)
	\$ 285,550

**BOROUGH OF TOTOWA
STATEMENT OF GRANT RECEIVABLE**

Ord. No.	Agency	Balance, December 31, 2013	Grant Award	Collections	Cancellations	Balance, December 31, 2014	Balance, Pledged to Improvement Authorization	Reserve for Grants Receivable
14-06	Union Boulevard Beautification	\$ 76,036			\$ 76,036			
15-08	Tree Planting Program	180,900			180,900			
07-09	NJ DOT Reconstruction of West End Rd	38,022			38,022			
02-10	NJ DOT Union Blvd Streetscape Imprv	254,771		\$ 134,229	120,542			
04-10	Passaic County O.S. Minnisink Field	27			27			
08-12/ 06-13/								
10-13	Community Development Block Grant	20,392				\$ 20,392	\$ 20,392	
08-12	Depl. of Transportation Grant	175,000				175,000	175,000	
12-13	Community Development Block Grant	925,000				925,000		\$ 925,000
12-13	Green Acres Grant	325,000				325,000		325,000
05-14	Community Development Block Grant	-	\$ 105,432	94,851	-	10,581	10,581	-
		<u>\$ 1,995,148</u>	<u>\$ 105,432</u>	<u>\$ 229,080</u>	<u>\$ 415,527</u>	<u>\$ 1,455,973</u>	<u>\$ 205,973</u>	<u>\$ 1,250,000</u>
	Improvement Authorizations		\$ 105,432		\$ 271,516			
	Cash Receipts			\$ 94,851				
	Due from Current Fund			134,229				
	Fund Balance				23,469			
	Reserve for Grants Receivable		-	-	120,542			
			<u>\$ 105,432</u>	<u>\$ 229,080</u>	<u>\$ 415,527</u>			

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2013	\$ 1,154,707
Increased by:	
Interest Earnings	\$ 55
General Capital Expenditures paid by Current Fund	
Contracts Payable	\$ 183,412
Improvement Authorizations	60,764
	<u>244,176</u>
	244,231
	1,398,938
Decreased by:	
2014 Budget Appropriation - Capital Improvement Fund	150,000
Grant Receipts Due from Current Fund	134,229
Payments to Current Fund	90,000
	<u>374,229</u>
Balance, December 31, 2014	<u>\$ 1,024,709</u>

**BOROUGH OF TOTOWA
STATEMENT OF DUE FROM ASSESSMENT TRUST FUND**

Balance, December 31, 2013	\$	29,000
Increased by:		
Assessments Confirmed - Ord 03-2010		<u>686,718</u>
		715,718
Decreased by:		
Received from Assessment Trust		<u>29,000</u>
Balance, December 31, 2014	\$	<u>686,718</u>

STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

<u>Ord.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2013</u>	Assessments <u>Confirmed</u>
03-2010	Replacement of Sidewalks, Curbs and Driveway Aprons - Union Blvd. Phase II	<u>\$ 47,000</u>	<u>\$ 47,000</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2013	Grant Proceeds Received	Authorizations Cancelled	Assessments Confirmed	Balance, December 31, 2014	Analysis of Balance <u>December 31, 2014</u>	
							Expenditures	Unexpended Improvement Authorizations
<u>General Improvements</u>								
02-10	Union Blvd. Streetscape Improvements Phase I & II - NJ DOT	\$ 494,771	\$ 134,229	\$ 265,438		\$ 95,104	\$ 95,104	
03-13	Replacement of 24" Sanitary Sewer Force Main	1,057,000				1,057,000	2,350	\$ 1,054,650
12-13	Flood Acquisition Project	1,250,000				1,250,000	1,270	1,248,730
<u>Local Improvements</u>								
08-04	Replacement of Sidewalks, Curbs and Driveway Aprons - Union Boulevard	136,664				136,664		136,664
03-10	Replacement of Sidewalks, Curbs and Drive Aprons - Union Blvd. Phase II	923,000	-	-	\$ 686,718	236,282	-	236,282
		<u>\$ 3,861,435</u>	<u>\$ 134,229</u>	<u>\$ 265,438</u>	<u>\$ 686,718</u>	<u>\$ 2,775,050</u>	<u>\$ 98,724</u>	<u>\$ 2,676,326</u>
	Grants Receivable		<u>\$ 134,229</u>					
				Due from Assessment Trust Fund	<u>\$ 686,718</u>			
						Improvement Authorizations-Unfunded		<u>\$ 2,676,326</u>

**BOROUGH OF TOTOWA
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2013		\$ 196,528
Increased by:		
Charged to Improvement Authorizations		<u>17,741</u>
		214,269
Decreased by:		
Cancelled Contracts Restored to Improvement Authorizations	\$ 13,116	
Payments Made by Current Fund	<u>183,412</u>	
		<u>196,528</u>
Balance, December 31, 2014		<u>\$ 17,741</u>

EXHIBIT C-10

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013		\$ 118,000
Increased by:		
2014 Budget Appropriation Due from Current Fund	\$ 150,000	
Authorizations Cancelled	<u>10,853</u>	
		<u>160,853</u>
Balance, December 31, 2014		<u>\$ 278,853</u>

BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR SEWER CONNECTION CHARGES

Balance, December 31, 2013	\$ 8,000
Increased by:	
Cash Receipts	<u>3,000</u>
Balance, December 31, 2014	<u>\$ 11,000</u>

STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS

Balance, December 31, 2013	\$ 3,844
Increased by:	
Funded Improvement Authorizations Cancelled	<u>8,294</u>
Balance, December 31, 2014	<u>\$ 12,138</u>

STATEMENT OF RESERVE FOR ROAD IMPROVEMENTS

Increased by:	
2013 Appropriation Reserves:	
Road Improvement Program	<u>\$ 150,000</u>
Balance, December 31, 2014	<u>\$ 150,000</u>

