

BOROUGH OF TOTOWA
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015

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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, 2015



LERCH, VINCI & HIGGINS, LLP

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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, 2015 and 2014, 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, 2015, 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 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 financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, 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, 2015 and 2014, 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, 2015 and 2014, 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, 2015 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 28, 2016 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 28, 2016

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

| ASSETS | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|----------------------|----------------------|
| Cash | A-4 | \$ 14,249,545 | \$ 13,629,973 |
| Cash - Change Funds | A-6 | 520 | 720 |
| Cash - Petty Cash Funds | A-7 | 150 | 150 |
| Grants Receivable | A-13 | <u>338,143</u> | <u>54,522</u> |
| | | <u>14,588,358</u> | <u>13,685,365</u> |
| | | | |
| Receivables and Other Assets with Full Reserves | | | |
| Delinquent Property Taxes | A-9 | 1,106,878 | 577,504 |
| Tax Title Liens | A-10 | 2,363 | |
| Property Acquired for Taxes | A-11 | 72,900 | 72,900 |
| Revenue Accounts Receivable | A-12 | 65,201 | 41,168 |
| Due from Assessment Trust Fund | B-4 | 11,930 | 1,919 |
| Due from Animal Control Fund | B-7 | 712 | 818 |
| Due from General Capital Fund | C-5 | 557,615 | 1,024,709 |
| Due from Water Utility Operating Fund | D-11 | 150,518 | 93,000 |
| Due from Swim Pool Utility Operating Fund | E-9 | 24,516 | |
| Due from Public Assistance Fund | F-2 | <u>2</u> | <u>7,500</u> |
| | | <u>1,992,635</u> | <u>1,819,518</u> |
| | | | |
| Deferred Charges | | | |
| Special Emergency Authorization | A-14 | <u>22,400</u> | <u>72,600</u> |
| | | <u>\$ 16,603,393</u> | <u>\$ 15,577,483</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, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|----------------------|----------------------|
| LIABILITIES, RESERVES, AND FUND BALANCE | | | |
| Appropriation Reserves | A-3,A-15 | \$ 838,459 | \$ 1,243,246 |
| Encumbrance Payable | A-16 | 350,951 | 448,562 |
| Accounts Payable | A-17 | 183,244 | 426,167 |
| Prepaid Taxes | A-18 | 391,454 | 176,979 |
| Tax Overpayments | A-19 | 54,907 | 6,361 |
| Fees Payable | A-20 | 12,964 | 10,594 |
| County Taxes Payable-Added Taxes | A-22 | 4,186 | 7,561 |
| Local District School Tax Payable | A-23 | 4,654,181 | 4,286,816 |
| Regional High School Tax Payable | A-24 | 2,587,572 | 2,482,245 |
| Due to State of NJ - Senior Citizens' and Veterans' Deductions | A-8 | 79,593 | 79,797 |
| Due to Other Trust Fund | B-9 | 184,969 | 123,951 |
| Reserve for Unappropriated Grants | A-25 | 27,662 | 50,272 |
| Reserve for Appropriated Grants | A-26 | 114,635 | 117,559 |
| Reserve for Tax Appeals Pending | A-27 | 2,392,089 | 1,696,184 |
| Miscellaneous Reserves | A-28 | <u>7,503</u> | <u>7,503</u> |
| | | 11,884,369 | 11,163,797 |
| Reserve for Receivables | A | 1,992,635 | 1,819,518 |
| Fund Balance | A-1 | <u>2,726,389</u> | <u>2,594,168</u> |
| | | <u>\$ 16,603,393</u> | <u>\$ 15,577,483</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|-------------------------|-------------------------|
| REVENUE AND OTHER INCOME REALIZED | | | |
| Fund Balance Utilized | A-2 | \$ 1,895,000 | \$ 1,895,000 |
| Miscellaneous Revenue Anticipated | A-2 | 3,282,631 | 2,842,227 |
| Receipts from Delinquent Taxes | A-2 | 577,109 | 596,191 |
| Receipts from Current Taxes | A-2 | 50,877,955 | 47,454,347 |
| Non-Budget Revenue | A-2 | 572,374 | 436,678 |
| Other Credits to Income | | | |
| Unexpended Balance of Appropriation Reserves | A-15 | 529,679 | 459,512 |
| Swim Pool Utility Fund - Prior Year | | | |
| Operating Deficit Funding Returned | E-9 | 24,506 | 31,496 |
| Statutory Excess - Animal Control Fund | B-7 | 711 | 1,480 |
| Cancelled Appropriated Grant Reserves | A-1 | | 39,651 |
| Interfunds Returned | A | <u>474,698</u> | <u>191,817</u> |
| Total Income | | <u>58,234,663</u> | <u>53,948,399</u> |
| EXPENDITURES | | | |
| Budget and Emergency Appropriations | | | |
| Operations | | | |
| Salaries and Wages | A-3 | 6,288,617 | 6,346,757 |
| Other Expenses | A-3 | 6,866,483 | 6,674,780 |
| Capital Improvements | A-3 | 1,074,960 | 684,000 |
| Deferred Charges and Statutory Expenditures | A-3 | 1,511,614 | 1,422,814 |
| Judgements | A-1 | | 95,000 |
| County Taxes | A-21 | 16,319,074 | 13,575,030 |
| Due County For Added and Omitted Taxes | A-22 | 4,179 | 7,554 |
| Local District School Tax | A-23 | 14,719,070 | 14,015,703 |
| Regional High School Tax | A-24 | 9,330,150 | 9,119,991 |
| Senior Citizens' Deductions Disallowed for Prior Year Taxes | A-8 | 1,250 | 16,500 |
| Cancelled Grants Receivable | A-1 | | 2,550 |
| Interfunds Advanced | A | <u>92,045</u> | <u>-</u> |
| Total Expenditures | | <u>56,207,442</u> | <u>51,960,679</u> |
| Statutory Excess to Fund Balance | | 2,027,221 | 1,987,720 |
| Fund Balance, January 1 | A | <u>2,594,168</u> | <u>2,501,448</u> |
| | | 4,621,389 | 4,489,168 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-1,A-2 | <u>1,895,000</u> | <u>1,895,000</u> |
| Fund Balance, December 31, | A | <u>\$ 2,726,389</u> | <u>\$ 2,594,168</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, 2015**

| | <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-12 | 11,000 | 11,388 | \$ 388 |
| Other | A-2 | 20,000 | 36,985 | 16,985 |
| Fees and Permits | A-2 | 40,000 | 72,764 | 32,764 |
| Fees and Permits: - Road Opening Permits PSE&G | A-12 | 108,000 | 110,852 | 2,852 |
| Fines and Costs | | | | |
| Municipal Court | A-12 | 260,000 | 277,494 | 17,494 |
| Interest and Costs on Taxes | A-12 | 120,000 | 169,863 | 49,863 |
| Energy Receipts Tax | A-12 | 1,304,214 | 1,304,214 | |
| Uniform Fire Safety Act Fees | A-12 | 7,000 | 15,152 | 8,152 |
| Cable Television Franchise Fee | A-12 | 158,000 | 158,075 | 75 |
| Uniform Construction Code Fees | A-12 | 190,000 | 339,028 | 149,028 |
| Public and Private Revenues Offset | | | | |
| With Appropriations | | | | |
| Recycling Tonnage Grant - Reserve | A-25 | 13,486 | 13,486 | |
| Clean Communities Program - Reserve | A-25 | 16,557 | 16,557 | |
| Alcohol Education and Rehabilitation - Reserve | A-25 | 2,777 | 2,777 | |
| Safe and Secure Communities Program | A-13 | 60,000 | 60,000 | |
| Safe and Secure Communities Program - Reserve | A-25 | 15,000 | 15,000 | |
| Municipal Alliance on Alcoholism | A-13 | 22,440 | 22,440 | |
| NJDOT Safe Corridors | A-13 | 10,434 | 10,434 | |
| Body Armor - Reserve | A-25 | 2,452 | 2,452 | |
| FEMA - Hazard Mitigation Grant Program | A-13 | 265,764 | 265,764 | |
| Special Items of General Revenue | | | | |
| Uniform Fire Safety Act Rebate | A-12 | 20,000 | 29,457 | 9,457 |
| Hotel/Motel Tax | A-12 | 105,000 | 127,971 | 22,971 |
| Sewer User Fees | A-12 | <u>250,000</u> | <u>220,478</u> | <u>(29,522)</u> |
| Total Miscellaneous Revenues | A-1 | <u>3,002,124</u> | <u>3,282,631</u> | <u>280,507</u> |
| Receipts from Delinquent Taxes | A-1,A-9 | <u>261,000</u> | <u>577,109</u> | <u>316,109</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, 2015**

| | <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 | A-9 | \$ 11,630,155 | \$ 11,539,360 | \$ (90,795) |
| Minimum Library Tax | A-9 | <u>716,122</u> | <u>716,122</u> | <u>-</u> |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | A-2 | <u>12,346,277</u> | <u>12,255,482</u> | <u>(90,795)</u> |
| Budget Revenues | A-3 | <u>\$ 17,504,401</u> | 18,010,222 | <u>\$ 505,821</u> |
| Non-Budget Revenues | A-1,A-2 | | <u>572,374</u> | |
| | | | <u>\$ 18,582,596</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, 2015
(Continued)

| | <u>Reference</u> | |
|---|---------------------|----------------------|
| ANALYSIS OF REALIZED REVENUES | | |
| Allocation of Current Tax Collections | | |
| Revenue From Collections | A-9 | \$ 51,377,955 |
| Less: Reserve for Tax Appeals | A-27 | <u>500,000</u> |
| Revenue Realized | A-1 | 50,877,955 |
| Allocated to | | |
| Local School, Regional High School and County Taxes | A-21,A-22,A-23,A-24 | <u>40,372,473</u> |
| | | 10,505,482 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>1,750,000</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u>\$ 12,255,482</u> |
| Licenses - Other | | |
| Borough Clerk | A-12 | \$ 16,933 |
| Board of Health/Registrar of Vital Statistics | A-12 | <u>20,052</u> |
| | A-2 | <u>\$ 36,985</u> |
| Fees and Permits | | |
| Borough Clerk | A-12 | \$ 2,680 |
| Board of Health/Registrar of Vital Statistics | A-12 | 23,989 |
| Planning Board | A-12 | 16,950 |
| Zoning Board of Adjustment | A-12 | 28,593 |
| Police | A-12 | <u>552</u> |
| | A-2 | <u>\$ 72,764</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, 2015
(Continued)

Reference

ANALYSIS OF NON-BUDGET REVENUES

| | | |
|---|---------|-------------------|
| Interest on Deposits | | \$ 50,765 |
| Rent | | 268,874 |
| Host Community Fees | | 69,106 |
| Interest on Assessments | | 11,912 |
| Misc. Refunds/Reimbursements | | 300 |
| Accident Reports | | 5,143 |
| Administrative Fee - Police Outside Duty | | 135,035 |
| Motor Vehicle Fees | | 3,035 |
| Other | | 24,591 |
| Copies | | 385 |
| Administrative Fee - Sr. Citizens & Veterans Deductions | | <u>3,228</u> |
| | A-1,A-2 | <u>\$ 572,374</u> |
| | | |
| Cash Receipts | A-4 | \$ 420,005 |
| Due from Assessment Trust Fund | B-4 | 12,161 |
| Due from Animal Control Fund | B-7 | 11 |
| Due from Other Trust Fund | B-9 | 139,204 |
| Due from General Capital Fund | C-5 | 975 |
| Due from Public Assistance Trust Fund | F-2 | <u>18</u> |
| | A-1,A-2 | <u>\$ 572,374</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, 2015

| | <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 | \$ 32,128 | | |
| Municipal Clerk | | | | | |
| Salaries & Wages | 249,443 | 249,443 | 248,787 | \$ 656 | |
| Other Expenses | 25,000 | 25,000 | 19,557 | 5,443 | |
| 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 | 17,508 | 17,508 | 17,455 | 53 | |
| Other Expenses | 7,000 | 7,000 | 6,165 | 835 | |
| Financial Administration | | | | | |
| Salaries & Wages | 76,500 | 76,500 | 76,477 | 23 | |
| Other Expenses | 25,000 | 25,000 | 18,600 | 6,400 | |
| Annual Audit | 39,700 | 39,700 | 39,700 | | |
| Assessment of Taxes | | | | | |
| Salaries & Wages | 94,333 | 94,333 | 94,333 | | |
| Other Expenses | 35,000 | 35,000 | 23,624 | 11,376 | |
| Collection of Taxes | | | | | |
| Salaries & Wages | 48,238 | 48,238 | 48,238 | | |
| Other Expenses | 12,000 | 12,000 | 10,542 | 1,458 | |
| Legal Services & Costs | | | | | |
| Salaries & Wages | 12,000 | 12,000 | 12,000 | | |
| Other Expenses | 80,000 | 80,000 | 48,167 | 31,833 | |
| Engineering Services & Costs | | | | | |
| Other Expenses | 130,000 | 167,000 | 156,889 | 10,111 | |
| Municipal Land Use Law (NJS 40:55D-1) | | | | | |
| Planning Board | | | | | |
| Salaries & Wages | 10,350 | 10,350 | 10,350 | | |
| Other Expenses | 60,000 | 100,000 | 78,546 | 21,454 | |
| Board of Adjustments | | | | | |
| Salaries & Wages | 5,297 | 5,297 | 5,227 | 70 | |
| Other Expenses | 7,500 | 7,500 | 4,982 | 2,518 | |
| Insurance | | | | | |
| Unemployment Compensation Insurance | 14,000 | 14,000 | | 14,000 | |
| General Liability | 185,491 | 198,491 | 198,205 | 286 | |
| Workers Compensation | 176,582 | 157,582 | 157,582 | | |
| Employee Group Health | 1,222,306 | 1,292,306 | 1,282,094 | 10,212 | |
| Employee Group Health - Waiver | 4,000 | 8,000 | 8,000 | | |

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, 2015
(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 | \$ 6,711 | \$ 6,711 | \$ 6,691 | \$ 20 | |
| Other Expenses | 130,000 | 136,000 | 72,441 | 63,559 | |
| Uniform Fire Safety Act (Ch. 383 P.L. 1983) | | | | | |
| Fire Officials | | | | | |
| Salaries and Wages | 127,431 | 127,431 | 127,425 | 6 | |
| Other Expenses | 1,000 | 1,000 | 59 | 941 | |
| Police Dispatch/911 | | | | | |
| Salaries and Wages | 181,110 | 136,110 | 135,741 | 369 | |
| Other Expenses | 1,500 | 1,500 | 283 | 1,217 | |
| Police | | | | | |
| Salaries & Wages | 3,562,592 | 3,510,892 | 3,504,665 | 6,227 | |
| Other Expenses | 70,000 | 70,000 | 47,117 | 22,883 | |
| Vehicle Purchases | 55,000 | 61,000 | 60,950 | 50 | |
| First Aid Squad | | | | | |
| Contribution | 15,000 | 15,000 | 15,000 | | |
| Other Expenses | 12,500 | 12,500 | | 12,500 | |
| Emergency Management Services | | | | | |
| Salaries and Wages | 5,518 | 5,518 | 5,501 | 17 | |
| Other Expenses | 5,000 | 5,000 | 2,830 | 2,170 | |
| Municipal Prosecutor | | | | | |
| Salaries and Wages | 16,236 | 16,236 | 16,183 | 53 | |
| Other Expenses | 1,000 | 1,000 | | 1,000 | |
| PUBLIC WORKS | | | | | |
| Road Repairs and Maintenance | | | | | |
| Salaries and Wages | 729,362 | 689,362 | 683,434 | 5,928 | |
| Other Expenses | 120,000 | 140,000 | 117,717 | 22,283 | |
| Public Buildings and Grounds | | | | | |
| Salaries and Wages | 60,371 | 18,371 | 18,243 | 128 | |
| Other Expenses | 30,000 | 30,000 | 16,475 | 13,525 | |
| Vehicle Maintenance | | | | | |
| Salaries and Wages | 5,949 | 5,949 | 5,931 | 18 | |
| Other Expenses | 120,000 | 120,000 | 105,802 | 14,198 | |
| Sewer System | | | | | |
| Salaries & Wages | 390,657 | 390,657 | 389,354 | 1,303 | |
| Other Expenses | 90,000 | 90,000 | 58,911 | 31,089 | |
| Shade Tree Commission | | | | | |
| Salaries & Wages | 2,660 | 2,660 | 2,660 | | |
| Other Expenses | 5,000 | 5,000 | 70 | 4,930 | |

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, 2015
(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 | \$ 243,000 | \$ 243,000 | \$ 243,000 | | |
| Recycling Program | | | | | |
| Salaries & Wages | 29,767 | 29,767 | 29,669 | \$ 98 | |
| Other Expenses | 70,000 | 70,000 | 70,000 | | |
| Solid Waste Transfer Fees | 320,000 | 320,000 | 296,969 | 23,031 | |
| Leaf/Grass Removal | | | | | |
| Other Expenses | 92,000 | 94,000 | 93,757 | 243 | |
| Condo Services Act | | | | | |
| Other Expenses | 15,000 | 15,000 | | 15,000 | |
| HEALTH AND WELFARE | | | | | |
| Board of Health | | | | | |
| Salaries & Wages | 101,797 | 102,497 | 102,440 | 57 | |
| Other Expenses | 30,000 | 30,000 | 20,157 | 9,843 | |
| Animal Control | | | | | |
| Other Expenses | 20,000 | 20,000 | 15,000 | 5,000 | |
| Administration of Public Assistance | | | | | |
| Salaries and Wages | 13,993 | 13,993 | 13,993 | | |
| Other Expenses | 1,000 | 1,000 | 140 | 860 | |
| Hepatitis B Vaccine | | | | | |
| Other Expense | 1,200 | 1,200 | | 1,200 | |
| RECREATION AND EDUCATION | | | | | |
| Parks and Playgrounds | | | | | |
| Salaries & Wages | 95,941 | 95,941 | 95,941 | | |
| Other Expenses | 25,000 | 25,000 | 18,001 | 6,999 | |
| Celebration of Public Events | | | | | |
| Other Expenses | 5,000 | 5,000 | 3,418 | 1,582 | |
| Senior Citizen Program | | | | | |
| Salaries and Wages | 20,500 | 20,500 | 13,647 | 6,853 | |
| Other Expenses | 6,000 | 6,000 | 4,377 | 1,623 | |
| Contribution | 3,000 | 3,000 | | 3,000 | |
| MUNICIPAL COURT FUNCTIONS | | | | | |
| Municipal Court Administration | | | | | |
| Salaries and Wages | 205,377 | 174,377 | 173,583 | 794 | |
| Other Expenses | 20,000 | 20,000 | 12,558 | 7,442 | |
| Public Defender (P.L. 1997, C.256) | | | | | |
| Salaries and Wages | 9,331 | 9,331 | 9,301 | 30 | |
| Other Expenses | 3,000 | 3,000 | 900 | 2,100 | |

