

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

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2022 AND 2021

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

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BERGEN COUNTY, NEW JERSEY**

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BERGEN COUNTY, NEW JERSEY**

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BERGEN COUNTY, NEW JERSEY**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Regulatory Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the accompanying comparative balance sheets – regulatory basis of various funds of the Borough of Ho-Ho-Kus, in the County of Bergen, State of New Jersey (the “Borough”), as of December 31, 2022 and 2021, and the related comparative statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues and expenditures – regulatory basis and comparative statement of general fixed assets group of accounts – regulatory basis for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and account group of the Borough as of December 31, 2022 and 2021, and each fund’s respective operations and changes in financial position and fund balance – regulatory basis for the years then ended, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) as described in Note 1.

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 and Unmodified Opinions” section of our audit report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough as of December 31, 2022 and 2021, or the changes in financial position for the years then ended.

Basis for Opinions

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 in compliance with audit requirements as prescribed by the Division. Our responsibilities under those standards and requirements are further described in the “Auditors’ Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Ho-Ho-Kus, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide our adverse and unmodified audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Principles

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis (the “financial statements”) in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplementary schedules and the audit comments and recommendations listed in the table of contents are presented for the purpose of additional analysis as required by the Division and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Report on Supplementary Information as Required by the Uniform Guidance and NJ OMB Circular 15-08

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*; and NJ OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and related notes to the schedules of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards, state financial assistance, and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 schedules of expenditures of federal awards, state financial assistance, and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2023 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.



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



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

August 2, 2023
River Edge, New Jersey

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
AT DECEMBER 31, 2022 AND 2021
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

		At December 31,	
	Reference	2022	2021
ASSETS			
Cash	A-4	\$ 6,264,235.61	\$ 6,280,597.52
Cash - Change Fund	A-5	400.00	400.00
		6,264,635.61	6,280,997.52
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	A-9	62,120.28	67,536.12
Property Acquired for Taxes - Assessed Valuation	A-11	20,100.00	20,100.00
Revenue Accounts Receivable	A-12	4,040.16	2,906.48
Due from Other Funds:			
Animal License Fund	B	458.38	0.30
Grant Fund	G	474,975.54	92,049.72
Due from Local School	A-6	-	-
		561,694.36	182,592.62
Deferred Charges- Over-expenditure of Appropriations			
			5,086.75
TOTAL ASSETS			
		\$ 6,826,329.97	\$ 6,468,676.89

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
AT DECEMBER 31, 2022 AND 2021
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

A

		At December 31,	
	Reference	2022	2021
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Encumbrance Payable	A-3, A-21	\$ 336,858.91	\$ 221,482.34
Appropriation Reserve	A-3,13	913,350.33	1,093,636.95
Appropriation Reserve Committed		30,000.00	30,000.00
Prepaid Taxes	A-14	218,018.31	241,103.88
County Taxes Payable	A-17	20,388.45	39,714.54
Reserve for Construction Official Fees	A-20	25,703.32	25,703.32
Tax Overpayments Payable	A-15	79,278.87	79,851.09
Due to Capital Fund	C	852,812.81	815,609.95
Prepaid Municipal Rents	A-4	3,671.97	3,379.11
Prepaid Parking Permits	A-4	8,900.00	9,200.00
Reserve for Tax Appeals Pending	A-16	12,612.99	12,612.99
Reserve for DCA Fees - Construction	A-19	8,473.00	2,177.00
Accounts Payable	A-10	118,885.24	83,183.71
Reserve for Codification	A-23	19,077.50	19,077.50
Due to Other Trust Fund	B	340,000.00	340,000.00
Due to State of NJ - Seniors and Veterans	A-7	1,412.32	1,412.32
Reserve for Municipal Relief Funds	A-24	15,434.46	
Due to Library - State Aid	A-22	5,364.00	5,364.00
		3,010,242.48	3,023,508.70
Reserve for Receivable	Contra	561,694.36	182,592.62
Fund Balance	A-1	3,254,393.13	3,262,575.57
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 6,826,329.97	\$ 6,468,676.89

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

A-1

		For the Years Ended December 31,	
	Reference	2022	2021
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 850,000.00	\$ 631,000.00
Miscellaneous Revenue Anticipated	A-2	1,659,482.20	1,826,047.30
Receipts from Delinquent Taxes	A-2	67,536.12	98,628.05
Receipts from Current Taxes	A-2	27,192,698.66	26,610,028.23
Non-Budget Revenues	A-2	39,933.69	24,578.17
Other Credits to Income:			
Lapsed Appropriations	A-3	0.01	5,086.75
Animal License- Excess	B-2	458.08	
Unexpended Balance of Appropriation Reserves	A-13	657,872.10	475,754.60
Cancelled Tax Overpayments	A-15	-	-
Payroll Adjustments	A-4	3,118.74	8,148.08
Cancelled PY County Taxes Payable	A-17	0.01	2,141.65
Interfund Returned			4,000.00
Total Income		30,471,099.61	29,685,412.83
EXPENDITURES			
Budget Appropriations	A-3	10,245,686.40	10,087,833.68
General County	A-17	3,295,906.53	3,179,939.03
County- Open Space Preservation	A-17	136,438.77	132,312.67
Due County for Added Taxes	A-17	20,388.45	39,714.54
Local District School Tax	A-18	15,547,432.00	15,274,536.00
DCA Adjustment	A-19	46.00	154.00
Interfund Advances		383,383.90	
Total Expenditures		29,629,282.05	28,714,489.92
Excess in Revenue		841,817.56	970,922.91
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred to Budget of Succeeding Year	A		(5,086.75)
Fund Balance January 1	A	3,262,575.57	2,927,739.41
		4,104,393.13	3,893,575.57
Less: Amount of Fund Balance Utilized as Revenue	A-2	850,000.00	631,000.00
Fund Balance December 31	A	\$ 3,254,393.13	\$ 3,262,575.57

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF REVENUES - REGULATORY BASIS

A-2

	Reference	Adopted Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 850,000.00	\$ 850,000.00	\$ -
Miscellaneous Revenues:				
Liquor Licenses		3,650.00	4,475.00	825.00
Fees and Permits		35,000.00	29,989.00	(5,011.00)
Municipal Court		26,500.00	45,555.08	19,055.08
Interest and Costs on Taxes		32,500.00	24,092.25	(8,407.75)
Parking Meters/ Permits		21,000.00	60,800.29	39,800.29
Interest on Investments and Deposits		39,000.00	68,443.27	29,443.27
Rent - Municipal Property		189,000.00	200,365.58	11,365.58
Uniform Fire Safety Act		18,000.00	16,341.70	(1,658.30)
Energy Receipts Tax (P.L. 1998, Chapters 162 & 167)		295,884.00	295,884.00	-
Uniform Construction Code Fees		245,000.00	347,632.00	102,632.00
Interlocal - Court Borough of Allendale		40,000.00	42,821.60	2,821.60
Cable Franchise Fees		67,000.00	66,197.17	(802.83)
Public and Private Revenues:				
Clean Communities Grant - Chap-159		9,502.59	9,502.59	-
Alcohol Education & Rehabilitation		789.66	789.66	-
Recycling Tonnage Grant		7,726.41	7,726.41	-
Reserves:				
Body Armor Grant		1,081.01	1,081.01	-
Drunk Driving Enforcement Fund		2,000.00	2,000.00	-
Recycling Tonnage Grant		10,307.93	10,307.93	-
American Rescue Plan Grant		425,477.66	425,477.66	-
Total Miscellaneous Revenues	Nxt Pg, A-1	1,469,419.26	1,659,482.20	190,062.94
Receipts from Delinquent Taxes	A-1	67,536.12	67,536.12	0.00
Amount to be Raised for Support of Municipal Budget:				
Local Tax for Municipal Purposes	Nxt Pg	8,118,731.02	8,452,532.91	333,801.89
Budget Totals	A-3	\$ 10,505,686.40	11,029,551.23	\$ 523,864.83
Non-Budget Revenues	A-1, Nxt Pg		39,933.69	
			\$ 11,069,484.92	

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF REVENUES - REGULATORY BASIS (Continued)

ANALYSIS OF REALIZED REVENUES	Reference		A-2
Allocation of Current Tax Collections:			
Revenue from Collections and State Share of Senior Citizens and Veterans Deductions	A-1		\$ 27,192,698.66
Allocated to:			
School Taxes	A-18	\$ 15,547,432.00	
County Taxes	A-17	<u>3,452,733.75</u>	
			<u>19,000,165.75</u>
Balance for Support of Municipal Budget Appropriations			8,192,532.91
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3		<u>260,000.00</u>
Amount for Support of Muni. Budget Appropriations	Prev Pg		<u>\$ 8,452,532.91</u>
MISCELLANEOUS REVENUES			
Cash - Collected - Treasurer	A-4	\$ 1,190,017.83	
Prepaid Parking Meters Applied	A	9,200.00	
Prepaid Municipal Rents Applied	A	3,379.11	
Grant Receivable	G-2	<u>456,885.26</u>	
	Prev. Pg. , A-1		<u>\$ 1,659,482.20</u>

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

BOROUGH OF HO-HO-KUS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF REVENUES - REGULATORY BASIS (Continued)

A-2

Reference

Miscellaneous Revenue Not Anticipated

Letters, Copies, Lists	\$	173.00
Police Fees		440.00
Fines and Costs		0.00
Real Estate Sign Permits		2,660.00
Polling Rent		120.00
Sewer Billings		22,633.77
FEMA- Grant Fund		5,331.32
Admin. Fee - Senior Citizens & Veterans & Homestead Rebate		475.60
Construction/Fire Safety Fines		5,000.00
DMV Inspection Fines		3,100.00

Total	Previous Page, Below, A-1	\$ 39,933.69
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Cash Receipts Current Fund	A-4	34,602.37
Due from Grant Fund	G-6	5,331.32
	Above	\$ 39,933.69

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Transfers	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS-WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive						
Salaries and Wages	\$ 160,000.00	\$ (5,000.00)	\$ 155,000.00	\$ 150,030.00	\$ 4,970.00	\$ -
Other Expenses	40,000.00		40,000.00	35,849.58	4,150.42	
Grant Consultant	-		-			
Borough Clerk						
Salaries and Wages	90,000.00		90,000.00	89,115.00	885.00	
Other Expenses	3,000.00	500.00	3,500.00	2,221.29	1,278.71	
Election Costs	6,000.00		6,000.00	5,454.08	545.92	
Financial Administration						
Salaries and Wages	55,000.00	10,000.00	65,000.00	62,552.56	2,447.44	
Other Expenses	30,000.00		30,000.00	5,513.88	24,486.12	
Audit Services	21,000.00		21,000.00	16,900.00	4,100.00	
Assessment of Taxes						
Salaries and Wages	21,500.00	500.00	22,000.00	21,649.20	350.80	
Other Expenses	3,000.00		3,000.00	1,384.71	1,615.29	
Collection of Taxes						
Salaries and Wages	103,000.00		103,000.00	100,998.00	2,002.00	
Other Expenses	8,000.00		8,000.00	5,350.30	2,649.70	
Legal Services and Costs						
Other Expenses	110,000.00		110,000.00	100,387.00	9,613.00	
Municipal Prosecutor						
Salaries and Wages	11,000.00		11,000.00	10,097.04	902.96	
Engineering Services and Costs						
Other Expenses	10,000.00		10,000.00	3,722.50	6,277.50	
Public Buildings and Grounds						
Salaries and Wages	-		-			
Other Expenses	95,000.00		95,000.00	76,450.48	18,549.52	
Planning Board						
Salaries and Wages	20,500.00		20,500.00	18,360.00	2,140.00	
Other Expenses	30,000.00		30,000.00	18,564.98	11,435.02	
Board of Adjustment						
Salaries and Wages	20,500.00		20,500.00	18,360.00	2,140.00	
Other Expenses	17,000.00		17,000.00	12,550.30	4,449.70	
Shade Tree Commission						
Other Expenses	50,000.00	1,000.00	51,000.00	49,785.64	1,214.36	
Insurance						
Employee Group Health	513,773.00		513,773.00	466,310.75	47,462.25	
General Liability	310,000.00		310,000.00	288,582.00	21,418.00	
Health Benefits Waiver	10,000.00		10,000.00	5,000.00	5,000.00	

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Transfers	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS-WITHIN "CAPS" - Continued						
PUBLIC SAFETY						
Fire - Other Expenses						
Fire Hydrant	\$ 8,000.00	\$ 500.00	\$ 8,500.00	\$ 8,468.98	\$ 31.02	\$ -
Miscellaneous and Other Expenses	56,000.00		56,000.00	36,021.62	19,978.38	
Police						
Salaries and Wages	2,815,000.00		2,815,000.00	2,553,562.62	261,437.38	
Other Expenses	130,000.00		130,000.00	92,287.89	37,712.11	
Parking Meter Maintenance						
Other Expenses	3,000.00	3,000.00	6,000.00	5,729.22	270.78	
Aid to Volunteer Ambulance Corps.	10,000.00	6,000.00	16,000.00	12,466.39	3,533.61	
Zoning official:						
Salaries and Wages	26,000.00		26,000.00	24,999.84	1,000.16	
Other Expenses	-		-	-	-	
Public Defender						
Other Expenses	1,000.00		1,000.00	200.00	800.00	
PEOSHA						
Other Expenses	22,000.00		22,000.00	13,552.07	8,447.93	
Uniform Fire Safety Act Chapter 383-83						
Fire Prevention Code Official						
Salaries and Wages	12,700.00		12,700.00	12,500.16	199.84	
Other Expenses	1,000.00		1,000.00		1,000.00	
Emergency Management Services						
Salaries and Wages	4,200.00		4,200.00	4,180.00	20.00	
Other Expenses	9,000.00		9,000.00	3,955.88	5,044.12	
STREETS AND ROADS						
Road Repairs and Maintenance						
Salaries and Wages	580,000.00	(81,500.00)	498,500.00	470,600.70	27,899.30	
Other Expenses	75,000.00	55,000.00	130,000.00	122,020.22	7,979.78	
Street Lighting and Traffic Lights	55,000.00		55,000.00	36,460.88	18,539.12	
HEALTH AND WELFARE						
Board of Health						
Other Expenses	22,000.00		22,000.00	21,198.78	801.22	
Uniform Construction Official						
Salaries and Wages	38,000.00		38,000.00	36,720.00	1,280.00	
Other Expenses	35,000.00		35,000.00	34,449.38	550.62	

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Transfers	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS-WITHIN "CAPS" - Continued						
MUNICIPAL COURT						
Salaries and Wages	\$ 70,000.00		\$ 70,000.00	\$ 66,811.36	\$ 3,188.64	\$ -
Other Expenses	32,500.00		32,500.00	27,220.53	5,279.47	
UNCLASSIFIED						
Recreation						
Salaries and Wages	25,000.00		25,000.00	24,866.16	133.84	
Other Expenses	20,000.00		20,000.00	19,320.18	679.82	
Computer IT	100,000.00	3,372.51	103,372.51	59,165.16	44,207.35	
Utilities	110,000.00	6,627.49	116,627.49	88,051.97	28,575.52	
Celebration of Public Events	50,000.00		50,000.00	48,238.48	1,761.52	
Recycling Expense						
Salaries and Wages	112,000.00		112,000.00	109,751.14	2,248.86	
Other Expenses	45,000.00		45,000.00	37,846.32	7,153.68	
Vehicle Maintenance	165,000.00		165,000.00	155,916.86	9,083.14	
Total Operations {Item 8(A)} Within "CAPS"	6,370,673.00	-	6,370,673.00	5,691,752.08	678,920.92	-
CONTINGENT						
TOTAL OPERATIONS INCLUDING						
CONTINGENT WITHIN "CAPS"						
	\$ 6,370,673.00	\$ -	\$ 6,370,673.00	\$ 5,691,752.08	\$ 678,920.92	\$ -
Detail:						
Salaries and Wages	\$ 4,164,400.00	\$ (76,000.00)	\$ 4,088,400.00	\$ 3,775,153.78	\$ 313,246.22	\$ -
Other Expenses	2,206,273.00	76,000.00	2,282,273.00	1,916,598.30	365,674.70	-
DEFERRED CHARGES AND STATUTORY						
EXPENDITURES-MUNICIPAL WITHIN "CAPS"	7,692.91		7,692.91	7,692.91		
Statutory Expenditures:						
Contribution to:						
PERS	259,000.00		259,000.00	258,735.00	265.00	
PFRS	691,000.00		691,000.00	690,799.00	201.00	
Social Security System (O.A.S.I.)	170,000.00		170,000.00	119,453.99	50,546.01	
Defined Contribution Retirement Program (DCRP)	6,000.00		6,000.00	3,552.23	2,447.77	
TOTAL DEFERRED CHARGES AND STATUTORY						
EXPENDITURES-MUNICIPAL WITHIN "CAPS"	1,133,692.91	-	1,133,692.91	1,080,233.13	53,459.78	
TOTAL GENERAL APPROPRIATIONS FOR						
MUNICIPAL PURPOSES WITHIN "CAPS"						
	\$ 7,504,365.91	\$ -	\$ 7,504,365.91	\$ 6,771,985.21	\$ 732,380.70	\$ -

(Continued - Next Page)