**BOROUGH OF TOTOWA
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2013		Authorizations	Contracts Payable Canceled	Paid or Charged	Authorizations Canceled	Balance, December 31, 2014	
			Funded	Unfunded	Grant Awards				Funded	Unfunded
<u>General Improvements</u>										
11-01	Various Capital Improvements					\$ 324		\$ 324		
16-02/07-03	Various Capital Improvements-2002	\$ 1,306,000				1,509		1,509		
05-03	2003 Road Improvements	428,000				5,193		5,193		
14-05	Various Road Improvements	495,000	\$ 8,294					8,294		
21-05	Various Road Improvements	165,000				2,376		2,376		
14-06	Union Boulevard Beautification Program	400,000	61,933					61,933		
03-07	Acquisition of New Fire Truck	425,000	6,730					6,730		
15-08	Tree Planting Program	349,500	181,698			574		182,272		
7-09	Reconstruction of West End Road	220,000	28,656					28,656		
02-10	Union Blvd. Streetscape Improvements	840,000		\$ 265,438				265,438		
04-10	Improvements to Minnisink field	238,000	27					27		
05-10	Acquisition of Street Sweeper	210,000	10,758					10,758		
11-10	Sanitary Line at Lincoln Ave.	250,000	23,900			2,048		25,948		
06-11	Acquisition of a Filtration System for the Municipal Swimming Pool	30,000	4,123					4,123		
08-12/ 06-13/ 10-13/										
05-14	Various Sanitary Sewer, Storm Sewer and Road Improvements	720,782	43,348		\$ 105,432		\$ 96,152		\$ 52,628	
12-12	Replacement of 24" Sanitary Sewer Force Main(Phase III)	176,000	259					259		
03-13	Replacement of 24" Sanitary Sewer Force Main(Phase IV)	1,110,000		1,054,650					\$ 1,054,650	
12-13	Flood Acquisition Project	1,250,000		1,248,850			120			1,248,730
<u>Local Improvements</u>										
08-04	Replacements of Sidewalks, Curbs and Driveway Aprons - Union Boulevard	488,000	34,878	136,664		1,092			35,970	136,664
03-10	Replacements of Sidewalks, Curbs and Aprons-Union Blvd.	970,000	-	289,350	-	-	2,194	-	50,874	236,282
		<u>\$ 404,604</u>	<u>\$ 2,994,952</u>	<u>\$ 105,432</u>	<u>\$ 13,116</u>	<u>\$ 98,466</u>	<u>\$ 603,840</u>	<u>\$ 139,472</u>	<u>\$ 2,676,326</u>	

Cash Disbursements	\$ 19,961
Contracts Payable	17,741
Payments Made by Current Fund	60,764
	<u>\$ 98,466</u>

Fund Balance	\$ 47,739
Grants Receivable	271,516
Deferred Charges - Unfunded	265,438
Capital Improvement Fund	10,853
Reserve for Capital Improvements	8,294
	<u>\$ 603,840</u>

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

Ord. No.	Purpose	Balance, December 31, 2013	Funded by Assessments Collected	Grant Proceeds Received	Authorizations Cancelled	Balance, December 31, 2014	
						Capital Fund	Trust Fund
08-04	Replacement of Sidewalks, Curbs and Driveway Aprons - Union Boulevard	\$ 166,383	\$ 14,918			\$ 136,664	\$ 14,801
02-10	Union Blvd. Streetscape Improvements Phase I & II - NJDOT	494,771		\$ 134,229	\$ 265,438	95,104	
03-10	Replacement of Sidewalks, Curbs and Driveway Aprons - Union Blvd. Phase II	923,000	118,664			236,282	568,054
03-13	Replacement of 24" Sanitary Sewer Force Main	1,057,000				1,057,000	
12-13	Flood Acquisition Project	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>	<u>-</u>
		<u>\$ 3,891,154</u>	<u>\$ 133,582</u>	<u>\$ 134,229</u>	<u>\$ 265,438</u>	<u>\$ 2,775,050</u>	<u>\$ 582,855</u>

WATER UTILITY FUND

BOROUGH OF TOTOWA
STATEMENT OF CASH - WATER TREASURER

	<u>Operating</u>	<u>Assessment Trust</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 742,031	\$ 313	\$ 376
Increased by Receipts:			
Collector	\$ 3,021,494		
Received from Water Utility Operating Fund			\$ 195,278
Received from Water Utility Capital Fund	2		
Interest Earned	2,964		2
Reserve for Water Tower Fees	-	-	1,184
	<u>3,024,460</u>	<u>-</u>	<u>196,464</u>
	3,766,491	313	196,840
Decreased by Disbursements:			
2014 Budget Appropriations	2,342,537		
2013 Appropriation Reserves	704		
Encumbrances Payable	159,990		
Interest on Bonds	1,323		
Contracts Payable			68,000
Improvement Authorizations			647
Payments Made to Current Fund	111,546		
Payments Made to Other Trust Fund			16,633
Payments Made to General Capital Fund			110,000
Payments Made to Water Utility Operating Fund			2
Payments Made to Water Utility Capital Fund	195,278	-	-
	<u>2,811,378</u>	<u>-</u>	<u>195,282</u>
Balance, December 31, 2014	<u>\$ 955,113</u>	<u>\$ 313</u>	<u>\$ 1,558</u>

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

Received in 2014		
Consumer Accounts Receivable	\$ 2,991,915	
Interest on Delinquent Accounts	23,000	
Water Utility Liens	4,618	
Overpayments	<u>1,961</u>	
		\$ 3,021,494
Decreased by:		
Payment to Treasurer		<u>\$ 3,021,494</u>