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, 2015
(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 | \$ 287,517 | \$ 311,517 | \$ 310,681 | \$ 836 | |
| Other Expenses | 7,000 | 7,000 | 3,747 | 3,253 | |
| UNCLASSIFIED AND BULK PURCHASES | | | | | |
| Utilities: | | | | | |
| Electricity and Natural Gas | 230,000 | 230,000 | 205,735 | 24,265 | |
| Street Lighting | 150,000 | 156,000 | 155,566 | 434 | |
| Gasoline | 150,000 | 150,000 | 82,879 | 67,121 | |
| Telephone | 40,000 | 40,000 | 26,340 | 13,660 | - |
| Total Operations Within "CAPS" | <u>10,539,396</u> | <u>10,539,396</u> | <u>10,019,125</u> | <u>520,271</u> | <u>-</u> |
| Detail: | | | | | |
| Salaries & Wages | 6,398,617 | 6,213,617 | 6,190,078 | 23,539 | - |
| Other Expenses | 4,140,779 | 4,325,779 | 3,829,047 | 496,732 | - |
| Deferred Charges and Statutory Expenditures - | | | | | |
| Municipal Within "CAPS" | | | | | |
| Deferred Charges | | | | | |
| Anticipated Deficit in Swim Pool Operations | 76,100 | 76,100 | 63,373 | | \$ 12,727 |
| Statutory Charges | | | | | |
| Social Security System (O.A.S.I.) | 280,000 | 280,000 | 245,939 | 34,061 | |
| Public Employees Retirement System | 347,129 | 347,129 | 320,129 | 27,000 | |
| Police and Fireman's Retirement System | 675,808 | 675,808 | 675,808 | - | - |
| Total Deferred Charges & Statutory | | | | | |
| Expenditures - Municipal Within "CAPS" | <u>1,379,037</u> | <u>1,379,037</u> | <u>1,305,249</u> | <u>61,061</u> | <u>12,727</u> |
| Total General Appropriations for Municipal | | | | | |
| Purposes Within "CAPS" | <u>11,918,433</u> | <u>11,918,433</u> | <u>11,324,374</u> | <u>581,332</u> | <u>12,727</u> |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| Passaic Valley Sewerage - Contractual | 1,222,272 | 1,222,272 | 1,222,147 | 125 | |
| Recycling Tax | 15,000 | 15,000 | 13,637 | 1,363 | |
| Reserve for Tax Appeals | 500,000 | 500,000 | 500,000 | | |
| Maintenance of Free Public Library | 716,122 | 716,122 | 716,122 | | |
| Insurance | | | | | |
| Employee Group Health Insurance | 19,164 | 19,164 | 19,164 | - | - |
| Total Operations Excluded from "CAPS" | <u>2,472,558</u> | <u>2,472,558</u> | <u>2,471,070</u> | <u>1,488</u> | <u>-</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, 2015
(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 - EXCLUDED FROM "CAPS" | | | | | |
| PUBLIC AND PRIVATE PROGRAMS | | | | | |
| OFFSET BY REVENUES | | | | | |
| Safe and Secure Communities Program | | | | | |
| Police - Salaries and Wages | \$ 75,000 | \$ 75,000 | \$ 75,000 | | |
| Drug and Alcohol | | | | | |
| Municipal Alliance | 22,440 | 22,440 | 10,981 | \$ 11,459 | |
| Body Armor | 2,452 | 2,452 | | 2,452 | |
| Clean Communities Grant Program | 16,557 | 16,557 | | 16,557 | |
| Alcohol Education and Rehabilitation Fund | 2,777 | 2,777 | | 2,777 | |
| NJ DOT - Safe Corridors | 10,434 | 10,434 | | 10,434 | |
| Recycling Tonnage Grant | 13,486 | 13,486 | 13,486 | - | - |
| | <u>143,146</u> | <u>143,146</u> | <u>99,467</u> | <u>43,679</u> | <u>-</u> |
| Total Public and Private Programs Offset by Revenues | <u>143,146</u> | <u>143,146</u> | <u>99,467</u> | <u>43,679</u> | <u>-</u> |
| Total Operations Excluded from "CAPS" | <u>2,615,704</u> | <u>2,615,704</u> | <u>2,570,537</u> | <u>45,167</u> | <u>-</u> |
| Detail: | | | | | |
| Salaries & Wages | 75,000 | 75,000 | 75,000 | - | |
| Other Expenses | 2,540,704 | 2,540,704 | 2,495,537 | 45,167 | - |
| | <u>2,615,704</u> | <u>2,615,704</u> | <u>2,570,537</u> | <u>45,167</u> | <u>-</u> |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | |
| Capital Improvement Fund | 788,000 | 788,000 | 788,000 | | |
| FEMA-Hazard Migation Grant Program | | | | | |
| Acquisition and Installation of Generators | | | | | |
| Federal Share | 265,764 | 265,764 | 75,000 | 190,764 | |
| Local Match | 21,196 | 21,196 | - | 21,196 | - |
| | <u>286,960</u> | <u>286,960</u> | <u>75,000</u> | <u>211,960</u> | <u>-</u> |
| Total Capital Improvements - Excluded from "CAPS" | <u>1,074,960</u> | <u>1,074,960</u> | <u>863,000</u> | <u>211,960</u> | <u>-</u> |

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 - EXCLUDED FROM "CAPS" | | | | | |
| DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS" | | | | | |
| Special Emergency Authorizations - 5 Years Unfunded Ord. No. 02-2010 | \$ 50,200 | \$ 50,200 | \$ 50,200 | | |
| | <u>95,104</u> | <u>95,104</u> | <u>95,104</u> | - | - |
| Total Deferred Charges - Municipal Excluded from "CAPS" | <u>145,304</u> | <u>145,304</u> | <u>145,304</u> | - | - |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | <u>3,835,968</u> | <u>3,835,968</u> | <u>3,578,841</u> | \$ 257,127 | - |
| Subtotal General Appropriations | 15,754,401 | 15,754,401 | 14,903,215 | 838,459 | \$ 12,727 |
| Reserve for Uncollected Taxes | <u>1,750,000</u> | <u>1,750,000</u> | <u>1,750,000</u> | - | - |
| Total General Appropriations | <u>\$ 17,504,401</u> | <u>\$ 17,504,401</u> | <u>\$ 16,653,215</u> | <u>\$ 838,459</u> | <u>\$ 12,727</u> |

| | | | | |
|------------------|-----|-----|-----|-------|
| <u>Reference</u> | A-2 | A-3 | A-1 | A,A-1 |
|------------------|-----|-----|-----|-------|

| | | |
|---|------|----------------------|
| Cash Disbursed | A-4 | \$ 13,055,587 |
| Encumbrance Payable | A-16 | 350,951 |
| Special Emergency Authorization | A-14 | 50,200 |
| Due to General Capital Fund | C-5 | 883,104 |
| Due to Swim Pool Utility Operating Fund | E-9 | 63,373 |
| Reserve for Tax Appeals | A-27 | 500,000 |
| Reserve for Uncollected Taxes | A-2 | <u>1,750,000</u> |
| | A-3 | <u>\$ 16,653,215</u> |

**BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014**

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|------------------------------|------------------|---------------------|---------------------|
| ASSETS | | | |
| ASSESSMENT TRUST FUND | | | |
| Cash | B-1,B-2 | \$ 17,918 | \$ 105,782 |
| Assessments Receivable | B-3 | <u>480,730</u> | <u>582,855</u> |
| | | <u>498,648</u> | <u>688,637</u> |
| ANIMAL CONTROL FUND | | | |
| Cash | B-1 | <u>3,540</u> | <u>3,474</u> |
| OTHER TRUST FUND | | | |
| Cash | B-1 | 2,963,362 | 2,854,067 |
| Due from Current Fund | B-9 | <u>184,969</u> | <u>123,951</u> |
| | | <u>3,148,331</u> | <u>2,978,018</u> |
| | | <u>\$ 3,650,519</u> | <u>\$ 3,670,129</u> |

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014
(Continued)

| LIABILITIES, RESERVES AND FUND BALANCE | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|---------------------|---------------------|
| ASSESSMENT TRUST FUND | | | |
| Due to Current Fund | B-4 | \$ 11,930 | \$ 1,919 |
| Due to General Capital Fund | C-6 | <u>486,718</u> | <u>686,718</u> |
| | | <u>498,648</u> | <u>688,637</u> |
| ANIMAL CONTROL FUND | | | |
| Due to Current Fund | B-7 | 712 | 818 |
| Due to State of New Jersey | B-6 | | 3 |
| Reserve for Animal Control Expenditures | B-5 | <u>2,828</u> | <u>2,653</u> |
| | | <u>3,540</u> | <u>3,474</u> |
| OTHER TRUST FUND | | | |
| Due to Swim Pool Utility Operating Fund | E-10 | 6,065 | |
| Escrow Deposits Payable | B-8 | 1,428,081 | 1,354,434 |
| Premium Received at Tax Sale | B-10 | 209,100 | 40,500 |
| Payroll Deductions Payable | B-11 | 10,575 | 9,977 |
| Due to State - Unemployment Claims | B-12 | | 846 |
| Reserve for Unemployment Insurance | B-13 | 119,442 | 136,121 |
| Miscellaneous Reserves and Deposits | B-14 | <u>1,375,068</u> | <u>1,436,140</u> |
| | | <u>3,148,331</u> | <u>2,978,018</u> |
| | | <u>\$ 3,650,519</u> | <u>\$ 3,670,129</u> |

**BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014**

| ASSETS | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|---------------------|---------------------|
| Cash | C-2,C-3 | \$ 1,458,207 | \$ 285,550 |
| Grants Receivable | C-4 | 1,732,443 | 1,455,973 |
| Due from Assessment Trust Fund | C-6 | 486,718 | 686,718 |
| Due from Water Utility Capital Fund | D-16 | 197,022 | 397,022 |
| Deferred Charges to Future Taxation Unfunded | C-7 | <u>2,679,946</u> | <u>2,775,050</u> |
| | | <u>\$ 6,554,336</u> | <u>\$ 5,600,313</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Contracts Payable | C-8 | \$ 497,000 | \$ 17,741 |
| Due to Current Fund | C-5 | 557,615 | 1,024,709 |
| Improvement Authorizations | | | |
| Funded | C-15 | 1,226,448 | 139,472 |
| Unfunded | C-15 | 2,649,564 | 2,676,326 |
| Capital Improvements Fund | C-9 | 264,853 | 278,853 |
| Reserve for: | | | |
| Sewer Connection Charges | C-10 | 14,000 | 11,000 |
| Capital Improvements | C-11 | 138 | 12,138 |
| Road Improvements | C-12 | | 150,000 |
| Fire Truck | C-13 | 94,644 | |
| Grants Receivable | C-4 | 1,250,000 | 1,250,000 |
| Fund Balance | C-1 | <u>74</u> | <u>40,074</u> |
| | | <u>\$ 6,554,336</u> | <u>\$ 5,600,313</u> |

There were Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 of \$3,160,676 and \$3,357,905 respectively (See Exhibit C-16).

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|--------------|------------------|
| Balance, January 1 | C | \$ 40,074 | \$ 15,804 |
| Increased by: | | | |
| Funded Improvement Authorizations Cancelled | C-1 | - | 47,739 |
| | | 40,074 | 63,543 |
| Decreased by: | | | |
| Appropriated to Finance Improvement Authorizations | C-15 | 40,000 | |
| Grant Receivables Cancelled | C-1 | - | 23,469 |
| Balance, December 31 | C | <u>\$ 74</u> | <u>\$ 40,074</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, 2015 AND 2014**

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|---------------------|---------------------|
| ASSETS | | | |
| OPERATING FUND | | | |
| Cash | D-6 | \$ 1,122,383 | \$ 955,113 |
| Due from Water Assessment Trust Fund | D-15 | <u>-</u> | <u>313</u> |
| | | <u>1,122,383</u> | <u>955,426</u> |
| Receivables With Full Reserves | | | |
| Consumer Accounts Receivable | D-9 | 583,831 | 561,922 |
| Water Utility Liens Receivable | D-10 | <u>286</u> | <u>-</u> |
| | | <u>584,117</u> | <u>561,922</u> |
| Total Operating Fund | | <u>1,706,500</u> | <u>1,517,348</u> |
| ASSESSMENT TRUST FUND | | | |
| Cash | D-6 | <u>-</u> | <u>313</u> |
| Total Assessment Trust Fund | | <u>-</u> | <u>313</u> |
| CAPITAL FUND | | | |
| Cash | D-6,D-8 | 61,558 | 1,558 |
| Fixed Capital | D-12 | 4,243,379 | 4,194,051 |
| Fixed Capital Authorized and Uncompleted | D-13 | <u>44,825</u> | <u>44,825</u> |
| Total Capital Fund | | <u>4,349,762</u> | <u>4,240,434</u> |
| | | <u>\$ 6,056,262</u> | <u>\$ 5,758,095</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, 2015 AND 2014
(Continued)

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|---------------------|---------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| OPERATING FUND | | | |
| Liabilities | | | |
| Appropriation Reserves | D-5,D-14 | \$ 56,737 | \$ 254,140 |
| Encumbrances Payable | D-17 | 158,371 | 182,103 |
| Accounts Payable | D-18 | 2,765 | 83 |
| Water Rent Overpayments | D-19 | 4,206 | 1,961 |
| Due to Current Fund | D-11 | <u>150,518</u> | <u>93,000</u> |
| | | 372,597 | 531,287 |
| Reserve for Receivables | D | 584,117 | 561,922 |
| Fund Balance | D-1 | <u>749,786</u> | <u>424,139</u> |
| Total Operating Fund | | <u>1,706,500</u> | <u>1,517,348</u> |
| ASSESSMENT TRUST FUND | | | |
| Due to Water Utility Operating Fund | D-15 | <u>-</u> | <u>313</u> |
| Total Trust Assessment Fund | | <u>-</u> | <u>313</u> |
| CAPITAL FUND | | | |
| Due to General Capital Fund | D-16 | 197,022 | 397,022 |
| Improvement Authorizations | | | |
| Funded | D-20 | 44,825 | 44,825 |
| Capital Improvement Fund | D-21 | 187,108 | 127,108 |
| Reserve for Amortization | D-22 | 3,859,802 | 3,610,474 |
| Deferred Reserve for Amortization | D-23 | 44,825 | 44,825 |
| Reserve for Water Tower Fees | D-24 | 14,219 | 14,219 |
| Fund Balance | D-3 | <u>1,961</u> | <u>1,961</u> |
| Total Capital Fund | | <u>4,349,762</u> | <u>4,240,434</u> |
| | | <u>\$ 6,056,262</u> | <u>\$ 5,758,095</u> |

There were Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 of \$383,577 and \$583,577 respectively. (See Exhibit D-25)

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, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|-----------------------|-----------------------|
| REVENUES AND OTHER INCOME REALIZED | | | |
| Fund Balance Utilized | D-4 | \$ 282,384 | \$ 200,000 |
| Water Usage Charges | D-4 | 2,947,134 | 2,714,880 |
| Miscellaneous Fees | D-4 | 287,702 | 283,226 |
| Interest on Delinquent Accounts | D-4 | 28,296 | 23,000 |
| Interest on Investments | D-4 | 3,954 | 2,966 |
| Water Utility Assessment Trust Fund | D-1 | | 313 |
| Other Credits | | | |
| Appropriation Reserves Lapsed | D-14 | 209,945 | 183,749 |
| Accounts Payable Cancelled | D-1 | <u>-</u> | <u>394</u> |
| Total Income | | <u>3,759,415</u> | <u>3,408,528</u> |
| EXPENDITURES | | | |
| Operating | D-5 | 2,716,084 | 2,637,280 |
| Capital Improvements | D-5 | 90,000 | 105,000 |
| Debt Service | D-5 | | 50,213 |
| Deferred Charges and Statutory Expenditures | D-5 | <u>345,300</u> | <u>290,500</u> |
| Total Expenditures | | <u>3,151,384</u> | <u>3,082,993</u> |
| Statutory Excess to Fund Balance | | 608,031 | 325,535 |
| Fund Balance, January 1, | D | <u>424,139</u> | <u>298,604</u> |
| | | 1,032,170 | 624,139 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | D-1,D-4 | <u>282,384</u> | <u>200,000</u> |
| Balance, December 31, | D | <u>\$ 749,786</u> | <u>\$ 424,139</u> |

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE- REGULATORY BASIS
WATER UTILITY ASSESSMENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|-------------|-------------|
| Balance, January 1 | D-2 | \$ - | \$ 313 |
| Anticipated as Water Utility Operating Fund Revenue | D-2 | <u>-</u> | <u>313</u> |
| Balance, December 31, | D-2 | <u>\$ -</u> | <u>\$ -</u> |

COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</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, 2015**

| | <u>Reference</u> | <u>Anticipated</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---------------------------------|------------------|-------------------------|-------------------------|--------------------------------|
| Fund Balance Anticipated | D-1 | \$ 282,384 | \$ 282,384 | |
| Water Usage Charges | D-1,D-4 | 2,600,000 | 2,947,134 | \$ 347,134 |
| Miscellaneous Fees | D-1,D-4 | 250,000 | 287,702 | 37,702 |
| Interest on Delinquent Accounts | D-1,D-7 | 18,000 | 28,296 | 10,296 |
| Interest on Investments | D-1,D-6 | <u>1,000</u> | <u>3,954</u> | <u>2,954</u> |
| Budget Revenues | D-5 | <u>\$ 3,151,384</u> | <u>\$ 3,549,470</u> | <u>\$ 398,086</u> |

Analysis of Realized Revenue

Water Usage Charges:

| | | |
|----------------------|-----|---------------------|
| Cash Receipts-Rents | D-9 | \$ 2,945,173 |
| Overpayments Applied | D-9 | <u>1,961</u> |
| | D-4 | <u>\$ 2,947,134</u> |

Miscellaneous Fees

| | | |
|---|--|---------------|
| Consumer Accounts Receivable Collected | | |
| Sprinkler Fees | | \$ 270,853 |
| Water Meters | | 6,202 |
| Special Readings | | <u>10,647</u> |

| | | |
|--|----------|-------------------|
| | D-4, D-9 | <u>\$ 287,702</u> |
|--|----------|-------------------|