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

	APPROPRIATIONS			EXPENDED		Unexpended Balance Canceled/ (Overexpended)
	Budget	Transfers	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS EXCLUDED FROM "CAPS"						
Sewer Authority Share of Costs	\$ 735,000.00		\$ 735,000.00	\$ 732,605.00	\$ 2,395.00	\$ -
Maintenance of Free Public Library (Chapter 82 & 541, P.L. 1985)	468,537.89		468,537.89	453,099.24	15,438.65	
Volunteer Incentive Program	80,000.00		80,000.00		80,000.00	
Reserve for Tax Appeals	75,000.00		75,000.00	6,676.50	68,323.50	
Interlocal Municipal Service Agreements						
Municipal Court						
Salaries and Wages	20,000.00		20,000.00	20,000.00	-	
Other Expenses	6,500.00		6,500.00	6,500.00	-	
Shared Service - Midland Park Construction	102,000.00		102,000.00	99,618.91	2,381.09	
PUBLIC AND PRIVATE PROGRAMS OFF-SET BY REVENUES						
Matching Funds for Grants - Other Expenses	2,000.00		2,000.00	2,000.00	-	
Public and Private Revenues:						
Clean Communities Grant			9,502.59	9,502.59	-	
Body Armor Grant	1,081.01		1,081.01	1,081.01	-	
Drunk Driving Enforcement Grant	2,000.00		2,000.00	2,000.00	-	
Recycling Tonnage Grant	10,307.93		18,034.34	18,034.34	-	
American Rescue Plan Grant	425,477.66		425,477.66	425,477.66	-	
Alcohol Ed & Rehab Grant			789.66	789.66	-	
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 1,927,904.49	\$ -	\$ 1,945,923.15	\$ 1,777,384.91	\$ 168,538.24	\$ -
Detail:						
Salaries and Wages	\$ 20,000.00	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -
Other Expenses	1,907,904.49	-	1,925,923.15	1,757,384.91	168,538.24	-

(Continued - Next Page)

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3

		APPROPRIATIONS			EXPENDED		Unexpended Balance Canceled/ (Overexpended)
		Budget	Transfers	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS EXCLUDED FROM "CAPS" - Continued							
Capital Improvement Fund		\$ 144,522.34		\$ 144,522.34	\$ 132,090.95	12,431.39	\$ -
Capital Outlay							
Police - Body Cameras				-		-	
Portable Radios				-		-	
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"		\$ 144,522.34	\$ -	\$ 144,522.34	\$ 132,090.95	\$ 12,431.39	\$ -
MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"							
Payment of Bond Principal		\$ 500,000.00		\$ 500,000.00	\$ 500,000.00	-	\$ -
Payment of Bond Anticipation Notes & Capital Notes		-		-	-	-	
Interest on Bonds		113,375.00		113,375.00	113,375.00	-	-
Interest on Notes		37,500.00		37,500.00	37,499.99	-	0.01
TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"		\$ 650,875.00	\$ -	\$ 650,875.00	\$ 650,874.99	\$ -	\$ 0.01
DEFERRED CHARGES:							
Special Emergency Authorizations - 5 Years (N.J.S.40A:4-55)		\$ -		\$ -	\$ -	\$ -	\$ -
TOTAL MUNICIPAL DEFERRED CHARGES EXCLUDED FROM "CAPS"		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES-EXCLUDED FROM "CAPS"		\$ 2,723,301.83	\$ -	\$ 2,741,320.49	\$ 2,560,350.85	\$ 180,969.63	\$ 0.01
Sub-Total General Appropriations	A-1	\$ 10,227,667.74	\$ -	\$ 10,245,686.40	\$ 9,332,336.06	\$ 913,350.33	\$ 0.01
Reserve for Uncollected Taxes		260,000.00		260,000.00	260,000.00	-	
Total General Appropriations		\$ 10,487,667.74	\$ -	\$ 10,505,686.40	\$ 9,592,336.06	\$ 913,350.33	\$ 0.01
Reference		A-2		Below	Below	A	A-1
Budget Adopted		Reference					
		A-2		\$ 10,487,667.74			
		Chapter 159		\$ 18,018.66			
		A-2, Above		\$ 10,505,686.40			
Encumbrance Payable		A-21			\$ 336,858.91		
Reserve for Uncollected Taxes		A-2			260,000.00		
Budget Offsets		A-4			(601,915.35)		
Disbursements		A-4			9,513,014.99		
Deferred Charges- Current Fund		A			5,086.75		
Deferred Charges- Grant Fund		G			2,606.16		
Due to Grant Fund- Unexpended		G-6			76,684.60		
		Above			\$ 9,592,336.06		

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
AT DECEMBER 31, 2022 AND 2021

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

B

		At December 31,	
		2022	2021
ASSETS	<u>Reference</u>		
Animal License Fund:			
Cash and Cash Equivalents	B-1	\$ 22,415.18	\$ 20,370.78
Other Trust Fund:			
Cash and Cash Equivalents	B-1	1,084,852.90	524,644.33
Due from Capital Fund	C	250,000.00	250,000.00
Due from Current Fund	B-4	340,000.00	340,000.00
		<u>1,674,852.90</u>	<u>1,114,644.33</u>
COAH Fund:			
Cash and Cash Equivalents	B-1	212,231.98	134,638.57
Recreation Fund:			
Cash and Cash Equivalents	B-1	16,115.31	15,115.31
TOTAL ASSETS		<u>\$ 1,925,615.37</u>	<u>\$ 1,284,768.99</u>
LIABILITIES, RESERVES AND SURPLUS	<u>Reference</u>		
Animal License Fund:			
Due to State of NJ	B-7	\$ -	\$ -
Due to Current Fund	B-4	458.38	0.30
Reserve for Animal Fund Expenditures	B-2	21,956.80	20,370.48
		<u>22,415.18</u>	<u>20,370.78</u>
Other Trust Fund:			
Security Deposits	B-5	580,038.59	457,398.41
Trust Reserves	B-6	1,094,736.31	657,017.92
Due to State of New Jersey	B-3	78.00	228.00
		<u>1,674,852.90</u>	<u>1,114,644.33</u>
COAH Fund:			
COAH Development Fees	B-9	212,231.98	134,638.57
Recreation Fund:			
Reserve for Recreation	B-8	16,115.31	15,115.31
TOTAL LIABILITIES, RESERVES AND SURPLUS		<u>\$ 1,925,615.37</u>	<u>\$ 1,284,768.99</u>

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

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
AT DECEMBER 31, 2022 AND 2021
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

C

		At December 31,	
		2022	2021
ASSETS	Reference		
Cash and Cash Equivalents:			
Cash	C-2	\$ 630,709.67	\$ 1,117,379.44
Deferred Charges to Future Taxation:			
Funded	C-10	4,500,000.00	5,000,000.00
Unfunded	C-3	4,399,270.24	4,242,000.00
Due from Current Fund	A, C-6	852,812.81	815,609.95
Grant Receivable	C-7	229,367.72	554,276.89
TOTAL ASSETS		<u>\$ 10,612,160.44</u>	<u>\$ 11,729,266.28</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 4,500,000.00	\$ 5,000,000.00
Bond Anticipation Notes	C-13	4,242,000.00	\$ 3,000,000.00
Improvement Authorizations:			
Funded	C-5	624,721.80	966,656.74
Unfunded	C-5	250,827.02	1,749,494.25
Premium on BANs	C-14	185,931.00	185,931.00
Due to Trust Fund	B, C-2	250,000.00	250,000.00
Encumbrances Payable	C-9	47,992.00	51,782.02
Capital Improvement Fund	C-4	166,303.39	166,303.39
Reserve for Improvements	C-9a	176,686.19	191,399.84
Reserve for Payment of Bonds	C-11	8,453.50	8,453.50
Fund Balance	C-1	159,245.54	159,245.54
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 10,612,160.44</u>	<u>\$ 11,729,266.28</u>

There were bonds and notes authorized but not issued
of \$157,270.24 and \$1,242,000 on December 31, 2022 and December 31, 2021, respectively (C-12).

STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	Reference	
Balance December 31, 2021	C	\$ 159,245.54
Increased by:		
Cancellation of Improvement Authorizations	C-5	
Cancellation of Encumbrance Payable	C-9	-
		<u>159,245.54</u>
Decreased by:		
Fund Improvement Authorizations	C-3,12	
Balance December 31, 2022	C	<u>\$ 159,245.54</u>

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
AT DECEMBER 31, 2022 AND 2021

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

D

ASSETS	Reference	December 31 ,	
		2022	2021
Operating Fund:			
Cash	D-5	\$ 1,557,289.00	\$ 1,153,677.55
Receivable with Full Reserves:			
Consumer Accounts Receivable	D-6	268,373.17	259,310.92
Total Operating Fund		<u>1,825,662.17</u>	<u>1,412,988.47</u>
Capital Fund:			
Cash	D-5	246,747.31	280,497.31
Due From Water Utility Fund	D-8	30,000.18	30,000.18
Fixed Capital	D-7	5,998,897.61	5,998,897.61
Fixed Capital: Authorized and Uncompleted	D-13	4,328,574.31	4,328,574.31
Total Capital Fund		<u>10,604,219.41</u>	<u>10,637,969.41</u>
TOTAL ASSETS		<u><u>\$ 12,429,881.58</u></u>	<u><u>\$ 12,050,957.88</u></u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Liabilities			
Appropriation Reserve	D-4,9	\$ 206,273.84	\$ 209,415.08
Encumbrance Payable	D-4,9	57,581.15	289,131.51
Storm Damage Reserve	D-19	130,000.00	130,000.00
Water Rent Overpayment	D-15	4,299.89	6,250.75
Water Rent Prepaid	D-16	19,370.36	22,201.26
Accrued Interest on Bonds	D-17	-	-
Due to Water Capital Fund	D-8	30,000.18	30,000.18
Reserve for Receivable	D-6	268,373.17	259,310.92
Fund Balance	D-1	1,109,763.58	466,678.77
Total Operating Fund		<u>1,825,662.17</u>	<u>1,412,988.47</u>
Capital Fund:			
Utility Serial Bonds	D-14	-	-
Improvement Authorizations:			
Funded	D-10	180,735.96	214,485.96
Unfunded	D-10	4,000,000.00	4,000,000.00
Capital Improvement Fund	D-11	44,536.85	44,536.85
Reserve for Amortization	D-12	6,324,153.92	6,324,153.92
Down Payment on Improvements	D-18	46,850.00	46,850.00
Fund Balance	D-2	7,942.68	7,942.68
Total Capital Fund		<u>10,604,219.41</u>	<u>10,637,969.41</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u><u>\$ 12,429,881.58</u></u>	<u><u>\$ 12,050,957.88</u></u>

Bonds and notes authorized but not issued on December 31, 2022 is \$4,000,000 and \$ 4,000,000 on December 31, 2021 (Schedule D-20)

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
AT DECEMBER 31, 2022 AND 2021

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

D-1

		For the Years Ended December 31:	
		2022	2021
	Reference		
REVENUE AND OTHER INCOME REALIZED			
Surplus Anticipated	D-3	\$ -	\$ 600,000.00
Rents	D-3	1,551,797.46	1,349,822.10
Fire Hydrant Service	D-3	-	-
Interest Income	D-5	10,030.76	6,148.56
Other Credits to Income:			
Appropriation Canceled	D-4	-	1,555.10
Unexpended Balance of Appropriation Reserves	D-9	186,256.59	200,549.14
Total Income		1,748,084.81	2,158,074.90
EXPENDITURES			
Operating	D-4	605,000.00	635,000.00
Capital Improvements	D-4	450,000.00	455,000.00
Debt Service	D-4	-	100,000.00
Statutory Expenditures	D-4	50,000.00	50,000.00
Surplus Utilized	D-4		600,000.00
Total Expenditures	D-4	1,105,000.00	1,840,000.00
EXCESS IN REVENUES		643,084.81	318,074.90
Fund Balance - Operating - January 1	D	466,678.77	748,603.87
		1,109,763.58	1,066,678.77
Less: Amount of Fund Balance Utilized as Revenue			600,000.00
FUND BALANCE-OPERATING-DECEMBER 31		\$ 1,109,763.58	\$ 466,678.77

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	Reference		
Balance December 31, 2021	D	\$	7,942.68
Balance December 31, 2022	D	\$	<u>7,942.68</u>

D-2

STATEMENT OF REVENUES - REGULATORY BASIS

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>	
Operating Surplus Anticipated	\$ -	\$ -	\$ -	
Rents	1,105,000.00	1,551,797.46	446,797.46	
			-	
Total	<u>\$ 1,105,000.00</u>	<u>\$ 1,551,797.46</u>	<u>\$ 446,797.46</u>	
	Reference D-4	D-1,Below		

D-3

Analysis of Revenue

	Reference	
Cash Receipts	Below	\$ 1,523,345.45
Overpayments Applied-Accounts Receivables	D-15	6,250.75
Prepaid Applied	D-16	22,201.26
Total	Above	<u>\$ 1,551,797.46</u>
 Collections - Accounts Receivables	D-6	<u>\$ 1,523,345.45</u>
	Above	<u>\$ 1,523,345.45</u>

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-4

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 245,000.00	\$ 245,000.00	\$ 233,548.45	\$ 11,451.55	\$ -
Other Expenses	300,000.00	300,000.00	297,203.18	2,796.82	
Group Health Insurance	60,000.00	60,000.00	60,000.00	-	
Total Operating	<u>605,000.00</u>	<u>605,000.00</u>	<u>590,751.63</u>	<u>14,248.37</u>	<u>-</u>
Capital Improvements:					
Capital Outlay	200,000.00	200,000.00	64,608.06	135,391.94	
Water Capital Improvements	250,000.00	250,000.00	225,500.00	24,500.00	
Total Capital Improvements	<u>450,000.00</u>	<u>450,000.00</u>	<u>290,108.06</u>	<u>159,891.94</u>	<u>-</u>
Statutory Expenditures:					
Public Employees Retirement System	30,000.00	30,000.00	-	30,000.00	
Social Security	20,000.00	20,000.00	17,866.47	2,133.53	
	<u>50,000.00</u>	<u>50,000.00</u>	<u>17,866.47</u>	<u>32,133.53</u>	<u>-</u>
 TOTAL WATER UTILITY APPROPRIATIONS	 <u><u>\$ 1,105,000.00</u></u>	 <u><u>\$ 1,105,000.00</u></u>	 <u><u>\$ 898,726.16</u></u>	 <u><u>\$ 206,273.84</u></u>	 <u><u>\$ -</u></u>
Reference	D-1,3	D-1,3	Below	D	D-1
	Reference				
Disbursements	D-5		841,391.47		
Budget Refund	D-5		(246.46)		
Decrease in Accrued Interest on Bonds	D-17		-		
Encumbrances Payable	D		57,581.15		
	Above		<u><u>\$ 898,726.16</u></u>		

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
AT DECEMBER 31, 2022 AND 2021

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

E

		At December 31	
	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	E-4	\$ 866,109.08	\$ 625,166.37
Consumer Accounts Receivable	E-5	20,929.48	16,566.09
TOTAL ASSETS		<u>\$ 887,038.56</u>	<u>\$ 641,732.46</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Encumbrance Payable	E-3,E-6a	\$ 121.98	\$ 117.46
Appropriations Reserves	E-3,6	189,389.52	157,312.31
Prepaid Utilities	E-4,5	16,588.98	19,920.45
Utility Rents Overpaid	E-7	136.50	923.62
Appropriations Reserve Committed	E-6b	46,166.66	46,166.66
		<u>252,403.64</u>	<u>224,440.50</u>
Reserve for Receivable	E-5	20,929.48	16,566.09
Fund Balance	E-1	613,705.44	400,725.87
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 887,038.56</u>	<u>\$ 641,732.46</u>

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

E-1

		<u>Reference</u>	
		For the Years Ended December 31,	
		<u>2022</u>	<u>2021</u>
REVENUE AND OTHER INCOME REALIZED			
Operating Surplus Anticipated	E-2	\$ -	\$ 272,000.00
Fees	E-2	1,291,361.91	1,215,864.55
Interest Income	E-4	5,954.84	3,397.01
Delinquent Interest	E-4	2,828.26	3,691.66
Appropriation Reserve Canceled	E-6	77,834.56	18,486.94
Total Income		<u>1,377,979.57</u>	<u>1,513,440.16</u>
EXPENDITURES			
Operating	E-3	1,138,000.00	1,110,000.00
Capital Improvements	E-3	-	-
Statutory Expenditures	E-3	27,000.00	27,000.00
Surplus Utilized	E-3	-	200,000.00
Total Expenditures	E-3	<u>1,165,000.00</u>	<u>1,337,000.00</u>
EXCESS (DEFICIT) IN REVENUES		212,979.57	176,440.16
Fund Balance - Operating - January 1	E	<u>400,725.87</u>	<u>496,285.71</u>
		613,705.44	672,725.87
Operating Surplus Anticipated	E-2	<u>-</u>	<u>272,000.00</u>
FUND BALANCE - OPERATING - DECEMBER 31	E	<u><u>\$ 613,705.44</u></u>	<u><u>\$ 400,725.87</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