EXHIBIT D-8

**ANALYSIS OF CASH
WATER UTILITY ASSESSMENT FUND**

	Balance, December 31, <u>2014</u>
Due to Water Utility Operating Fund	<u>\$ 313</u>

EXHIBIT D-9

**ANALYSIS OF CASH
WATER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2014</u>	
Fund Balance	\$ 1,961	
Capital Improvement Fund	127,108	
Due to General Capital Fund	397,022	
Reserve for Water Tower Fees	14,219	
Improvement Authorizations:		
<u>Ord. No.</u>	<u>Description</u>	
02-08	Acquisition of Pump for Shepherds Lane	3,885
12-01	Construction of Water Line @ Totowa Village	(583,577)
15-13	Abandonment of Shepherds Lane Pump Station	<u>40,940</u>
		<u>\$ 1,558</u>

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

Balance, December 31, 2013		\$ 533,198
Increased by:		
Water Usage Charges Levied	\$ 2,741,358	
Miscellaneous Fees and Charges	<u>285,378</u>	
		<u>3,026,736</u>
Decreased by:		
3,559,934		
Collections:		
Water Usage Charges	\$ 2,708,689	
Miscellaneous Fees	<u>283,226</u>	
		2,991,915
Overpayments Applied - Water Usage Charges		1,573
Transferred to Water Utility Liens		<u>4,524</u>
		<u>2,998,012</u>
Balance, December 31, 2014		<u>\$ 561,922</u>

**STATEMENT OF WATER UTILITY LIENS
WATER UTILITY OPERATING FUND**

Increased by:		
Transferred from Consumers' Accounts Receivable	\$ 4,524	
Penalties and Costs Accrued by Sale	<u>94</u>	
		\$ 4,618
Decreased by:		
Collections		<u>\$ 4,618</u>

**STATEMENT OF DUE TO CURRENT FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013		\$ 111,546
Increased by:		
Water Utility Operating Fund Expenditures Paid by Current Fund		<u>93,000</u>
		204,546
Decreased by:		
Payments to Current Fund		<u>111,546</u>
Balance, December 31, 2014		<u>\$ 93,000</u>

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

	Balance, December 31, <u>2013</u>	Additions - Net		Balance, December 31, <u>2014</u>
		<u>Budget Capital Outlay</u>	<u>Ordinances</u>	
Distribution Mains, Lines and Accessories	\$ 1,985,349			\$ 1,985,349
Pump Stations	893,743		\$ 65,175	958,918
Water Tanks and Towers	933,756			933,756
Vehicles and Heavy Equipment	61,108			61,108
Billing and Accounting Systems	31,011			31,011
Telemetry Machine	9,000			9,000
Water Meters	<u>213,063</u>	\$ 1,846	-	<u>214,909</u>
	<u>\$ 4,127,030</u>	<u>\$ 1,846</u>	<u>\$ 65,175</u>	<u>\$ 4,194,051</u>

EXHIBIT D-14

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

Ord. No.	<u>Improvement Description</u>	Balance December 31, <u>2013</u>	Costs from Fixed <u>Capital</u>	Costs to Fixed <u>Capital</u>	Balance, December 31, <u>2014</u>
02-08	Acquisition of Pump for Shepards Lane		\$ 3,885		\$ 3,885
15-13	Abandonment of Shepherds Lane Pump Station	<u>\$ 110,000</u>	-	\$ 69,060	<u>40,940</u>
		<u>\$ 110,000</u>	<u>\$ 3,885</u>	<u>\$ 69,060</u>	<u>\$ 44,825</u>

EXHIBIT D-15

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

Balance, December 31, 2013		\$ 14,722
Increased by:		
Receipts from Water Utility Operating Fund	\$ 195,278	
Interest on Investments	<u>2</u>	
		<u>195,280</u>
		210,002
Decreased by:		
2014 Budget Appropriation		
Cost of Improvements	\$ 150,000	
Capital Improvement Fund	60,000	
Payments to Water Utility Operating Fund	<u>2</u>	
		<u>\$ 210,002</u>

**BOROUGH OF TOTOWA
STATEMENT OF 2013 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, December 31, <u>2013</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries and Wages	\$ 43,283	\$ 43,283		\$ 43,283
Other Expenses	<u>132,648</u>	<u>132,648</u>	\$ 787	<u>131,861</u>
	<u>175,931</u>	<u>175,931</u>	<u>787</u>	<u>175,144</u>
CAPITAL IMPROVEMENTS				
Capital Outlay	<u>302</u>	<u>302</u>	<u>-</u>	<u>302</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Contribution to Social Security System (O.A.S.I)	<u>8,303</u>	<u>8,303</u>	<u>-</u>	<u>8,303</u>
	<u>8,303</u>	<u>8,303</u>	<u>-</u>	<u>8,303</u>
	<u>\$ 184,536</u>	<u>\$ 184,536</u>	<u>\$ 787</u>	<u>\$ 183,749</u>
			Cash Disbursements \$ 704	
			Accounts Payable <u>83</u>	
			<u>\$ 787</u>	

EXHIBIT D-17

**STATEMENT OF DUE FROM WATER UTILITY ASSESSMENT TRUST FUND
WATER UTILITY OPERATING FUND**

Increased by:	
Anticipated Revenue - Water Utility Assessment Trust Fund Balance	<u>\$ 313</u>
Balance, December 31, 2014	<u>\$ 313</u>

**BOROUGH OF TOTOWA
STATEMENT OF DUE TO GENERAL CAPITAL FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 507,022
Decreased by:	
Payments to General Capital Fund	<u>110,000</u>
Balance, December 31, 2014	<u>\$ 397,022</u>

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

Balance, December 31, 2013	\$ 159,990
Increased by:	
Charges to 2014 Budget Appropriations	<u>182,103</u>
	342,093
Decreased by:	
Cash Disbursements	<u>159,990</u>
Balance, December 31, 2014	<u>\$ 182,103</u>