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

| | <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 | \$ 690,084 | \$ 665,084 | \$ 661,637 | \$ 3,447 |
| Other Expenses | <u>2,026,000</u> | <u>2,051,000</u> | <u>2,029,675</u> | <u>21,325</u> |
| Total Operating | <u>2,716,084</u> | <u>2,716,084</u> | <u>2,691,312</u> | <u>24,772</u> |
| CAPITAL IMPROVEMENTS | | | | |
| Capital Improvement Fund | 60,000 | 60,000 | 60,000 | - |
| Capital Outlay | <u>30,000</u> | <u>30,000</u> | <u>6,811</u> | <u>23,189</u> |
| Total Capital Improvements | <u>90,000</u> | <u>90,000</u> | <u>66,811</u> | <u>23,189</u> |
| DEFERRED CHARGES AND STATUTORY | | | | |
| Deferred Charges | | | | |
| Cost of Improvements - Ord. 12-01 | 200,000 | 200,000 | 200,000 | |
| Statutory Expenditures | | | | |
| Contribution to | | | | |
| Public Employees Retirement System | 86,800 | 86,800 | 86,800 | |
| Social Security System (O.A.S.I.) | 55,000 | 55,000 | 49,724 | 5,276 |
| Unemployment Compensation Insurance (NJSA 43:21-3 et seq.) | <u>3,500</u> | <u>3,500</u> | <u>-</u> | <u>3,500</u> |
| Total Deferred Charges and Statutory Expenditures | <u>345,300</u> | <u>345,300</u> | <u>336,524</u> | <u>8,776</u> |
| | <u>\$ 3,151,384</u> | <u>\$ 3,151,384</u> | <u>\$ 3,094,647</u> | <u>\$ 56,737</u> |
| | <u>Reference</u> | D-4 | D-5 | D-1 |
| | | | | D, D-1 |
| Disbursed | D-6 | | | \$ 2,782,237 |
| Encumbrances Payable | D-17 | | | 158,371 |
| Due to Current Fund | D-11 | | | <u>154,039</u> |
| | | | | <u>\$ 3,094,647</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, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|-------------------|-------------------|
| ASSETS | | | |
| OPERATING FUND | | | |
| Cash | E-5 | \$ 39,604 | \$ 25,995 |
| Due from Other Trust Fund | E-10 | <u>6,065</u> | <u>-</u> |
| Total Operating Fund | | <u>45,669</u> | <u>25,995</u> |
| CAPITAL FUND | | | |
| Cash | E-5,E-6 | 192 | 192 |
| Fixed Capital | E-7 | <u>239,770</u> | <u>239,372</u> |
| Total Capital Fund | | <u>239,962</u> | <u>239,564</u> |
| | | <u>\$ 285,631</u> | <u>\$ 265,559</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| OPERATING FUND | | | |
| Liabilities | | | |
| Appropriation Reserves | E-4, E-8 | \$ 20,149 | \$ 24,506 |
| Encumbrances Payable | E-11 | | 636 |
| Accounts Payable | E-12 | 395 | 244 |
| Due to Current Fund | E-9 | <u>24,516</u> | <u>-</u> |
| | | 45,060 | 25,386 |
| Fund Balance | E-1 | <u>609</u> | <u>609</u> |
| Total Operating Fund | | <u>45,669</u> | <u>25,995</u> |
| CAPITAL FUND | | | |
| Reserve for Amortization | E-13 | 239,770 | 239,372 |
| Fund Balance | E-2 | <u>192</u> | <u>192</u> |
| Total Capital Fund | | <u>239,962</u> | <u>239,564</u> |
| | | <u>\$ 285,631</u> | <u>\$ 265,559</u> |

There were no bonds and notes authorized but not issued on December 31, 2015 and 2014.

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, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|----------------|----------------|
| REVENUE AND OTHER INCOME REALIZED | | | |
| Swimming Pool Receipts | E-3 | \$ 54,426 | \$ 42,207 |
| Non-Budget Revenue | E-3 | 57 | 142 |
| Other Credits to Income | | | |
| Cancelled Accounts Payable | E-12 | <u>244</u> | <u>-</u> |
| Total Income | | <u>54,727</u> | <u>42,349</u> |
| EXPENDITURES | | | |
| Operating | E-4 | 98,200 | 96,420 |
| Capital Improvements | E-4 | 15,000 | 15,000 |
| Deferred Charges and Statutory Expenditures | E-4 | <u>4,900</u> | <u>4,600</u> |
| Total Expenditures | | <u>118,100</u> | <u>116,020</u> |
| Deficit in Revenue | | (63,373) | (73,671) |
| Adjustments to Income Before Fund Balance | | | |
| Realized from General Budget for Anticipated Deficit | E-3 | <u>63,373</u> | <u>73,671</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> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SWIM POOL UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>Reference</u> | <u>2015</u> | <u>2014</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, 2015

| | <u>Reference</u> | <u>Anticipated</u> | <u>Realized</u> | Excess or (Deficit) |
|---|------------------|--------------------|-------------------|------------------------|
| Swim Pool Fees | E-1,E-3 | \$ 42,000 | \$ 54,426 | \$ 12,426 |
| Deficit (General Budget) | E-1, E-9 | <u>76,100</u> | <u>63,373</u> | <u>(12,727)</u> |
| Budget Revenues | E-4 | <u>\$ 118,100</u> | 117,799 | <u>\$ (301)</u> |
| Non-Budget Revenues | E-1,E-3 | | <u>57</u> | |
| | | | <u>\$ 117,856</u> | |
| <u>Analysis of Realized Swim Pool Fees:</u> | | | | |
| Cash Receipts | | | | |
| Membership Fees | | | \$ 36,023 | |
| Guest Fees | | | 10,690 | |
| Party Fees | | | 162 | |
| Swimming Lessons | | | 610 | |
| Movie Night | | | 320 | |
| Concession Stand Sales | | | <u>6,621</u> | |
| | E-3, E-5 | | <u>\$ 54,426</u> | |
| <u>Analysis of Non-Budget Revenues</u> | | | | |
| Interest on Investments | E-3, E-5 | | <u>\$ 57</u> | |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
STATEMENT OF EXPENDITURES - REGULATORY BASIS
SWIM POOL UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

| | <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 | \$ 56,500 | \$ 56,500 | \$ 56,500 | \$ - |
| Other Expenses | <u>42,000</u> | <u>41,700</u> | <u>36,267</u> | <u>5,433</u> |
| Total Operating | <u>98,500</u> | <u>98,200</u> | <u>92,767</u> | <u>5,433</u> |
| CAPITAL IMPROVEMENTS | | | | |
| Capital Outlay | <u>15,000</u> | <u>15,000</u> | <u>398</u> | <u>14,602</u> |
| Total Capital Improvements | <u>15,000</u> | <u>15,000</u> | <u>398</u> | <u>14,602</u> |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES | | | | |
| Statutory Expenditures | | | | |
| Contribution to | | | | |
| Social Security System (O.A.S.I.) | 4,500 | 4,800 | 4,786 | 14 |
| Unemployment Compensation | | | | |
| Insurance (NJSA 43:21-3 et seq.) | <u>100</u> | <u>100</u> | <u>-</u> | <u>100</u> |
| Total Deferred Charges and Statutory Expenditures | <u>4,600</u> | <u>4,900</u> | <u>4,786</u> | <u>114</u> |
| | <u>\$ 118,100</u> | <u>\$ 118,100</u> | <u>\$ 97,951</u> | <u>\$ 20,149</u> |
| | <u>Reference</u> | E-3 | E-4 | E-1 |
| Cash Disbursed | E-5 | | <u>\$ 97,951</u> | E,E-1 |

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, 2015 AND 2014**

| | <u>Reference</u> | <u>2015</u> | <u>2014</u> |
|---------------------------------|------------------|------------------|------------------|
| ASSETS | | | |
| Cash | F-1 | \$ 17,937 | \$ 20,760 |
| LIABILITIES AND RESERVES | | | |
| Due to Current Fund | F-2 | \$ 2 | \$ 7,500 |
| Reserve for Public Assistance | F-3 | 17,935 | 13,260 |
| | | <u>\$ 17,937</u> | <u>\$ 20,760</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF TOTOWA
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2015 AND 2014

| | <u>2015</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>6,305,980</u> | <u>5,765,043</u> |
| | <u>\$ 45,766,159</u> | <u>\$ 45,225,222</u> |
| | | |
| Investment in Fixed Assets | <u>\$ 45,766,159</u> | <u>\$ 45,225,222</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 the six council members 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, provides 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 general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of 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, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

Animal Control Fund - This fund is used to account for fees collected from dog 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, 2015 AND 2014**

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, 2014 balances to conform to the December 31, 2015 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, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the 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, 2015 AND 2014**

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 vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. 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, 2015 AND 2014**

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, 2015 AND 2014**

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 2015 and 2014 the Borough Council did not increase the original budget. However, the governing body approved several budget transfers during 2015 and 2014.

NOTE 3 CASH 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. **Cash 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, 2015 AND 2014**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash 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, 2015 and 2014, the book value of the Borough's deposits were \$19,934,916 and \$17,883,647 and bank and brokerage firm balances of the Borough's deposits amounted to \$20,480,182 and \$18,124,065, 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>2015</u> | <u>2014</u> |
| Insured | <u>\$ 20,480,182</u> | <u>\$ 18,124,065</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, 2015 and 2014, 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, 2015 and 2014 the Borough had no outstanding investments.

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2015 consisted of the following:

| | <u>Current</u> | <u>Water Utility</u> | <u>Total</u> |
|--------------------------------|---------------------|--------------------------|---------------------|
| <u>2015</u> | | | |
| Property Taxes | \$ 1,106,878 | | \$ 1,106,878 |
| Tax Title Liens | 2,363 | | 2,363 |
| Water Utility Charges and Fees | | \$ 583,831 | 583,831 |
| Water Utility Liens | <u>-</u> | <u>286</u> | <u>286</u> |
| | <u>\$ 1,109,241</u> | <u>\$ 584,117</u> | <u>\$ 1,693,358</u> |

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

In 2015, the Borough collected \$577,109 and \$561,636 from delinquent taxes and utility charges and fees, which represented 100% and 100% of the delinquent tax and water charges receivable at December 31, 2014.

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 charges and fees, which represented 100% and 100% of the delinquent tax and water charges receivable at December 31, 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>2015</u> | | <u>2014</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 | \$ 745,293 | \$ 184,969 | \$ 1,127,946 | \$ 123,951 |
| Trust Funds: | | | | |
| Assessment Trust | | 498,648 | | 688,637 |
| Animal Control | | 712 | | 818 |
| Other Trust | 184,969 | 6,065 | 123,951 | |
| General Capital Fund | 683,740 | 557,615 | 1,083,740 | 1,024,709 |
| Water Utility Fund: | | | | |
| Operating | | 150,518 | 313 | 93,000 |
| Assessment Trust | | | | 313 |
| Capital | | 197,022 | | 397,022 |
| Swim Pool Utility Operating Fund | 6,065 | 24,516 | | |
| Public Assistance Trust Fund | - | 2 | - | 7,500 |
| Total | <u>\$ 1,620,067</u> | <u>\$ 1,620,067</u> | <u>\$ 2,335,950</u> | <u>\$ 2,335,950</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.

**BOROUGH OF TOTOWA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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</u> <u>December 31,</u> | <u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u> | <u>Balance</u> |
|---|---------------------------------------|---|----------------|
| <u>2015</u> | | | |
| Current Fund | | | |
| Special Emergency Authorizations (40A:4-55) | \$ 22,400 | \$ 22,400 | |
| <u>2014</u> | | | |
| Current Fund | | | |
| Special Emergency Authorizations (40A:4-55) | \$ 72,600 | \$ 50,200 | \$ 22,400 |

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 balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2015 and 2014 are as follows:

| | <u>Local District School</u> | | <u>Regional High School</u> | |
|----------------|------------------------------|---------------------|-----------------------------|---------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Balance of Tax | \$ 7,679,447 | \$ 7,312,082 | \$ 4,680,581 | \$ 4,575,254 |
| Deferred | <u>3,025,266</u> | <u>3,025,266</u> | <u>2,093,009</u> | <u>2,093,009</u> |
| Taxes Payable | <u>\$ 4,654,181</u> | <u>\$ 4,286,816</u> | <u>\$ 2,587,572</u> | <u>\$ 2,482,245</u> |

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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:

| | 2015 | | 2014 | |
|----------------------------------|--|--|--|--|
| | Fund Balance <u>December 31,</u> | Utilized in Subsequent Year's Budget | Fund Balance <u>December 31,</u> | Utilized in Subsequent Year's Budget |
| Current Fund | | | | |
| Cash Surplus | \$ 2,365,846 | \$ 1,900,000 | \$ 2,467,046 | \$ 1,895,000 |
| Non-Cash Surplus | <u>360,543</u> | <u>-</u> | <u>127,122</u> | <u>-</u> |
| | <u>\$ 2,726,389</u> | <u>\$ 1,900,000</u> | <u>\$ 2,594,168</u> | <u>\$ 1,895,000</u> |
| Water Utility Operating Fund | | | | |
| Cash Surplus | \$ 749,786 | \$ 357,000 | \$ 424,139 | \$ 282,384 |
| Non-Cash Surplus | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 749,786</u> | <u>\$ 357,000</u> | <u>\$ 424,139</u> | <u>\$ 282,384</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, 2015 AND 2014**

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, 2015 and 2014.

| | Balance December 31, <u>2014</u> | <u>Additions</u> | <u>Retirements</u> | Balance, December 31, <u>2015</u> |
|-------------------------------------|--|-------------------|--------------------|---|
| <u>2015</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>\$ 540,937</u> | <u>-</u> | <u>6,305,980</u> |
| | <u>\$ 45,225,222</u> | <u>\$ 540,937</u> | <u>\$ -</u> | <u>\$ 45,766,159</u> |

| | 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> |

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014.

| <u>Water Utility Fund</u> | Balance December 31, <u>2014</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2015</u> |
|--------------------------------|--|------------------|------------------|---|
| <u>2015</u> | | | | |
| Fixed Capital | | | | |
| System and System Improvements | \$ 3,878,023 | \$ 12,300 | | \$ 3,890,323 |
| Vehicles and Equipment | <u>316,028</u> | <u>37,028</u> | <u>-</u> | <u>353,056</u> |
| | <u>\$ 4,194,051</u> | <u>\$ 49,328</u> | <u>\$ -</u> | <u>\$ 4,243,379</u> |

| <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> |

**BOROUGH OF TOTOWA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets (Continued)

| <u>Swim Pool Utility Fund</u> | Balance December 31, 2014 | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, 2015 |
|------------------------------------|---------------------------------|------------------|------------------|----------------------------------|
| <u>2015</u> | | | | |
| Fixed Capital | | | | |
| Facility and Facility Improvements | \$ 239,372 | 398 | - | \$ 239,770 |
| | <u>\$ 239,372</u> | <u>\$ 398</u> | <u>\$ -</u> | <u>\$ 239,770</u> |
| | | | | |
| <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> |

NOTE 10 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|---------------------|---------------------|
| Authorized But Not Issued | | |
| General | | |
| Bonds and Notes | \$ 3,160,676 | \$ 3,357,905 |
| Water Utility | | |
| Bonds and Notes | <u>383,577</u> | <u>583,577</u> |
| Total Authorized But Not Issued | <u>\$ 3,544,253</u> | <u>\$ 3,941,482</u> |

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .149% and .160% at December 31, 2015 and 2014, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------|----------------------|---------------------|---------------------|
| <u>2015</u> | | | |
| General Debt | \$ 3,160,676 | | \$ 3,160,676 |
| School Debt | 6,678,040 | \$ 6,678,040 | |
| Utility Debt | <u>383,577</u> | <u>383,577</u> | <u>-</u> |
| Total | <u>\$ 10,222,293</u> | <u>\$ 7,061,617</u> | <u>\$ 3,160,676</u> |

| | <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> | <u>-</u> |
| Total | <u>\$ 11,386,180</u> | <u>\$ 8,028,275</u> | <u>\$ 3,357,905</u> |

Statutory Borrowing Power

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

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$ 74,405,477 | \$ 73,454,024 |
| Net Debt | <u>3,160,676</u> | <u>3,357,905</u> |
| Remaining Borrowing Power | <u>\$ 71,244,801</u> | <u>\$ 70,096,119</u> |

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough had no long-term capital debt activity for the year ended December 31, 2015. The Borough's long-term capital debt activity for the year ended December 31, 2014 was 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> |

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>2015</u> | | |
| Municipal Complex Generator Project | \$109,774 | 2016 |
| Gordon Ave. Improvement Project | 213,581 | 2016 |
| <u>2014</u> | | |
| Purchase of New Fire Truck | \$294,044 | 2015 |
| Lincoln Field Drainage Improvements – Phase 2 & 3 | 96,470 | 2015 |

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 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 death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$694,492 and \$575,326 at December 31, 2015 and 2014, 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, 2015 and 2014, the Borough has reserved in the Other Trust Fund \$349,294 and \$212,009, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

| | Balance, December 31, <u>2014</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2015</u> | Due Within <u>One Year</u> | |
|-----------------------------------|---|--------------------------------------|---------------------|---|---|----------------------------------|
| <u>2015</u> | | | | | | |
| Compensated Absences | \$ 575,326 | \$ 130,360 | \$ 11,194 | \$ 694,492 | \$ 50,000 | |
| Net Pension Liability - PERS | 9,855,022 | 2,426,804 | 453,029 | 11,828,797 | | |
| Net Pension Liability - PFRS | <u>11,068,064</u> | <u>5,852,498</u> | <u>787,315</u> | <u>16,133,247</u> | <u>-</u> | |
| Total Other Long-Term Liabilities | <u>\$ 21,498,412</u> | <u>\$ 8,409,662</u> | <u>\$ 1,251,538</u> | <u>\$ 28,656,536</u> | <u>\$ 50,000</u> | |
| | Balance, December 31, <u>2013</u> | Prior Period Adjustment (A) | <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 |
| Net Pension Liability - PERS | | \$ 9,866,973 | 421,978 | 433,929 | 9,855,022 | |
| Net Pension Liability - PFRS | <u>-</u> | <u>12,972,764</u> | <u>-</u> | <u>1,904,700</u> | <u>11,068,064</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 667,176</u> | <u>\$22,839,737</u> | <u>\$ 481,089</u> | <u>\$ 2,489,590</u> | <u>\$ 21,498,412</u> | <u>\$ 50,000</u> |

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employee retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 December 31, 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.

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

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

Other Pension Funds

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

The cost of living increase for 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 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, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**BOROUGH OF TOTOWA
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 10.0% for PFRS, 6.92% for PERS and 5.50% for DCRP of employee's annual compensation for fiscal year 2015.

