

**BOROUGH OF NORTH HALEDON**  
**COUNTY OF PASSAIC**

**FINANCIAL STATEMENTS WITH**  
**SUPPLEMENTARY INFORMATION**  
**(WITH INDEPENDENT AUDITOR'S REPORT THEREIN)**  
**DECEMBER 31, 2017**

**BOROUGH OF NORTH HALEDON**

**TABLE OF CONTENTS**

**PART I**

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<b><u>CURRENT FUND</u></b>	
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	9
A-3	Statement of Expenditures - Regulatory Basis	11
	<b><u>TRUST FUND</u></b>	
B	Comparative Balance Sheet - Regulatory Basis	17
B-1	Statement of Changes in Fund Balance - Regulatory Basis	19
	<b><u>GENERAL CAPITAL FUND</u></b>	
C	Comparative Balance Sheet - Regulatory Basis	20
C-1	Statement of Changes in Fund Balance - Regulatory Basis	21
	<b><u>PUBLIC ASSISTANCE FUND</u></b>	
E	Balance Sheet - Regulatory Basis	22
	<b><u>BOARD OF RECREATION COMMISSION</u></b>	
G	Comparative Balance Sheet - Regulatory Basis	23
	<b><u>GENERAL FIXED ASSETS</u></b>	
H	Statement of General Fixed Assets - Regulatory Basis	24
	<b>NOTES TO FINANCIAL STATEMENTS</b>	25
	<b>SUPPLEMENTAL DATA AND SCHEDULES</b>	58

ExhibitPage**CURRENT FUND**

A-4	Schedule of Cash - Collector - Treasurer - Current Fund	65
A-5	Schedule of Cash - Collector - Treasurer - Grant Fund	66
A-6	Schedule of Cash - Change Fund - Current Fund	67
A-7	Schedule of Cash - Petty Cash - Current Fund	67
A-8	Schedule of Amount Due from State of New Jersey for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976	68
A-9	Schedule of Taxes Receivable and Analysis of Property Tax Levy	69
A-10	Schedule of Property Acquired for Taxes Assessed Valuation	70
A-11	Schedule of Tax Title Liens	70
A-12	Schedule of Revenue Accounts Receivable	71
A-13	Schedule of Interfunds	73
A-14	Schedule of Appropriation Reserves	74
A-15	Schedule of Encumbrances Payable	77
A-16	Schedule of Prepaid Taxes	77
A-17	Schedule of Local District School Tax	78
A-18	Schedule of Regional High School Tax	79
A-19	Schedule of County Taxes Payable	80
A-20	Schedule of Various Cash Liabilities and Reserves	81
A-21	Schedule of Grants Receivable - Federal and State Grant Fund	82
A-22	Schedule of Appropriated Reserves for Grants- Federal and State Grant Fund	83
A-23	Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund	84

**TRUST FUND**

B-2	Schedule of Cash	85
B-3	Reserve for Animal Control Trust Fund Expenditures	86
B-4	Schedule of Due to State Department of Health	87
B-5	Schedule of Interfunds	88
B-6	Schedule of Other Trust Funds	89
B-7	Schedule of Payroll Deductions	90
B-8	Schedule of Emergency Services Volunteer Length of Service Award Program - Net Assets Available for Benefits	91

<u>Exhibit</u>		<u>Page</u>
	<b><u>GENERAL CAPITAL FUND</u></b>	
C-2	Schedule of Cash	92
C-3	Analysis of Cash	93
C-4	Schedule of Various Receivables	94
C-5	Schedule of Deferred Charges to Future Taxation - Funded	95
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	96
C-7	Schedule of General Serial Bonds Payable	97
C-8	Schedule of Bond Anticipation Notes Payable	98
C-9	Schedule of Improvement Authorizations	99
C-10	Schedule of Capital Improvement Fund	101
C-11	Schedule of Interfunds	102
C-12	Schedule of Bonds and Notes Authorized But Not Issued	103
	 <b><u>BOARD OF RECREATION COMMISSION</u></b>	
G-1	Statement of Cash	104
G-2	Schedule of Reserve for Recreation	104