**BOROUGH OF TOTOWA
STATEMENT OF ACCRUED INTEREST ON BONDS
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 110
Increased by:	
Budget Appropriation for Interest on Bonds	1,213
	1,323
Decreased by:	
Interest Paid	\$ 1,323

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

Balance, December 31, 2013	\$ 1,573
Increased by:	
Overpayments Received in 2014 Rents	1,961
	3,534
Decreased by:	
Overpayments Applied to 2014 Rents	1,573
Balance, December 31, 2013	\$ 1,961

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

Balance, December 31, 2013	\$ 394
Increased by:	
Charges to 2013 Appropriation Reserves	83
	477
Decreased by:	
Accounts Payable Cancelled	394
Balance, December 31, 2014	\$ 83

EXHIBIT D-23

**BOROUGH OF TOTOWA
STATEMENT OF DUE TO OTHER TRUST FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$	16,633
Decreased by:		
Payments to Other Trust Fund	\$	<u>16,633</u>

EXHIBIT D-24

**STATEMENT OF CONTRACTS PAYABLE
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$	71,885
Decreased by:		
Cash Disbursements	\$	68,000
Canceled Contracts Restored to Improvement Authorizations		<u>3,885</u>
	\$	<u>71,885</u>

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

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2013		Contracts Payable Cancelled	Paid or Charged	Balance, December 31, 2014	
			Funded	Unfunded			Funded	Unfunded
02-08	Acquisition of Pump for Shepherds Lane				\$ 3,885		\$ 3,885	
15-13	Abandonment of Shepherds Lane Pump Station	\$ 110,000	\$ 41,587	\$ -	-	\$ 647	40,940	\$ -
			<u>\$ 41,587</u>	<u>\$ -</u>	<u>\$ 3,885</u>	<u>\$ 647</u>	<u>\$ 44,825</u>	<u>\$ -</u>

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

Balance, December 31, 2013	\$ 67,108
Increased by:	
2014 Budget Appropriation Due from Water Operating Fund	<u>60,000</u>
Balance, December 31, 2014	<u>\$ 127,108</u>

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

Balance, December 31, 2013		\$ 3,344,453
Increased by:		
Serial Bonds Paid by Operating Budget	\$ 49,000	
Transfer from/to Deferred Reserve for Amortization - Net	65,175	
2014 Budget Appropriation - Cost of Improvements	150,000	
Capital Outlay		
2014 Budget Appropriation	1,846	
		266,021
Balance, December 31, 2014		\$ 3,610,474

EXHIBIT D-28

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

Ord. No. <u>Improvement Description</u>	Balance, December 31, <u>2014</u>	Transfer from Reserve for <u>Amortization</u>	Transfer to Reserve for <u>Amortization</u>	Balance, December 31, <u>2014</u>
02-08 Acquisition of Pump for Shepherds Lane		\$ 3,885		\$ 3,885
15-13 Abandonment of Shepherds Lane Pump Station	\$ 110,000	-	\$ 69,060	\$ 40,940
	\$ 110,000	\$ 3,885	\$ 69,060	\$ 44,825

EXHIBIT D-29

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

Balance, December 31, 2013		\$ 13,035
Increased by:		
Cash Receipt		1,184
Balance, December 31, 2014		\$ 14,219

**BOROUGH OF TOTOWA
STATEMENT OF WATER SERIAL BONDS
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Decreased</u>
			<u>Date</u>	<u>Amount</u>			
Water Utility Bonds	6/15/1994	\$ 700,000				\$ 49,000	\$ 49,000
						<u>\$ 49,000</u>	<u>\$ 49,000</u>
					Paid by Budget Appropriation		<u>\$ 49,000</u>

**BOROUGH OF TOTOWA
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
WATER UTILITY CAPITAL FUND**

<u>Ord.</u> <u>No.</u>	<u>Purpose</u>	Balance, December 31, <u>2013</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2013</u>
12-01	Construction of Water Line @ Totowa Villages	\$ 733,577	\$ 150,000	\$ 583,577
		<u>\$ 733,577</u>	<u>\$ 150,000</u>	<u>\$ 583,577</u>

SWIM POOL UTILITY FUND

BOROUGH OF TOTOWA
STATEMENT OF SWIM POOL UTILITY CASH - TREASURER

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 73,226	\$ 192
Increased by Receipts:		
Swim Pool Fees	\$ 42,207	
Cash Receipts from Current Fund	2,313	
Non-Budget Revenues	<u>142</u>	-
	<u>44,662</u>	<u>-</u>
	117,888	192
Decreased by Disbursements:		
2014 Budget Appropriations	90,878	
Encumbrances Payable	<u>1,015</u>	-
	<u>91,893</u>	<u>-</u>
Balance, December 31, 2014	<u>\$ 25,995</u>	<u>\$ 192</u>

EXHIBIT E-6

ANALYSIS OF SWIM POOL UTILITY CAPITAL FUND - CASH

	Balance, December 31, <u>2014</u>
Fund Balance	<u>\$ 192</u>

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

<u>Description</u>	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Improvement of Municipal Swimming Pool	\$ 119,745	\$ 119,745
Installation of Various Improvements on the Site of Existing Swimming Pool	<u>119,627</u>	<u>119,627</u>
	<u>\$ 239,372</u>	<u>\$ 239,372</u>