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 December 31, 2015 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2015, 2014 and 2013, 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> | <u>DCRP</u> |
|---|-------------|-----------------|-------------|
| 2015 | \$ 675,808 | \$ 433,929 | |
| 2014 | 711,943 | 389,000 | |
| 2013 | 727,288 | 397,192 | |

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

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

Public Employees Retirement System (PERS)

At December 31, 2015 and 2014, the Borough had a liability of \$11,828,797 and \$9,855,022, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportionate share was .05269 percent, which was an increase of .00005 percent from its proportionate share measured as of June 30, 2014 of .05264 percent.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$807,864 and \$536,631, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$433,929 and \$389,000, respectively. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

| | 2015 | | 2014 | |
|--|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 282,194 | | | |
| Changes of Assumptions | 1,270,318 | | \$ 309,895 | |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | \$ 190,184 | | \$ 587,306 |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>142,162</u> | <u>-</u> | <u>162,978</u> | <u>-</u> |
| Total | <u>\$ 1,694,674</u> | <u>\$ 190,184</u> | <u>\$ 472,873</u> | <u>\$ 587,306</u> |

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Total</u> |
|---|---------------------|
| 2016 | \$ 279,945 |
| 2017 | 279,945 |
| 2018 | 279,945 |
| 2019 | 426,771 |
| 2020 | <u>237,884</u> |
| | <u>\$ 1,504,490</u> |

**BOROUGH OF TOTOWA
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| <u>PERS</u> | <u>2015</u> | <u>2014</u> |
|---------------------------|--------------|--------------|
| Inflation Rate | 3.04% | 3.01% |
| Salary Increases: | | |
| 2012-2021 | 2.15-4.40% | 2.15-4.40% |
| | Based on Age | Based on Age |
| Thereafter | 3.15-5.40% | 3.15-5.40% |
| | Based on Age | Based on Age |
| Investment Rate of Return | 7.90% | 7.90% |
| Mortality Rate Table | RP-2000 | RP-2000 |

Actuarial Assumptions

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF TOTOWA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

| <u>Asset Class</u> | <u>2015</u> | | <u>2014</u> | |
|-----------------------------|--------------------------|---|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Cash | 5.00% | 1.04% | 6.00% | 0.80% |
| U.S. Treasuries | 1.75% | 1.64% | - | - |
| Investment Grade Credit | 10.00% | 1.79% | - | - |
| Core Bonds | - | - | 1.00% | 2.49% |
| Intermediate-Term Bonds | - | - | 11.20% | 2.26% |
| Mortgages | 2.10% | 1.62% | 2.50% | 2.17% |
| High Yield Bonds | 2.00% | 4.03% | 5.50% | 4.82% |
| Inflation-Indexed Bonds | 1.50% | 3.25% | 2.50% | 3.51% |
| Broad US Equities | 27.25% | 8.52% | 25.90% | 8.22% |
| Developed Foreign Equities | 12.00% | 6.88% | 12.70% | 8.12% |
| Emerging Market Equities | 6.40% | 10.00% | 6.50% | 9.91% |
| Private Equity | 9.25% | 12.41% | 8.25% | 13.02% |
| Hedge Funds/Absolute Return | 12.00% | 4.72% | 12.25% | 4.92% |
| Real Estate (Property) | 2.00% | 6.83% | 3.20% | 5.80% |
| Commodities | 1.00% | 5.32% | 2.50% | 5.35% |
| Global Debt ex US | 3.50% | -0.40% | - | - |
| REIT | 4.25% | 5.12% | - | - |

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

| <u>Year</u> | <u>Discount Rate</u> |
|-------------|----------------------|
| 2015 | 4.90% |
| 2014 | 5.39% |

**BOROUGH OF TOTOWA
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

| | |
|--|----------------------------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: | |
| Long-Term Expected Rate of Return | Through June 30, 2033 |
| Municipal Bond Rate * | From July 1, 2033 and Thereafter |

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 4.90% as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

| | 1% Decrease (3.90%) | Current Discount Rate (4.90%) | 1% Increase (5.90%) |
|---|------------------------------------|--|------------------------------------|
| Borough's Proportionate Share of the PERS Net Pension Liability | <u>\$ 14,701,747</u> | <u>\$ 11,828,797</u> | <u>\$ 9,420,136</u> |

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF TOTOWA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2015 and 2014, the Borough had a liability of \$16,133,247 and \$11,068,064, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough’s proportionate share was .09686 percent, which was an increase of .00887 percent from its proportionate share measured as of June 30, 2014 of .08799 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$1,400,161 and \$554,221, respectively, for PFRS based on the actuarial valuation which is more for the year ended December 31, 2015 and less for the year ended December 31, 2014 than the actual contributions reported in the Borough’s financial statements of \$675,808 and \$711,943, respectively. At December 31, 2015 and 2014, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

| | <u>2015</u> | | <u>2014</u> | |
|--|---|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | | \$ 139,154 | | |
| Changes of Assumptions | \$ 2,978,598 | | \$ 415,533 | |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 280,785 | | \$ 1,129,459 |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>973,016</u> | <u>862,089</u> | <u>-</u> | <u>1,068,827</u> |
| Total | <u>\$ 3,951,614</u> | <u>\$ 1,282,028</u> | <u>\$ 415,533</u> | <u>\$ 2,198,286</u> |

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

| Year Ending <u>December 31,</u> | <u>Total</u> |
|---------------------------------------|---------------------|
| 2016 | \$ 500,467 |
| 2017 | 500,467 |
| 2018 | 500,467 |
| 2019 | 782,832 |
| 2020 | <u>385,353</u> |
| | <u>\$ 2,669,586</u> |

**BOROUGH OF TOTOWA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| <u>PFRS</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------|--------------|--------------|
| Inflation Rate | 3.04% | 3.01% |
| Salary Increases: 2012-2021 | 2.60-9.48% | 3.95-8.62% |
| | Based on Age | Based on Age |
| Thereafter | 3.60-10.48% | 4.95-9.62% |
| | Based on Age | Based on Age |
| Investment Rate of Return | 7.90% | 7.90% |
| Mortality Rate Table | RP-2000 | RP-2000 |

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF TOTOWA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

| <u>Asset Class</u> | <u>2015</u> | | <u>2014</u> | |
|-----------------------------|--------------------------|---|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Cash | 5.00% | 1.04% | 6.00% | 0.80% |
| U.S. Treasuries | 1.75% | 1.64% | - | - |
| Investment Grade Credit | 10.00% | 1.79% | - | - |
| Core Bonds | - | - | 1.00% | 2.49% |
| Intermediate-Term Bonds | - | - | 11.20% | 2.26% |
| Mortgages | 2.10% | 1.62% | 2.50% | 2.17% |
| High Yield Bonds | 2.00% | 4.03% | 5.50% | 4.82% |
| Inflation-Indexed Bonds | 1.50% | 3.25% | 2.50% | 3.51% |
| Broad US Equities | 27.25% | 8.52% | 25.90% | 8.22% |
| Developed Foreign Equities | 12.00% | 6.88% | 12.70% | 8.12% |
| Emerging Market Equities | 6.40% | 10.00% | 6.50% | 9.91% |
| Private Equity | 9.25% | 12.41% | 8.25% | 13.02% |
| Hedge Funds/Absolute Return | 12.00% | 4.72% | 12.25% | 4.92% |
| Real Estate (Property) | 2.00% | 6.83% | 3.20% | 5.80% |
| Commodities | 1.00% | 5.32% | 2.50% | 5.35% |
| Global Debt ex US | 3.50% | -0.40% | - | - |
| REIT | 4.25% | 5.12% | - | - |

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

| <u>Year</u> | <u>Discount Rate</u> |
|-------------|----------------------|
| 2015 | 5.79% |
| 2014 | 6.32% |

**BOROUGH OF TOTOWA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

| | |
|--|-------------------------------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: | |
| Long-Term Expected Rate of Return | Through June 30, 2045 |
| Municipal Bond Rate * | From July 1, 2045 and Thereafter |

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

| | 1% Decrease (4.79%) | Current Discount Rate (5.79%) | 1% Increase (6.79%) |
|--|------------------------------------|--|------------------------------------|
| Borough's Proportionate Share of the PFRS Net Pension Liability | <u>\$ 21,268,741</u> | <u>\$ 16,133,247</u> | <u>\$ 11,945,710</u> |

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF TOTOWA
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,414,832 and \$1,191,845, respectively. For the years ended December 31, 2015 and 2014, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$176,480 and \$151,012, respectively, which is less than the actual contributions the State made on behalf of the Borough of \$73,649 and \$49,489, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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, 2015 AND 2014**

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 funds, 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 provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the fund 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 December 31</u> | <u>Borough Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-----------------------------------|----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2015 | None | \$ 10,222 | \$ 27,050 | \$ 119,442 |
| 2014 | \$ 17,600 | 9,765 | 15,545 | 136,121 |
| 2013 | 17,600 | 11,471 | 23,154 | 124,138 |

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 Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$2,392,089 and \$1,696,184, 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.

**BOROUGH OF TOTOWA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 15 CONTINGENT LIABILITIES (Continued)

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, 2015 and 2014, 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.

SUPPLEMENTAL SCHEDULES

CURRENT FUND

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

| | | |
|---|---------------|----------------------|
| Balance, December 31, 2014 | | \$ 13,629,973 |
| Increased by Receipts: | | |
| Tax Collector | \$ 52,270,012 | |
| Non-Budget Revenue | 420,005 | |
| Change Funds | 200 | |
| Revenue Accounts Receivable | 2,703,858 | |
| Grants Receivable | 75,017 | |
| NJ Senior Citizens' and Veterans' Deductions | 122,843 | |
| Fees Payable | 28,210 | |
| Received from Assessment Trust Fund | 2,150 | |
| Received from Animal Control Fund | 828 | |
| Received from Other Trust Fund | 138,180 | |
| Received from Water Utility Operating Fund | 96,521 | |
| Received from Public Assistance Trust Fund | 7,516 | |
| Reserve for Unappropriated Grants | <u>27,662</u> | |
| | | <u>55,893,002</u> |
| | | 69,522,975 |
| Decreased by Disbursements: | | |
| 2015 Budget Appropriations | 13,055,587 | |
| 2014 Appropriation Reserves | 438,481 | |
| Fees Payable | 25,840 | |
| Encumbrances Payable | 430,680 | |
| Accounts Payable | 291,018 | |
| Refund of Tax Overpayments | 6,361 | |
| Reserve for Appropriated Grants | 39,797 | |
| Reserve for Tax Appeals | 304,095 | |
| County Taxes Payable | 16,319,074 | |
| Added County Taxes Payable | 7,554 | |
| Local District School Tax | 14,351,705 | |
| Regional High School Tax | 9,224,823 | |
| Payments made to Other Trust Fund | 145,958 | |
| Payments made to General Capital Fund | 393,465 | |
| Payments made for General Capital Fund | 21,570 | |
| Payments made for Water Utility Operating Fund | 154,039 | |
| Payments made to Swim Pool Utility Operating Fund | <u>63,383</u> | |
| | | <u>55,273,430</u> |
| Balance, December 31, 2015 | | <u>\$ 14,249,545</u> |

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

| | | |
|----------------------------|---------------|----------------------|
| Received: | | |
| Taxes Receivable | \$ 51,653,788 | |
| Interest and Cost on Taxes | 169,863 | |
| Prepaid Taxes | 391,454 | |
| Tax Overpayments | <u>54,907</u> | |
| | | \$ 52,270,012 |
| Decreased by: | | |
| Payments to Treasurer | | <u>\$ 52,270,012</u> |

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

| <u>Title</u> | Balance, December 31, <u>2014</u> | Returned to <u>Treasurer</u> | Balance, December 31, <u>2015</u> |
|----------------------------------|---|---------------------------------|---|
| Tax Collector | \$ 100 | | \$ 100 |
| Treasurer - Deputy Tax Collector | 50 | | 50 |
| Court Clerk | 370 | \$ 200 | 170 |
| Building Department | <u>200</u> | <u>-</u> | <u>200</u> |
| | <u>\$ 720</u> | <u>\$ 200</u> | <u>\$ 520</u> |

EXHIBIT A-7

STATEMENT OF PETTY CASH FUNDS

| <u>Office</u> | Balance, December 31, <u>2014</u> | Balance, December 31, <u>2015</u> |
|---------------|---|---|
| Borough Clerk | <u>\$ 150</u> | <u>\$ 150</u> |

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

| | | |
|---|----------------|------------------|
| Balance, December 31, 2014 | | \$ 79,797 |
| Increased by: | | |
| Senior Citizens' and Veterans' Deductions Disallowed by the Tax Collector - Current Year | \$ 2,203 | |
| Senior Citizens' and Veterans' Deductions Disallowed by the Tax Collector - Prior Year | 1,250 | |
| Received in Cash from the State | <u>122,843</u> | |
| | | <u>126,296</u> |
| | | 206,093 |
| Decreased by: | | |
| Senior Citizens' and Veterans' Deductions Allowed Per Tax Billings | 124,000 | |
| Senior Citizens' and Veterans' Deductions Allowed by the Tax Collector - Current Year | <u>2,500</u> | |
| | | <u>126,500</u> |
| Balance, December 31, 2015 | | <u>\$ 79,593</u> |

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

| Year | Balance, December 31, 2014 | 2015 Levy | Senior Citizens' and Veterans' Deductions Disallowed | Collections | | Senior Citizens' and Veterans' Deductions Allowed | Cancelled | Transferred to Tax Title Liens | Balance, December 31, 2015 |
|------|----------------------------------|----------------------|--|-------------------|---------------------|---|-------------------|--------------------------------------|----------------------------------|
| | | | | 2014 | 2015 | | | | |
| 2014 | \$ 577,504 | - | \$ 1,250 | - | \$ 577,109 | - | - | \$ 1,070 | \$ 575 |
| | - | | | | | | | | |
| | 577,504 | - | 1,250 | - | 577,109 | - | - | 1,070 | 575 |
| 2015 | - | \$ 52,733,276 | 2,203 | \$ 176,979 | 51,076,679 | \$ 126,500 | \$ 247,867 | 1,151 | 1,106,303 |
| | <u>\$ 577,504</u> | <u>\$ 52,733,276</u> | <u>\$ 3,453</u> | <u>\$ 176,979</u> | <u>\$51,653,788</u> | <u>\$ 126,500</u> | <u>\$ 247,867</u> | <u>\$ 2,221</u> | <u>\$ 1,106,878</u> |

Analysis of 2015 Property Tax Levy

| | |
|------------------------------------|----------------------|
| Tax Yield | |
| General Purpose Tax | \$ 52,719,791 |
| Added Taxes (RS 54:4-36.1 et seq.) | 13,485 |
| | <u>\$ 52,733,276</u> |
| Tax Levy | |
| Regional High School Taxes | \$ 9,330,150 |
| Local District School Taxes | 14,719,070 |
| County Taxes | |
| County Tax | \$ 16,102,306 |
| Open Space Tax | 216,768 |
| Due County for Added Tax | 4,179 |
| | <u>16,323,253</u> |
| Local Tax for Municipal Purposes | 11,630,155 |
| Minimum Library Tax | 716,122 |
| Add: Additional Tax Levied | 14,526 |
| | <u>12,360,803</u> |
| | <u>\$ 52,733,276</u> |

**BOROUGH OF TOTOWA
STATEMENT OF TAX TITLE LIENS**

Increased by:

| | | | |
|---|----|------------|-----------------|
| Transfers from Taxes Receivable | \$ | 2,221 | |
| Interest and Costs Accrued by 2015 Sale | | <u>142</u> | |
| | | | \$ <u>2,363</u> |
| Balance, December 31, 2015 | | | \$ <u>2,363</u> |

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

| | | | |
|----------------------------|--|--|------------------|
| Balance, December 31, 2014 | | | \$ <u>72,900</u> |
| Balance, December 31, 2015 | | | \$ <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>2014</u> | Accrued In <u>2015</u> | <u>Collected by</u> | | Balance, December 31, <u>2015</u> |
|---|---|---------------------------|---------------------|----------------------|---|
| | | | <u>Treasurer</u> | <u>Tax Collector</u> | |
| Borough Clerk | | | | | |
| Licenses | | | | | |
| Alcoholic Beverages | | \$ 11,388 | \$ 11,388 | | |
| Other | | 16,933 | 16,933 | | |
| Fees and Permits | | 2,680 | 2,680 | | |
| Tax Collector | | | | | |
| Interest and Costs on Taxes | \$ 15,246 | 197,390 | | \$ 169,863 | \$ 42,773 |
| Board of Health/Registrar of Vital Statistics | | | | | |
| Licenses | | 20,052 | 20,052 | | |
| Fees and Permits | | 23,989 | 23,989 | | |
| Planning Board | | | | | |
| Fees and Permits | | 16,950 | 16,950 | | |
| Zoning Board of Adjustments | | | | | |
| Fees and Permits | | 28,593 | 28,593 | | |
| Building Department | | | | | |
| Uniform Construction Code Fees | | 339,028 | 339,028 | | |
| Police Department | | | | | |
| Fees and Permits | | 552 | 552 | | |
| Municipal Court | | | | | |
| Fines and Costs | 20,604 | 271,204 | 277,494 | | 14,314 |
| Energy Receipts Tax | | 1,304,214 | 1,304,214 | | |
| Road Opening Permits PSE&G | | 110,852 | 110,852 | | |
| Fire Inspection Official | | | | | |
| Uniform Fire Safety Act Fees | | 15,152 | 15,152 | | |
| Uniform Fire Safety Act Rebate | | 29,457 | 29,457 | | |
| Sewer User Fees | 5,318 | 223,274 | 220,478 | | 8,114 |
| Cable Television Franchise Fee | | 158,075 | 158,075 | | |
| Hotel/Motel Tax | - | 127,971 | 127,971 | - | - |
| | <u>\$ 41,168</u> | <u>\$ 2,897,754</u> | <u>\$ 2,703,858</u> | <u>\$ 169,863</u> | <u>\$ 65,201</u> |

**BOROUGH OF TOTOWA
STATEMENT OF GRANTS RECEIVABLE**

| | Balance, December 31, <u>2014</u> | <u>Accrued</u> | <u>Received</u> | Balance, December 31, <u>2015</u> |
|---|---|-------------------|------------------|---|
| Municipal Alliance Program | \$ 29,919 | \$ 22,440 | \$ 4,583 | \$ 47,776 |
| Passaic County Open Space - Lincoln Field | 4,717 | | | 4,717 |
| Safe & Secure Communities | 19,166 | 60,000 | 70,434 | 8,732 |
| Body Armor Grant | 720 | | | 720 |
| NJ DOT Safe Corridors | | 10,434 | | 10,434 |
| FEMA - Hazard Mitigation Grant Program | <u>-</u> | <u>265,764</u> | <u>-</u> | <u>265,764</u> |
| | <u>\$ 54,522</u> | <u>\$ 358,638</u> | <u>\$ 75,017</u> | <u>\$ 338,143</u> |

EXHIBIT A-14

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

| <u>Date</u> <u>Authorized</u> | <u>Purpose</u> | <u>Net</u> <u>Amount</u> <u>Authorized</u> | <u>1/5 of Net</u> <u>Amount</u> <u>Authorized</u> | <u>Balance,</u> <u>December 31,</u> <u>2014</u> | <u>Amount</u> <u>in 2015</u> <u>Budget</u> | <u>Balance,</u> <u>December 31,</u> <u>2015</u> |
|----------------------------------|---|--|---|---|--|---|
| 6/15/2011 | Revaluation of Real Property | \$ 139,000 | \$ 27,800 | \$ 27,800 | \$ 27,800 | |
| 11/29/2012 | Hurricane Irene E.O. #73, Storm Damage | 112,000 | 22,400 | <u>44,800</u> | <u>22,400</u> | <u>\$ 22,400</u> |
| | | | | <u>\$ 72,600</u> | <u>\$ 50,200</u> | <u>\$ 22,400</u> |