STATEMENT OF REVENUE - REGULATORY BASIS

E-2

		<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	E-1	\$ -	\$ -	\$ -
Solid Waste Fees	E-1	1,165,000.00	1,291,361.91	126,361.91
		<u>-</u>		<u>-</u>
		<u>\$ 1,165,000.00</u>	<u>\$ 1,291,361.91</u>	<u>\$ 126,361.91</u>
		E-3		
		<u>Reference</u>		
Solid Waste Fees	E-5		1,270,517.84	
Solid Waste Overpayments Applied	E-7		923.62	
Prepaid Solid Waste Fees Applied	E-5		19,920.45	
		Above	<u>\$ 1,291,361.91</u>	

STATEMENT OF EXPENDITURES - REGULATORY BASIS

E-3

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries & Wages	\$ 130,000.00	\$ 132,000.00	\$ 130,723.35	\$ 1,276.65
Other Expenses	1,008,000.00	1,006,000.00	834,886.81	171,113.19
	<u>1,138,000.00</u>	<u>1,138,000.00</u>	<u>965,610.16</u>	<u>172,389.84</u>
Statutory Expenditures:				
Social Security	12,000.00	12,000.00	10,000.32	1,999.68
PERS	15,000.00	15,000.00	-	15,000.00
	<u>27,000.00</u>	<u>27,000.00</u>	<u>10,000.32</u>	<u>16,999.68</u>
Total Solid Waste Utility Appropriations	<u>\$ 1,165,000.00</u>	<u>\$ 1,165,000.00</u>	<u>\$ 975,610.48</u>	<u>\$ 189,389.52</u>
Reference	E-2	E-2	Below	E
		<u>Reference</u>		
Encumbrances		E-6A	\$ 121.98	
Disbursements		E-4	975,488.50	
		Above	<u>\$ 975,610.48</u>	

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

BOROUGH OF HO-HO-KUS, NJ
GENERAL FIXED ASSETS ACCOUNTS GROUP
AT DECEMBER 31, 2022 AND 2021

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

F

	At December 31,	
	2022	2021
General Fixed Assets		
Land (as per assessed valuation)	\$ 14,037,900.00	\$ 13,307,200.00
Buildings (as per assessed valuation)	4,399,200.00	4,083,900.00
Machinery and Equipment	9,638,346.49	9,480,790.96
Total General Fixed Assets	<u>\$ 28,075,446.49</u>	<u>\$ 26,871,890.96</u>
Investment in General Fixed Assets	<u>\$ 28,075,446.49</u>	<u>\$ 26,871,890.96</u>

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

BOROUGH OF HO-HO-KUS, NJ
GRANT FUND
AT DECEMBER 31, 2022 AND 2021

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

G

		At December 31,	
	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	G-1	\$ 661,730.62	\$ 469,921.07
Grants Receivable	G-2	39,146.28	39,146.28
Deferred Charges- Over-expenditure	G-5		2,606.16
TOTAL ASSETS		<u><u>\$ 700,876.90</u></u>	<u><u>\$ 511,673.51</u></u>
LIABILITIES			
Unappropriated Reserves	G-4	\$ 2,440.48	\$ 225,046.76
Appropriated Reserves	G-5	214,156.88	194,577.03
Encumbrance Payble	G-5	9,304.00	
Due to Current Fund	A,G-3	474,975.54	92,049.72
TOTAL LIABILITIES		<u><u>\$ 700,876.90</u></u>	<u><u>\$ 511,673.51</u></u>

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

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

B. Fund Accounting

The accounting policies of the Borough conform to the accounting principles applicable to municipalities, which have been prescribed by the Division. 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. The accounts of the Borough are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts, which include its assets, liabilities, fund equity, revenues, and expenses or expenditures.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

The following funds and groups of accounts are used by the Borough:

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

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

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available financial resources at the end of the period.

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

Property Tax Revenues – Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues (Continued)

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 tax sale. Annual "in rem" tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the statement of financial position of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund, the Water Utility Fund and the Solid Waste Utility Fund.

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

Trust Funds
Capital Funds

The Governing Body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division. The director of the Division, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line-item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the Governing Body of the municipality. During the last two months of the fiscal year, the Governing Body may, by a 2/3 vote, amend the budget through line-item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line-item level. During 2022 and 2021, the Governing Body approved several budget transfers.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

Inventories - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of financial position.

Cash and Investments - Cash includes amounts in demand deposits, as well as short-term investments, with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1(a) to bonds or obligations of the Federal Government and bonds or other obligations of Federal or local units having a maturity date not more than twelve months from the date of purchase.

Incurred But Not Reported (IBNR) Reserves - The Borough has not created a reserve for any potential unreported losses which have taken place but for which the Borough has not received notice or report of losses. Additionally, the Borough has not recorded a liability for those claims, which have been filed but have not yet been paid. GAAP requires the establishment of reserves for such potential claims if material.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

D. Basic Financial Statements

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

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

2. Cash and Cash Equivalents

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2022, \$0 of the Borough's bank balance of \$13,308,823.61 was exposed to custodial credit risk.

3. Investments

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

Credit Risk. The purchase of investments by the Borough is limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units.
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund; or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. The underlying securities are permitted investments pursuant to paragraphs 1 and 3 above;
 - b. The custody of collateral is transferred to a third party;
 - c. The maturity of the agreement is not more than 30 days;
 - d. The underlying securities are purchased through a public depository as defined in statute; and
 - e. A master repurchase agreement providing for the custody and security of collateral is executed.

Concentration of Credit Risk. The Borough places no limit on the amount the Borough may invest in any one issuer. As of December 31, 2022 and 2021, the Borough had no investments.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

4. Leases

188 East Franklin Turnpike (Block 1016 Lot 6); Leased to J. Reynolds.

Lease Term Ended	Minimum Rent
2022	\$ 23,888.00
2023	25,365.00
2024	24,853.00
2025	25,350.00
2026 (11 months)	23,662.00

The term of the lease is from December 1, 2021 to November 30, 2026. The rent is increased by 2% each year.

1 East Franklin Turnpike (Block 1009 Lot 1.01); Leased to Intervilla Inc.

Lease Term Ended	Minimum Rent	Rent Arrears	Total Rent
2022	\$ 94,719.12	\$ -	\$ 94,719.12
2023	94,719.12	13,657.05	108,376.17
2024	94,719.12	14,898.60	109,617.72
2025	94,719.12	14,898.60	109,617.72
2026	94,719.12	14,898.60	109,617.72

As of June 1, 2021, Intervilla owes the Borough \$74,492.99, which includes past due monthly rent plus adjustments for 2019, 2020, and through May 2021. Starting February 1, 2023, and thereafter over the next five years, at a rate of \$1,241.55 per month (\$74,492.99 divided by 60) in addition to rent required under the Lease.

In addition to the foregoing, beginning on June 1, 2021, Intervilla shall pay monthly rent in the sum of \$7,893.26 per month, in addition to any and all other required payments under the terms of the Lease. On December 1, 2022, Intervilla has renewed the lease for an additional five year term beginning on February 1, 2023, and expiring January 31, 2028. Notice of renewal must be provided by December 31, 2022.

The Borough received lease payments for two cellular towers. The payments were \$78,380.43 in 2022 and \$77,580.89 in 2021.

5. Interfund Receivable and Payables

Interfund receivables and payables at December 31, 2022 and 2021 were as follows:

<u>Fund Type</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Receivables</u>	<u>Payables</u>
Current	\$ 475,433.92	\$ 1,192,812.81	\$ 92,050.02	\$ 1,155,609.95
Trust	590,000.00	458.38	590,000.00	0.30
Capital	852,812.81	250,000.00	815,609.95	250,000.00
Water Utility	-	30,000.18	-	30,000.18
Water Capital	30,000.18		30,000.18	
Grant	-	474,975.54	-	92,049.72
Total Interfund Receivables/Payables	<u>\$ 1,948,246.91</u>	<u>\$ 1,948,246.91</u>	<u>\$ 1,527,660.15</u>	<u>\$ 1,527,660.15</u>

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

6. Fund Balance Appropriated

Fund balances at December 31, 2022, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2022, were as follows:

	2023 Budget	2022 Budget
Current Fund	\$ 1,162,000	\$ 850,000
Water Utility Operating Fund	\$ -0-	\$ -0-
Solid Waste Utility Operating Fund	\$ -0-	\$ -0-

7. Property Tax Calendar

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

School Taxes

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

County Taxes

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

Prepaid Taxes

Taxes collected in advance are recorded as cash liabilities in the financial statements and were \$218,018.31 and \$241,103.88 for the years ended December 31, 2022 and 2021, respectively.

Reserve for Uncollected Taxes

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

Property Taxes Receivable, Tax Title Liens

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

For the years ended December 31, 2022 and 2021, property taxes receivable were \$62,120.28 and \$67,536.12 respectively.

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. Municipal Debt

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general 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 used 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>2022</u>	<u>2021</u>	<u>2020</u>
Bonds and Notes Issued			
General:			
Bonds and Notes	\$ 8,742,000	\$ 8,000,000	\$ 5,750,000
Water Utility Bonds and Notes			97,000
Total Bonds and Notes Issued	<u>8,742,000</u>	<u>8,000,000</u>	<u>5,847,000</u>
Authorized but not Issued			
General	157,270	1,242,000	-
Water Utility Bonds and Notes	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>
Total Authorized But not Issued	<u>4,157,270</u>	<u>5,242,000</u>	<u>-</u>
Bonds and Notes Issued and Authorized but not Issued	<u>\$ 12,899,270</u>	<u>\$ 13,242,000</u>	<u>\$ 5,847,000</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The following summarized statement of debt condition is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .634% as of December 31, 2022 and .689% as of December 31, 2021.

<u>2022</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Bonds and Notes for School Purposes	\$ 4,570,000	\$ 4,570,000	\$ -
General Debt			
Bonds and Notes	8,742,000	-	8,742,000
Notes Authorized but Not Issued	157,270	-	157,270
Water Utility Debt			
Bonds and Notes	4,000,000	4,000,000	-
Notes Authorized but Not Issued	-	-	-
	<u>\$ 17,469,270</u>	<u>\$ 8,570,000</u>	<u>\$ 8,899,270</u>

Net Debt \$8,899,270 divided by Equalized Valuation Basis

Per N.J.S.A.40A:2-2 as amended \$ 1,402,288,969 = .635% as of December 31, 2022.

<u>2021</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Bonds and Notes for School Purposes	\$ 5,440,000	\$ 5,440,000	\$ -
General Debt			
Bonds and Notes	9,242,000	-	9,242,000
Notes Authorized but Not Issued	-	-	-
Water Utility Debt			
Bonds and Notes	4,000,000	4,000,000	-
Notes Authorized but Not Issued	-	-	-
	<u>\$ 18,682,000</u>	<u>\$ 9,440,000</u>	<u>\$ 9,242,000</u>

Net Debt \$9,242,000 divided by Equalized Valuation Basis

Per N.J.S.A.40A:2-2 as amended \$ 1,341,204,872.67 = .689% as of December 31, 2021.

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. Municipal Debt (Continued)

Summary of Statutory Debt Condition – Annual Debt Statement

<u>Borrowing Power Under N.J.S.A. 40A:2-6 As Amended</u>	<u>2022</u>	<u>2021</u>
3 1/2% of Equalized Valuation Basis (Municipal)	\$ 49,080,114	\$ 46,942,171
Net Debt	8,899,271	9,242,000
Remaining Borrowing Power	<u>\$ 40,180,843</u>	<u>\$ 37,700,171</u>

Water Utility

Calculation of "Self-Liquidating Purpose"

	<u>2022</u>	<u>2021</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,748,085	\$ 2,158,075
Deductions:		
Operating and maintenance cost	1,055,000	1,690,000
Statutory Expenditures	50,000	50,000
Debt service		100,000
Total Deductions	<u>1,105,000</u>	<u>1,840,000</u>
Excess / (deficit) in revenue	<u>\$ 643,085</u>	<u>\$ 318,075</u>

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

Long-Term Debt

Long-term debt as of December 31, 2022 consisted of the following:

	Balance Dec. 31, 2021	Additions	Reductions	Balance Dec. 31, 2022	Due in One Year
<u>Bonds Payable</u>					
General	\$ 5,000,000	\$ -	\$ 500,000	\$ 4,500,000	\$ 500,000
Water Utility		-		-	
	<u>\$ 5,847,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 500,000</u>

As of December 31, 2022 and 2021, all outstanding bonds are included in the general capital fund and water utility capital fund and interest and principal payments are included in the operating budget of the Borough.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

8. Municipal Debt (Continued)

General Obligation Bonds

	2022	2021
2019 Bonds, due in annual installments of \$500,000 due 02/15/2022, \$4,500,000 in future years, at variable interest rates from 2.00% to 3.00%	\$ 4,500,000	\$ 5,000,000
	\$ 4,500,000	\$ 5,000,000

General Capital Debt Service

Calendar Year	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 500,000	\$ 103,375
2024	500,000	93,375
2025	700,000	80,938
2026	700,000	65,625
2027	700,000	49,000
2028-2029	1,400,000	41,125
	<u>\$ 4,500,000</u>	<u>\$ 433,438</u>

Water Utility Capital

2022	2021
\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>

Water Utility Debt Service

Calendar Year	<u>Water Utility Debt</u>	
	<u>Principal</u>	<u>Interest</u>
	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>

Overlapping Debt

County of Bergen (1) – Borough's share (.71%)	\$10,452,761
Northwest Bergen County Utilities Authority- Water Pollution (2)	1,332,586
Total Overlapping Debt	<u>\$11,785,347</u>

(1) The County of Bergen has \$1,478,420,679 @ 12/31/21 in gross long-term and temporary debt. The Borough's net share is obtained by dividing the Borough's equalized valuation \$1,485,129,092 by the County's equalized valuation \$210,054,130,835.

(2) Overlapping debt was computed based upon municipal flow/billing to the Authority at approximately 5.3%.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

9. Pension and Retirement Plans

Description of Plans

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). Those systems are sponsored and administered by the State of New Jersey and are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for PERS and PFRS. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625 or can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Summary of Significant Accounting Policies -PERS and PFRS

GASB 68, *Accounting and Financial Reporting for Pensions*, is effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Amendments to and further clarification of GASB 68, include GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB 67 and 68.*, and GASB 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*.

New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Therefore, the following information with regards to GASB 68 is for disclosure purposes only.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

9. Pension and Retirement Plans (Continued)

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

At June 30, 2022 and June 30, 2021, the Borough has disclosed a liability of \$3,279,670, and \$2,617,250 respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2021. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the Borough's proportion was .021732 %, which was a decrease of .00036% from its proportion measured as of June 30, 2021 of .022093%.

For the year ended December 31, 2022, the Borough recognized PERS pension expense of \$258,735 as measured at June 30, 2021. At June 30, 2022, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2022		June 30, 2021	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 23,671	\$ 20,875	\$ 41,277	\$ 18,736
Changes of assumptions	10,161	491,097	13,631	931,758
Net difference between projected and actual earnings on pension plan investments	135,743			689,452
Changes in proportion and differences between Borough and proportionate share of contributions	450,684	257,253	730,971	369,346
Borough contributions subsequent to the measurement date				
Total	<u>\$ 620,259</u>	<u>\$ 769,225</u>	<u>\$ 785,879</u>	<u>\$ 2,009,292</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30:
2023	\$ (281,327)
2024	(143,327)
2025	(69,898)
2026	152,490
2027	(335)
Total	<u>\$ (342,396)</u>

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

9. Pension and Retirement Plans (Continued)

Changes in Proportion-The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.21, 5.63 and 5.48 years for the years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

	6/30/2022	6/30/2021
Collective deferred outflows of resources	\$ 1,660,772,008	\$ 1,164,738,169
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability (Non-State-Local Group)	15,219,184,920	11,972,782,878
Borough's portion of net pension liability	3,279,670	2,617,250
Borough's proportion %	0.0217320828%	0.0220930250%

Actuarial assumptions. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% – 6.55% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

9. Pension and Retirement Plans (Continued)

Public Employees' Retirement System (PERS) – (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.00% and 7.00% and as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2022 and 2021, calculated using the discount rate of 7.00% and 7.00% respectively, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Borough's proportionate share of the net pension liability	\$ 4,213,415	\$ 3,279,670	\$ 4,765,990
	June 30, 2021		
	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Borough's proportionate share of the net pension liability	\$ 3,564,164	\$ 2,617,250	\$ 1,813,659

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PERS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under disability provisions of PERS. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full-time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

9. Pension and Retirement Plans (Continued)

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

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

At June 30, 2022 and June 30, 2021, the Borough has disclosed a liability of \$7,621,526 and \$4,332,312, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2021. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2022 and 2021. At June 30, 2022, the Borough's proportion was 0.06658474%, which was an increase of 0.00731234% from its proportion measured as of June 30, 2021 of 0.0592724%.

A special funding situation exists for Local employers of the PFRS, in which the State of New Jersey is required to pay additional costs incurred by Local employers under 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. Since the local participating employers do not contribute under this legislation, there is no pension liability, deferred inflows or outflows to report. The amount of the Borough's proportionate share of collective net pension liability at June 30, 2022 and 2021 respectively was \$1,356,408 and \$1,218,462.