EXHIBIT E-8

**STATEMENT OF 2013 APPROPRIATION RESERVES
SWIM POOL UTILITY OPERATING FUND**

	Balance, December 31, <u>2013</u>	Balance After <u>Transfer</u>	Balance <u>Lapsed</u>
Operating			
Salaries and Wages	\$ 12,116	\$ 12,116	\$ 12,116
Other Expenses	3,122	3,122	3,122
 CAPITAL IMPROVEMENTS			
Capital Outlay	15,000	15,000	15,000
 DEFERRED CHARGES AND STATUTORY EXPENDITURES			
Contribution to Social Security System (O.A.S.I.)	<u>1,258</u>	<u>1,258</u>	<u>1,258</u>
	<u>\$ 31,496</u>	<u>\$ 31,496</u>	<u>\$ 31,496</u>
	Due to Current Fund		<u>\$ 31,496</u>

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

Balance, December 31, 2013	\$	39,862
Increased by:		
2013 Appropriation Reserves Cancelled - Prior Year Deficit Funding Returned	\$	31,496
Received from Current Fund		<u>2,313</u>
		<u>33,809</u>
		73,671
Decreased by:		
Anticipated Revenue - Deficit (General Budget)	\$	<u>73,671</u>

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

Balance, December 31, 2013	\$	1,015
Increased by:		
Charges to 2014 Budget Appropriations		<u>636</u>
		1,651
Decreased by:		
Cash Disbursements		<u>1,015</u>
Balance, December 31, 2014	\$	<u>636</u>

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

Balance, December 31, 2013	\$ <u>244</u>
Balance, December 31, 2014	\$ <u><u>244</u></u>

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

Balance, December 31, 2013	\$ <u>239,372</u>
Balance, December 31, 2014	\$ <u><u>239,372</u></u>

PUBLIC ASSISTANCE FUND

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

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
Balance, December 31, 2013	\$ 25,047	\$ 7,333	\$ 17,714
Increased by:			
State Aid	41,700		41,700
Interest Earned	<u>48</u>	<u>18</u>	<u>30</u>
	<u>41,748</u>	<u>18</u>	<u>41,730</u>
	66,795	7,351	59,444
Decreased by:			
Public Assistance Expenditures Eligible for State Aid	43,515		43,515
Payments to Current Fund	<u>2,520</u>	<u>20</u>	<u>2,500</u>
	<u>46,035</u>	<u>20</u>	<u>46,015</u>
Balance, December 31, 2014	<u>\$ 20,760</u>	<u>\$ 7,331</u>	<u>\$ 13,429</u>

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

Balance, December 31, 2013		\$ 10,002
Increased by:		
Interest Earnings		18
		10,020
Decreased by:		
Payments to Current Fund		2,520
Balance, December 31, 2014		\$ 7,500

EXHIBIT F-3

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
Balance, December 31, 2013	\$ 15,045	\$ 7,331	\$ 7,714
Increased by:			
Revenues	41,730	-	41,730
	56,775	7,331	49,444
Decreased by:			
Expenditures	43,515	-	43,515
Balance, December 31, 2014	\$ 13,260	\$ 7,331	\$ 5,929

EXHIBIT F-4

STATEMENT OF PUBLIC ASSISTANCE REVENUES

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
State Aid Payments	\$ 41,700		\$ 41,700
Interest Earnings	30	-	30
Total Revenues	41,730	-	41,730
Interest Earnings - Due to Current Fund	18	\$ 18	-
Total Receipts	\$ 41,748	\$ 18	\$ 41,730

BOROUGH OF TOTOWA
STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	<u>Total</u>	<u>Account #1</u>	<u>Account #2</u>
Current Year Assistance (State Matching)			
Maintenance	\$ 13,860		\$ 13,860
Temporary Rental Assistance	27,132		27,132
Burial	<u>2,523</u>	<u>-</u>	<u>2,523</u>
 Total Expenditures	 43,515	 -	 43,515
 Due to Current Fund	 <u>2,520</u>	 <u>\$ 20</u>	 <u>2,500</u>
 Total Disbursements	 <u>\$ 46,035</u>	 <u>\$ 20</u>	 <u>\$ 46,015</u>

BOROUGH OF TOTOWA
PASSAIC COUNTY, NEW JERSEY

PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

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CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
KEVIN LOMSKI, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Totowa as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 30, 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.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and responses as item 2014-001 that we consider to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Totowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 is described in the accompanying schedule of findings and responses as item 2014-001.

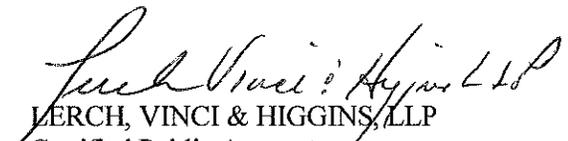
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Totowa in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Borough of Totowa's Response to Finding

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

Purpose of this Report

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


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
June 30, 2015

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

<u>Federal Program</u>		<u>State Account Number</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>2014 Grant Receipts</u>	<u>Balance January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment/ (Cancelled)</u>	<u>Balance December 31, 2014</u>	<u>Cumulative Expended</u>
Dept. of Transportation (Passed through the State Department of Transportation)											
Highway Planning and Construction			20.205								
West End Rd. Ord. 7-09	Capital	078-6320-480-6010		\$ 200,000		\$ 8,656			\$ (8,656)		\$ 191,344
Union Blvd. Streetscape Phase I Ord. 2-10	Capital	078-6320-480-FBD		200,000	\$ 2,457	55,000			(55,000)		145,000
Union Blvd. Streetscape Phase II Ord. 2-10	Capital	078-6320-480-FBD		400,000	131,772	38,905			(38,905)		361,095
Grant Avenue - Section II	Current	078-6320-480-AKN		175,000		33,067			(33,067)		141,933
Community Development Block Grant (Passed through the County of Passaic)											
Sewer Main Improvements Ord. 10-2013			14.218								
Flood Acquisition Project Ord. 12-2013	Capital	N/A		7,100		1,914				\$ 1,914	5,186
Sewer Main Improvements Ord. 05-2014	Capital	N/A		925,000		923,850				923,850	1,150
	Capital	N/A		105,432	94,851		\$ 105,432	\$ 94,851		10,581	94,851
Department of Homeland Security											
FEMA											
Assistance to Firefighters	Current	N/A	97.044	87,566		11,325		7,782		3,543	84,023
Homeland Security Grant Program (Pass. Through State Department of Law and Public Safety)											
Securing the Cities	Current	066-1200-100-A62-12	97.106	591		591	-	591	-	-	591
						<u>\$ 1,073,308</u>	<u>\$ 105,432</u>	<u>\$ 103,224</u>	<u>\$ (135,628)</u>	<u>\$ 939,888</u>	

Note: This schedule is not subject to a Single Audit in accordance with Federal OMB Circular A-133.