**BOROUGH OF TOTOWA
STATEMENT OF 2014 APPROPRIATION RESERVES**

| | Balance, December 31, 2014 | Transfers | Encumbrance Payable Cancelled | Balance After Modification | Paid or Charged | Balance Lapsed |
|--|----------------------------------|-------------|-------------------------------------|----------------------------------|-----------------------|-------------------|
| SALARIES AND WAGES | | | | | | |
| Mayor and Council | \$ 366 | | | \$ 366 | \$ 366 | |
| Municipal Clerk | 252 | | | 252 | 252 | |
| Elections | 14 | | | 14 | 14 | |
| Financial Administration | 166 | | | 166 | 166 | |
| Board of Adjustments | 1 | | | 1 | 1 | |
| Police Dispatch/911 | 4,659 | | | 4,659 | 4,659 | |
| Police | 50,542 | | | 50,542 | 50,542 | |
| Road Repairs and Maintenance | 55,606 | | | 55,606 | 55,606 | |
| Public Buildings and Grounds | 2,244 | | | 2,244 | 2,244 | |
| Sewer System | 9,449 | | | 9,449 | 9,449 | |
| Recycling Program | 248 | | | 248 | 248 | |
| Board of Health | 202 | | | 202 | 202 | |
| Parks and Playgrounds | 3,404 | | | 3,404 | 3,404 | |
| Senior Citizen Program | 5,967 | | | 5,967 | 5,967 | |
| Municipal Court | 1,840 | | | 1,840 | 1,840 | |
| Construction Code Official | 130 | - | - | 130 | 130 | - |
| | <u>135,090</u> | <u>-</u> | <u>-</u> | <u>135,090</u> | <u>135,090</u> | <u>-</u> |
| OTHER EXPENSES | | | | | | |
| Municipal Clerk | 3,680 | | | 3,680 | 311 | \$ 3,369 |
| Codification of Ordinances | 3,805 | | | 3,805 | | 3,805 |
| Elections | 2,034 | | | 2,034 | | 2,034 |
| Assessment of Taxes | 12,522 | | \$ 775 | 13,297 | | 13,297 |
| Financial Administration | 7,653 | | | 7,653 | 41 | 7,612 |
| Collection of Taxes | 1,465 | | | 1,465 | 40 | 1,425 |
| Legal Services and Costs | 31,322 | | | 31,322 | 8,158 | 23,164 |
| Engineering Services & Costs | 22,669 | | | 22,669 | 200 | 22,469 |
| Planning Board | 36,687 | | | 36,687 | 263 | 36,424 |
| Board of Adjustment | 4,887 | | | 4,887 | | 4,887 |
| Insurance | | | | | | |
| General Liability | 30,286 | | | 30,286 | | 30,286 |
| Workers Compensation | 1,968 | | | 1,968 | | 1,968 |
| Employee Group Health (Within "CAPS") | 13,850 | | | 13,850 | 325 | 13,525 |
| Employee Group Health (Excluded from "CAPS") | 642 | | | 642 | | 642 |
| Fire | 71,935 | | | 71,935 | 53,058 | 18,877 |
| Fire Officials | 900 | | | 900 | | 900 |
| Police Dispatch/911 | 687 | | | 687 | | 687 |
| Police | 18,687 | | 1,610 | 20,297 | | 20,297 |
| Vehicle Purchases | 54,644 | \$ (54,644) | | | | |
| First Aid Squad | 12,500 | | | 12,500 | 9,375 | 3,125 |
| Emergency Management Services | 508 | | | 508 | | 508 |
| Municipal Prosecutor | 1,000 | | | 1,000 | | 1,000 |
| Road Repairs and Maintenance | 6,997 | | | 6,997 | 6,715 | 282 |
| Public Buildings and Grounds | 8,606 | | | 8,606 | 5,015 | 3,591 |
| Vehicle Maintenance | 25,151 | | | 25,151 | 22,635 | 2,516 |
| Sewer System | 12,902 | | | 12,902 | 12 | 12,890 |
| Shade Tree Commission | 2,455 | | | 2,455 | 10 | 2,445 |
| Recycling Program | 500 | | | 500 | | 500 |
| Solid Waste Transfer Fees | 32,959 | | | 32,959 | | 32,959 |
| Leaf Grass Removal | 990 | | | 990 | | 990 |
| Condo Services Act | 14,000 | | | 14,000 | 6,083 | 7,917 |
| Board of Health | 6,678 | | | 6,678 | 5,627 | 1,051 |

BOROUGH OF TOTOWA
STATEMENT OF 2014 APPROPRIATION RESERVES

| | Balance, December 31, 2014 | Transfers | Encumbrance Payable Cancelled | Balance After Modification | Paid or Charged | Balance Lapsed |
|--|----------------------------------|-------------|-------------------------------------|----------------------------------|-----------------------|-------------------|
| OTHER EXPENSES: (Continued) | | | | | | |
| Animal Control | \$ 5,000 | | | \$ 5,000 | | \$ 5,000 |
| Administration of Public Assistance | 965 | | | 965 | \$ 105 | 860 |
| Hepatitis B Vaccine | 1,404 | | | 1,404 | 25 | 1,379 |
| Celebration of Public Events | 756 | | | 756 | 468 | 288 |
| Senior Citizen Program | | | | | | |
| Contribution | 3,000 | | | 3,000 | | 3,000 |
| Other Expense | 1,960 | | | 1,960 | 3 | 1,957 |
| Municipal Court | 1,413 | | | 1,413 | 50 | 1,363 |
| Public Defender | 1,500 | | | 1,500 | | 1,500 |
| Construction Code Official | 2,464 | | | 2,464 | 94 | 2,370 |
| Utilities | | | | | | |
| Street Lighting | 55,233 | | | 55,233 | 51,920 | 3,313 |
| Electricity and Natural Gas | 28,667 | | | 28,667 | 24,012 | 4,655 |
| Gasoline | 12,605 | | \$ 15,497 | 28,102 | 25,000 | 3,102 |
| Telephone | 11,521 | | | 11,521 | | 11,521 |
| Social Security System (O.A.S.I.) | 22,485 | | | 22,485 | 22,403 | 82 |
| Public Employees Retirement System | 25,000 | | | 25,000 | | 25,000 |
| Recycling Tax | 1,891 | | | 1,891 | | 1,891 |
| Clean Communities Grant Program | 17,654 | | | 17,654 | 17,654 | |
| Drug and Alcohol Municipal Alliance | 3,520 | | | 3,520 | 3,520 | |
| Body Armor | 4,300 | | | 4,300 | 4,300 | |
| Matching Funds for Grants | 25,700 | | | 25,700 | | 25,700 |
| Alcohol Education and Rehabilitation Fund | 2,602 | | | 2,602 | 2,602 | |
| NJ DOT - Safe Corridors | 8,797 | | | 8,797 | 8,797 | |
| Renovation of Public Buildings | 140,000 | \$ (40,000) | | 100,000 | 88,000 | 12,000 |
| Acquisition of Office Equipment | 10,657 | | | 10,657 | 4,337 | 6,320 |
| Road Dept. - Storm Drainage Sewer Improvements | 80,000 | | | 80,000 | | 80,000 |
| Acquisition of Fire Rescue Truck | 15,000 | | | 15,000 | 14,307 | 693 |
| Installation of Traffic Light Video Detection System | 15,000 | | | 15,000 | | 15,000 |
| Sewer Department Equipment | 29,000 | | | 29,000 | 25,773 | 3,227 |
| DPW Department Equipment | 86,831 | | | 86,831 | 86,000 | 831 |
| Fire Department Equipment | 47,662 | 94,644 | - | 142,306 | 99,121 | 43,185 |
| | <u>1,108,156</u> | <u>-</u> | <u>17,882</u> | <u>1,126,038</u> | <u>596,359</u> | <u>529,679</u> |
| | <u>\$ 1,243,246</u> | <u>\$ -</u> | <u>\$ 17,882</u> | <u>\$ 1,261,128</u> | <u>\$ 731,449</u> | <u>\$ 529,679</u> |
| Cash Disbursed | | | | | \$ 438,481 | |
| Due to Other Trust Fund: | | | | | | |
| Accumulated Absence Reserve | | | | | 158,000 | |
| Snow Removal Reserve | | | | | 50,000 | |
| Transferred to: | | | | | | |
| Accounts Payable | | | | | 48,095 | |
| Reserve for Appropriated Grants | | | | | <u>36,873</u> | |
| | | | | | <u>\$ 731,449</u> | |

**BOROUGH OF TOTOWA
STATEMENT OF ENCUMBRANCES PAYABLE**

| | | |
|--|---------------|-------------------|
| Balance, December 31, 2014 | | \$ 448,562 |
| Increased by: | | |
| Charges to 2015 Budget Appropriations | | <u>350,951</u> |
| | | 799,513 |
| Decreased by: | | |
| Payments | \$ 430,680 | |
| Cancellations Restored to Appropriation Reserves | <u>17,882</u> | |
| | | <u>448,562</u> |
| Balance, December 31, 2015 | | <u>\$ 350,951</u> |

STATEMENT OF ACCOUNTS PAYABLE

| | | |
|--|--|-------------------|
| Balance, December 31, 2014 | | \$ 426,167 |
| Increased by: | | |
| Transferred from 2014 Appropriation Reserves | | <u>48,095</u> |
| | | 474,262 |
| Decreased by: | | |
| Payments | | <u>291,018</u> |
| Balance, December 31, 2015 | | <u>\$ 183,244</u> |

**BOROUGH OF TOTOWA
STATEMENT OF PREPAID TAXES**

| | |
|----------------------------|-------------------|
| Balance, December 31, 2014 | \$ 176,979 |
| Increased by: | |
| Collection of 2016 Taxes | <u>391,454</u> |
| | 568,433 |
| Decreased by: | |
| Application to 2015 Taxes | <u>176,979</u> |
| Balance, December 31, 2015 | <u>\$ 391,454</u> |

STATEMENT OF TAX OVERPAYMENTS

| | |
|----------------------------|------------------|
| Balance, December 31, 2014 | \$ 6,361 |
| Increased by: | |
| Overpayments in 2015 | <u>54,907</u> |
| | 61,268 |
| Decreased by: | |
| Refunds | <u>6,361</u> |
| Balance, December 31, 2015 | <u>\$ 54,907</u> |

**BOROUGH OF TOTOWA
STATEMENT OF FEES PAYABLE**

| | Balance, December 31, <u>2014</u> | <u>Received</u> | <u>Disbursed</u> | Balance, December 31, <u>2015</u> |
|---------------------------------|---|------------------|------------------|---|
| Due to State | | | | |
| Construction Code Training Fees | \$ 6,044 | \$ 26,460 | \$ 23,206 | \$ 9,298 |
| Elevator Inspection Fees | 3,110 | | 409 | 2,701 |
| Marriage License Fees | <u>1,440</u> | <u>1,750</u> | <u>2,225</u> | <u>965</u> |
| | <u>\$ 10,594</u> | <u>\$ 28,210</u> | <u>\$ 25,840</u> | <u>\$ 12,964</u> |

EXHIBIT A-21

STATEMENT OF COUNTY TAXES PAYABLE

| | | | |
|--------------------------------|--|----------------|----------------------|
| Increased by: | | | |
| 2015 Levy | | | |
| General County | | \$ 16,102,306 | |
| County Open Space Preservation | | <u>216,768</u> | |
| | | | \$ 16,319,074 |
| Decreased by: | | | |
| Payments | | | <u>\$ 16,319,074</u> |

EXHIBIT A-22

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

| | |
|------------------------------------|-----------------|
| Balance, December 31, 2014 | \$ 7,561 |
| Increased by: | |
| County Share of 2015 Levy | |
| Added Taxes (RS 54:4-63.1 et seq.) | <u>4,179</u> |
| | 11,740 |
| Decreased by: | |
| Payments | <u>7,554</u> |
| Balance, December 31, 2015 | <u>\$ 4,186</u> |

BOROUGH OF TOTOWA
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

| | | |
|---|------------------|----------------------|
| Balance, December 31, 2014 | | |
| School Tax Payable | \$ 4,286,816 | |
| School Tax Deferred | <u>3,025,266</u> | |
| | | \$ 7,312,082 |
| Increased by: | | |
| Levy - School Year July 1, 2015 to June 30, 2016 | | <u>14,719,070</u> |
| | | 22,031,152 |
| Decreased by: | | |
| Payments | | <u>14,351,705</u> |
| Balance, December 31, 2015 | | |
| School Tax Payable | 4,654,181 | |
| School Tax Deferred | <u>3,025,266</u> | |
| | | <u>\$ 7,679,447</u> |
| <u>Analysis of Amount Charged to Operations</u> | | |
| 2015 Liability for Local District School Tax | | |
| Tax Paid | | \$ 14,351,705 |
| Tax Payable at December 31, 2015 | | <u>4,654,181</u> |
| | | 19,005,886 |
| Less: Tax Payable at December 31, 2014 | | <u>4,286,816</u> |
| Amount Charged to 2015 Operations | | <u>\$ 14,719,070</u> |

**BOROUGH OF TOTOWA
STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE**

| | | |
|---|------------------|---------------------|
| Balance, December 31, 2014 | | |
| School Tax Payable | \$ 2,482,245 | |
| School Tax Deferred | <u>2,093,009</u> | |
| | | \$ 4,575,254 |
| Increased by: | | |
| Levy - School Year July 1, 2015 to June 30, 2016 | | <u>9,330,150</u> |
| | | 13,905,404 |
| Decreased by: | | |
| Payments | | <u>9,224,823</u> |
| Balance, December 31, 2015 | | |
| School Tax Payable | 2,587,572 | |
| School Tax Deferred | <u>2,093,009</u> | |
| | | <u>\$ 4,680,581</u> |
| <u>Analysis of Amount Charged to Operations</u> | | |
| 2015 Liability for Regional High School Tax | | |
| Tax Paid | | \$ 9,224,823 |
| Tax Payable at December 31, 2015 | | <u>2,587,572</u> |
| | | 11,812,395 |
| Less: Tax Payable at December 31, 2014 | | <u>2,482,245</u> |
| Amount Charged to 2015 Operations | | <u>\$ 9,330,150</u> |

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

| | Balance, December 31, <u>2014</u> | <u>Received</u> | Anticipated in 2015 <u>Budget</u> | Balance, December 31, <u>2015</u> |
|-----------------------------|---|------------------|---|---|
| Clean Communities | \$ 16,557 | \$ 20,138 | \$ 16,557 | \$ 20,138 |
| Body Armor | 2,452 | 3,281 | 2,452 | 3,281 |
| Safe and Secure Communities | 15,000 | | 15,000 | |
| Alcohol Ed & Rehabilitation | 2,777 | 4,243 | 2,777 | 4,243 |
| Recycling Tonnage | <u>13,486</u> | <u>-</u> | <u>13,486</u> | <u>-</u> |
| | <u>\$ 50,272</u> | <u>\$ 27,662</u> | <u>\$ 50,272</u> | <u>\$ 27,662</u> |

STATEMENT OF RESERVE FOR APPROPRIATED GRANTS

| | Balance, December 31, <u>2014</u> | Transferred From 2014 Appropriation <u>Reserves</u> | <u>Expended</u> | Balance, December 31, <u>2015</u> |
|---|---|--|------------------|---|
| Clean Communities Program | \$ 53,611 | \$ 17,654 | \$ 37,519 | \$ 33,746 |
| Alcohol Ed & Rehabilitation | 2,051 | 2,602 | 1,989 | 2,664 |
| Recycling Tonnage Grant | 289 | | 289 | |
| Body Armor Replacement Fund | 4,008 | 4,300 | | 8,308 |
| Drunk Driving Enforcement Fund | 2,496 | | | 2,496 |
| Open Space Grant - Lincoln Field | 14,289 | | | 14,289 |
| FEMA - Firefighters Equipment - Local | 4,608 | | | 4,608 |
| FEMA - Firefighters Equipment - Federal | 3,543 | | | 3,543 |
| Soldiveri - Recreation | 617 | | | 617 |
| Municipal Alliance | 22,362 | 3,520 | | 25,882 |
| Muchuga | 690 | | | 690 |
| Safe Corridors | <u>8,995</u> | <u>8,797</u> | <u>-</u> | <u>17,792</u> |
| | <u>\$ 117,559</u> | <u>\$ 36,873</u> | <u>\$ 39,797</u> | <u>\$ 114,635</u> |

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

| | | |
|--|----------------|---------------------|
| Balance, December 31, 2014 | | \$ 1,696,184 |
| Increased by: | | |
| 2015 Budget Appropriation | \$ 500,000 | |
| Transfer from Current Year Tax Collections | <u>500,000</u> | |
| | | <u>1,000,000</u> |
| | | 2,696,184 |
| Decreased by: | | |
| Tax Appeal Refunds | | <u>304,095</u> |
| Balance, December 31, 2015 | | <u>\$ 2,392,089</u> |

STATEMENT OF MISCELLANEOUS RESERVES

| | Balance, December 31, <u>2014</u> | Balance, December 31, <u>2015</u> |
|----------------------------|---|---|
| Codification of Ordinances | <u>\$ 7,503</u> | <u>\$ 7,503</u> |
| | <u>\$ 7,503</u> | <u>\$ 7,503</u> |

TRUST FUND

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

| | <u>Assessments</u> | <u>Animal Control</u> | <u>Other</u> |
|---|--------------------|-----------------------|---------------------|
| Balance, December 31, 2014 | \$ 105,782 | \$ 3,474 | \$ 2,854,067 |
| Increased by: | | | |
| Interest on Deposits | \$ 249 | \$ 11 | \$ 8,173 |
| Assessments Receivable | 102,125 | | |
| Interest on Assessments | 11,912 | | |
| Miscellaneous Reserves | | | 574,673 |
| Received from Current Fund | | | 145,958 |
| Received for Current Fund | | | 135,035 |
| Escrow Deposits | | | 101,994 |
| Premiums Received from Tax Sale | | | 168,600 |
| Dog License Fees Collected | | 1,205 | |
| Due State of NJ - Dog Registration Fees | | 287 | |
| Employee Unemployment Contributions | | | 10,222 |
| Net Pay and Payroll Deduction Deposits | - | - | 8,363,078 |
| | <u>114,286</u> | <u>1,503</u> | <u>9,507,733</u> |
| | 220,068 | 4,977 | 12,361,800 |
| Decreased by Disbursements: | | | |
| Due State of NJ - Dog Registration Fees | | 290 | |
| Reserve for Animal Control Expenditures | | 319 | |
| Miscellaneous Reserves | | | 692,617 |
| Unemployment Claims Due to State | | | 27,896 |
| Escrow Deposits Payable | | | 177,265 |
| Payments made to Current Fund | 2,150 | 828 | 138,180 |
| Payments made to General Capital Fund | 200,000 | | |
| Payroll Disbursements | - | - | 8,362,480 |
| | <u>202,150</u> | <u>1,437</u> | <u>9,398,438</u> |
| Balance , December 31, 2015 | <u>\$ 17,918</u> | <u>\$ 3,540</u> | <u>\$ 2,963,362</u> |