For the year ended December 31, 2022, the Borough recognized pension expense of \$690,799. At December 31, 2022 as measured on June 30, 2022, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	June 30, 2022		June 30, 2021	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 344,971	\$ 466,922	\$ 49,426	\$ 518,966
Changes of assumptions	20,888	959,400	23,053	1,298,374
Net difference projected and actual earnings on pension plan investments	697,908			1,846,139
Changes in proportion and differences between Borough's and proportionate share of contributions	1,630,959	38,922	1,168,898	92,240
Borough contributions subsequent to the measurement date				
Total	<u>\$ 2,694,726</u>	<u>\$ 1,465,244</u>	<u>\$ 1,241,377</u>	<u>\$ 3,755,719</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30:
2023	\$ (381,198)
2024	(243,609)
2025	(232,065)
2026	484,747
2027	4,672
Thereafter	4,897
Total	<u>\$ (367,453)</u>

See independent auditor's report

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

9. Pension and Retirement Plans (Continued)

Changes in Proportion. The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6.22, 6.17, 5.90, 5.92, 5.73, and 5.59 years for the years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

	<u>6/30/2022</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$ 2,163,793,985	\$ 1,164,738,169
Collective deferred inflows of resources	2,805,919,493	8,339,123,762
Collective net pension liability (Non-State-Local Group)	13,483,472,009	11,972,782,878
Borough's portion of net pension liability	7,621,526	4,332,312
Borough's portion of net pension liability	0.0665847400%	0.0592724283%

Actuarial assumptions. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25% – 16.25% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the PubS-2010 amount weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, postretirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability retirement rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

9. Pension and Retirement Plans (Continued)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount rate. The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2022 and 2021, calculated using the discount rate of 7.00% and 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	June 30, 2022 Rate (7.00%)	1% Increase (8.00%)
Borough's proportionate share of the net pension liability	\$ 10,457,557	\$ 7,621,526	\$ 5,260,517
	1% Decrease (6.00%)	June 30, 2021 Rate (7.00%)	1% Increase (8.00%)
Borough's proportionate share of the net pension liability	\$ 6,578,480	\$ 4,332,312	\$ 2,462,620

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

9. Pension and Retirement Plans (Continued)

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PFRS Vesting and Benefit Provisions - The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after 4 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of the final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek early retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and tier 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Funding Policy- PERS and PFRS- The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 8.5% for PFRS of the employees' annual compensation, as defined. Under the provisions of Chapter 78, P.L. 2012, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2012. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. PFRS employee pension contribution rates increased from 8.5% to 10% of salary, effective October 1, 2012. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The Borough's contributions to PERS and PFRS were as follows:

Year Ended December 31,	PERS Amount	PFRS Amount	Total
2022	\$ 258,735.00	\$ 690,799.00	\$ 949,534.00
2021	224,463.00	626,572.00	851,035.00
2020	164,797.00	526,177.00	690,974.00
2019	225,601.00	478,021.00	703,622.00

10. Defined Contribution Retirement Program

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

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation on the DCRP for the office or position. The waiver is irrevocable.

This retirement program is a pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The employee contribution to DCRP is 5.5% of defined salary and the employer contributes 3%. The employer also makes contribution for eligible members' life insurance and disability coverage under DCRP.

11. Employee Deferred Compensation Plan

The Borough maintains a Deferred Compensation Plan in accordance with IRC Section 457 and State of NJ Deferred Revenue Regulation. Employees of the Borough are eligible to participate in the Plan. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Borough does not and is not required to make contributions to the Plan.

The deferred compensation plan is administered by unrelated financial institutions. Under the terms of an IRC Section 457 employee deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held in trust for the exclusive benefit of participants and their beneficiaries and is reported in our Review of the Employee Deferred Compensation financial statements for December 31, 2022 and 2021.

See independent auditor's report.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

12. Other Post-Employment Benefits (OPEB)

The Borough pays health insurance of \$1,500 each year for 10 years to employees who have retired after they have completed 25 years or more of service. Currently, the Borough has 2 retired employees who receive this benefit. In 2022, the cost of these health benefits totals \$3,000.

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund- Local Government Retired (the Plan) (including Prescription Drug Program Fund) - N.J.S.A. 43:3c-24 established a separate trust fund for certain non-State participating employers to provide funding for State Health Benefit Program coverage to its eligible retirees. Under the provisions of Chapter 330, P.L. 1997, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. For additional information about the Plan, please refer to the State Division of Pensions and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers.

Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide post-retirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post-retirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation agreement. The Borough has elected not to provide postretirement medical benefits to its employees.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide post-retirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post-retirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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 the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions. also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Other Post-Employment Benefits (OPEB) - (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with GAAP as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is used for measuring financial position and changes in net position of the other post-employment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2021, the most recent measurement date available, the State had \$17,999,781,235 unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$3,861,357,890 for state non-employer active and retired members, \$14,138,423,345 for local participating employer active and retired members.

The funded status and funding progress of the OPEB 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 OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the 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 June 30, 2021 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Plan Membership and Contributing Employers

At June 30, 2020, the OPEB plan membership and contributing employers consisted of the following:

<u>Local Government Retired</u>	<u>June 30, 2020</u>
Active Plan Members	62,243
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>32,624</u>
Total Plan Members	96,867
Contributing Employers	579

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund –Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021. The Borough of Ho-Ho-Kus has elected to not provide post-retirement medical benefits to its employees, therefore there is no OPEB expense, deferred outflows or deferred inflows of resources related to OPEB.

BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

12. Other Post-Employment Benefits (OPEB) - (Continued)

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation rate:	2.50%
Salary Increases*:	
PERS-Through 2026	2.00-6.00%
Thereafter	3.00-7.00%
PFRS- Rate for Future Years	3.25-15.25%

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021.
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from central year using Scale MP-2021.

*Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2021.

Discount rate

The discount rate used to measure the total pension liability was 2.16% as of June 30, 2021. This represents the municipal bond return rate as chosen by the State. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB 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 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. 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. 75 and the State is treated as a non-employer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Other Post-Employment Benefits (OPEB) - (Continued)

Special Funding Situation (Continued)

At December 31, 2021 (measured at June 30, 2021), the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$6,416,187. For the year ended December 31, 2021 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is (\$875,513). At December 31, 2021, (measurement date June 30, 2021), the State's share of the OPEB liability attributable to the Borough was .166164 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB 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.

13. Risk Management

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

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

- General liability
- Automobile liability
- Law enforcement professional liability
- Employee benefits liability

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

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

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

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

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

Health Insurance Waiver: The Borough offers health insurance waivers in an amount of the lesser of \$5,000 or 25% of the actual net insurance cost to employees that can show that coverage is provided by a spouse or other means. In 2022, the Borough paid \$5,000 for one employee.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

14. Compensated Absences

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

On December 19, 2018, a memo of understanding (the "MOU") between Ho-Ho-Kus PBA and the Borough was drafted stating that accumulated sick time for all Officers is to be capped and frozen at the value on December 31, 2017. For Officers previously capped at \$15,000, sick time payout, the same proration and removal of sick time will be permissible, not to exceed \$15,000.

The Department of Public Works' accumulated absences was frozen at December 31, 2017 and those eligible employees were paid in full. Administrative employees' accumulated absences was frozen at December 31, 2017 and those eligible employees will earn out their benefits.

As of December 31, 2022 and 2021, the total accumulated absence liability for Police Department was \$152,375 and \$172,189 respectively. For December 31, 2022 and 2021, no employees will receive lump-sum payouts at retirement, all payments will be "earned out" annually.

Reserve for potential compensated absences for Administrative & Public Works is \$122,791, earned after the employee has reached 25 years of service.

The Borough has reserved in its Trust Fund \$222,097.63 and \$242,763.16 for compensated absence payments for 2022 and 2021, respectively.

15. Contingent Liabilities

Pending Tax Appeals

Various tax appeal cases were pending in the tax court at December 31, 2022 and 2021. Amounts claimed have not been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division, the Borough does not recognize a liability, if any, until these cases have been adjudicated and may be material. Funding of any ultimate liability would be provided for in succeeding years' budget, fund balance or property tax refunding bond ordinances. In anticipation of tax appeals, the Borough has budgeted \$75,000 in the 2022 Budget and has a Reserve for Tax Appeals in the Trust Fund in the amount of \$436.05 as of December 31, 2022. It is anticipated that this reserve will provide sufficient funds to cover all settlements.

Federal and State Awards

The municipality 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, 2022 and 2021, 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 any of the individual governmental funds or the overall financial position of the Borough.

Litigation

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.

**BOROUGH OF HO-HO-KUS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

16. Council on Affordable Housing (COAH) Obligation

The Crossings at Ho-Ho-Kus will include 10 affordable family and 53 market rate rental units. The Maple Avenue site will be a one-unit affordable family rental unit. Both the Crossings and Maple Avenue are 100% private enterprises funded by developers. Exhibit B-9 references activity in the COAH fund for the year ended December 31, 2022.

On March 16, 2021, the Borough adopted a \$3,150,000 Bond Ordinance and utilized \$150,000 from the COAH Trust fund for the project. As of December 31, 2022, \$2,939,145.46 has been expended on the project.

17. Joint Ventures with Other Municipalities

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

18. Federal Arbitrage Regulations

Municipalities are subject to Section 148 of the IRC as it pertains to the "arbitrage rebate" on all tax-exempt obligations. Under 1986 TRA, the IRS required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. Excess earnings may be required to be rebated to the IRS. Bond Counsel should be engaged to calculate the estimated arbitrage earnings due to the IRS, if any.

19. Liquidity, Management Plans and Intentions

Due to COVID-19 Pandemic, the Borough had to adjust its operations in 2021 and 2022 to continue to provide services to taxpayers. The Pandemic did not have a significant impact on the financial statements of the Borough for the year ended December 31, 2022. However, the Pandemic did result in the State of New Jersey taking steps to award additional grant monies to help offset some additional costs incurred related to public health. On March 11, 2021 President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer, or broadband infrastructure. The amount of federal aid available to the Borough of Ho-Ho-Kus is \$425,488, which will be available until December 31, 2024. The first installment of half the amount was received during 2021 and the remainder will be received during 2022. Additionally, the Borough prepared and balanced the 2022 budget and considered the potential impact the Pandemic could have on Borough operations. Management believes that the fund balance available as of December 31, 2022, and the anticipated revenues from taxes, grants, and other revenues will be sufficient to meet the Borough's financial needs for one year from the date of issuance of this report.

20. Subsequent Events

The Borough has evaluated subsequent events through August 2, 2023 which is the date the financial statements were available to be issued. There were no subsequent events that required financial statements adjustment. The 2023 Budget was adopted on April 25, 2023.

See independent auditor's report.

BOROUGH OF HO-HO-KUS

Supplementary Data

Comparative Schedule of Fund Balances and Utilization in Following Year

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2022	\$ 3,254,393.13	\$ 1,162,000.00
	2021	3,262,575.57	850,000.00
	2020	2,927,739.41	631,000.00
	2019	3,477,845.71	1,000,000.00
Water Utility	2022	\$ 1,109,763.58	\$ -
Operating Fund	2021	466,678.77	-
	2020	748,603.87	600,000.00
	2019	890,349.43	442,780.00
Solid Waste Utility	2022	\$ 613,705.44	\$ -
Operating Fund	2021	400,725.87	-
	2020	496,285.71	272,000.00
	2019	748,835.88	444,300.00

Comparative Schedule of Tax Rate Information

Assessed Valuation

2022	\$	1,190,479,500	
2021	\$	1,173,688,600	
2020	\$	1,168,980,500	
2019	\$	1,165,700,500	
2018	\$		1,161,450,800

See independent auditor's report.

BOROUGH OF HO-HO-KUS

Supplementary Data

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2022	\$ 27,267,960	\$ 27,192,699	99.72%
2021	26,735,618	26,610,028	99.53%
2020	25,877,300	25,741,054	99.47%
2019	25,230,664	25,070,122	99.36%
2018	24,903,786	24,786,800	99.53%

Delinquent Taxes and Tax Title Liens

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

<u>December Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2022	\$ -	\$ 62,120	\$ 62,120	0.23%
2021	-	67,536	67,536	0.25%
2020	-	94,506	94,506	0.37%
2019	-	77,383	77,383	0.31%
2018	-	75,459	75,459	0.30%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2022	\$ 20,100
2021	20,100
2020	20,100
2019	20,100
2018	20,100

See independent auditor's report.

BOROUGH OF HO-HO-KUS**Supplementary Data****Comparison of Water Utility Levies**

<u>December Year</u>	<u>Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2022	\$ 1,560,860	\$ 1,551,797	99.42%
2021	1,355,053	1,349,822	99.61%
2020	1,300,243	1,270,200	97.69%
2019	1,089,798	1,042,535	95.66%
2018	1,004,224	1,054,884	105.04%

Comparison of Solid Waste Utility Levies

<u>December Year</u>	<u>Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2022	\$ 1,295,725	\$ 1,291,362	99.66%
2021	1,210,658	1,215,865	100.43%
2020	1,060,746	1,055,814	99.54%
2019	953,802	947,709	101.43%
2018	858,403	870,670	101.43%

See independent auditor's report.

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CASH - COLLECTOR - TREASURER

A-4

Balance December 31, 2021	Reference A		\$ 6,280,597.52
Increased by Receipts:			
Taxes Receivable	A-9	\$ 26,999,130.90	
Prepaid Parking Permits	A	8,900.00	
Prepaid Municipal Rents	A	3,671.97	
Miscellaneous Revenue	A-2	1,190,017.83	
Miscellaneous Revenue not Anticipated	A-2	34,602.37	
Due from State of NJ. - Senior Citizens and Veterans Deductions	A-7	20,000.00	
Accounts Payable - Refundable	A-10	327,634.30	
Prepaid Taxes	A-14	218,018.31	
Tax Overpayments	A-15	910.27	
Reserve for DCA	A-19	18,398.00	
Payroll Adjustment	A-1	3,118.74	
Petty Cash	A-8	250.00	
Budget Offsets	A-3	601,915.35	
Reserve for Municipal Relief Funds	A-24	15,434.46	
Due to Capital	C-6	37,202.86	
			<hr/>
			29,479,205.36
			<hr/>
			35,759,802.88
Decreased by Disbursements:			
2022 Budget Appropriations	A-3	9,513,014.99	
2021 Appropriation Reserves	A-13	657,247.19	
Tax Overpayments Refunded	A-15	1,482.49	
County Taxes	A-17	3,472,059.83	
Local District School Tax	A-18	15,547,432.00	
Accounts Payable - Refundable	A-10	291,932.77	
Reserve for DCA	A-19	12,148.00	
Petty Cash Funds	A-8	250.00	
			<hr/>
			29,495,567.27
			<hr/>
Balance December 31, 2022	A		\$ 6,264,235.61
			<hr/>

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CHANGE FUNDS

A-5

OFFICE	Balance Dec. 31, 2021	Adjustments	Balance Dec. 31, 2022
Tax Collector-Treasurer	\$ 150.00	\$ -	\$ 150.00
Municipal Court	250.00		250.00
	<u>\$ 400.00</u>	<u>\$ -</u>	<u>\$ 400.00</u>
Reference	A	A-1	A

SCHEDULE OF DUE FROM LOCAL SCHOOL-GASOLINE EXPENSES

A-6

Balance December 31, 2021	Reference A	\$ -
Increased by:		
Due from Local School	A-4	<u>-</u>
Decreased by:		
Cash Received	A-4	<u>-</u>
Balance December 31, 2022	A	<u>\$ -</u>

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

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

A-7

	Reference		
Balance December 31, 2021	A		\$ (1,412.32)
Increased by:			
Senior Citizens Deductions			
Veterans Deductions		\$ 19,750.00	
Veterans Deductions Allowed		<u>250.00</u>	
			<u>20,000.00</u>
			18,587.68
Decreased by:			
Received in Cash from State	A-4	<u>20,000.00</u>	
			<u>20,000.00</u>
Balance December 31, 2022	A		<u><u>\$ (1,412.32)</u></u>
2022 Tax Revenue Realized:			
Senior Citizens Deductions		\$ 250.00	
Veterans Deductions		<u>19,750.00</u>	
Total Realized	A-9	<u><u>\$ 20,000.00</u></u>	

SCHEDULE OF PETTY CASH

A-8

	Reference		
Balance December 31, 2021			\$ -
Cash Received	A-4	<u>250.00</u>	
			250.00
Cash Disbursed	A-4	<u>250.00</u>	
Balance December 31, 2022			<u><u>\$ -</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-9

Year	Balance	Added	2022	Cash Collections		Added/ Canceled	Balance
	Dec 31, 2021		Levy	2021	2022		Dec. 31, 2022
2021	\$ 67,536.12	\$ -	\$ -	\$ -	\$ 67,536.12	\$ -	\$ -
2022		160,741.50	27,107,218.84	241,103.88	26,951,594.78	13,141.40	62,120.28
	<u>\$ 67,536.12</u>	<u>\$ 160,741.50</u>	<u>\$ 27,107,218.84</u>	<u>\$ 241,103.88</u>	<u>\$ 27,019,130.90</u>	<u>\$ 13,141.40</u>	<u>\$ 62,120.28</u>
Reference	A	Below	Below	A-14	Below		A
	Reference						
Cash	A-4				\$ 26,999,130.90		
Overpayments Applied	A-15				-		
State of NJ Realized Seniors and Veterans Deductions	A-7, Below				20,000.00		
	Above				<u>\$ 27,019,130.90</u>		
ANALYSIS OF PROPERTY TAX LEVY							
TAX YIELD							
General Purpose Tax			\$ 27,087,218.84				
State Share of Senior Citizens and Veterans Deductions	A-7		20,000.00				
	Above		<u>27,107,218.84</u>				
Added Taxes (54:4-63.1 et. seq.)	Above		160,741.50				
	Below		<u>\$ 27,267,960.34</u>				
TAX LEVY							
Local District School Tax (Abstract)	A-18		\$ 15,547,432.00				
County Taxes (Abstract)	A-17		3,432,345.30				
Due County for Added Taxes	A-17		20,388.45				
Local Tax for Municipal Purposes	A-2		8,118,731.02				
Add: Additional Taxes			<u>149,063.57</u>				
TOTAL TAX LEVY	Above		<u>\$ 27,267,960.34</u>				