## **PART II**

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	105
General Comments	107
Recommendations	110
Status of Prior Years Audit Recommendations	110

**BOROUGH OF NORTH HALEDON**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2017**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Borough Council  
Borough of North Haledon  
North Haledon, New Jersey 07508

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of North Haledon in the County of Passaic, as of December 31, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The Honorable Mayor and  
Members of the Borough Council  
Page 2.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Length of Service Awards Program of the Borough of North Haledon has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of North Haledon on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of North Haledon as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$547,980.40 and \$436,763.30 for 2017 and 2016, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2017 and 2016, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of North Haledon’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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 supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



The Honorable Mayor and  
Members of the Borough Council  
Page 4.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2018 on our consideration of the Borough of North Haledon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of North Haledon's internal control over financial reporting and compliance.

*Charles J. Ferraioli, Jr.*

Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388

*Ferraioli, Wielkottz, Cerullo & Cuvva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

May 23, 2018

## Borough of North Haledon, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Current Fund:			
Cash	A-4	4,743,986.64	1,841,105.62
Change Fund	A-6	225.00	225.00
Due to State of New Jersey: Ch. 73, P.L. Senior Citizens' and Veterans' Deduction	A-8	<u>1,167.11</u>	<u>1,487.05</u>
		<u>4,745,378.75</u>	<u>1,842,817.67</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	237,615.02	262,231.95
Property Acquired for Taxes - Assessed Valuation	A-10	43,900.00	43,900.00
Tax Title Liens	A-11	138,862.29	123,962.49
Revenue Accounts Receivable	A-12	182,184.15	177,969.80
Interfund Receivables:			
Payroll Fund	A-13		497.78
Other Trust Fund	A-13	52,100.00	1,551.01
Animal Control Trust Fund	A-13		<u>25.41</u>
		<u>654,661.46</u>	<u>610,138.44</u>
		<u>5,400,040.21</u>	<u>2,452,956.11</u>
Federal and State Grant Fund:			
Cash	A-5	204,391.46	27,356.61
Grants Receivable	A-21	<u>364,533.04</u>	<u>570,768.98</u>
		<u>568,924.50</u>	<u>598,125.59</u>
		<u>5,968,964.71</u>	<u>3,051,081.70</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	395,095.59	445,467.53
Encumbrances Payable	A-15	312,529.50	148,001.20
Prepaid Taxes	A-16	1,801,093.18	131,402.07
Local School Tax Payable	A-17	407,590.49	90.01
Regional School Tax Payable	A-18	9.85	9.85
County Taxes Payable	A-19	18,013.89	
Due to State of New Jersey:			
Marriage Surcharge	A-20	325.00	525.00
Building Surcharge	A-20	2,495.00	2,536.00
Reserve for:			
Revision and Codification of Ordinances	A-20	242.54	242.54
Watershed Aid	A-20	1,128.00	1,128.00
Tax Appeals	A-20	3,383.73	
L.O.S.A.P.	A-20	41,131.89	50,231.89
Hurricane Sandy Insurance Reimbursement	A-20	14,599.90	14,599.90
		<u>2,997,638.56</u>	<u>794,233.99</u>
Reserve for Receivables	Contra	654,661.46	610,138.44
Fund Balance	A-1	<u>1,747,740.19</u>	<u>1,048,583.68</u>
		<u>5,400,040.21</u>	<u>2,452,956.11</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	522,227.58	592,781.66
Unappropriated Reserve for Grants	A-23	<u>46,696.92</u>	<u>5,343.93</u>
		<u>568,924.50</u>	<u>598,125.59</u>
		<u>5,968,964.71</u>	<u>3,051,081.70</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of North Haledon, N.J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	586,000.00	350,000.00
Miscellaneous Revenue Anticipated	A-2	1,555,648.44	1,993,186.48
Receipts from Delinquent Taxes	A-2	262,231.95	303,449.16
Receipts from Current Taxes	A-2	33,439,796.11	32,898,076.68
Non-Budget Revenue	A-2	522,094.14	363,015.30
Other Credits to Income:			
Interfunds Returned	A-13	2,074.20	53,931.83
Unexpended Balance of Appropriation Reserves	A-14	296,782.10	384,885.24
Canceled Accounts Payable			15,205.71
		<hr/>	<hr/>
Total Revenues and Other Income		36,664,626.94	36,361,750.40
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,520,949.44	4,482,047.81
Other Expenses	A-3	5,080,878.86	5,386,580.50
Capital Improvement Fund	A-3	117,500.00	73,851.41
Municipal Debt Service	A-3	1,710,757.30	1,708,322.49
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,089,902.80	1,136,411.07
Refund of Prior Year Revenue	A-4	685.86	
Interfund Advances	A-12	52,100.00	2,074.20
Local District School Tax	A-17	10,563,602.00	10,369,583.50
Regional High School Tax	A-18	2,490,464.50	2,511,844.00
County Taxes including Added Taxes	A-19	9,752,629.67	9,722,620.35
		<hr/>	<hr/>
Total Expenditures		35,379,470.43	35,393,335.33