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

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2014 Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Program Income</u>	<u>Adjustment/ (Cancelled)</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expended</u>
Drug and Alcohol Municipal Alliance	N/A	2014	\$ 23,533			\$ 23,533	\$ 20,013			\$ 3,520	\$ 20,013
		2013	24,625	\$ 22,950	\$ 16,256					16,256	8,369
		2012	25,163		3,356					3,356	21,807
		2011	25,163		2,258					2,258	22,905
		2010	27,200		492					492	26,708
Clean Communities Grant Program	42-4900-765-004	2014	16,557	16,557							
		2013	17,654			17,654				17,654	-
		2012	15,037		15,037					15,037	-
		2011	15,209		15,209					15,209	-
		2010	15,392		15,392					15,392	-
		2009	14,782		14,782		6,809			7,973	6,809
		2008	11,531		3,683		3,683			-	11,531
Drunk Driving Enforcement Fund	1110-448-031020-22	2003	647		647					647	-
		2000	1,429		81					81	1,348
		1998	4,399		660					660	3,739
		1997	2,926		750					750	2,176
		1996	4,019		997		639			358	3,661
Alcohol Education and Rehabilitation	16-9735-760-001	2014	2,777	2,777						-	-
		2013	3,325			3,325	723			2,602	723
		2012	2,051		2,051					2,051	-
		2011	2,265		277		277			-	2,265
Safe and Secure Communities Program	66-1020-100-232	2014	60,000	40,834		60,000	60,000			-	60,000
Department of Health and Senior Services H1N1 Influenza Vaccine Planning Grant	N/A	2010	20,502		7,719				(7,719)	-	12,783

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

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2014 Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Program Income</u>	<u>Adjustment/ (Cancelled)</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expended</u>
Body Armour Replacement Fund	66-1020-718-001	2014	\$ 6,034	\$ 5,314		\$ 3,582				\$ 3,582	2,452
		2013	7,872		\$ 7,154	718	3,146			4,726	3,146
		2012	2,865		2,865		2,865			-	2,865
		2010	1,188		6		6			-	1,188
Highway Safety Fund - Safe Corridors	078-6100-100-051-12	2014	8,797	8,797		8,797				8,797	-
		2013	7,717		7,717		7,717			-	7,717
		2012	8,995		8,995					8,995	-
Recycling Tonnage Grant	42-4900-752-001	2014	13,486	13,486						-	
		2013	13,623			13,623	13,623			-	13,623
		2012	4,738		4,510		4,221			289	4,449
Net Loss Reforestation Grant (Ord. 15-08)	4870-100-074-042	2008	349,500		181,698			(181,698)	-	167,802	
Green Acres Grant (Ord. 12-2013)	1612-12-015	2013	325,000		325,000				325,000	-	
Department of Human Services General Assistance	54-7550-100-121	2014	41,700	41,700	7,714	41,700	43,515	\$ 30	\$ -	5,929	43,515
					<u>\$ 645,306</u>	<u>\$ 172,932</u>	<u>\$ 167,237</u>	<u>\$ 30</u>	<u>\$ (189,417)</u>	<u>\$ 461,614</u>	

Note: This schedule is not subject to a Single Audit in accordance with NJ OMB Circular 15-08.

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

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

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Totowa. 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		\$ 131,232	\$ 131,232
General Capital Fund	\$ 105,432		105,432
Public Assistance Fund	<u>-</u>	<u>41,700</u>	<u>41,700</u>
Total Financial Awards	<u>\$ 105,432</u>	<u>\$ 172,932</u>	<u>\$ 278,364</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 TOTOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified	<u> </u> yes <u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	<u> X </u> yes <u> </u> none reported
Noncompliance material to the financial statements noted?	<u> </u> yes <u> X </u> no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF TOTOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 – We noted two (2) contract awards that did not have approved appropriations or improvement authorizations. We noted subsequent funds were made available through reappropriation of other funding sources.

Criteria or Specific Requirement – Encumbrance Accounting System N.J.A.C. 5:30-5.3.

Condition – Two (2) contracts were awarded for projects that did not have available Current Fund appropriations or General Capital Fund improvement authorization balances.

Context – One contract was awarded for Lincoln Field drainage improvements in the amount of \$96,470 and one contract was awarded for engineering expenses for Gordon Ave. improvements in the amount of \$32,000.

Effect – Funds to complete contracts awarded for improvements or services may not be available.

Cause – Available Current Fund appropriations and General Capital Fund ordinance balances were not reviewed prior to the awarding of contracts.

Recommendation – Internal control procedures be revised to ensure available sufficient funds are available prior to the awarding of contracts.

View of Responsible Official and Planned Corrective Action – Management has reviewed this finding and has indicated corrective action will be developed and implemented in 2015 to address this finding.

**BOROUGH OF TOTOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE.

CURRENT YEAR STATE AWARDS

NOT APPLICABLE.