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF ACCOUNTS PAYABLE

A-10

	Reference	
Balance December 31, 2021	A	\$ 83,183.71
Increased by:		
Receipts	A-4	327,634.30
		<u>410,818.01</u>
Decreased by:		
Disbursements	A-4	<u>\$ 291,932.77</u>
		<u>291,932.77</u>
Balance December 31, 2022	A	<u><u>\$ 118,885.24</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

A-11

	Reference	
Balance December 31, 2021	A	\$ 20,100.00
Balance December 31, 2022	A, Below	<u><u>\$ 20,100.00</u></u>

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

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-12

	Balance Dec. 31, 2021	Accrued 2022	Collected	Balance Dec. 31, 2022
Municipal Court	\$ 2,906.48	\$ 4,040.16	\$ 2,906.48	\$ 4,040.16
	<u>\$ 2,906.48</u>	<u>\$ 4,040.16</u>	<u>\$ 2,906.48</u>	<u>\$ 4,040.16</u>
Reference	A			A

BOROUGH OF HO-HO-KUS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF 2021 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2021	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
GENERAL GOVERNMENT								
Administrative and Executive								
Salaries and Wages	\$ 24,158.13	\$ -	\$ -	\$ 24,158.13	\$ -	\$ -	\$ 24,158.13	\$ -
Other Expenses	3,710.72	729.11	-	4,439.83	-	1,759.32	2,680.51	-
Grant Consultant	-	-	-	-	-	-	-	-
Borough Clerk								
Salaries and Wages	890.00	-	-	890.00	-	-	890.00	-
Other Expenses	1,539.42	-	-	1,539.42	-	-	1,539.42	-
Election Costs	1,442.13	-	-	1,442.13	-	-	1,442.13	-
Financial Administration								
Salaries and Wages	2,952.60	-	-	2,952.60	-	-	2,952.60	-
Other Expenses & Audit Services	31,016.26	-	-	31,016.26	-	10,410.07	20,606.19	-
Assessment of Taxes								
Salaries and Wages	275.84	-	-	275.84	-	-	275.84	-
Other Expenses	1,537.64	-	-	1,537.64	-	125.00	1,412.64	-
Collection of Taxes								
Salaries and Wages	482.00	-	-	482.00	-	-	482.00	-
Other Expenses	1,540.70	-	-	1,540.70	-	-	1,540.70	-
Legal Services and Costs								
Other Expenses	32,927.50	-	(17,110.00)	15,817.50	-	3,597.50	12,220.00	-
Municipal Prosecutor								
Salaries and Wages	902.96	-	-	902.96	-	-	902.96	-
Engineering Services and Costs								
Other Expenses	5,905.00	-	-	5,905.00	-	165.00	5,740.00	-
Public Buildings and Grounds								
Salaries and Wages	8,185.24	-	-	8,185.24	-	-	8,185.24	-
Other Expenses	1,583.57	10,078.67	7,000.00	18,662.24	-	18,591.72	70.52	-
Planning Board								
Salaries and Wages	2,000.04	-	-	2,000.04	-	-	2,000.04	-
Other Expenses	22,913.80	375.00	-	23,288.80	-	3,995.58	19,293.22	-
Board of Adjustment								
Salaries and Wages	2,000.04	-	-	2,000.04	-	-	2,000.04	-
Other Expenses	2,458.47	-	-	2,458.47	-	1,100.10	1,358.37	-
Shade Trees								
Other Expenses	1,289.35	-	-	1,289.35	-	25.18	1,264.17	-
Insurance								
Employee Group Health	112,365.82	-	-	112,365.82	-	-	112,365.82	-
General Liability	65,730.00	-	5,000.00	70,730.00	-	70,421.00	309.00	-
Health Benefits Waiver	10,000.00	-	-	10,000.00	-	-	10,000.00	-

Continued - Next Page

BOROUGH OF HO-HO-KUS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF 2021 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2021	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
PUBLIC SAFETY								
Fire - Other Expenses								
Fire Hydrant & Miscellaneous Other Expenses	\$ 13,877.44	\$ 28,782.44	\$ -	\$ 42,659.88	\$ -	\$ 36,438.39	\$ 6,221.49	\$ -
Police								
Salaries and Wages	172,583.71		-	172,583.71	-		172,583.71	
Other Expenses	3,231.19	5,348.34	5,000.00	13,579.53		12,215.72	1,363.81	
Parking Meter Maintenance								
Other Expenses	2,149.00		-	2,149.00	-		2,149.00	
Aid to Volunteer Ambulance Corps	4,746.23	80.46	-	4,826.69	-	366.80	4,459.89	
Zoning Official								
Salaries and Wages	0.16		-	0.16	-		0.16	
Other Expenses	500.00		-	500.00	-		500.00	
Public Defender								
Other Expenses	1,800.00		-	1,800.00	-		1,800.00	
PEOSHA								
Other Expenses	2,962.64	14,752.00	-	17,714.64	-	3,456.10	14,258.54	
Uniform Fire Safety Act Chapter 383-83								
Fire Prevention Code Official								
Salaries and Wages	199.84		-	199.84	-		199.84	
Other Expenses	10.00		-	10.00	-		10.00	
Emergency Management Services								
Salaries and Wages	20.00		-	20.00	-		20.00	
Other Expenses	3,815.98	1,205.10	-	5,021.08	-	1,247.22	3,773.86	
STREETS AND ROADS								
Road Repairs and Maintenance								
Salaries and Wages	112,636.28		-	112,636.28	-	100,000.00	12,636.28	
Other Expenses	19,623.88	6,886.73	-	26,510.61	-	20,278.09	6,232.52	
Street Lighting and Traffic Lights	15,742.73	3,380.37	-	19,123.10	-	3,380.37	15,742.73	

Continued - Next Page

BOROUGH OF HO-HO-KUS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF 2021 APPROPRIATION RESERVES

A-13

	Balance Dec. 31, 2021	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
HEALTH AND WELFARE								
Board of Health								
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	490.24	-	-	490.24	-	-	490.24	-
Construction Code Official								
Salaries and Wages	499.92	-	-	499.92	-	-	499.92	-
Other Expenses	4,661.30	-	-	4,661.30	-	23.60	4,637.70	-
Municipal Court								
Salaries and Wages	4,555.10	-	-	4,555.10	-	-	4,555.10	-
Other Expenses	7,114.25	1,129.85	-	8,244.10	-	1,332.89	6,911.21	-
Recreation								
Salaries and Wages	133.84	-	-	133.84	-	-	133.84	-
Other Expenses	4,043.94	51.38	-	4,095.32	-	140.73	3,954.59	-
Recycling Program								
Salaries and Wages	5,831.12	-	-	5,831.12	-	-	5,831.12	-
Other Expenses	28,410.89	4,625.75	-	33,036.64	-	27,312.07	5,724.57	-
Utilities	34,042.75	7,821.76	-	41,864.51	-	10,768.65	31,095.86	-
Vehicle Maintenance	29,669.02	18,526.38	-	48,195.40	-	32,815.43	15,379.97	-
Contribution to:								
Social Security System (O.A.S.I.)	15,956.23	-	110.00	16,066.23	-	16,064.31	1.92	-
PERS	20,000.00	-	-	20,000.00	-	-	20,000.00	-
PFRS	-	-	-	-	-	-	-	-
Sewerage Authority- Share of Costs	26,987.00	-	-	26,987.00	-	-	26,987.00	-
Maintenance of Free Public Library (Chapter 82 & 541, P.L. 1985)	52,031.59	-	-	52,031.59	-	52,031.59	-	-
DCRP	5,853.51	-	-	5,853.51	-	-	5,853.51	-
Reserve for Tax Appeals	54,956.30	-	-	54,956.30	-	50,000.00	4,956.30	-
Volunteer Incentive Program	84,000.00	-	-	84,000.00	-	65,307.00	18,693.00	-
Shared Services- Midland Park Construction	402.64	-	-	402.64	-	-	402.64	-
Capital Outlay	22,291.00	117,709.00	-	140,000.00	-	113,877.76	26,122.24	-
TOTALS	\$ 1,093,636.95	\$ 221,482.34	\$ -	\$ 1,315,119.29	\$ -	\$ 657,247.19	\$ 657,872.10	\$ -
Reference	A	A-21		Below	A-4	Below	A-1	A
Appropriation Reserve	A			\$ 1,093,636.95	Cash Disbursements	657,247.19	A-4	
Encumbrance Payable	A-21			221,482.34		\$ 657,247.19	Above	
	Above			<u>\$ 1,315,119.29</u>				

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

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF PREPAID TAXES

A-14

	Reference	
Balance December 31, 2021	A	\$ 241,103.88
Increased by:		
Collection of Taxes	A-4	218,018.31
		<u>459,122.19</u>
Decreased by:		
Applied to 2022 Taxes	A-9	241,103.88
		<u>241,103.88</u>
Balance December 31, 2022	A	<u>\$ 218,018.31</u>

SCHEDULE OF TAX OVERPAYMENTS

A-15

	Reference	
Balance December 31, 2021	A	\$ 79,851.09
Increased by:		
2022 Overpayments	A-4	\$ 910.27
Reserve for Tax Appeals	A-16	<u>910.27</u>
		<u>80,761.36</u>
Decreased by:		
Applied	A-9	
Refunds	A-4	<u>1,482.49</u>
		<u>1,482.49</u>
Balance December 31, 2022	A	<u>\$ 79,278.87</u>

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

A-16

	Reference	
Balance December 31, 2021	A	\$ 12,612.99
Decreased by:		
Applied to Overpayments	A-15	<u> </u>
Balance December 31, 2022	A	<u>\$ 12,612.99</u>

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF COUNTY TAXES PAYABLE

	Reference		A-17
Balance December 31, 2021	A	\$	39,714.54
Increased by:			
2022 Levy:			
General County	A-1,9	\$	3,295,906.53
Open Space Preservation	A-1,9		136,438.77
Due County for Added Taxes	A-1,9		<u>20,388.45</u>
	A-2		<u>3,452,733.75</u>
			3,492,448.29
Decreased by:			
Canceled PY County Payable	A-1		0.01
Payments	A-4		<u>3,472,059.83</u>
			<u>3,472,059.84</u>
Balance December 31, 2022	A	\$	<u><u>20,388.45</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	Reference		A-18
Balance December 31, 2021	A	\$	-
Levy, Calendar Year (01/01 - 12/31)	A-1,2,9		<u>15,547,432.00</u>
			15,547,432.00
Decreased by:			
Disbursements	A-4		<u>15,547,432.00</u>
Balance December 31, 2022	A	\$	<u><u>-</u></u>

SCHEDULE OF RESERVE FOR DCA - CONSTRUCTION PAYABLE

	Reference		A-19
Balance December 31, 2021	A	\$	2,177.00
Increased by:			
Adjustment to PY DCA Payable	A-1	\$	46.00
DCA Fees Received	A-4		<u>18,398.00</u>
			<u>18,444.00</u>
			20,621.00
Decreased by:			
Disbursements to State	A-4	\$	12,148.00
Cancellation of payable	A-1		<u>12,148.00</u>
			<u>12,148.00</u>
Balance December 31, 2022	A	\$	<u><u>8,473.00</u></u>

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF RESERVE FOR CONSTRUCTION FEES

A-20

	Reference	
Balance December 31, 2021	A	\$ 25,703.32
Balance December 31, 2022	A	<u>\$ 25,703.32</u>

SCHEDULE OF ENCUMBRANCE PAYABLE

A-21

	Reference	
Balance December 31, 2021	A	\$ 221,482.34
Increased by:		
Appropriations	A-3	<u>336,858.91</u>
		558,341.25
Decreased by:		
Applied to Appropriation Reserves	A-13	<u>221,482.34</u>
Balance December 31, 2022	A	<u>\$ 336,858.91</u>

DUE TO LIBRARY - STATE AID

A-22

	Reference	
Balance December 31, 2021	A	\$ 5,364.00
Balance December 31, 2022	A	<u>\$ 5,364.00</u>

BOROUGH OF HO-HO-KUS, NJ
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF RESERVE FOR CODIFICATION

A-23

	Reference	
Balance December 31, 2021	A	\$ 19,077.50
Balance December 31, 2022	A	<u>\$ 19,077.50</u>

SCHEDULE OF RESERVE FOR MUNICIPAL RELIEF FUNDS

A-24

	Reference	
Balance December 31, 2021		\$ -
Increases:		
Cash Receipts	A-4	<u>15,434.46</u> 15,434.46
Decreases:		
Applied to Budget		<u>-</u>
Balance December 31, 2022	A	<u>\$ 15,434.46</u>

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF TRUST CASH

B-1

	<u>Reference</u>	<u>Animal License</u>	<u>Trust Other</u>	<u>COAH</u>	<u>Recreation</u>
Balance December 31, 2021	B	\$ 20,370.78	\$ 524,644.33	\$ 134,638.57	\$ 15,115.31
Increased by Receipts:					
Licenses and Fees	B-2	10,299.40			
Due to State	B-3,7	735.60	100.00		
Interest Income	B-4	159.91	5,825.87		108.76
Due from Current Fund	B-4				
Security Deposits	B-5		221,471.08		
Trust Reserves	B-6		577,035.47		
Development Fees	B-9			88,131.96	
Recreation Fees	B-8				25,000.00
		<u>11,194.91</u>	<u>804,432.42</u>	<u>88,131.96</u>	<u>25,108.76</u>
		<u>31,565.69</u>	<u>1,329,076.75</u>	<u>222,770.53</u>	<u>40,224.07</u>
Decreased by Disbursements:					
Animal Fund Expenditures	B-2	8,255.00			
Due to State	B-3,7	735.60	250.00		
Due to Current Fund- Interest	B-4	159.91	5,825.87		108.76
Security Deposits	B-5		98,830.90		
Trust Reserves	B-6		139,317.08		
COAH Expenditures	B-9			10,538.55	
Recreation Expenditures	B-8				24,000.00
		<u>9,150.51</u>	<u>244,223.85</u>	<u>10,538.55</u>	<u>24,108.76</u>
Balance December 31, 2022	B	\$ 22,415.18	\$ 1,084,852.90	\$ 212,231.98	\$ 16,115.31

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
**SCHEDULE OF RESERVE FOR ANIMAL FUND
EXPENDITURES**

B-2

	<u>Reference</u>	
Balance December 31, 2021	B	\$ 20,370.48
Increased by:		
Cancel- Due to State Fees	B-7	
Receipts - Licenses and Fees	B-1	10,299.40
		<u>30,669.88</u>
Decreased by Disbursements:		
Excess Animal License Fund- Due to Current	B-4	458.08
Animal Fund Expenditures	B-1	8,255.00
		<u>8,713.08</u>
Balance December 31, 2022	B	<u><u>\$ 21,956.80</u></u>

License Fees Collected

2020	\$ 10,690.60
2021	11,266.20
	<u>\$ 21,956.80</u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY - OTHER TRUST

B-3

	<u>Reference</u>	
Balance December 31, 2021	B	\$ 228.00
Increased by:		
Marriage Licenses	B-1	100.00
		<u>328.00</u>
Decreased by:		
Disbursements	B-1	250.00
Balance December 31, 2022	B	<u><u>\$ 78.00</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF DUE TO/(FROM) CURRENT FUND

B-4

	<u>Reference</u>	<u>Other Trust Funds</u>	<u>Animal License Fund</u>	<u>Recreation</u>
Balance December 31, 2021	B	\$ 340,000.00	\$ 0.30	\$ -
Increased by:				
Interest Income - Due to Current Fund	B-1	5,825.87	159.91	108.76
Excess Animal License Fund	B-2		458.08	
		<u>345,825.87</u>	<u>618.29</u>	<u>108.76</u>
Decreased by:				
Transfers of Interest to Current	B-1	<u>5,825.87</u>	<u>159.91</u>	<u>108.76</u>
		<u>5,825.87</u>	<u>159.91</u>	<u>108.76</u>
Balance December 31, 2022	B	<u><u>\$ 340,000.00</u></u>	<u><u>\$ 458.38</u></u>	<u><u>\$ -</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

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

B-5

	<u>Reference</u>	
Balance December 31, 2021	B	\$ 457,398.41
Increased by:		
Receipts	B-1	221,471.08
		<u>678,869.49</u>
Decreased by:		
Disbursements	B-1	98,830.90
		<u>98,830.90</u>
Balance December 31, 2022	B	<u>\$ 580,038.59</u>