## Borough of North Haledon, N.J.

## Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

## Current Fund

## Year Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Excess (Deficit) Revenue Over Expenditures		1,285,156.51	968,415.07
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-14	_____	_____
Statutory Excess to Fund Balance		1,285,156.51	968,415.07
Fund Balance, January 1,	A	<u>1,048,583.68</u>	<u>430,168.61</u>
		2,333,740.19	1,398,583.68
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>586,000.00</u>	<u>350,000.00</u>
Fund Balance, December 31,	A	<u><u>1,747,740.19</u></u>	<u><u>1,048,583.68</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>586,000.00</u>	<u>586,000.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	8,800.00	8,800.00	
Other	A-2	9,432.00	10,617.00	1,185.00
Fees and Permits	A-2	151,000.00	166,454.75	15,454.75
Fines and Costs:				
Municipal Court	A-12	86,000.00	86,650.28	650.28
Interest and Costs on Taxes	A-4	90,000.00	70,004.59	(19,995.41)
Interest on Investments and Deposits	A-12	14,000.00	15,881.50	1,881.50
Cat Licenses	A-12	500.00	560.00	60.00
Rent / Buehler Residence	A-12	7,200.00	7,200.00	
Exempt Sewer Use Charge	A-12	113,000.00	109,312.50	(3,687.50)
Energy Receipts Tax	A-12	571,266.00	571,266.00	
Consolidated Municipal Property Tax Relief Aid	A-12	27,297.00	27,297.00	
Watershed Moratorium Aid	A-20	1,128.00	1,128.00	
Uniform Construction Code Fees	A-12	100,000.00	275,011.00	175,011.00
Uniform Fire Safety Act - Local	A-12	6,000.00	6,122.00	122.00
Cell Tower Lease	A-12	118,000.00	107,229.84	(10,770.16)
Municipal Alliance on Alcoholism and Drug Abuse	A-21	16,792.00	16,792.00	
Interlocal Services - Street Lighting	A-12	18,000.00		(18,000.00)
Sewer Connection Fees	A-12	15,000.00	15,000.00	
Payroll Service Reimbursement	A-12	6,000.00	6,000.00	
Uniform Fire Safety Act	A-12	9,700.00	9,321.98	(378.02)
General Capital Fund Balance	A-12	<u>45,000.00</u>	<u>45,000.00</u>	
Total Miscellaneous Revenues	A-1	1,414,115.00	1,555,648.44	141,533.44
Receipts from Delinquent Taxes	A-1/A-2	<u>283,607.00</u>	<u>262,231.95</u>	<u>(21,375.05)</u>
Subtotal General Revenues		<u>2,283,722.00</u>	<u>2,403,880.39</u>	<u>120,158.39</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>10,652,009.10</u>	<u>10,843,979.44</u>	<u>191,970.34</u>
Budget Totals		<u>12,935,731.10</u>	<u>13,247,859.83</u>	<u>312,128.73</u>
Non-Budget Revenue	A-1/A-2		<u>522,094.14</u>	<u>522,094.14</u>
		<u>12,935,731.10</u>	<u>13,769,953.97</u>	<u>834,222.87</u>