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

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

PART III

**SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2014**

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

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

	Year 2014		Year 2013	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,895,000	3.51 %	\$ 1,800,000	3.31 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,278,905	6.08	3,625,286	6.68
Collection of Delinquent Taxes	596,191	1.11	724,026	1.33
Collection of Current Tax Levy	47,454,347	87.96	47,726,243	87.89
Other Credits to Income	<u>723,956</u>	<u>1.34</u>	<u>425,774</u>	<u>0.78</u>
Total Income	<u>53,948,399</u>	<u>100.00 %</u>	<u>54,301,329</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	15,223,351	29.30 %	15,197,795	28.97 %
County Taxes	13,582,584	26.14	14,103,627	26.88
Local and Regional School Taxes	23,135,694	44.52	23,162,897	44.15
Other Expenditures	<u>19,050</u>	<u>0.04</u>	<u>3,999</u>	<u>0.01</u>
Total Expenditures	<u>51,960,679</u>	<u>100.00 %</u>	<u>52,468,318</u>	<u>100.00 %</u>
Statutory Excess to Fund Balance	1,987,720		1,833,011	
Fund Balance, January 1	<u>2,501,448</u>		<u>2,468,437</u>	
	4,489,168		4,301,448	
Less Utilization as Anticipated Revenue	<u>1,895,000</u>		<u>1,800,000</u>	
Fund Balance, December 31	<u>\$ 2,594,168</u>		<u>\$ 2,501,448</u>	

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
WATER 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	\$ 200,000	5.87 %	\$ 200,000	6.08 %
Collection of Water Usage Charges	2,714,880	79.65	2,665,068	81.02
Miscellaneous - From Other Than				
Water Usage Charges	309,505	9.08	391,478	11.90
Other Credits to Income	<u>184,143</u>	<u>5.40</u>	<u>32,998</u>	<u>1.00</u>
Total Income	<u>3,408,528</u>	<u>100.00 %</u>	<u>3,289,544</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	2,637,280	85.54 %	2,542,568	83.17 %
Capital Improvements	105,000	3.41	100,000	3.27
Debt Service	50,213	1.63	215,625	7.05
Deferred Charges and Statutory Expenditures	<u>290,500</u>	<u>9.42</u>	<u>198,882</u>	<u>6.51</u>
Total Expenditures	<u>3,082,993</u>	<u>100.00 %</u>	<u>3,057,075</u>	<u>100.00 %</u>
Statutory Excess to Fund Balance	325,535		232,469	
Fund Balance, January 1	<u>298,604</u>		<u>266,135</u>	
	624,139		498,604	
Less Utilization as Anticipated Revenue	<u>200,000</u>		<u>200,000</u>	
Fund Balance, December 31	<u>\$ 424,139</u>		<u>\$ 298,604</u>	

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS 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				
Collection of Swimming Pool Fees	\$ 42,207	99.66 %	\$ 41,332	99.77 %
Miscellaneous	<u>142</u>	<u>0.34</u>	<u>97</u>	<u>0.23</u>
Total Income	<u>42,349</u>	<u>100.00 %</u>	<u>41,429</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	96,420	83.11 %	94,500	79.90 %
Capital Improvements	15,000	12.93	15,000	12.68
Deferred Charges and Statutory Expenditures	<u>4,600</u>	<u>3.96</u>	<u>8,775</u>	<u>7.42</u>
Total Expenditures	<u>116,020</u>	<u>100.00 %</u>	<u>118,275</u>	<u>100.00 %</u>
Deficit in Revenue	(73,671)		(76,846)	
Adjustments to Income Before Fund Balance				
Realized from General Budget for Anticipated Deficit	<u>73,671</u>		<u>76,846</u>	
Statutory Excess to Fund Balance	-		-	
Fund Balance, January 1	<u>\$ 609</u>		<u>\$ 609</u>	
Fund Balance, December 31	<u>\$ 609</u>		<u>\$ 609</u>	

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.122</u>	<u>\$2.103</u>	<u>\$2.060</u>

Apportionment of Tax Rate

Municipal	.4960	.4809	.441
Library	.0292	.0306	.033
County	.5818	.5930	.611
County – Open Space	.0087	.0091	.010
Local District School	.6096	.5884	.566
Regional High School	.3967	.4010	.399

Assessed Valuation

2014	<u>\$2,299,478,936</u>	
2013		<u>\$2,341,247,547</u>
2012		<u>\$2,378,332,462</u>

Comparison of Tax Levies and Collection

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 48,822,064	\$ 48,175,347	98.67%
2013	49,263,053	48,447,243	98.34%
2012	49,018,166	48,053,226	98.03%

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	\$ 577,504	-	\$ 577,504	1.18%
2013	592,296	-	592,296	1.20%
2012	731,342	-	731,342	1.49%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2014	\$72,900
2013	72,900
2012	72,900

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections(*)</u>	<u>Percentage of Collection</u>
2014	\$3,026,736	\$2,998,012	99.05%
2013	3,040,393	3,031,173	99.69%
2012	2,941,132	2,851,975	96.97%

*Includes collection of prior year receivables.