**BOROUGH OF TOTOWA
ANALYSIS OF ASSESSMENT CASH**

| | Balance December 31, <u>2015</u> |
|--|--|
| Due to Current Fund | \$ 11,930 |
| Due to General Capital Fund | 486,718 |
| Unfinanced Assessments | |
| Ord. 08-04 - Replacement of Sidewalks, Curbs and Driveways - Union Blvd. | (166) |
| Ord. 03-10 - Replacement of Sidewalks, Curbs and Driveways - Union Blvd. - Phase II | <u>(480,564)</u> |
| | <u>\$ 17,918</u> |

EXHIBIT B-3

**STATEMENT OF ASSESSMENTS RECEIVABLE
ASSESSMENT TRUST FUND**

| Ord. No. | Description | Balance December 31, <u>2014</u> | <u>Collected</u> | Balance December 31, <u>2015</u> | Balance <u>Pledged to</u> Due General Capital Fund |
|----------|--|--|-------------------|--|---|
| 08-04 | Replacement of Sidewalks, Curbs and Driveways on Union Blvd. | \$ 14,801 | \$ 14,635 | \$ 166 | \$ 166 |
| 03-10 | Replacement of Sidewalks, Curbs and Driveways on Union Blvd. - Phase II | <u>568,054</u> | <u>87,490</u> | <u>480,564</u> | <u>480,564</u> |
| | | <u>\$ 582,855</u> | <u>\$ 102,125</u> | <u>\$ 480,730</u> | <u>\$ 480,730</u> |

EXHIBIT B-4

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

| | |
|-------------------------------|------------------|
| Balance, December 31, 2014 | \$ 1,919 |
| Increased by: | |
| Interest on Deposits | \$ 249 |
| Interest on Assessment | <u>11,912</u> |
| | <u>12,161</u> |
| | 14,080 |
| Decreased by: | |
| Payments made to Current Fund | <u>2,150</u> |
| Balance, December 31, 2015 | <u>\$ 11,930</u> |

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

| | | |
|--|--------|----------|
| Balance, December 31, 2014 | | \$ 2,653 |
| Increased by: | | |
| Dog License Fees Collected | | 1,205 |
| | | 3,858 |
| Decreased by: | | |
| Disbursements for Expenditures Under R.S. 4: 19~ 15.11 | \$ 319 | |
| Statutory Excess Due Current Fund | 711 | |
| | | 1,030 |
| Balance, December 31, 2015 | | \$ 2,828 |

EXHIBIT B-6

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

| | | |
|---|--------|------|
| Balance, December 31, 2014 | | \$ 3 |
| Increased by: | | |
| Dog License Registration Fees Collected | | 287 |
| | | 290 |
| Decreased by: | | |
| Payments | \$ 290 | |
| | | 290 |

EXHIBIT B-7

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

| | | |
|---|-------|--------|
| Balance, December 31, 2014 | | \$ 818 |
| Increased by: | | |
| Interest Earnings Due to Current Fund | \$ 11 | |
| Statutory Excess in Reserve for Animal Control Expenditures | 711 | |
| | | 722 |
| | | 1,540 |
| Decreased by: | | |
| Payments to Current Fund | | 828 |
| Balance, December 31, 2015 | | \$ 712 |

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

| | | |
|---|----------------|---------------------|
| Balance, December 31, 2014 | | \$ 1,354,434 |
| Increased by: | | |
| Cash Receipts | \$ 101,994 | |
| Adjustments from Miscellaneous Reserves | <u>148,918</u> | |
| | | <u>250,912</u> |
| | | 1,605,346 |
| Decreased by: | | |
| Cash Disbursements | | <u>177,265</u> |
| Balance, December 31, 2015 | | <u>\$ 1,428,081</u> |

EXHIBIT B-9

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

| | | |
|---|---------------|-------------------|
| Balance, December 31, 2014 | | \$ 123,951 |
| Increased by: | | |
| 2014 Appropriation Reserves - Accumulated Absences Reserve | | |
| Accumulated Absences Reserve | \$ 158,000 | |
| Snow Removal Reserve | <u>50,000</u> | |
| | | \$ 208,000 |
| Payments to Current Fund | | <u>138,180</u> |
| | | <u>346,180</u> |
| | | 470,131 |
| Decreased by: | | |
| Receipts from Current Fund | 145,958 | |
| Receipts for Current Fund - Police Outside Duty Admin. Fees | 135,035 | |
| Interest on Deposits | <u>4,169</u> | |
| | | <u>285,162</u> |
| Balance, December 31, 2015 | | <u>\$ 184,969</u> |

Analysis of Balance

| | | |
|------------------------------|--|-------------------|
| Escrow Account (Due From) | | \$ 184,998 |
| Net Payroll Account (Due To) | | (10) |
| Payroll Agency (Due To) | | <u>(19)</u> |
| | | <u>\$ 184,969</u> |

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

| | | |
|----------------------------|--|-------------------|
| Balance, December 31, 2014 | | \$ 40,500 |
| Increased by: | | |
| Cash Receipts | | <u>168,600</u> |
| Balance, December 31, 2015 | | <u>\$ 209,100</u> |

EXHIBIT B-11

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

| | | |
|----------------------------|------------------|------------------|
| Balance, December 31, 2014 | | \$ 9,977 |
| Increased by: | | |
| Net Pay | \$ 4,986,631 | |
| Payroll Deductions | <u>3,376,447</u> | |
| | | <u>8,363,078</u> |
| | | 8,373,055 |
| Decreased by: | | |
| Payroll Disbursements | | <u>8,362,480</u> |
| Balance, December 31, 2015 | | <u>\$ 10,575</u> |

EXHIBIT B-12

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

| | | |
|----------------------------|--|------------------|
| Balance, December 31, 2014 | | \$ 846 |
| Increased by: | | |
| Unemployment Claims | | <u>27,050</u> |
| | | 27,896 |
| Decreased by: | | |
| Payments to State | | <u>\$ 27,896</u> |

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

| | | |
|----------------------------------|------------|-------------------|
| Balance, December 31, 2014 | | \$ 136,121 |
| Increased by: | | |
| Employee Payroll Deductions | \$ 10,222 | |
| Interest on Deposits | <u>149</u> | |
| | | <u>10,371</u> |
| | | 146,492 |
| Decreased by: | | |
| Unemployment Claims Due to State | | <u>27,050</u> |
| Balance, December 31, 2015 | | <u>\$ 119,442</u> |

EXHIBIT B-14

STATEMENT OF MISCELLANEOUS RESERVES AND DPOSITS
OTHER TRUST FUND

| | Balance December 31, <u>2014</u> | <u>Increases</u> | <u>Decreases</u> | Balance December 31, <u>2015</u> |
|---|--|-------------------|-------------------|--|
| Reserve for Recycling Program | \$ 137,488 | \$ 24,487 | \$ 54,862 | \$ 107,113 |
| Reserve for Centennial Club | 22,805 | | | 22,805 |
| Reserve for Historical Society Donations | 942 | | | 942 |
| Reserve for Municipal Alliance Donations | 60,787 | 4,950 | 3,500 | 62,237 |
| Reserve for Recreation Program | 39,132 | 53,884 | 61,252 | 31,764 |
| Reserve for Polling Place Deposit | 146 | | | 146 |
| Reserve for Affordable Housing Fees | 738,735 | 3,852 | 66,997 | 675,590 |
| Reserve for Police Outside Duty Fees | 41,726 | 489,896 | 491,356 | 40,266 |
| Reserve for Accumulated Absence Liability | 212,009 | 158,000 | 20,715 | 349,294 |
| Reserve for Snow Removal | 30,000 | 50,000 | | 80,000 |
| Reserve for O/S Lien Holders Deposits | 148,918 | | 148,918 | |
| Reserve for Hickory Hill II Deposit | 192 | | | 192 |
| Reserve for POAA Fees | 2,229 | 1,456 | | 3,685 |
| Reserve for Disposal of Forfeited Material Deposits | <u>1,031</u> | <u>3</u> | <u>-</u> | <u>1,034</u> |
| | <u>\$1,436,140</u> | <u>\$ 786,528</u> | <u>\$ 847,600</u> | <u>\$ 1,375,068</u> |
| Interest on Deposits | | \$ 3,855 | | |
| Cash Receipts | | 574,673 | | |
| Due from Current Fund - 2014 Appropriation Reserves | | 208,000 | | |
| Cash Disbursements | | | \$ 692,617 | |
| Due to Swim Pool Utility Operating Fund | | | 6,065 | |
| Adjustments to Escrow Deposits Payable | | <u>-</u> | <u>148,918</u> | |
| | | <u>\$ 786,528</u> | <u>\$ 847,600</u> | |

GENERAL CAPITAL FUND

BOROUGH OF TOTOWA
STATEMENT OF CASH - TREASURER

| | | |
|--|----------------|---------------------|
| Balance, December 31, 2014 | | \$ 285,550 |
| Increased by: | | |
| Interest Earnings | \$ 975 | |
| Grant Receipts | 377,788 | |
| Reserve for Sewer Connection Fees | 3,000 | |
| Reserve for Fire Truck | 94,644 | |
| Reserve for Sewer Jet Truck | 86,000 | |
| Received from Current Fund | 393,465 | |
| Received from Assessment Trust Fund | 200,000 | |
| Received from Water Utility Capital Fund | <u>200,000</u> | |
| | | <u>1,355,872</u> |
| | | 1,641,422 |
| Decreased by: | | |
| Improvement Authorizations | | <u>183,215</u> |
| Balance, December 31, 2015 | | <u>\$ 1,458,207</u> |

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

| | | Balance, December 31, <u>2015</u> |
|--------------------------------------|---|---|
| Fund Balance | | \$ 74 |
| Capital Improvement Fund | | 264,853 |
| Contracts Payable | | 497,000 |
| Due to Current Fund | | 557,615 |
| Due from Assessment Trust Fund | | (486,718) |
| Due From Water Utility Capital Fund | | (197,022) |
| Grants Receivable | | (482,443) |
| Reserve for Sewer Connection Charges | | 14,000 |
| Reserve for Capital Improvements | | 138 |
| Reserve for Fire Truck | | 94,644 |
| Improvement Authorizations: | | |
| Ordinance | | |
| <u>Number</u> | <u>Description</u> | |
| 08-04 | Rep. of Sidewalks, Curbs and Driveway Aprons - Union Blvd.-Phase I | 35,970 |
| 03-10 | Rep. of Sidewalks, Curbs and Driveway Aprons - Union Blvd.-Phase II | 50,874 |
| 08-12/06-13/ 10-13/05-14 | Various Sanitary Sewer, Storm Sewer, and Road Improvements | 159,209 |
| 03-13 | Replacement of 24" Sanitary Sewer Force Main(Phase IV) | (2,350) |
| 12-13 | Flood Acquisition Project | (28,032) |
| 08-15 | Improvements to Lincoln Field | 23,107 |
| 10-15 | Various Road Improvements | 574,419 |
| 15-15 | Various Capital Improvements | 380,136 |
| 16-15 | Purchase and Installation of a Generator | 2,733 |
| | | <u>\$ 1,458,207</u> |

**BOROUGH OF TOTOWA
STATEMENT OF GRANT RECEIVABLE**

| Ord. No. | Agency | Balance, December 31, 2014 | Grant Award | Collections | Balance, December 31, 2015 | Balance, Pledged to Improvement Authorization | Reserve for Grants Receivable |
|------------------|-----------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|--|-------------------------------------|
| 08-12/ 06-13/ | | | | | | | |
| 10-13 | Community Development Block Grant | \$ 20,392 | | | \$ 20,392 | \$ 20,392 | |
| 08-12 | Dept. of Transportation Grant | 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 | 10,581 | | | 10,581 | 10,581 | |
| 08-15 | Passaic County Open Space | | \$ 127,677 | 101,538 | 26,139 | 26,139 | |
| 09-15 | Community Development Block Grant | | 106,581 | | 106,581 | 106,581 | |
| 10-15 | Dept. of Transportation Grant | - | 420,000 | 101,250 | 318,750 | 318,750 | - |
| | | <u>\$ 1,455,973</u> | <u>\$ 654,258</u> | <u>\$ 377,788</u> | <u>\$ 1,732,443</u> | <u>\$ 482,443</u> | <u>\$ 1,250,000</u> |

EXHIBIT C-5

STATEMENT OF DUE TO CURRENT FUND

| | | |
|---|-----------|-------------------|
| Balance, December 31, 2014 | | \$ 1,024,709 |
| Increased by: | | |
| Interest Earnings | | \$ 975 |
| Receipts from Current Fund | | 393,465 |
| General Capital Expenditures paid by Current Fund | | |
| Contracts Payable | \$ 17,741 | |
| Improvement Authorizations | 3,829 | |
| | | <u>21,570</u> |
| | | <u>416,010</u> |
| | | 1,440,719 |
| Decreased by: | | |
| 2015 Budget Appropriation: | | |
| Capital Improvement Fund | | 788,000 |
| Deferred Charge - Ord 02-10 | | <u>95,104</u> |
| | | <u>883,104</u> |
| Balance, December 31, 2015 | | <u>\$ 557,615</u> |

EXHIBIT C-6

STATEMENT OF DUE FROM ASSESSMENT TRUST FUND

| | |
|--------------------------------|-------------------|
| Balance, December 31, 2014 | \$ 686,718 |
| Decreased by: | |
| Received from Assessment Trust | <u>200,000</u> |
| Balance, December 31, 2015 | <u>\$ 486,718</u> |

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

| Ord. No. | Improvement Description | Balance, December 31, 2014 | Funded by Budget Appropriation | Balance, December 31, 2015 | Analysis of Balance December 31, 2015 | |
|-------------|--|----------------------------------|--------------------------------------|----------------------------------|--|---|
| | | | | | Expenditures | Unexpended Improvement Authorizations |
| | <u>General Improvements</u> | | | | | |
| 02-10 | Union Blvd. Streetscape Improvements Phase I & II - NJ DOT | \$ 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 | 28,032 | 1,221,968 |
| | <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 | 236,282 | - | 236,282 | - | 236,282 |
| | | <u>\$ 2,775,050</u> | <u>\$ 95,104</u> | <u>\$ 2,679,946</u> | <u>\$ 30,382</u> | <u>\$ 2,649,564</u> |
| | Due from Current Fund | | <u>\$ 95,104</u> | | | |
| | | | | | | <u>\$ 2,649,564</u> |
| | | | | | | Improvement Authorizations - Unfunded |

**BOROUGH OF TOTOWA
STATEMENT OF CONTRACTS PAYABLE**

| | |
|---------------------------------------|-------------------|
| Balance, December 31, 2014 | \$ 17,741 |
| Increased by: | |
| Charged to Improvement Authorizations | <u>497,000</u> |
| | 514,741 |
| Decreased by: | |
| Payments Made by Current Fund | <u>17,741</u> |
| Balance, December 31, 2015 | <u>\$ 497,000</u> |

STATEMENT OF CAPITAL IMPROVEMENT FUND

| | |
|--|-------------------|
| Balance, December 31, 2014 | \$ 278,853 |
| Increased by: | |
| 2015 Budget Appropriation Due from Current Fund | <u>788,000</u> |
| | 1,066,853 |
| Decreased by: | |
| Appropriated to Finance Improvement Authorizations | <u>802,000</u> |
| Balance, December 31, 2015 | <u>\$ 264,853</u> |

STATEMENT OF RESERVE FOR SEWER CONNECTION CHARGES

| | |
|----------------------------|------------------|
| Balance, December 31, 2014 | \$ 11,000 |
| Increased by: | |
| Cash Receipts | <u>3,000</u> |
| Balance, December 31, 2015 | <u>\$ 14,000</u> |

**BOROUGH OF TOTOWA
STATEMENT OF RESERVE FOR CAPITAL IMPROVEMENTS**

| | |
|--|---------------|
| Balance, December 31, 2014 | \$ 12,138 |
| Decreased by: | |
| Appropriated to Finance Improvement Authorizations | <u>12,000</u> |
| Balance, December 31, 2015 | <u>\$ 138</u> |

STATEMENT OF RESERVE FOR ROAD IMPROVEMENTS

| | |
|--|-------------------|
| Balance, December 31, 2014 | \$ 150,000 |
| Decreased by: | |
| Appropriated to Finance Improvement Authorizations | <u>\$ 150,000</u> |

STATEMENT OF RESERVE FOR FIRE TRUCK

| | |
|--|------------------|
| Increased by: | |
| 2014 Appropriation Reserves Received from Current Fund | \$ 94,644 |
| Balance, December 31, 2015 | <u>\$ 94,644</u> |

STATEMENT OF RESERVE FOR SEWER JET TRUCK

| | |
|--|------------------|
| Increased by: | |
| 2014 Appropriation Reserves Received from Current Fund | \$ 86,000 |
| Decreased by: | |
| Appropriated to Finance Improvement Authorizations | <u>\$ 86,000</u> |

**BOROUGH OF TOTOWA
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

| Ord. No. | Improvement Description | Ordinance Amount | Balance, December 31, 2014 | | 2015 Authorizations | | | | | | Balance, December 31, 2015 | |
|-----------------------------|--|------------------|----------------------------|---------------------|--------------------------|----------------------|-------------------|-------------------------------|-----------------------|----------------------------------|-------------------------------|---|
| | | | Funded | Unfunded | Capital Improvement Fund | Capital Fund Balance | Grant Awards | Reserve for Road Improvements | Reserve for Sewer Jet | Reserve for Capital Improvements | Paid or Charged | Funded |
| <u>General Improvements</u> | | | | | | | | | | | | |
| 08-12/ 06-13/ | | | | | | | | | | | | |
| 10-13/ 05-14/ | | | | | | | | | | | | |
| 09-15 | Various Sanitary Sewer, Storm Sewer and Road Improvements | 827,363 | \$ 52,628 | | | | \$ 106,581 | | | | | \$ 159,209 |
| 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 | | 1,248,730 | | | | | | | \$ 26,762 | 1,221,968 |
| 08-15 | Improvements to Lincoln Field | 127,677 | | | | | 127,677 | | | | 104,570 | 23,107 |
| 10-15 | Various Road Improvements | 858,000 | | | \$ 288,000 | | 420,000 | \$ 150,000 | | | 283,581 | 574,419 |
| 15-15 | Various Capital Improvements | 600,000 | | | 514,000 | | | | \$ 86,000 | | 219,864 | 380,136 |
| 16-15 | Purchase and Installation of a Generator | 52,000 | | | | \$ 40,000 | | | | \$ 12,000 | 49,267 | 2,733 |
| <u>Local Improvements</u> | | | | | | | | | | | | |
| 08-04 | Replacements of Sidewalks, Curbs and Driveway Aprons - Union Boulevard | 488,000 | 35,970 | 136,664 | | | | | | | | 35,970 136,664 |
| 03-10 | Replacements of Sidewalks, Curbs and Aprons-Union Blvd. | 970,000 | 50,874 | 236,282 | - | - | - | - | - | - | - | 50,874 236,282 |
| | | | <u>\$ 139,472</u> | <u>\$ 2,676,326</u> | <u>\$ 802,000</u> | <u>\$ 40,000</u> | <u>\$ 654,258</u> | <u>\$ 150,000</u> | <u>\$ 86,000</u> | <u>\$ 12,000</u> | <u>\$ 684,044</u> | <u>\$ 1,226,448</u> <u>\$ 2,649,564</u> |
| | | | | | | | | | | | Cash Disbursements | \$ 183,215 |
| | | | | | | | | | | | Contracts Payable | 497,000 |
| | | | | | | | | | | | Payments Made by Current Fund | 3,829 |
| | | | | | | | | | | | | <u>\$ 684,044</u> |