A-3

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

## Borough of North Haledon, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

Analysis of Realized Revenues

	<u>Ref.</u>		
Revenue from Collections	A-1/A-9		33,439,796.11
Allocated to School and County Taxes	A-9		<u>23,010,816.67</u>
Balance for Support of Municipal Budget Appropriations			10,428,979.44
Add : Appropriation - Reserve for Uncollected Taxes	A-3		<u>415,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u>10,843,979.44</u>
Receipts from Delinquent Taxes:			
Delinquent Taxes	A-2, A-9		<u>262,231.95</u>
Licenses - Other			
Clerk	A-12	7,500.00	
Registrar	A-12	132.00	
Board of Health	A-12	<u>2,985.00</u>	
	A-2		<u>10,617.00</u>
Fees and Permits - Other:			
Clerk	A-12	821.80	
Police	A-12	1,163.00	
Planning and Zoning	A-12	32,292.92	
Registrar	A-12	2,810.00	
Cable TV Fees	A-12	<u>129,367.03</u>	
	A-2		<u>166,454.75</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Return Check Fee		280.00	
Administration Costs - Police Outside Service		280,103.25	
Tax Miscellaneous		16.00	
DMV Violations		8,127.00	
Recycling Revenue		48,936.99	
Senior Citizens & Vets Administrative Payment		1,518.85	
Homestead Rebate Administrative Payment		441.60	
Sewer Charge		6,000.00	
FEMA		617.13	
Canceled Tax Sale Premium		52,100.00	
Library Reimbursement		68,135.92	
Sale of Assets		37,112.96	
Miscellaneous		<u>18,704.44</u>	
	A-2, A-4		<u>522,094.14</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages						
Administrator		23,160.00	23,160.00	23,160.00		
Purchasing Agent		10,000.00	10,000.00	10,000.00		
Governing Body		26,166.00	26,166.00	26,166.00		
Municipal Clerk's Office		197,330.00	203,269.80	203,269.80		
Ethics Board		224.00				
Other Expenses						
Municipal Clerk's Office		70,570.00	70,570.00	64,809.74	5,760.26	
Ethics Board		50.00	50.00		50.00	
Elections						
Other Expenses		6,320.00	6,320.00	4,872.60	1,447.40	
Financial Administration						
Salaries and Wages		95,420.00	95,420.00	95,420.00		
Other Expenses		67,753.00	67,753.00	57,287.92	10,465.08	
Audit Services		55,000.00	55,000.00	45,000.00	10,000.00	
Collection of Taxes						
Salaries and Wages		87,939.00	88,952.75	88,952.75		
Other Expenses		9,615.00	9,615.00	8,654.93	960.07	
Assessment of Taxes						
Salaries and Wages		19,814.00	19,814.02	19,814.02		
Other Expenses		3,381.00	3,756.00	3,134.71	621.29	
Legal Services and Costs						
Other Expenses		50,000.00	50,000.00	30,000.00	20,000.00	
Engineering Services and Costs						
Other Expenses		70,000.00	95,000.00	89,895.20	5,104.80	
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board						
Salaries and Wages		6,577.00	6,577.00	6,576.98	0.02	
Other Expenses		6,500.00	6,500.00	275.12	6,224.88	



Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Board of Adjustment						
Salaries and Wages		4,727.00	4,727.02	4,727.02		
Other Expenses		5,290.00	5,290.00	5,179.75	110.25	
Land Use Administrator						
Salaries and Wages		1,450.00	1,450.00		1,450.00	
Insurance:						
Other Insurance Premiums		343,336.00	343,336.00	319,698.26	23,637.74	
Workers' Compensation Insurance		196,340.00	196,340.00	196,340.00		
Group Insurance Plan for Employees		1,000,000.00	968,473.12	965,793.80	2,679.32	
Group Insurance Waivers		20,000.00	25,416.66	25,416.66		
Public Safety:						
Police						
Salaries and Wages		2,696,809.00	2,671,809.00	2,669,453.92	2,355.08	
Other Expenses		104,320.10	104,320.10	103,562.00	758.10	
Purchase of Police Cars		52,889.00	52,889.00	52,112.36	776.64	
Uniform Allowance		7,000.00	7,000.00	6,222.00	778.00	
Emergency Management Services						
Salaries and Wages		12,500.00	12,500.00	12,500.00		
Other Expenses		2,500.00	2,500.00	2,500.00		
Volunteer Ambulance Squad						
Other Expenses - Maintenance		25,000.00	25,000.00	9,281.12	15,718.88	
Fire						
Other Expenses		110,000.00	110,000.00	103,792.07	6,207.93	
Rent for Fire Department		4,804.00	4,804.00		4,804.00	
Fire Alarm System						
Other Expenses		1,000.00	1,000.00		1,000.00	
Fire Prevention Bureau - Life Hazard Use						
Salaries and Wages		7,432.00	7,432.00	7,432.00		
Other Expenses		1,325.00	1,325.00	840.00	485.00	
Fire Prevention Bureau - Uniform Fire Safety Code						
Salaries and Wages		3,774.00	4,378.08	4,378.08		

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Municipal Prosecutor		17,297.00	17,297.02	17,297.02		
Salaries and Wages						
Municipal Court:		129,883.00	129,133.00	118,822.01	10,310.99	
Salaries and Wages		5,825.00	6,775.00	5,604.49	1,170.51	
Other Expenses						
Public Defender		1,350.00	1,350.00		1,350.00	
Salaries and Wages						
Public Works						
Road Repairs and Maintenance		873,460.00	823,978.49	818,661.31	5,317.18	
Salaries and Wages		184,634.00	184,634.00	163,926.15	20,707.85	
Other Expenses						
Snow Removal		40,000.00	40,000.00	33,050.00	6,950.00	
Other Expenses						
Garbage and Trash Removal		327,000.00	328,249.98	328,249.98		
Other Expenses		280,000.00	280,000.00	254,300.59	25,699.41	
Solid Waste Disposal Costs						
Recycling Program		49,635.00	49,635.00	38,661.36	10,973.64	
Salaries and Wages		184,275.00	184,275.00	178,620.63	5,654.37	
Other Expenses						
Public Buildings and Grounds		80,015.00	116,015.00	114,395.34	1,619.66	
Other Expenses						
Buehler Property Maintenance		200.00	200.00		200.00	
Other Expenses						
Sewer System		82,664.00	82,664.00	77,048.05	5,615.95	
Salaries and Wages		132,000.00	132,000.00	130,441.57	1,558.43	
Other Expenses						
Health and Human Services:						
Board of Health		42,839.00	42,839.00	42,281.51	557.49	
Salaries and Wages		10,130.00	10,130.00	10,130.00		
Contractual		7,190.00	7,190.00	6,187.54	1,002.46	
Other Expenses						