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2014	\$2,594,168	\$1,895,000
	2013	2,501,448	1,895,000
	2012	2,468,437	1,800,000
	2011	2,686,299	1,828,000
	2010	2,546,024	1,849,700
Water Utility Fund	2014	\$424,139	\$282,384
	2013	298,604	200,000
	2012	266,135	200,000
	2011	230,464	180,000
	2010	340,796	150,000
Swim Pool Utility Operating Fund	2014	\$609	
	2013	609	
	2012	609	
	2011	609	
	2010	609	

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
John Coiro	Mayor		
Debra Andriani	Councilwoman		
Louis D'Angelo	Councilman		
Carolyn Fontanella	Councilwoman		
Anthony Picarelli	Councilman		
Philip Puglise	Councilman		
John Waryas	Councilman (January 2014-June 2014)		
Brendan Murphy	Councilman (July 2014-December 2014)		
Joseph Wassel	Borough Clerk		
	Unconfirmed Assessment Search Officer		
	Certifying Agent - Retirement Systems		
Carol Potoczak	Deputy Water Registrar		
Elaine Reddin	Tax Collector	(a)	
Lisa Nash	Treasurer/CFO	(a)	
Kathryn Wasilewski	Deputy Borough Clerk		
Jennifer Bernardo	Water Registrar	(a)	
Curt T. Masklee	Tax Assessor		
Allan Burghardt	Construction Official, Building Sub-Code Official		
Ernest Paese	Sewer Plant Superintendent		
Michael Baker	Plumbing Sub-Code Official		
Robert Corrado	Attorney		
John Clarke	Prosecutor (04/01/11-12/31/11)		
Ramsey Merhi	Public Defender		
Alaimo Engineering	Borough Engineer and Consulting Engineer		
Thomas Watkins	Treasurer of Library	(a)	
Mario Batelli	Judge	(a)	
Georgeann Gosnell	Court Administrator	(a)	
Maryann Coral	Deputy Court Clerk		
Sue D'Aiuto	Bd. of Health Clerk and Registrar		
Robert W. Coyle	Chief of Police		

(a) Public Employee Dishonesty Coverage was issued by the Garden State Municipal Joint Insurance Fund in the amount of \$1,000,000 per loss covering the selected employees.

All surety Bonds were presented for examination and were properly executed.

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

GENERAL COMMENTS

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

Prior Year Findings Unresolved

The following general findings were reported in the prior year's audit and are reported as well in the current year's audit.

Our audit revealed numerous interfund balances existed between the various funds at December 31, 2014. It is recommended that continued efforts be made to clear all interfund balances of record.

Our audit of tickets issued in the Municipal Court revealed 306 tickets assigned, not issued which were in excess of six (6) months old. It is recommended that traffic tickets assigned, not issued over six months be recalled and reassigned by the Municipal Court.

Current Year Findings

Our audit of the Swim Pool revenue collections and accounting records revealed the following:

- Pre-numbered cash receipts were not issued for each payment received during the year.
- A detailed and complete daily cash receipt journal was not maintained for revenues collected.
- Membership numbers do not appear to be issued in sequential order as numerous membership numbers are vacant and remain open on the membership list.

It is recommended that internal control procedures and recordkeeping over the Swim Pool revenue collection, accounting and reporting system be enhanced to ensure transactions are properly documented and recorded.

Our audit of the recreation department revealed that the cash receipts ledger was not properly detailed and appeared incomplete. It is recommended that a detailed and complete cash receipts journal be maintained for amounts collected by the recreation department.

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year.

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

GENERAL COMMENTS (Continued)

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

The minutes indicate that bids were requested by public advertising for the following items:

Purchase and Delivery of New Rescue Unit	Purchase and Delivery of New Backhoe
Sanitary Sewer Main Rehabilitation – Phase II	Purchase New Wood Chipper
Lincoln Field Drainage Improvement – Phases II and III	Solid Waste Collection and Disposal Services

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

Our examination of expenditures did not reveal any payments, contracts or agreements in excess of \$17,500 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Collection of Interest of Delinquent Taxes, Assessments and Water Charges

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

The Governing Body on January 1, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes and water accounts:

"BE IT RESOLVED, by the Borough Council of the Borough of Totowa that the Tax Collector is hereby authorized and directed to charge interest on delinquent taxes and assessments accounts as follows:

First 10 Days of Tax Payments	No Penalty
Thereafter, from the Due Date of Tax Payments for the 1st \$1,500	8%
Thereafter, the Balance in Excess of \$1,500	18%
Additional Penalty for Delinquency Over \$10,000 If Not Paid Prior to End of Calendar Year	6%

BE IT FURTHER RESOLVED, that the Senior Citizens of record be exempt from interest for the first 30 days.

BE IT RESOLVED, by the Borough Council of Totowa that the Water Registrar is hereby authorized and directed to charge interest on delinquent water accounts as follows:

First 30 Days of Payment	No Penalty
Thereafter the First \$1,000	8%
In Excess of \$1,000	18%

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

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

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 23, 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	0
2013	0
2012	0

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

Suggestions to Management

- The Borough continue its review of both water purchases from Passaic Valley Water Commission and water consumption billed to its customers in the Water Utility Operating Fund.

APPRECIATION

We desire to express our appreciation to the Borough Clerk, Treasurer/CFO and the other Borough staff who assisted us during the course of our audit.

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

RECOMMENDATIONS

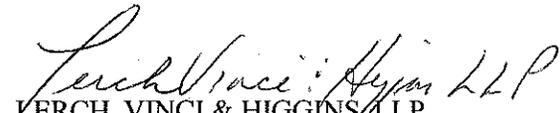
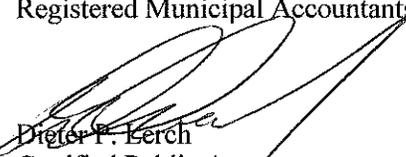
It is recommended that:

1. Internal control procedures be revised to ensure sufficient funds are available prior to the awarding of contracts.
- * 2. Continued efforts be made to clear all interfund balances of record.
- * 3. Traffic tickets assigned, not issued over six months be recalled and reassigned by the Municipal Court.
4. Internal control procedures and recordkeeping over the Swim Pool revenue collection accounting and reporting system be enhanced to ensure transactions are properly documented and recorded.
5. A detailed and complete cash receipts journal be maintained for amounts collected by the recreation department.

A review was performed on all prior year recommendations and corrective action was taken on all, except the recommendations denoted with an asterisk (*).

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

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


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

Dieter F. Lerch
Certified Public Accountant
RMA Number CR00398