SCHEDULE OF OTHER TRUST RESERVES

B-6

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Due From</u> <u>Current Fund</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Donations	\$ 4,450.07	\$ -	\$ -	\$ -	\$ 4,450.07
Tax Appeal Reserve	436.05	50,000.00			50,436.05
Library Grants	44.62				44.62
Firemen's Death Benefit Fund	8,700.00				8,700.00
Police Accessories	12,411.86	7,300.00	2,992.93		16,718.93
Accrued Sick Leave	242,763.16		20,665.53		222,097.63
Electronic Filing Fees	651.00	60,769.50	7,836.00		53,584.50
Girl Scouts	195.22				195.22
Insurance Reimbursements	4,028.55				4,028.55
Uniform Fire Safety Penalties	3,135.00				3,135.00
Tax Sale Certificate - Premium	18,600.00				18,600.00
Sewer Connection Fees	2,800.00				2,800.00
Treasurer Clearing	37.83				37.83
Unemployment Reserve	79,358.92	9,956.05	4,474.40		84,840.57
D.A.R.E. Donations	-	500.00			500.00
Streetscape Donations	4,187.54	21,097.35	8,842.55		16,442.34
Shade Tree Ross Donation	14,829.78	4,125.00	5,550.00		13,404.78
Snow Removal Trust	96,377.95	314,367.46	47,844.00		362,901.41
POAA Court Fees	1,436.00	44.00			1,480.00
JIF Awards	2,198.97				2,198.97
State Health Benefit Program	3,526.88				3,526.88
Fuel Reimbursement	56,760.76	7,890.31	1,455.00		63,196.07
Lightning Detection System	231.00				231.00
Stigma Free	-	4,026.00	100.00		3,926.00
Restitution for Building Damages	2,403.00				2,403.00
Motorpool	87,816.77	63,885.80	18,173.86		133,528.71
Police Donations	-				-
Jr. Police Academy	9,077.09	18,424.00	17,677.81		9,823.28
Ho-Ho-Kus Celebration	559.90	10,000.00			10,559.90
Veterans		4,650.00	3,705.00		945.00
	<u>\$ 657,017.92</u>	<u>\$ 577,035.47</u>	<u>\$ 139,317.08</u>	<u>\$ -</u>	<u>\$ 1,094,736.31</u>
Reference	B	B-1	B-1	B-4	B

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF DUE TO STATE OF NEW JERSEY - ANIMAL FUND

B-7

	<u>Reference</u>	
Balance December 31, 2021	B	\$ -
Increased by:		
2022 Dog Licenses	B-1	735.60
		<u>735.60</u>
Decreased by:		
Cancel	B-2	
State Payments	B-1	735.60
		<u>735.60</u>
Balance December 31, 2022	B	<u><u>\$ -</u></u>

SCHEDULE OF RESERVE FOR RECREATION

B-8

	<u>Reference</u>	
Balance December 31, 2021	B	\$ 15,115.31
Increased by:		
Recreation Fees	B-1	25,000.00
		<u>40,115.31</u>
Decreased by:		
Disbursements	B-1	24,000.00
		<u>24,000.00</u>
Balance December 31, 2022	B	<u><u>\$ 16,115.31</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF COAH DEVELOPMENT FEES *

B-9

	<u>Reference</u>	
Balance December 31, 2021	B	\$ 134,638.57
Increased by:		
Development Fees	B-1	<u>88,131.96</u>
		222,770.53
Decreased by:		
Disbursements	B-1	<u>10,538.55</u>
Balance December 31, 2022	B	<u><u>\$ 212,231.98</u></u>

* Council on Affordable Housing - see COAH disclosure

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

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF GENERAL CAPITAL CASH

C-2

	Reference		
Balance December 31, 2021	C		\$ 1,117,379.44
Increased by Receipts:			
Interest Income	C-6	\$ 7,575.78	
Grants Receivable	C-7	130,436.07	
Bond Anticipation Notes Issued	C-13	<u>4,242,000.00</u>	
			<u>4,380,011.85</u>
			5,497,391.29
Decreased by Disbursements:			
Due to Current Fund - Interest	C-6	7,575.78	
Improvement Authorization	C-5	1,843,952.19	
Reserve for Improvements	C-9a	15,153.65	
Bond Anticipation Notes Paid	C-13	<u>3,000,000.00</u>	
			<u>4,866,681.62</u>
Balance December 31, 2022	C		<u><u>\$ 630,709.67</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-3

Ord. #	Improvement Description	Balance Dec. 31, 2021	Increased by Impr. Auth./ Other	Decreased by Funded/Canceled	Balance Dec. 31, 2022
1029		\$ -	\$ 157,270.24	\$ -	\$ 157,270.24
2021-42	Affordable Housing Development & Const.	3,000,000.00			3,000,000.00
2021-50	Resurfacing Brookside/Various	-			-
2021-51	Acquisition of Real Property (HHK Library)	300,000.00			300,000.00
2021-55	Acquisition of Real Property	942,000.00			942,000.00
		<u>\$ 4,242,000.00</u>	<u>\$ 157,270.24</u>	<u>\$ -</u>	<u>\$ 4,399,270.24</u>
	Reference	C	C-5,12	Below	C
	Funded by:				
	Capital Improvement Fund		C-4		
	Grants Receivable		C-7		
			Above	\$ -	

SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-4

	Reference	
Balance December 31, 2021	C	\$ 166,303.39
Increased by:		
Transfer From COAH		
Budget Appropriation	C-2	<u>-</u>
		166,303.39
Decreased by:		
Fund Improvement Authorization	C-3,12	<u>-</u>
Balance December 31, 2022	C	<u>\$ 166,303.39</u>

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-5

Ord. #	Improvement Description	Balance December 31, 2021		2022	Expended/	Balance December 31, 2022	
		Funded	Unfunded	Authorizations	Canceled	Funded	Unfunded
852	Improvements and Acquisition of Equipment and Machinery - 2002	\$ 12,985.78	\$ -	\$ -	\$ -	\$ 12,985.78	\$ -
955	Various Public Improvements	20,423.85	-			20,423.85	
967	General Improvements & Equipment	28,011.89				28,011.89	
1021	General Improvements - 2013	185,280.58			30,179.02	155,101.56	
2016-09	General Improvements - 2016	116,543.03			33,325.00	83,218.03	
2016-06	General Improvements - 2017	122,286.73				122,286.73	
2020-35	General Improvements - 2020	31,240.23			2,139.88	29,100.35	
2020-36	Brookside Parking Lot	26,405.28			535.00	25,870.28	
2021-42	Affordable Housing Development & Const.	-	799,467.25		588,612.71	-	210,854.54
2021-50	Resurfacing Brookside/Various	375,479.37			227,756.04	147,723.33	
2021-51	Acquisition of Real Property (HHK Library)		8,027.00				8,027.00
2021-55	Acquisition of Real Property	48,000.00	942,000.00		958,054.52		31,945.48
		<u>\$ 966,656.74</u>	<u>\$ 1,749,494.25</u>	<u>\$ -</u>	<u>\$ 1,840,602.17</u>	<u>\$ 624,721.80</u>	<u>\$ 250,827.02</u>
		C	C	C-3, 12	Below	C	C
Cash Disbursements				C-2	\$ 1,843,952.19		
Canceled to Fund Balance				C-1			
Encumbrances Applied				C-9	(51,342.02)		
Encumbrance Payable				C-9	47,992.00		
				Above	<u>\$ 1,840,602.17</u>		

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

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF DUE FROM/(TO) CURRENT FUND

C-6

	Reference		
Balance December 31, 2021	C	\$	815,609.95
Increased by:			
NJ DOT Grant Received in Current Fund	C-7	\$	37,202.86
Transfers to Current Fund	C-2		<u>7,575.78</u>
			44,778.64
			<u>860,388.59</u>
Decreased by:			
Interest Income Earned	C-2		<u>7,575.78</u>
			<u>7,575.78</u>
Balance December 31, 2022	C	\$	<u><u>852,812.81</u></u>

SCHEDULE OF GRANTS RECEIVABLE

C-7

	Reference		
Balance December 31, 2021	C	\$	554,276.89
Increased by:			
	C-3,12		<u>-</u>
			554,276.89
Decreased by:			
Canceled Grants Receivable - NJDOT Ord. # 1029	C-3	\$	157,270.24
Grants Received- Current Fund- NJDOT Ord # 2020-35	C-6		37,202.86
Grants Received-BC Community Develop. Ord # 2020-35	C-2		70,000.00
Grants Received- NJDOT Ord # 2020-35	C-2		<u>60,436.07</u>
			324,909.17
Balance December 31, 2022	C, Below	\$	<u><u>229,367.72</u></u>
Grant Receivable: not offset by reserve:			
BC Community Development Grant - Ord. 2020-35			25,021.72
NJ DOT Grant - Ord. 2020-35			144,346.00
NJ DOT Grant - Ord. 2021-50			60,000.00
BC Open Space Grant- Ord # 2021-50			<u>60,000.00</u>
Total Grants Receivable	Above	\$	<u><u>229,367.72</u></u>

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

C-8

	Reference	
Balance December 31, 2021	C	\$ -
Decreased by:		
		\$ -
		-
Balance December 31, 2022	C	\$ -

SCHEDULE OF ENCUMBRANCES PAYABLE

C-9

	Reference	
Balance December 31, 2021	C	\$ 51,782.02
Increased by:		
Encumbrance Payable	C-5	47,992.00
		99,774.02
Decreased by:		
Encumbrances Applied- Improvement Authorizations	C-5	\$ 51,342.02
Encumbrances Canceled- Reserve for Improvements	C-9a	440.00
		51,782.02
Balance December 31, 2022	C	\$ 47,992.00

SCHEDULE OF RESERVE FOR IMPROVEMENTS

C-9a

	Reference	
Balance December 31, 2021	C	\$ 191,399.84
Increased by:		
Canceled Encumbrances	C-9	\$ 440.00
		440.00
		191,839.84
Decreased by:		
Expenditures	C-2	15,153.65
		15,153.65
Balance December 31, 2022	C, Below	\$ 176,686.19
<u>Analysis of Reserve Balance:</u>		
Capital Outlay - Encumbrances Payable		
Miscellaneous Improvement Reserves		176,686.19
	Above	\$ 176,686.19

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

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF GENERAL SERIAL BONDS

C-10

<u>Date of Issue</u>	<u>Purpose of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2022</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2021</u>			<u>Dec. 31, 2022</u>
02/15/19	General Improvements - 2019	5,700,000.00	02/15/22	500,000.00	2.00%	\$ 5,000,000.00	\$ -	\$ 500,000.00	\$ 4,500,000.00
			02/15/23	500,000.00	2.00%				
			02/15/24	500,000.00	2.00%				
			02/15/25	700,000.00	2.13%				
			02/15/26	700,000.00	2.25%				
			02/15/27	700,000.00	2.50%				
			02/15/28	700,000.00	2.75%				
			02/15/29	700,000.00	3.00%				
						<u>\$ 5,000,000.00</u>	<u>\$ -</u>	<u>\$ 500,000.00</u>	<u>\$ 4,500,000.00</u>
Reference						C	C-3,13	Below	C
Paid by Budget Appropriation								<u>\$ 500,000.00</u>	
								A-3,Above	

Reference
Paid by Budget Appropriation

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS

C-11

	Reference	
Balance December 31, 2021	C	\$ 8,453.50
Decreased by:		
	C-3,13	<u> </u>
Balance December 31, 2022	C, Below	<u><u>\$ 8,453.50</u></u>
Analysis of Balance:		
Bergen County Open Space- Ord # 16-09		\$ 8,453.50
	Above	<u><u>\$ 8,453.50</u></u>

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

BOROUGH OF HO-HO-KUS
CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-12

Ord. No.	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations / Other	Funded	Balance Dec. 31, 2022
1029			\$ 157,270.24	\$ -	\$ 157,270.24
2021-51	Acquisition of Real Property (HHK Library)	300,000.00	-	300,000.00	-
2021-55	Acquisition of Real Property	942,000.00		942,000.00	-
		<u>\$ 1,242,000.00</u>	<u>\$ 157,270.24</u>	<u>\$ 1,242,000.00</u>	<u>\$ 157,270.24</u>
		C	C-7	Below	C
	Canceled Grants Receivable	C-3,7	<u>\$ 157,270.24</u>		
	Funded by Bond Anticipation Notes	C-13	1,242,000.00		
	Funded by Capital Improvement Fund	C-4			
	Funded by Grants Receivable	C-7			
		Above	<u>\$ 1,242,000.00</u>		

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

BOROUGH OF HO-HO-KUS
GENERAL CAPITAL FUND
FOR THE PERIOD ENDED DECEMBER 31, 2022

SCHEDULE OF BOND ANTICIPATION NOTES

C-13

Ord. #	Purpose	Original Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2021	Issued	Decreased	To be Canceled/ Grants	Bond Issued	Balance Dec. 31, 2022
2021-42	Affordable Housing Development & Const.	05/06/21	5/5/2023	2.26%	\$ 3,000,000.00	\$ 3,000,000.00	\$ 3,000,000.00	\$ -	\$ -	\$ 3,000,000.00
2021-51	Acquisition of Property Interest in 91 Warren Ave.	05/06/22	5/5/2023	2.26%		300,000.00				300,000.00
2021-55	Acquisition of Real Property - 10 Orvil Court	05/06/22	5/5/2023	2.26%		942,000.00				942,000.00
										-
										-
					<u>\$ 3,000,000.00</u>	<u>\$ 4,242,000.00</u>	<u>\$ 3,000,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,242,000.00</u>
					C	C-2, Below	C-2, Below	C-11	C-2,10	C
						\$ 3,000,000.00	\$ 3,000,000.00			
					C-12	1,242,000.00				
					C-3					
					Above	<u>\$ 4,242,000.00</u>	<u>\$ 3,000,000.00</u>			

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

BOROUGH OF HO-HO-KUS, NJ
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF PREMIUM ON BOND ANTICIPATION NOTES

C-14

	Reference	
Balance December 31, 2021	C	\$ 185,931.00
Increased by:		
Premium on BANS Received	C-2	<u> </u>
Balance December 31, 2022	C	<u><u>\$ 185,931.00</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CASH

D-5

	Reference	Operating	Capital
Balance December 31, 2021	D	<u>\$ 1,153,677.55</u>	<u>\$ 280,497.31</u>
Increased by:			
Budget Revenues	D-3	1,523,345.45	
Interest Income	D-1,8	10,030.76	1,727.44
Budget Refund	D-4	246.46	
Miscellaneous	D-1		
Due from Water Capital	D-8		
Water Receipts Overpaid	D-15	4,299.89	
Water Receipts Prepaid	D-16	19,370.36	
		<u>1,557,292.92</u>	<u>1,727.44</u>
		2,710,970.47	282,224.75
Decreased by Disbursements:			
2022 Appropriations	D-4	841,391.47	
2021 Appropriations	D-9	312,290.00	
Improvement Authorization	D-10		33,750.00
Transfer Interest	D-8		1,727.44
		<u>1,153,681.47</u>	<u>35,477.44</u>
Balance December 31, 2022	D	<u><u>\$ 1,557,289.00</u></u>	<u><u>\$ 246,747.31</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF ACCOUNTS RECEIVABLE

D-6

	Reference	
Balance December 31, 2021	D	\$ 259,310.92
Increased by:		
Water Rents levied		1,560,859.71
		<u>1,820,170.63</u>
Decreased by:		
Collections	D-3	\$ 1,523,345.45
Prepaid applied	D-3,16	6,250.75
Overpayment applied	D-3,15	<u>22,201.26</u>
		<u>1,551,797.46</u>
Balance December 31, 2022	D	<u>\$ 268,373.17</u>

SCHEDULE OF FIXED CAPITAL

D-7

	Balance Dec. 31, 2021	Completed Projects	Balance Dec. 31, 2022
Pumping station and structures	\$ 1,596,402.61	\$ -	\$ 1,596,402.61
Meters and hydrants	190,979.02		190,979.02
Distribution mains and accessories	99,837.33		99,837.33
General equipment	806,191.27		806,191.27
Computer system	16,707.50		16,707.50
Improvements	1,668,936.58		1,668,936.58
Storage tank	1,617,053.75		1,617,053.75
Chlorine retention well	<u>2,789.55</u>		<u>2,789.55</u>
	<u>\$ 5,998,897.61</u>	<u>\$ -</u>	<u>\$ 5,998,897.61</u>
Reference	D		D

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF DUE FROM/(TO) WATER CAPITAL FUND

D-8

	Reference	
Balance December 31, 2021	D	\$ (30,000.18)
Increased by:		
Interest - Income	D-5	1,727.44
		(28,272.74)
Decreased by:		
Transfer of Interest to water operating	D-5	1,727.44
Balance December 31, 2022	D	<u>\$ (30,000.18)</u>

SCHEDULE OF APPROPRIATION RESERVES

D-9

	Balance Dec. 31, 2021	Modified Balance Dec. 31, 2021	Paid or Charged/ (Cancelled)	(Overexpended)/ Lapsed
Salaries and Wages	\$ 49,899.02	\$ 49,899.02	\$ -	\$ 49,899.02
Other Expenses	37,001.47	76,132.98	62,290.00	13,842.98
Capital Outlay	82,715.71	332,715.71	250,000.00	82,715.71
Down Payments on Improvements	5,000.00	5,000.00	-	5,000.00
Public Employees Retirement System	32,000.00	32,000.00	-	32,000.00
Social Security	2,798.88	2,798.88	-	2,798.88
	<u>\$ 209,415.08</u>	<u>\$ 498,546.59</u>	<u>\$ 312,290.00</u>	<u>\$ 186,256.59</u>
	D	Below	D-5	D-1
	<u>Reference</u>			
Appropriation Reserve	D	\$ 209,415.08		
Encumbrances Payable	D	289,131.51		
		<u>\$ 498,546.59</u>		
		Above		