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Dog Regulation		9,000.00	9,000.00	9,000.00		
Other Expenses						
Parks and Recreation						
Recreation						
Other Expenses		34,500.00	34,500.00	17,035.10	17,464.90	
Senior Citizens' Transportation						
Other Expenses		5,500.00	5,725.00	5,725.00		
Sub-Code Officials						
Building Inspector						
Salaries and Wages		163,477.00	164,912.26	164,912.26		
Other Expenses		2,480.00	2,480.00	1,880.00	600.00	
Zoning Enforcement Officer						
Salaries and Wages		1,364.00	1,364.00	1,364.00		
Other Expenses		100.00	100.00		100.00	
Fire Inspector						
Salaries and Wages		11,019.00	11,019.00	11,019.00		
Electrical Inspector						
Salaries and Wages		21,102.00	21,102.00	21,102.00		
Unclassified:						
Celebration of Public Events						
Other Expenses		36,205.00	36,205.00	20,467.49	15,737.51	
Costs of Registration of Bonds - Other Expenses		3,400.00	3,400.00		3,400.00	
Manchester Regional H.S. Feasibility Study		40,000.00	40,000.00	40,000.00		
Accumulated Absences Retirement Fund		1,000.00	1,000.00		1,000.00	
Electricity		170,000.00	134,000.00	115,253.00	18,747.00	
Street Lighting		80,000.00	107,000.00	97,951.31	9,048.69	
Telephone		80,000.00	80,000.00	66,151.18	13,848.82	
Fire Hydrant		76,000.00	72,000.00	60,797.41	11,202.59	
Water		19,000.00	19,000.00	12,462.52	6,537.48	
Water Testing		500.00	500.00	490.00	10.00	
Fuel Oil		28,000.00	28,000.00	23,852.30	4,147.70	
Gasoline		47,000.00	59,000.00	54,909.58	4,090.42	

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Contingent		100.00	100.00		100.00	
Total Operations within "CAPS"		8,684,459.10	8,654,686.30	8,328,568.51	326,117.79	
Detail:						
Salaries and Wages	A-1	4,587,412.00	4,520,949.44	4,483,019.09	37,930.35	
Other Expenses	A-1	4,097,047.10	4,133,736.86	3,845,549.42	288,187.44	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		269,728.00	277,263.50	277,263.50		
Social Security System (O.A.S.I.)		220,000.00	238,490.44	238,490.44		
Police and Firemen's Retirement System of NJ		565,402.00	569,148.86	569,148.86		
Defined Contribution Retirement Plan		5,000.00	5,000.00	2,132.76	2,867.24	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,060,130.00	1,089,902.80	1,087,035.56	2,867.24	
Total General Appropriations for Municipal Purposes within "CAPS"		9,744,589.10	9,744,589.10	9,415,604.07	328,985.03	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		438,390.00	438,390.00	438,390.00		
Emergency Services Volunteer Length of Service Award Program		30,000.00	30,000.00		30,000.00	
Preparation of COAH Application Plan (P.L. 1985, C.222)		20,000.00	20,000.00	16,100.00	3,900.00	
Passaic Valley Sewerage Commission Share of Costs		395,000.00	395,000.00	393,789.44	1,210.56	
Reserve for Tax Appeals		15,000.00	15,000.00		15,000.00	
Interlocal Municipal Service Agreements						
County of Passaic - Street Lighting		16,000.00	16,000.00		16,000.00	
County of Passaic - IT Services		15,960.00	15,960.00	15,960.00		
Public and Private Programs Offset by Revenues						
Municipal Alliance on Alcoholism and Drug Abuse		16,792.00	16,792.00	16,792.00		

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Total Operations - Excluded from "CAPS"		947,142.00	947,142.00	881,031.44	66,110.56	
Detail:						
Other Expenses	A-1	947,142.00	947,142.00	881,031.44	66,110.56	
<u>Capital Improvements:</u>						
Capital Improvement Fund		87,500.00	87,500.00	87,500.00		
Road Improvements		30,000.00	30,000.00	30,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	117,500.00	117,500.00	117,500.00		
<u>Municipal Debt Service:</u>						
Payment of Bond Principal		1,445,000.00	1,445,000.00	1,445,000.00		283.75
Interest on Bonds		249,000.00	249,000.00	248,716.25		458.95
Interest on Notes		17,500.00	17,500.00	17,041.05		742.70
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,711,500.00	1,711,500.00	1,710,757.30		
<u>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</u>						
		2,776,142.00	2,776,142.00	2,709,288.74	66,110.56	742.70
<u>Subtotal General Appropriations</u>						
		12,520,731.10	12,520,731.10	12,124,892.81	395,095.59	742.70
<u>Reserve for Uncollected Taxes</u>						
		415,000.00	415,000.00	415,000.00		
<u>Total General Appropriations</u>						
		12,935,731.10	12,935,731.10	12,539,892.81	395,095.59	742.70
A						
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			415,000.00		
Cash Disbursed	A-4			11,795,571.31		
Encumbrances Payable	A-15			312,529.50		
Reserve for Federal and State Grants	A-22			16,792.00		
				12,539,892.81		
A-2						