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

| Ord. No. | Purpose | Balance, December 31, 2014 | Funded by Assessments Collected | Funded by Budget Appropriation | Balance, December 31, 2015 | |
|-------------|---|----------------------------------|---------------------------------------|--------------------------------------|-------------------------------|-------------------|
| | | | | | Capital Fund | Trust Fund |
| 08-04 | Replacement of Sidewalks, Curbs and Driveway Aprons - Union Boulevard | \$ 151,465 | \$ 14,635 | | \$ 136,664 | \$ 166 |
| 02-10 | Union Blvd. Streetscape Improvements Phase I & II - NJDOT | 95,104 | | \$ 95,104 | | |
| 03-10 | Replacement of Sidewalks, Curbs and Driveway Aprons - Union Blvd. Phase II | 804,336 | 87,490 | | 236,282 | 480,564 |
| 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>1,250,000</u> | <u>-</u> |
| | | <u>\$ 3,357,905</u> | <u>\$ 102,125</u> | <u>\$ 95,104</u> | <u>\$ 2,679,946</u> | <u>\$ 480,730</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, 2014 | \$ 955,113 | \$ 313 | \$ 1,558 |
| Increased by Receipts: | | | |
| Collector | \$ 3,265,377 | | |
| Received from Water Utility Assessment Trust Fund | 313 | | |
| Interest Earned | 3,954 | | |
| 2015 Budget Appropriation: | | | |
| Capital Improvement Fund | | | 60,000 |
| Cost of Improvements | - | - | <u>200,000</u> |
| | <u>3,269,644</u> | - | <u>260,000</u> |
| | 4,224,757 | 313 | 261,558 |
| Decreased by Disbursements: | | | |
| 2015 Budget Appropriations | 2,782,237 | | |
| 2014 Appropriation Reserves | 42,476 | | |
| Encumbrances Payable | 181,140 | | |
| Payments Made to Current Fund | 96,521 | | |
| Payments Made to General Capital Fund | | | 200,000 |
| Payments Made to Water Utility Operating Fund | - | <u>313</u> | <u>-</u> |
| | <u>3,102,374</u> | 313 | <u>200,000</u> |
| Balance, December 31, 2015 | <u>\$ 1,122,383</u> | <u>\$ -</u> | <u>\$ 61,558</u> |

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

| | |
|---------------------------------|---------------------|
| Received in 2015 | |
| Consumer Accounts Receivable | \$ 3,232,875 |
| Interest on Delinquent Accounts | 28,296 |
| Overpayments | <u>4,206</u> |
| | <u>\$ 3,265,377</u> |
| Decreased by: | |
| Payment to Treasurer | <u>\$ 3,265,377</u> |

**ANALYSIS OF CASH
WATER UTILITY CAPITAL FUND**

| | |
|------------------------------|---|
| | Balance, December 31, <u>2015</u> |
| Fund Balance | \$ 1,961 |
| Capital Improvement Fund | 187,108 |
| Due to General Capital Fund | 197,022 |
| Reserve for Water Tower Fees | 14,219 |
| Improvement Authorizations: | |
| <u>Ord. No.</u> | <u>Description</u> |
| 02-08 | Acquisition of Pump for Shepherds Lane |
| 12-01 | Construction of Water Line @ Totowa Village |
| 15-13 | Abandonment of Shepherds Lane Pump Station |
| | <u>3,885</u> |
| | (383,577) |
| | <u>40,940</u> |
| | <u>\$ 61,558</u> |

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

| | | |
|--|----------------|--------------------------|
| Balance, December 31, 2014 | | \$ 561,922 |
| Increased by: | | |
| Water Usage Charges Levied | \$ 2,969,012 | |
| Miscellaneous Fees and Charges | <u>287,968</u> | |
| | | <u>3,256,980</u> |
| Decreased by: | | |
| Collections: | | |
| Water Usage Charges | \$ 2,945,173 | |
| Miscellaneous Fees | <u>287,702</u> | |
| | | 3,232,875 |
| Overpayments Applied - Water Usage Charges | | 1,961 |
| Transferred to Water Utility Liens | | <u>235</u> |
| | | <u>3,235,071</u> |
| Balance, December 31, 2015 | | <u><u>\$ 583,831</u></u> |

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

| | | |
|---|-----------|----------------------|
| Increased by: | | |
| Transferred from Consumers' Accounts Receivable | \$ 235 | |
| Penalties and Costs Accrued by Sale | <u>51</u> | |
| | | <u>\$ 286</u> |
| Balance, December 31, 2015 | | <u><u>\$ 286</u></u> |

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

| | | |
|--|--|--------------------------|
| Balance, December 31, 2014 | | \$ 93,000 |
| Increased by: | | |
| Water Utility Operating Fund Expenditures Paid by Current Fund | | <u>154,039</u> |
| | | 247,039 |
| Decreased by: | | |
| Payments to Current Fund | | <u>96,521</u> |
| Balance, December 31, 2015 | | <u><u>\$ 150,518</u></u> |

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

| | Balance, December 31, <u>2014</u> | <u>Additions</u> Budget <u>Capital Outlay</u> | Balance, December 31, <u>2015</u> |
|---|---|---|---|
| Distribution Mains, Lines and Accessories | \$ 1,985,349 | | \$ 1,985,349 |
| Pump Stations | 958,918 | \$ 12,300 | 971,218 |
| 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 | 13,300 | 22,300 |
| Water Meters | <u>214,909</u> | <u>23,728</u> | <u>238,637</u> |
| | <u>\$ 4,194,051</u> | <u>\$ 49,328</u> | <u>\$ 4,243,379</u> |

EXHIBIT D-13

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

| <u>Ord.</u> <u>No.</u> | <u>Improvement Description</u> | Balance December 31, <u>2014</u> | Balance, December 31, <u>2015</u> |
|---------------------------|--|--|---|
| 02-08 | Acquisition of Pump for Shepards Lane | \$ 3,885 | \$ 3,885 |
| 15-13 | Abandonment of Shepherds Lane Pump Station | <u>40,940</u> | <u>40,940</u> |
| | | <u>\$ 44,825</u> | <u>\$ 44,825</u> |

**BOROUGH OF TOTOWA
STATEMENT OF 2014 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

| | Balance, December 31, <u>2014</u> | Encumbrance Payable <u>Cancelled</u> | Balance After <u>Modification</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|--|---|--|---|---------------------------|--------------------------|
| OPERATING | | | | | |
| Salaries and Wages | \$ 108,910 | \$ 963 | \$ 109,873 | | \$ 109,873 |
| Other Expenses | <u>93,027</u> | <u>-</u> | <u>93,027</u> | \$ 2,641 | <u>90,386</u> |
| | <u>201,937</u> | <u>963</u> | <u>202,900</u> | <u>2,641</u> | <u>200,259</u> |
| CAPITAL IMPROVEMENTS | | | | | |
| Capital Outlay | <u>43,154</u> | <u>-</u> | <u>43,154</u> | <u>42,517</u> | <u>637</u> |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES | | | | | |
| Contribution to Social Security System (O.A.S.I) | <u>9,049</u> | <u>-</u> | <u>9,049</u> | <u>-</u> | <u>9,049</u> |
| | <u>9,049</u> | <u>-</u> | <u>9,049</u> | <u>-</u> | <u>9,049</u> |
| | <u>\$ 254,140</u> | <u>\$ 963</u> | <u>\$ 255,103</u> | <u>\$ 45,158</u> | <u>\$ 209,945</u> |
| | | | Cash Disbursements | \$ 42,476 | |
| | | | Accounts Payable | <u>2,682</u> | |
| | | | | <u>\$ 45,158</u> | |

EXHIBIT D-15

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

| | |
|---|---------------|
| Balance, December 31, 2014 | \$ 313 |
| Decreased by: | |
| Receipts from Water Utility Assessment Trust Fund | <u>\$ 313</u> |

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

| | |
|----------------------------------|-------------------|
| Balance, December 31, 2014 | \$ 397,022 |
| Decreased by: | |
| Payments to General Capital Fund | <u>200,000</u> |
| Balance, December 31, 2015 | <u>\$ 197,022</u> |

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

| | |
|--|-------------------|
| Balance, December 31, 2014 | \$ 182,103 |
| Increased by: | |
| Charges to 2015 Budget Appropriations | <u>158,371</u> |
| | 340,474 |
| Decreased by: | |
| Cash Disbursements | \$ 181,140 |
| Cancellations Restored to Appropriation Reserves | <u>963</u> |
| | <u>182,103</u> |
| Balance, December 31, 2015 | <u>\$ 158,371</u> |

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

| | |
|--|----------|
| Balance, December 31, 2014 | \$ 83 |
| Increased by: | |
| Charges to 2014 Appropriation Reserves | 2,682 |
| Balance, December 31, 2015 | \$ 2,765 |

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

| | |
|-------------------------------------|----------|
| Balance, December 31, 2014 | \$ 1,961 |
| Increased by: | |
| Overpayments Received in 2015 Rents | 4,206 |
| | 6,167 |
| Decreased by: | |
| Overpayments Applied to 2015 Rents | 1,961 |
| Balance, December 31, 2015 | \$ 4,206 |

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

| Ord. No. | Improvement Description | Ordinance Amount | Balance, December 31, 2014 | | Balance, December 31, 2015 | |
|-------------|---|---------------------|-------------------------------|-------------|-------------------------------|-------------|
| | | | 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 | 40,940 | \$ - | 40,940 | \$ - |
| | | | <u>\$ 44,825</u> | <u>\$ -</u> | <u>\$ 44,825</u> | <u>\$ -</u> |

EXHIBIT D-21

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

| | |
|----------------------------|-------------------|
| Balance, December 31, 2014 | \$ 127,108 |
| Increased by: | |
| 2015 Budget Appropriation | <u>60,000</u> |
| Balance, December 31, 2015 | <u>\$ 187,108</u> |

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

| | | |
|--|---------------|---------------------|
| Balance, December 31, 2014 | | \$ 3,610,474 |
| Increased by: | | |
| 2015 Budget Appropriation - Cost of Improvements | 200,000 | |
| Capital Outlay | | |
| 2015 Budget Appropriation | \$ 6,811 | |
| 2014 Appropriation Reserves | <u>42,517</u> | |
| | <u>49,328</u> | |
| | | <u>249,328</u> |
| Balance, December 31, 2015 | | <u>\$ 3,859,802</u> |

EXHIBIT D-23

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

| <u>Ord.</u> <u>No.</u> <u>Improvement Description</u> | Balance, December 31, <u>2014</u> | Balance, December 31, <u>2015</u> |
|--|---|---|
| 02-08 Acquisition of Pump for Shepherds Lane | \$ 3,885 | \$ 3,885 |
| 15-13 Abandonment of Shepherds Lane Pump Station | <u>40,940</u> | <u>40,940</u> |
| | <u>\$ 44,825</u> | <u>\$ 44,825</u> |

EXHIBIT D-24

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

| | | |
|----------------------------|--|------------------|
| Balance, December 31, 2014 | | \$ <u>14,219</u> |
| Balance, December 31, 2015 | | <u>\$ 14,219</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>2014</u> | Funded by Budget <u>Appropriation</u> | Balance, December 31, <u>2015</u> |
|---------------------------|--|---|---|---|
| 12-01 | Construction of Water Line @ Totowa Villages | \$ 583,577 | \$ 200,000 | \$ 383,577 |
| | | <u>\$ 583,577</u> | <u>\$ 200,000</u> | <u>\$ 383,577</u> |

SWIM POOL UTILITY FUND

**BOROUGH OF TOTOWA
STATEMENT OF SWIM POOL UTILITY CASH - TREASURER**

| | <u>Operating</u> | <u>Capital</u> |
|-------------------------------|------------------|----------------|
| Balance, December 31, 2014 | \$ 25,995 | \$ 192 |
| Increased by Receipts: | | |
| Swim Pool Fees | \$ 54,426 | |
| Received from Current Fund | 63,383 | |
| Non-Budget Revenues | <u>57</u> | <u>-</u> |
| | <u>117,866</u> | <u>-</u> |
| | 143,861 | 192 |
| Decreased by Disbursements: | | |
| 2015 Budget Appropriations | 97,951 | |
| Encumbrances Payable | 241 | |
| Payments for Other Trust Fund | <u>6,065</u> | <u>-</u> |
| | <u>104,257</u> | <u>-</u> |
| Balance, December 31, 2015 | <u>\$ 39,604</u> | <u>\$ 192</u> |

ANALYSIS OF SWIM POOL UTILITY CAPITAL FUND - CASH

| | |
|--------------|---|
| | Balance, December 31, <u>2015</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>2014</u> | <u>Additions</u> Budget Capital Outlay | Balance, December 31, <u>2015</u> |
|---|---|--|---|
| Improvement of Municipal Swimming Pool | \$ 119,745 | \$ 398 | \$ 120,143 |
| Installation of Various Improvements on the Site of Existing Swimming Pool | <u>119,627</u> | <u>-</u> | <u>119,627</u> |
| | <u>\$ 239,372</u> | <u>\$ 398</u> | <u>\$ 239,770</u> |

EXHIBIT E-8

**STATEMENT OF 2014 APPROPRIATION RESERVES
SWIM POOL UTILITY OPERATING FUND**

| | Balance, December 31, <u>2014</u> | Balance After <u>Transfer</u> | Balance <u>Lapsed</u> |
|--|---|-------------------------------------|--------------------------|
| Operating | | | |
| Salaries and Wages | \$ 1,297 | \$ 1,297 | \$ 1,297 |
| Other Expenses | 7,849 | 7,849 | 7,849 |
| 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>360</u> | <u>360</u> | <u>360</u> |
| | <u>\$ 24,506</u> | <u>\$ 24,506</u> | <u>\$ 24,506</u> |
| | | Due to Current Fund | <u>\$ 24,506</u> |

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

| | |
|---|------------------|
| Increased by: | |
| 2014 Appropriation Reserves Cancelled - Prior Year Deficit Funding Returned | \$ 24,506 |
| Received from Current Fund | <u>63,383</u> |
| | \$ 87,889 |
| Decreased by: | |
| Anticipated Revenue - Deficit (General Budget) | <u>63,373</u> |
| Balance, December 31, 2015 | <u>\$ 24,516</u> |

EXHIBIT E-10

**STATEMENT OF DUE FROM OTHER TRUST FUND
SWIM POOL UTILITY OPERATING FUND**

| | |
|------------------------------------|-----------------|
| Increased by: | |
| Payments Made for Other Trust Fund | <u>\$ 6,065</u> |
| Balance, December 31, 2015 | <u>\$ 6,065</u> |

EXHIBIT E-11

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

| | |
|---------------------------------|---------------|
| Balance, December 31, 2014 | \$ 636 |
| Decreased by: | |
| Cash Disbursements | \$ 241 |
| Transferred to Accounts Payable | <u>395</u> |
| | <u>\$ 636</u> |

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

| | |
|---------------------------------------|--------|
| Balance, December 31, 2014 | \$ 244 |
| Increased by: | |
| Transferred from Encumbrances Payable | 395 |
| | 639 |
| Decreased by: | |
| Accounts Payable Cancelled | 244 |
| Balance, December 31, 2015 | \$ 395 |

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

| | |
|-----------------------------------|------------|
| Balance, December 31, 2014 | \$ 239,372 |
| Increased by: | |
| Capital Outlay - Operating Budget | 398 |
| Balance, December 31, 2015 | \$ 239,770 |

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, 2014 | \$ 20,760 | \$ 7,331 | \$ 13,429 |
| Increased by: | | | |
| State Aid | 36,300 | | 36,300 |
| Interest Earned | <u>40</u> | <u>18</u> | <u>22</u> |
| | <u>36,340</u> | <u>18</u> | <u>36,322</u> |
| | 57,100 | 7,349 | 49,751 |
| Decreased by: | | | |
| Public Assistance Expenditures Eligible for State Aid | 31,647 | | 31,647 |
| Payments to Current Fund | <u>7,516</u> | <u>16</u> | <u>7,500</u> |
| | <u>39,163</u> | <u>16</u> | <u>39,147</u> |
| Balance, December 31, 2015 | <u>\$ 17,937</u> | <u>\$ 7,333</u> | <u>\$ 10,604</u> |

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

| | | |
|----------------------------|----|-------|
| Balance, December 31, 2014 | \$ | 7,500 |
| Increased by: | | |
| Interest Earnings | | 18 |
| | | 7,518 |
| Decreased by: | | |
| Payments to Current Fund | | 7,516 |
| Balance, December 31, 2015 | \$ | 2 |

EXHIBIT F-3

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

| | <u>Total</u> | <u>Account #1</u> | <u>Account #2</u> |
|----------------------------|--------------|-------------------|-------------------|
| Balance, December 31, 2014 | \$ 13,260 | \$ 7,331 | \$ 5,929 |
| Increased by: | | | |
| Revenues | 36,322 | - | 36,322 |
| | 49,582 | 7,331 | 42,251 |
| Decreased by: | | | |
| Expenditures | 31,647 | - | 31,647 |
| Balance, December 31, 2015 | \$ 17,935 | \$ 7,331 | \$ 10,604 |

EXHIBIT F-4

STATEMENT OF PUBLIC ASSISTANCE REVENUES

| | <u>Total</u> | <u>Account #1</u> | <u>Account #2</u> |
|---|--------------|-------------------|-------------------|
| State Aid Payments | \$ 36,300 | | \$ 36,300 |
| Interest Earnings | 22 | - | 22 |
| Total Revenues | 36,322 | - | 36,322 |
| Interest Earnings - Due to Current Fund | 18 | \$ 18 | - |
| Total Receipts | \$ 36,340 | \$ 18 | \$ 36,322 |

**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 | \$ 7,497 | | \$ 7,497 |
| Temporary Rental Assistance | <u>24,150</u> | <u>-</u> | <u>24,150</u> |
| Total Expenditures | 31,647 | - | 31,647 |
| Due to Current Fund | <u>7,516</u> | <u>\$ 16</u> | <u>7,500</u> |
| Total Disbursements | <u>\$ 39,163</u> | <u>\$ 16</u> | <u>\$ 39,147</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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

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, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared 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 financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

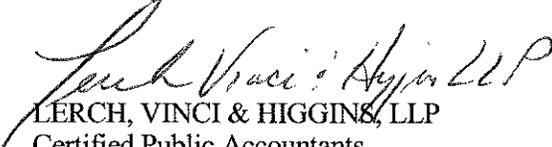
Compliance and Other Matters

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 no 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.