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY - CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-10

Ord. #	Improvement Description	Ord.: Date	Balance Dec. 31, 2021		2022 Authorizations	Expended	Over expenditure	Balance Dec. 31, 2022	
			Funded	Unfunded				Funded	Unfunded
825	Various Improvements	2000	\$ 112,083.65	\$ -	\$ -	\$ -	\$ -	\$ 112,083.65	\$ -
929	Install Water Valves and Acquis. Of Mach. & Equip.	2007	1,099.32					1,099.32	
942	Various Improvements	2008	290.81					290.81	
954	Various Public Improvements	2009	31.34					31.34	
1022	Various Improvements - 2013	2013	100,980.84			33,750.00		67,230.84	
2021-64	Water System Treatment Improvement	2021		4,000,000.00					4,000,000.00
			<u>\$ 214,485.96</u>	<u>\$ 4,000,000.00</u>	<u>\$ -</u>	<u>\$ 33,750.00</u>	<u>\$ -</u>	<u>\$ 180,735.96</u>	<u>\$ 4,000,000.00</u>
Reference			D	D	D-13,20	D-5		D	D

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY - CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CAPITAL IMPROVEMENT FUND

D-11

	Reference	
Balance December 31, 2021	D	\$ 44,536.85
Balance December 31, 2022	D	<u>\$ 44,536.85</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

D-12

	Reference	
Balance December 31, 2021	D	\$ 6,324,153.92
Increased by:		
Bond Payment	D-14	<u> </u>
Balance December 31, 2022	D	<u>\$ 6,324,153.92</u>

SCHEDULE OF FIXED CAPITAL AUTHORIZED & UNCOMPLETED

D-13

Balance December 31, 2021	D	\$ 4,328,574.31
Increased by:		
	D-10,20	<u> </u>
Balance December 31, 2022	D	<u>\$ 4,328,574.31</u>

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF UTILITY SERIAL BONDS

D-14

Date of Issue	Purpose of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance	Decrease	Balance
			Date	Outstanding Amount		Dec. 31, 2021		Dec. 31, 2022
						\$ -	\$ -	\$ -
						<u> </u>	<u> </u>	<u> </u>
						<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
				Reference		D	D-12	D

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF REVENUE OVERPAYMENTS

D-15

	Reference	
Balance December 31, 2021	D	\$ 6,250.75
Increased by:		
Overpayments received	D-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">4,299.89</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		10,550.64
Decreased by:		
Overpayments applied	D-6	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">6,250.75</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance December 31, 2022	D	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 4,299.89</div> <div style="border-top: 3px double black; width: 50px;"></div> </div>

SCHEDULE OF REVENUE PREPAID

D-16

	Reference	
Balance December 31, 2021	D	\$ 22,201.26
Increased by:		
Prepays received	D-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">19,370.36</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		41,571.62
Decreased by:		
Prepaid Applied	D-6	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">22,201.26</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance December 31, 2022	D	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 19,370.36</div> <div style="border-top: 3px double black; width: 50px;"></div> </div>

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

BOROUGH OF HO-HO-KUS, NJ
WATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF ACCRUED INTEREST ON BONDS

D-17

	Reference	
Balance December 31, 2021	D	\$ -
Decreased by:		
Accrued Interest on Bonds	D-4	<u> </u>
Balance December 31, 2022	D	<u><u>\$ -</u></u>

SCHEDULE OF DOWN PAYMENT ON IMPROVEMENTS

D-18

	Reference	
Balance December 31, 2021	D	\$ 46,850.00
Balance December 31, 2022	D	<u><u>\$ 46,850.00</u></u>

SCHEDULE OF RESERVE FOR STORM DAMAGE

D-19

	Reference	
Balance December 31, 2021	D	\$ 130,000.00
Balance December 31, 2022	D	<u><u>\$ 130,000.00</u></u>

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

BOROUGH OF HO-HO-KUS
WATER UTILITY FUND - CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF BONDS AND NOTES AUTHORIZED NOT ISSUED

D-20

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2021</u>	<u>2022 Authorizations</u>	<u>Funded</u>	<u>Balance Dec. 31, 2022</u>
2021-64	Water System Treatment Improvement	\$ 4,000,000.00	\$ -	\$ -	\$ 4,000,000.00
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000,000.00</u>
		D	D-10,13		D

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CASH

E-4

	<u>Reference</u>		
Balance December 31, 2021	E		\$ 625,166.37
Increased by:			
Solid Waste Fees	E-2,5	\$ 1,270,517.84	
Delinquent Interest	E-1	2,828.26	
Prepaid Utilities	E	16,588.98	
Overpayments	E-7	136.50	
Interest Income	E-1	5,954.84	
		<hr/>	1,296,026.42
			<hr/> 1,921,192.79
Decreased by:			
Appropriation Reserves	E-6	79,595.21	
Disbursements	E-3	975,488.50	
		<hr/>	1,055,083.71
Balance December 31, 2022	E		<hr/> <hr/> \$ 866,109.08

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

E-5

	<u>Reference</u>		
Balance December 31, 2021	E		\$ 16,566.09
Increased by:			
Solid Waste Charges			1,295,725.30
			<hr/> 1,312,291.39
Decreased by:			
Solid Waste Fees	E-4	\$ 1,270,517.84	
Prepaid Utilities Applied	E	19,920.45	
Overpayments Applied	E-7	923.62	
		<hr/>	1,291,361.91
Balance December 31, 2022	E		<hr/> <hr/> \$ 20,929.48

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF APPROPRIATION RESERVES

E-6

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Encumbrance</u> <u>Payable</u>	<u>Paid or</u> <u>Charged</u>	<u>Canceled</u>
Salaries & Wages	\$ 2,807.87	\$ -	\$ -	\$ 2,807.87
Other Expenses	137,180.82	117.46	79,595.21	57,703.07
Statutory Expenditures	17,323.62	-	-	17,323.62
	<u>\$ 157,312.31</u>	<u>\$ 117.46</u>	<u>\$ 79,595.21</u>	<u>\$ 77,834.56</u>
<u>Reference</u>	E	E, E-6A	E-4	E-1

SCHEDULE OF ENCUMBRANCE PAYABLE

E-6a

	<u>Reference</u>	
Balance December 31, 2021	E	\$ 117.46
Increased by:		
Encumbrance Payable	E-3	<u>121.98</u>
		239.44
Decreased by:		
Applied to Appropriation Reserves	E-6	<u>117.46</u>
Balance December 31, 2022	E	<u>\$ 121.98</u>

SCHEDULE OF APPROPRIATION RESERVES COMMITTED

E-6b

	<u>Reference</u>	
Balance December 31, 2021	E	\$ 46,166.66
Balance December 31, 2022	E	<u>\$ 46,166.66</u>

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

BOROUGH OF HO-HO-KUS, NJ
SOLID WASTE UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF FEE OVERPAYMENTS

E-7

	<u>Reference</u>	
Balance December 31, 2021	E	\$ 923.62
Increased by:		
Overpayments	E-5	136.50
		<u>1,060.12</u>
Decreased by:		
Overpayments Applied	E-2	923.62
		<u>923.62</u>
Balance December 31, 2022	E	<u><u>\$ 136.50</u></u>

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

BOROUGH OF HO-HO-KUS, NJ
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CASH

G-1

	<u>Reference</u>		
Balance December 31, 2021	G		\$ 469,921.07
Increased by receipts:			
Grants Received Appropriated	G-2	\$ 231,838.50	
Grants Received Unappropriated	G-4	2,440.48	
Due to Current Fund- FEMA Grant MRNA	G-3	5,331.32	
Interest Income	G-3	3,832.28	
		<u>243,442.58</u>	
			713,363.65
Decreased by:			
Grant Expenditures	G-5	47,800.75	
Transfer to Current Fund- Interest Income	G-3	3,832.28	
		<u>51,633.03</u>	
Balance December 31, 2022	G		<u>\$ 661,730.62</u>

SCHEDULE OF GRANTS RECEIVABLE

G-2

	<u>Reference</u>		
Balance December 31, 2021	G		\$ 39,146.28
Increased by:			
Budget Appropriation	A-2, G-5		<u>231,838.50</u>
Decreased by:			
Grants Received- Current Fund	G-3		
Grants Received -Grant Fund	G-1	\$ 231,838.50	
			<u>231,838.50</u>
Balance December 31, 2022	G		<u>\$ 39,146.28</u>

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

BOROUGH OF HO-HO-KUS, NJ
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF DUE FROM / (TO) CURRENT FUND

G-3

	<u>Reference</u>		
Due to Current Fund December 31, 2021	G		\$ (92,049.72)
Increased by:			
Transfer from Current Fund- Deferred Charge	G	\$ 2,606.16	
Transfer to Current Fund - Interest Income	G-1	3,832.28	
Matching Funds for Grants	G-5	<u>2,000.00</u>	
			<u>8,438.44</u>
			(83,611.28)
Decreased by:			
Expended in Current Fund	G-5	382,200.66	
Due to Current- FEMA Grant Received	G-1	5,331.32	
Interest Income	G-1	<u>3,832.28</u>	
			<u>391,364.26</u>
Due to Current Fund December 31, 2022	G		<u><u>\$ (474,975.54)</u></u>

SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

G-4

<u>GRANTS</u>	<u>December 31 2021</u>	<u>Transfer to Budget</u>	<u>Recd.</u>	<u>December 31 2022</u>
Recycling Tonnage	\$ 10,307.93	\$ 10,307.93	\$ -	\$ -
American Rescue Plan Grant	212,738.83	212,738.83		-
Drunk Driving Enforcement Fund	2,000.00	2,000.00		-
Body Armor Grant			2,440.48	2,440.48
	<u>\$ 225,046.76</u>	<u>\$ 225,046.76</u>	<u>\$ 2,440.48</u>	<u>\$ 2,440.48</u>
	G	G-3,5	Below	G
		Received in Grant Fund	G-1 \$ 2,440.48	
		Received in Current Fund	G-3	
			<u>\$ 2,440.48</u>	
			Above	

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

BOROUGH OF HO-HO-KUS, NJ
GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF APPROPRIATED RESERVES

G-5

<u>GRANTS</u>	December 31, <u>2021</u>	<u>Transferred from 2022 Budget Appropriations</u>		December 31, <u>2022</u>
		<u>Budget</u>	<u>Expended/Canceled</u>	
Alcohol Rehabilitation	\$ 10,706.11	\$ 789.66	\$ -	\$ 11,495.77
Clean Community	47,711.46	9,502.59	46,178.75	11,035.30
Recycling Tonnage	44,116.05	18,034.34	9,304.00	52,846.39
Drunk Driving Enforcement Fund	3,639.14	2,000.00	3,622.00	2,017.14
Safety Belt Performance Grant	555.00			555.00
Bergen County Community Development Grant	2,150.00			2,150.00
American Rescue Plan Grant	-	425,477.66	379,119.66	46,358.00
Body Armor Grant	0.00	1,081.01	1,081.00	0.01
Shade Tree	300.00			300.00
SLAHEOP OEM Grant	14.22			14.22
Municipal Alliance	34,522.79			34,522.79
Municipal Alliance Matching Funds	46,335.50	2,000.00		48,335.50
Stormwater Management Grant	1,526.76			1,526.76
Bergen County Recycling Grant	3,000.00			3,000.00
	<u>\$ 194,577.03</u>	<u>\$ 458,885.26</u>	<u>\$ 439,305.41</u>	<u>\$ 214,156.88</u>
<u>Reference</u>	G	Below	Below	G
Budget Appropriations-Grants Receivable	G-2	\$ 231,838.50		
Budget Appropriations - Matching Fund	G-3	2,000.00		
Budget Appropriations- Transfer from Unappropriated	G-4	225,046.76		
	A-3, Above	<u>\$ 458,885.26</u>		
Expended in Grant Fund	G-1		47,800.75	
Expended in Current Fund	G-3		382,200.66	
Encumbrance Payable	G		9,304.00	
	Above		<u>\$ 439,305.41</u>	

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

**BOROUGH OF HO-HO-KUS
LAST TEN FISCAL YEARS ENDED JUNE 30,**

Exhibit H-1

**SCHEDULE OF BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Police and Firemen's Retirement System (PFRS)**

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Borough's proportionate share of the net pension liability (asset) **	0.06658%	0.05927%	0.05609%	0.05209%	0.04890%	0.05083%	0.04555%	0.04911%	0.05443%	0.05508%
Borough's proportionate share of the net pension liability (asset) associated with the Borough	\$ 7,621,526	\$ 4,332,312	\$ 7,247,000	\$ 6,374,806	\$ 6,616,304	\$ 7,847,747	\$ 8,701,950	\$ 8,180,710	\$ 6,846,511	\$ 7,322,928
Total	<u>7,621,526</u>	<u>4,332,312</u>	<u>7,247,000</u>	<u>6,374,806</u>	<u>6,616,304</u>	<u>7,847,747</u>	<u>8,701,950</u>	<u>8,180,710</u>	<u>6,846,511</u>	<u>7,322,928</u>
Borough's covered employee payroll	\$ 2,008,902	\$ 2,178,100	\$ 2,031,858	\$ 1,512,408	\$ 1,720,856	\$ 1,604,634	\$ 1,556,787	\$ 1,621,489	\$ 1,611,239	\$ 1,706,938
Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	379%	199%	357%	422%	384%	489%	559%	505%	425%	429%
Plan fiduciary net position as a percentage of the total pension liability (Local)	68.33%	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%	58.70%

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Borough's proportionate of the net pension liability (asset)	0.02173%	0.02209%	0.02146%	0.01783%	0.02167%	0.02072%	0.01774%	0.02004%	0.02150%	0.02293%
Borough's proportionate share of the net pension liability (asset)	\$ 3,279,670	\$ 2,617,250	\$ 3,499,407	\$ 3,211,910	\$ 4,266,646	\$ 4,823,972	\$ 5,255,492	\$ 4,499,642	\$ 4,024,709	\$ 4,381,976
Borough's covered employee payroll	\$ 1,628,249	\$ 1,569,426	\$ 1,565,621	\$ 1,160,855	\$ 1,456,803	\$ 1,392,651	\$ 1,355,308	\$ 1,251,402	\$ 1,390,435	\$ 1,549,832
Borough's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll	201%	167%	224%	277%	293%	346%	388%	360%	289%	283%
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

BOROUGH OF HO-HO-KUS
LAST TEN FISCAL YEARS ENDED JUNE 30,

Exhibit H-2

SCHEDULE OF BOROUGH CONTRIBUTIONS
Police and Firemen's Retirement System (PFRS)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution*	\$ 865,970	\$ 690,799	\$ 626,572	\$ 526,177	\$ 478,021	\$ 449,888	\$ 371,419	\$ 418,043	\$ 405,240	\$ 403,209
Contributions in relation to the contractually required contributions*	(865,970)	(690,799)	(626,572)	(526,177)	(478,021)	(449,888)	(371,419)	(418,043)	(405,240)	(403,209)
Contributions deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Borough's covered employee payroll	\$ 2,008,902	\$ 2,178,100	\$ 2,031,858	\$ 1,512,408	\$ 1,720,856	\$ 1,604,634	\$ 1,556,787	\$ 1,621,489	\$ 1,611,239	\$ 1,706,938
Contributions as a percentage of covered-employee payroll	43.11%	31.72%	30.84%	34.79%	27.78%	28.04%	23.86%	25.78%	25.15%	23.62%

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution*	\$ 274,052	\$ 258,735	\$ 234,751	\$ 173,391	\$ 215,543	\$ 191,976	\$ 157,642	\$ 175,407	\$ 183,706	\$ 152,310
Contributions in relation to the contractually required contributions*	(274,052)	(258,735)	(234,751)	(173,391)	(215,543)	(191,976)	(157,642)	(175,407)	(183,706)	(152,310)
Contributions deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Borough's covered employee payroll	\$ 1,628,249	\$ 1,569,426	\$ 1,565,621	\$ 1,160,855	\$ 1,456,803	\$ 1,392,651	\$ 1,355,308	\$ 1,251,402	\$ 1,390,435	\$ 1,549,832
Contributions as a percentage of covered-employee payroll	16.83%	16.49%	14.99%	14.94%	14.80%	13.78%	11.63%	14.02%	13.21%	9.83%

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

BOROUGH OF HO-HO-KUS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Pension Schedules
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit H-3

Police & Firemen's Retirement System (PFRS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service, and disability benefits after 4 years of service

Changes of assumptions. Pre-retirement mortality rates were based on the PubS-2010 amount weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, postretirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability retirement rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

GARBARINI & CO., P.C.
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Registered Municipal Accountants
Licensed Public School Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements – regulatory basis (the "financial statements") of the Borough of Ho-Ho-Kus, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated August 2, 2023. As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention 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 the 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. We did identify certain deficiencies in internal control, described in the accompanying audit findings and responses as item 2022-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and requirements prescribed by the Division, which are described in the accompanying comments and recommendations as items 2022-002 through 2022-005.

Management's Response to Findings

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

Purpose of this Report

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



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



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

August 2, 2023
River Edge, New Jersey

BOROUGH OF HO-HO-KUS
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule I-1

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Grant Period		Grant Award	Program Amount/ Funds Received	Funds Available December 31, 2021	Current Year Appropriations	Current Year Disbursements and Charges	Cancellation/ Transfers	Funds Available December 31, 2022	Cumulative Expenditures
		From	To		(Cumulative Received)						
<u>Department of Transportation</u>											
<u>Passed Through NJ Div. of Transportation</u>											
2021 Road Program -Brookside Ave Ord # 21-50	20.205	01/01/21	12/31/21	144,346.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,346.00
2020 Road Program -Brandywine/ Valley Forge Ord # 20-35	20.205	01/01/20	12/31/21	202,000.00	202,000.00						202,000.00
2020 Road Program -Mill Road Ord # 20-35	20.205	01/01/20	12/31/21	144,000.00	118,978.28	20,285.24		2,139.88		18,145.36	125,854.64
					<u>320,978.28</u>	<u>20,285.24</u>	<u>-</u>	<u>2,139.88</u>	<u>-</u>	<u>18,145.36</u>	<u>472,200.64</u>
Total Department of Transportation											
<u>Department of Housing & Urban Development</u>											
<u>Passed Through Bergen County Dept. of Finance</u>											
Community Development Block Grant	14.218	prior years		-	-	-				-	-
Community Development Block Grant Ord #20-35 (ADA Improvements- Brough Hall)	14.218	01/01/20	12/31/20	70,000.00	70,000.00	-				-	70,000.00
					<u>70,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000.00</u>
Total Department of Housing & Urban Development											
Coronavirus State & Local Fiscal Recovery Funds	21.027	01/01/21	12/31/2024	425,477.66	425,477.66	-	-	379,119.66		46,358.00	379,119.66
<u>Department of Homeland Security</u>											
Disaster Program - Public Assistance	97.036				207,031.72			207,031.72			207,031.72
<u>Department of Treasury</u>											
Coronavirus Relief Fund	21.019			5,331.31	5,331.31			5,331.31			5,331.31
Total Federal Financial Assistance					<u>\$ 1,028,818.97</u>	<u>\$ 20,285.24</u>	<u>\$ -</u>	<u>\$ 593,622.57</u>	<u>\$ -</u>	<u>\$ 64,503.36</u>	<u>\$ 1,133,683.33</u>

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

BOROUGH OF HO-HO-KUS
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule I-2

State Department and Program	State Acct. Number/ Grant Number	Grant Period		Grant Award	Program Amount/ Funds Received Current Year	Funds Available December 31, 2021	Current Year Appropriations	Current Year Disbursements and Charges	Cancellation/ Transfers	Funds Available December 31, 2022	Cumulative Expenditures
		From	To								
<u>Department of Environmental Protection</u>											
Clean Communities Grant	4900-765-042-4900-004	01/01/22	12/31/22	\$ 9,502.59	\$ -	\$ -	\$ 9,502.59	\$ -	\$ -	\$ 9,502.59	\$ -
Clean Communities Grant	4900-765-042-4900-004	01/01/21	12/31/21	9,396.32	-	9,396.32	-	7,863.61	-	1,532.71	7,863.61
Clean Communities Grant	4900-765-042-4900-004	01/01/20	12/31/20	15,272.40	-	15,272.40	-	15,272.40	-	-	15,272.40
Clean Communities Grant	4900-765-042-4900-004	01/01/19	12/31/19	9,794.63	-	9,794.63	-	9,794.63	-	-	9,794.63
Clean Communities Grant	4900-765-042-4900-004	01/01/18	12/31/18	8,775.01	-	8,775.01	-	8,775.01	-	-	8,775.01
Clean Communities Grant	4900-765-042-4900-004	prior years		-	-	4,473.10	-	4,473.10	-	-	8,435.63
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/22	12/31/22	18,034.34	-	-	18,034.34	-	-	18,034.34	-
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/21	12/31/21	10,307.93	-	-	-	-	-	-	-
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/20	12/31/20	1,203.95	-	1,203.95	-	-	-	1,203.95	-
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/19	12/31/19	7,645.36	-	7,645.36	-	-	-	7,645.36	-
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/18	12/31/18	6,441.41	-	6,441.41	-	-	-	6,441.41	-
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/17	12/31/17	7,645.36	-	-	-	-	-	7,645.36	-
Recycling Tonnage Grant	4900-752-042-4900-001	01/01/16	12/31/16	6,441.41	-	6,441.41	-	-	-	6,441.41	-
Recycling Tonnage Grant	4900-752-042-4900-001	prior years		-	-	22,383.92	-	9,304.00	-	13,079.92	n/a
Bergen County Recycling Grant	Not Available	01/01/19	12/31/19	3,000.00	-	3,000.00	-	-	-	3,000.00	-
Stormwater Management Grant	Not Available	01/01/18	12/31/18	27,000.00	-	1,526.76	-	-	-	1,526.76	-
Shade Tree Grant	Not Available	prior years		-	-	300.00	-	-	-	300.00	-
Total Department of Environmental Protection					-	96,654.27	27,536.93	55,482.75	-	68,708.45	50,141.28
<u>Department of Justice</u>											
Alcohol Education & Rehabilitation Grant	9735-760-098-9735-001	01/01/22	12/31/22	789.66	789.66	-	789.66	-	-	789.66	-
Alcohol Education & Rehabilitation Grant	9735-760-098-9735-001	01/01/19	12/31/19	160.75	-	160.75	-	-	-	160.75	-
Alcohol Education & Rehabilitation Grant	9735-760-098-9735-001	prior years		-	-	10,545.36	-	-	-	10,545.36	-
Total Department of Justice					789.66	10,706.11	789.66	-	-	11,495.77	-
<u>Department of Motor Vehicles</u>											
Drunk Driving Enforcement Fund	6400-100-078-6400	01/01/22	12/31/22	2,000.00	2,000.00	-	2,000.00	-	-	2,000.00	2,000.00
Drunk Driving Enforcement Fund	6400-100-078-6400	01/01/21	12/31/21	2,000.00	-	-	-	-	-	-	-
Drunk Driving Enforcement Fund	6400-100-078-6400	01/01/19	12/31/19	2,935.21	-	2,935.21	-	2,918.07	-	17.14	2,918.07
Drunk Driving Enforcement Fund	6400-100-078-6400	prior years		-	-	703.93	-	703.93	-	0.00	703.93
Total Department of Motor Vehicles					2,000.00	3,639.14	2,000.00	3,622.00	-	2,017.14	5,622.00
<u>Division of Highway & Traffic Safety</u>											
Obey the Sign or Pay the Fine	Not Available	prior years		-	-	555.00	-	-	-	555.00	-
Total Division of Highway & Traffic Safety					-	555.00	-	-	-	555.00	-
<u>Department of Law & Public Safety</u>											
Body Worn Camera Program	1020-100-495-001			36,684.00	36,684.00	-	-	36,684.00	-	-	36,684.00
Body Armor Replacement Fund	1020-718-066-001	12/31/22	12/30/2022	3,521.49	3,521.49	-	3,521.49	1,081.00	-	2,440.49	1,081.00
Body Armor Replacement Fund	1020-718-066-001	01/01/21	12/31/21	1,482.12	-	-	-	-	-	-	1,482.12
Body Armor Replacement Fund	1020-718-066-001	01/01/20	12/31/20	1,842.95	-	-	-	-	-	-	1,842.95
Body Armor Replacement Fund	1020-718-066-001	prior years		-	-	-	-	-	-	-	3,776.15
Total Department of Law & Public Safety					40,205.49	-	3,521.49	37,765.00	-	2,440.49	44,866.22
<u>Other State Agencies</u>											
SLAHEOP OEM	Not Available	prior years		-	-	14.22	-	-	-	14.22	-
Total Other State Agencies					-	14.22	-	-	-	14.22	-
<u>Passed Through County Dept. of Finance</u>											
Municipal Alliance on Alcohol and Drug Abuse		01/01/20	12/31/20	9,520.00	-	9,520.00	-	-	-	9,520.00	-
Municipal Alliance on Alcohol and Drug Abuse		01/01/19	12/31/19	9,520.00	-	9,520.00	-	-	-	9,520.00	-
Municipal Alliance on Alcohol and Drug Abuse		01/01/18	12/31/18	9,520.00	-	9,520.00	-	-	-	9,520.00	-
Municipal Alliance on Alcohol and Drug Abuse		prior years		-	-	5,962.79	-	-	-	5,962.79	2,460.00
Municipal Alliance - Match		01/01/22	12/31/22	2,000.00	-	-	2,000.00	-	-	2,000.00	-
Municipal Alliance - Match		01/01/21	12/31/21	4,000.00	-	4,000.00	-	-	-	4,000.00	-
Municipal Alliance - Match		01/01/20	12/31/20	4,000.00	-	4,000.00	-	-	-	4,000.00	-
Municipal Alliance - Match		01/01/19	12/31/19	4,000.00	-	4,000.00	-	-	-	4,000.00	-
Municipal Alliance - Match		01/01/18	12/31/18	4,000.00	-	4,000.00	-	-	-	4,000.00	-
Municipal Alliance - Match		prior years		-	-	30,335.50	-	-	-	30,335.50	-
Total Department of Law & Public Safety					-	80,858.29	2,000.00	-	-	82,858.29	2,460.00
Total State Financial Assistance					\$ 42,995.15	\$ 192,427.03	\$ 35,848.08	\$ 96,869.75	\$ -	\$ 168,089.36	\$ 103,089.50

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

BOROUGH OF HO-HO-KUS, NJ
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2022

1. General

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

2. Basis of Accounting

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

3. Relationship of Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements, exclusive of the unappropriated reserves. Expended State, Federal, and County awards amounted to \$690,492.32 in 2022.

4. Relationship to Federal and State Financial Reports

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

**BOROUGH OF HO-HO-KUS
ROSTER OF OFFICIALS AND SURETY BONDS
DECEMBER 31, 2022**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Thomas Randall	Mayor	
Douglas Troast	Council President	
Edmund Iannelli	Council Member	
Steven Shell	Council Member	
Dane Policastro	Council Member	
Kathleen Moran	Council Member	
Kevin Crossley	Council Member	
William Jones	Borough Administrator Human Resource Director	
Joseph Citro	Chief Financial Officer Qualified Purchasing Agent	\$1,000,000 (A)
Joan Herve	Borough Clerk Registrar of Vital Statistics Registrar of Elections Assessment Search Officer Liaison/Secretary for Board of Health Claims Processor Public Agency Compliance Officer Security Information Officer Municipal Housing Liaison	(B)
Dan McEldowney	Property Maintenance Officer Fire Prevention Officer	
Mark Berninger	Chief Construction Code Official Building Sub-Code Official	
JoAnn Carroll	Zoning Board Secretary Planning Board Secretary	

See independent auditor's report.

BOROUGH OF HO-HO-KUS
ROSTER OF OFFICIALS AND SURETY BONDS (Continued)
DECEMBER 31, 2022

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Nick Lordo	Electrical Sub-Code Official	
Brian Drewes	Plumbing Sub-Code Official	
Tom Tormey	Fire Sub-Code Official	
Harry Norton	Municipal Judge	(B)
Rosemarie Novelli-Salyer	Court Administrator/Violations Clerk	(B)
Edward Brown	Tax Assessor	
Jeff Kropiewnicki	Tax Collector/Payroll Supervisor	\$1,000,000 (A)
Lisa Perricelli	Water Registrar/ Deputy Purchasing Agent/Solid Waste Registrar	\$1,000,000 (A)

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

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

All bonds were examined and properly executed.

See independent auditor's report.

**BOROUGH OF HO-HO-KUS
GENERAL COMMENTS
DECEMBER 31, 2022**

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

N.J.S.40A:11-4 states "Every contract awarded by the contracting agents, for the provision or performance of any goods or services, the cost of which in the aggregate exceed the bid threshold [40A:11-3 "a contract year the total sum of \$44,000". If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$44,000"], shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

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

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$44,000, within the calendar year or any twelve-month period. Where questions arise as to whether any contract or agreement might result in a violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$44,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

Expenditure of \$6,600 or more and less than \$44,000 Per N.J.S.A. 40A:11-6.1

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

BOROUGH OF HO-HO-KUS
GENERAL COMMENTS (Continued)
DECEMBER 31, 2022

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

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

The Governing Body on January 1, 2022 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00.
2. Effective January 1, 2022 there will be a ten-day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

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

Collection of Interest on Delinquent Water Rents

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

Borough of Ho-Ho-Kus
Schedule of Findings and Responses
For the Year Ended December 31, 2022

Part I- Summary of Auditor's Results

Financial Statement Section

A) Type of Auditors Report Issued

Unmodified (Regulatory Basis)

B) Internal Control over Financial Reporting

1) Material weakness identified

Yes

X

No

2) Were reportable conditions identified that were
not considered to be material weaknesses?

X

Yes

No

C) Noncompliance material to financial statements?

Yes

X

No

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

Borough of Ho-Ho-Kus
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2022

Part 2 - Schedule of Financial Statement Findings

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

Finding FS 2022-001

A review of bonds and notes authorized not issued in the Capital Fund over five years old, has determined that due to a canceled grant related to Ordinance #1029, \$157,270.24 is now unfunded and needs to be raised in the budget.

Context

Grant canceled for a completed project resulted in an unfunded ordinance.

Effect

Ordinance # 1029 is unfunded, fully spent, and over five years old.

Recommendation

That capital ordinance #1029, which is fully spent and over five years old, be raised in the budget in the amount of \$157,270.24.

Management's Response

Management has reviewed this finding and has indicated that corrective action will be implemented.

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

Not Applicable

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

This section identifies the status of prior year findings related to the financial statements and federal and state awards required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, The Uniform Guidance and NJ OMB Circular 15-08.

Status of Prior Year Findings

FINANCE:

Recommendation 21-001:

Recommendation

That grants receivable for completed capital projects should be reviewed, collected or canceled by resolution.

Status:

Partial corrective action has been taken.

*** Recommendation 21-002:**

That the Borough implement and maintain controls in regards to:

- a. Providing DLGS notice of any emergency procurement of a good or service upon the local governing body adopting a resolution that addresses the public health, safety, and welfare.
- b. Advertising for public bids for any purchases that will exceed the Local Public Contracts bid threshold

Status:

Corrective action has been taken.

***Recommendation 21-003:**

The Borough should maintain the payroll account as an imprest account.

Status:

Corrective action has *not* been taken.

Borough of Ho-Ho-Kus
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2022

Status of Prior Year Findings (Continued)

Recommendation 21-004:

That all Employee 457 Deferred Compensation Plan statements be obtained at least quarterly, reviewed, and reconciled to the individual employee deductions as per the Borough's payroll records and to the contributions remitted to the plan administrators to ensure contribution deposits per participants' accounts are credited correctly by the plans' administrators. That the duplicate payroll deduction of \$35 be refunded to the employee.

Status:

Corrective action has *not* been taken.

BOROUGH OF HO-HO-KUS
AUDIT COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022

Current Fund

Finding 22-002

During the examination of public contracts, it was noted a change order exceeded 20% of the original contract and that the governing body approval process was not followed in accordance with NJAC 5:30-11. A request for a change order was not filed with the governing body which would have included a certification by the contractor and borough engineer indicating why the original contract necessitated a change order. A resolution would then have been passed authorizing the change order and advertisement would be required. Change orders cannot be approved unless they are specifically allowed under NJAC 5:30-11, which includes a change orders that materially expand the scope of the original project as described in the original bid specifications².

Recommendation:

That the Borough implement and maintain controls that adhere to the Local Public Contract Law as it pertains to change orders and procedures required when such change orders exceed 20% of the original contract as per NJAC 5:30-11.

Management's Response:

The Borough will establish procedures to adhere to the requirements under Local Public Contract Law as it pertains to change orders.

Finding 22-003

During the testing of purchases and procedures, it was determined that two vendors that were paid in excess of \$600 did not receive the required form 1099 as required by the Internal Revenue Service.

Recommendation:

That the Borough implement and maintain controls that adhere to the requirements of filing Form 1099 as required by the Internal Revenue Code.

Management's Response:

The Borough will establish procedures to adhere to the requirements of the Internal Revenue Service as it pertains to filing of 1099's for all vendors that are not exempt.

Payroll

***Finding 22-004**

The payroll checking account balance increased \$3,118.74, as a result of over-funding the account.

Recommendation:

That the Borough should maintain the payroll account as an imprest account.

Management's Response:

The Borough will monitor the receipts and disbursements of the payroll account to ensure all transactions are on an imprest basis.

Deferred Compensation Plan:

***Finding 22-005**

The Employee 457 Deferred Compensation Plan statement deposits are not being reconciled timely to the Borough's payroll records in total and on individual employee/participant basis.

Recommendation:

That all Employee 457 Deferred Compensation Plan statements be obtained at least quarterly, reviewed, and reconciled to the individual employee deductions as per the Borough's payroll records and to the contributions remitted to the plan administrators to ensure contribution deposits per participants' accounts are credited correctly by the plans' administrators.

Management's Response:

Management will require that contribution reconciliations be completed between the Employee 457 Deferred Compensation Plan statement and the Borough's payroll records.

*** Reported from prior year's audit**

APPRECIATION

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

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