However, we 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".

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 28, 2016

**BOROUGH OF TOTOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

| <u>Federal Program</u> | | <u>State Account Number</u> | <u>CFDA Number</u> | <u>Grant Year</u> | <u>Award Amount</u> | <u>2015 Grant Receipts</u> | <u>Balance January 1, 2015</u> | <u>Revenue Realized</u> | <u>Expended</u> | <u>Balance December 31, 2015</u> | <u>Cumulative Expended</u> |
|--|---------|-------------------------------------|------------------------|-----------------------|-------------------------|------------------------------------|--|-----------------------------|-------------------|--|--------------------------------|
| Community Development Block Grant (Passed through the County of Passaic) | | | 14.218 | | | | | | | | |
| Sewer Main Improvements Ord. 10-2013 | Capital | N/A | | 2013 | \$ 7,100 | | \$ 1,914 | | | \$ 1,914 | \$ 5,186 |
| Flood Acquisition Project Ord. 12-2013 | Capital | N/A | | 2013 | 925,000 | | 923,850 | \$ 26,882 | | 896,968 | 28,032 |
| Sewer Main Improvements Ord. 05-2014 | Capital | N/A | | 2014 | 105,432 | | 10,581 | | | 10,581 | 94,851 |
| Sewer Main Improvements Ord. 09-2015 | Capital | | | 2014 | 106,581 | | | \$ 106,581 | | 106,581 | |
| Department of Homeland Security FEMA | | | | | | | | | | | |
| Assistance to Firefighters | Current | N/A | 97.044 | | 87,566 | | 3,543 | | | 3,543 | 84,023 |
| Hazard Mitigation Grant Program | Current | HMGP-DR-4086-NJ-0153 | 97.039 | 2015 | 265,764 | | - | \$ 265,764 | 75,000 | 190,764 | 75,000 |
| U.S. Dept. of Transportation (Passed through the State Dept. of Transportation) | | | | | | | | | | | |
| Highway Planning and Construction: | | | 20.205 | | | | | | | | |
| State Corridors Program | Current | 078-6100-100-051 | | 2015 | 10,434 | | | 10,434 | | 10,434 | |
| | | | | 2014 | 8,797 | | 8,797 | | | 8,797 | |
| | | | | 2012 | 8,995 | | 8,995 | - | - | 8,995 | |
| | | | | | | | <u>8,995</u> | <u>-</u> | <u>-</u> | <u>8,995</u> | |
| | | | | | | | <u>\$ 957,680</u> | <u>\$ 382,779</u> | <u>\$ 101,882</u> | <u>\$ 1,238,577</u> | |

Note: This schedule is not subject to a Single Audit in accordance with U.S. Uniform Guidance.

BOROUGH OF TOTOWA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

| <u>State Grant Program</u> | <u>Account Number</u> | <u>Grant Year</u> | <u>Grant Award</u> | <u>2015 Grant Receipts</u> | <u>Balance, January 1, 2015</u> | <u>Revenue Realized</u> | <u>Expended</u> | <u>Program Income</u> | <u>Balance, December 31, 2015</u> | <u>Cumulative Expended</u> |
|--------------------------------------|-----------------------|-------------------|--------------------|----------------------------|---------------------------------|-------------------------|-----------------|-----------------------|-----------------------------------|----------------------------|
| Drug and Alcohol Municipal Alliance | N/A | 2015 | \$ 22,440 | | | \$ 22,440 | \$ 10,981 | | \$ 11,459 | \$ 10,981 |
| | | 2014 | 23,533 | \$ 4,583 | \$ 3,520 | | | | 3,520 | 20,013 |
| | | 2013 | 24,625 | | 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 | 2015 | 20,138 | 20,138 | | | | | | |
| | | 2014 | 16,557 | | | 16,557 | | | 16,557 | - |
| | | 2013 | 17,654 | | 17,654 | | | | 17,654 | - |
| | | 2012 | 15,037 | | 15,037 | | | | 15,037 | - |
| | | 2011 | 15,209 | | 15,209 | | 14,154 | | 1,055 | 14,154 |
| | | 2010 | 15,392 | | 15,392 | | 15,392 | | - | 15,392 |
| | | 2009 | 14,782 | | 7,973 | | 7,973 | | - | 14,782 |
| 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 | | 358 | | | | 358 | 3,661 |
| Alcohol Education and Rehabilitation | 16-9735-760-001 | 2015 | 4,243 | 4,243 | | | | | | |
| | | 2014 | 2,777 | | | 2,777 | | | 2,777 | - |
| | | 2013 | 3,325 | | 2,602 | | | | 2,602 | 723 |
| | | 2012 | 2,051 | | 2,051 | | 1,989 | | 62 | 1,989 |
| Safe and Secure Communities Program | 66-1020-100-232 | 2015 | 60,000 | 51,268 | | 60,000 | 60,000 | | - | 60,000 |
| | | 2014 | 60,000 | 19,166 | | | | | | 60,000 |
| | | Prior | 15,000 | 15,000 | | 15,000 | 15,000 | | - | 15,000 |

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**BOROUGH OF TOTOWA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

| <u>State Grant Program</u> | <u>Account Number</u> | <u>Grant Year</u> | <u>Grant Award</u> | <u>2015 Grant Receipts</u> | <u>Balance, January 1, 2015</u> | <u>Revenue Realized</u> | <u>Expended</u> | <u>Program Income</u> | <u>Balance, December 31, 2015</u> | <u>Cumulative Expended</u> |
|---|-----------------------|-------------------|--------------------|----------------------------|---------------------------------|-------------------------|-------------------|-----------------------|-----------------------------------|----------------------------|
| Body Armor Replacement Fund | 66-1020-718-001 | 2015 | \$ 3,281 | \$ 3,281 | | | | | | |
| | | 2014 | 6,034 | | \$ 3,582 | \$ 2,452 | | | \$ 6,034 | - |
| | | 2013 | 7,872 | | 4,726 | | | | 4,726 | \$ 3,146 |
| Recycling Tonnage Grant | 42-4900-752-001 | 2014 | 13,486 | | | 13,486 | \$ 13,486 | | - | 13,486 |
| | | 2012 | 4,738 | | 289 | | 289 | | - | 4,738 |
| Green Acres Grant (Ord. 12-2014) | 1612-12-015 | 2013 | 325,000 | | 325,000 | | | | 325,000 | - |
| Department of Transportation | | | | | | | | | | |
| Lincoln Avenue Improvements (Ord. 08-12) | 078-6320-480-ALC | 2012 | 175,000 | 175,000 | | | | | | 175,000 |
| Gordon Avenue Improvements (Ord. 10-15) | 078-6320-480-ALL | 2015 | 135,000 | 101,250 | | 135,000 | 135,000 | | - | 135,000 |
| Hobart Place Improvements (Ord. 10-15) | 078-6320-480-xxx | 2015 | 140,000 | | | 140,000 | | | 140,000 | 140,000 |
| Hobart Pl & Gordon Ave - Final Phase (Ord. 10-15) | 078-6320-480-xxx | 2015 | 145,000 | | | 145,000 | | | 145,000 | 145,000 |
| Department of Human Services | | | | | | | | | | |
| General Assistance | 54-7550-100-121 | 2015 | 36,300 | | 5,929 | 36,300 | 31,647 | \$ 22 | 10,604 | 31,647 |
| | | | | | <u>\$ 443,822</u> | <u>\$ 589,012</u> | <u>\$ 305,911</u> | <u>\$ 22</u> | <u>\$ 726,945</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, 2015**

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 | \$ 276,198 | \$ 132,712 | \$ 408,910 |
| General Capital Fund | 106,581 | 420,000 | 526,581 |
| Public Assistance Fund | <u>-</u> | <u>36,300</u> | <u>36,300</u> |
| Total Financial Awards | <u>\$ 382,779</u> | <u>\$ 589,012</u> | <u>\$ 971,791</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
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2015**

NOTE 6 RECLASSIFICATIONS

Certain grant programs have been reclassified at December 31, 2014 from state (schedule B) to federal programs (schedule A) for the following:

| <u>Federal Grant Program</u> | <u>State Account Number</u> | <u>CFDA Number</u> | <u>Balance, December 31, 2014</u> |
|---|---------------------------------|------------------------|---------------------------------------|
| Highway Planning and Construction- Safe Corridor Program | 078-6100-100-051 | 20.205 | <u>\$17,792</u> |

**BOROUGH OF TOTOWA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF TOTOWA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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*.

There are none.

**BOROUGH OF TOTOWA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, 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, 2015**

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

Finding 2014-001:

Condition:

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

Current Status:

Corrective action was taken.

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

PART III

**SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

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

| | <u>Year 2015</u> | | <u>Year 2014</u> | |
|--|---------------------|-----------------|---------------------|-----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Fund Balance Utilized | \$ 1,895,000 | 3.25 % | \$ 1,895,000 | 3.51 % |
| Miscellaneous - From Other Than Local | | | | |
| Property Tax Levies | 3,855,005 | 6.62 | 3,278,905 | 6.08 |
| Collection of Delinquent Taxes | 577,109 | 0.99 | 596,191 | 1.11 |
| Collection of Current Tax Levy | 50,877,955 | 87.37 | 47,454,347 | 87.96 |
| Other Credits to Income | <u>1,029,594</u> | <u>1.77</u> | <u>723,956</u> | <u>1.34</u> |
| Total Income | <u>58,234,663</u> | <u>100.00 %</u> | <u>53,948,399</u> | <u>100.00 %</u> |
| EXPENDITURES | | | | |
| Budget Expenditures | | | | |
| Municipal Purposes | 15,741,674 | 29.30 % | 15,223,351 | 29.30 % |
| County Taxes | 16,323,253 | 26.14 | 13,582,584 | 26.14 |
| Local and Regional School Taxes | 24,049,220 | 44.52 | 23,135,694 | 44.52 |
| Other Expenditures | <u>93,295</u> | <u>0.04</u> | <u>19,050</u> | <u>0.04</u> |
| Total Expenditures | <u>56,207,442</u> | <u>100.00 %</u> | <u>51,960,679</u> | <u>100.00 %</u> |
| Statutory Excess to Fund Balance | 2,027,221 | | 1,987,720 | |
| Fund Balance, January 1 | <u>2,594,168</u> | | <u>2,501,448</u> | |
| | 4,621,389 | | 4,489,168 | |
| Less Utilization as Anticipated Revenue | <u>1,895,000</u> | | <u>1,895,000</u> | |
| Fund Balance, December 31 | <u>\$ 2,726,389</u> | | <u>\$ 2,594,168</u> | |

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

| | Year 2015 | | Year 2014 | |
|---|-------------------|-----------------|-------------------|-----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Fund Balance Utilized | \$ 282,384 | 7.51 % | \$ 200,000 | 5.87 % |
| Collection of Water Usage Charges | 2,947,134 | 78.39 | 2,714,880 | 79.65 |
| Miscellaneous - From Other Than | | | | |
| Water Usage Charges | 319,952 | 8.51 | 309,505 | 9.08 |
| Other Credits to Income | <u>209,945</u> | <u>5.59</u> | <u>184,143</u> | <u>5.40</u> |
| Total Income | <u>3,759,415</u> | <u>100.00</u> % | <u>3,408,528</u> | <u>100.00</u> % |
| EXPENDITURES | | | | |
| Budget Expenditures | | | | |
| Operating | 2,716,084 | 86.19 % | 2,637,280 | 85.54 % |
| Capital Improvements | 90,000 | 2.85 | 105,000 | 3.41 |
| Debt Service | | | 50,213 | 1.63 |
| Deferred Charges and Statutory Expenditures | <u>345,300</u> | <u>10.96</u> | <u>290,500</u> | <u>9.42</u> |
| Total Expenditures | <u>3,151,384</u> | <u>100.00</u> % | <u>3,082,993</u> | <u>100.00</u> % |
| Statutory Excess to Fund Balance | 608,031 | | 325,535 | |
| Fund Balance, January 1 | <u>424,139</u> | | <u>298,604</u> | |
| | 1,032,170 | | 624,139 | |
| Less Utilization as Anticipated Revenue | <u>282,384</u> | | <u>200,000</u> | |
| Fund Balance, December 31 | <u>\$ 749,786</u> | | <u>\$ 424,139</u> | |

**BOROUGH OF TOTOWA
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
SWIM POOL UTILITY OPERATING FUND**

| | <u>Year 2015</u> | | <u>Year 2014</u> | |
|--|------------------|-----------------|------------------|-----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| REVENUE AND OTHER INCOME REALIZED | | | | |
| Collection of Swimming Pool Fees | \$ 54,426 | 99.45 % | \$ 42,207 | 99.66 % |
| Miscellaneous | 57 | 0.10 | 142 | 0.34 |
| Other Credits to Income | 244 | 0.45 | - | - |
| | <u>54,727</u> | <u>100.00 %</u> | <u>42,349</u> | <u>100.00 %</u> |
| EXPENDITURES | | | | |
| Budget Expenditures | | | | |
| Operating | 98,200 | 83.15 % | 96,420 | 83.11 % |
| Capital Improvements | 15,000 | 12.70 | 15,000 | 12.93 |
| Deferred Charges and Statutory Expenditures | 4,900 | 4.15 | 4,600 | 3.96 |
| | <u>118,100</u> | <u>100.00 %</u> | <u>116,020</u> | <u>100.00 %</u> |
| Deficit in Revenue | (63,373) | | (73,671) | |
| Adjustments to Income Before Fund Balance | | | | |
| Realized from General Budget for Anticipated Deficit | <u>63,373</u> | | <u>73,671</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>2015</u> | <u>2014</u> | <u>2013</u> |
|-----------------|----------------|----------------|----------------|
| <u>Tax Rate</u> | <u>\$2.284</u> | <u>\$2.122</u> | <u>\$2.103</u> |

Apportionment of Tax Rate

| | | | |
|-----------------------|------|-------|-------|
| Municipal | .503 | .4960 | .4809 |
| Library | .031 | .0292 | .0306 |
| County | .698 | .5818 | .5930 |
| County – Open Space | .010 | .0087 | .0091 |
| Local District School | .638 | .6096 | .5884 |
| Regional High School | .404 | .3967 | .4010 |

Assessed Valuation

| | | |
|------|------------------------|------------------------|
| 2015 | <u>\$2,308,222,024</u> | |
| 2014 | | <u>\$2,299,478,936</u> |
| 2013 | | <u>\$2,341,247,547</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> |
|-------------|-----------------|-------------------------|---|
| 2015 | \$ 52,733,276 | \$ 51,377,955 | 97.42% |
| 2014 | 48,822,064 | 48,175,347 | 98.67% |
| 2013 | 49,263,053 | 48,447,243 | 98.34% |

**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> |
|-----------------------------|---|--|-----------------------------|---------------------------------------|
| 2015 | \$ 1,106,878 | \$ 2,363 | \$ 1,109,241 | 2.10% |
| 2014 | 577,504 | | 577,504 | 1.18% |
| 2013 | 592,296 | | 592,296 | 1.20% |

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> |
|-------------|---------------|
| 2015 | \$72,900 |
| 2014 | 72,900 |
| 2013 | 72,900 |

Comparison of Water Utility Levies

| <u>Year</u> | <u>Levy</u> | <u>Cash Collections(*)</u> | <u>Percentage of Collection</u> |
|-------------|-------------|----------------------------|-------------------------------------|
| 2015 | \$3,256,980 | \$3,234,836 | 99.32% |
| 2014 | 3,026,736 | 2,998,012 | 99.05% |
| 2013 | 3,040,393 | 3,031,173 | 99.69% |

*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 | 2015 | \$2,726,389 | \$1,900,000 |
| | 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 |
| Water Utility Fund | 2015 | \$749,786 | \$357,000 |
| | 2014 | 424,139 | 282,384 |
| | 2013 | 298,604 | 200,000 |
| | 2012 | 266,135 | 200,000 |
| | 2011 | 230,464 | 180,000 |
| Swim Pool Utility Operating Fund | 2015 | \$609 | |
| | 2014 | 609 | |
| | 2013 | 609 | |
| | 2012 | 609 | |
| | 2011 | 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 | | |
| William Bucher | Councilman | | |
| Louis D'Angelo | Councilman | | |
| Carolyn Fontanella | Councilwoman | | |
| Anthony Picarelli | Councilman | | |
| Philip Puglise | Councilman | | |
| Joseph Wassel | Borough Clerk | | |
| | Unconfirmed Assessment Search Officer | | |
| | Certifying Agent - Retirement Systems | | |
| John Waryas | 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 | | |
| 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 of the Swim Pool revenue collections and accounting records revealed the following:

- Pre-numbered cash receipts were not issued in sequential order and several receipts were missing or not used.
- A detailed and complete daily cash receipt journal was not maintained by the pool manager for revenues collected.
- There are no control procedures or reporting requirements over concession stand sales at the pool.

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.

Current Year Findings

Our audit of bids and contracts revealed the following:

- We noted certain vendors awarded contracts in excess of the bid threshold through cooperative purchasing agreements were not approved by resolution.
- Extraordinary unspecifiable service (EUS) contracts awarded to certain vendors were not publicly advertised nor was a certification available as required.

It is recommended that cooperative purchasing contract awards in excess of bid threshold be approved by resolution. In addition, EUS contract awards be publicly advertised and the required EUS certification be on file and available for audit.

Our audit of the recreation department revealed that cash collections were not turned over to the Treasurer within 48 hours of receipt as required. It is recommended that the recreation department cash collections be turned over to the Treasurer within 48 hours of receipt as required.

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.

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

Municipal Generator Project
Gordon Ave. Improvement Project

Municipal Complex Roof Project
Recycling and Vegetative Waste Collection Services

**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 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, 2015 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 22, 2015.

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> |
|-------------|------------------------|
| 2015 | 1 |
| 2014 | 0 |
| 2013 | 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.

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:

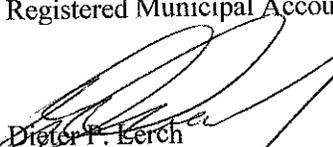
- * 1. Internal control procedures and recordkeeping over the Swim Pool revenue collection, accounting and reporting system be enhanced to ensure transactions are properly documented and recorded.
- 2. Cooperative purchasing contract awards in excess of bid threshold be approved by resolution. In addition, EUS contract awards be publicly advertised and the required EUS certification be on file and available for audit.
- 3. The recreation department cash collections be turned over to the Treasurer within 48 hours of receipt as required.

A review was performed on all prior year recommendations and corrective action was taken on all, except the recommendation 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 P. Lerch
Certified Public Accountant
RMA Number CR00398