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Animal Control Trust Fund:			
Cash	B-2	5,010.38	4,991.39
Cash - Change Fund		<u>20.00</u>	<u>20.00</u>
		<u>5,030.38</u>	<u>5,011.39</u>
Other Trust Funds:			
Cash	B-2	<u>708,606.74</u>	<u>851,122.74</u>
		<u>708,606.74</u>	<u>851,122.74</u>
Payroll Fund			
Cash	B-2	<u>52,768.89</u>	<u>48,437.20</u>
		<u>52,768.89</u>	<u>48,437.20</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash in Plan	B-2	<u>547,980.40</u>	<u>436,763.30</u>
		<u>547,980.40</u>	<u>436,763.30</u>
		<u><u>1,314,386.41</u></u>	<u><u>1,341,334.63</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>Animal Control Trust Fund:</b>			
Reserve for Dog Fund Expenditures	B-3	5,030.38	4,985.98
Interfund - Current Fund	B-5	<u>                    </u>	<u>25.41</u>
		<u>5,030.38</u>	<u>5,011.39</u>
<b>Other Trust Fund:</b>			
Interfund - Current Fund	B-5	52,100.00	1,551.01
Interfund - Public Assistance Fund	B-5	14,579.62	14,579.62
Various Deposits and Reserves	B-6	514,684.68	707,749.67
Fund Balance	B-1	<u>127,242.44</u>	<u>127,242.44</u>
		<u>708,606.74</u>	<u>851,122.74</u>
<b>Payroll Fund:</b>			
Interfund - Current Fund	B-5	<u>                    </u>	497.78
Payroll Deductions Payable	B-7	<u>52,768.89</u>	<u>47,939.42</u>
		<u>52,768.89</u>	<u>48,437.20</u>
<b>Emergency Services Volunteer Length of Service Award Program (Unaudited)</b>			
Net Assets Available for Benefits	B-8	<u>547,980.40</u>	<u>436,763.30</u>
		<u>1,314,386.41</u>	<u>1,341,334.63</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Borough of North Haledon, N.J.**

**Comparative Statement of Changes in Fund Balance - Regulatory Basis**

**Other Trust Fund**

**December 31,**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance - December 31, 2016	B	<u>127,242.44</u>	<u>127,242.44</u>
Balance - December 31, 2017	B	<u>127,242.44</u>	<u>127,242.44</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements



## Borough of North Haledon, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	C-2/C-3	2,080,355.81	1,483,301.13
Various Receivables	C-4	379,970.29	474,615.69
Deferred Charges to Future Taxation:			
Funded	C-5	9,373,000.00	10,818,000.00
Unfunded	C-6	<u>3,750,000.00</u>	<u>1,900,000.00</u>
		<u>15,583,326.10</u>	<u>14,675,916.82</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	9,373,000.00	10,818,000.00
Bond Anticipation Notes	C-8	3,650,000.00	1,900,000.00
Improvement Authorizations:			
Funded	C-9	249,144.67	282,886.68
Unfunded	C-9	1,776,630.50	1,209,082.21
Capital Improvement Fund	C-10	145.39	145.39
Reserve for Receivables	C	100,000.00	
Fund Balance	C-1	<u>434,405.54</u>	<u>465,802.54</u>
		<u>15,583,326.10</u>	<u>14,675,916.82</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on  
December 31, 2017 of \$100,000.00 as shown on Exhibit C-12

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of North Haledon, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance - January 1,	C	465,802.54	78,593.89
Increased by:			
Canceled Improvement Authorizations			431,818.66
Canceled Reserves			389.99
Premium on Sale of Bond Anticipation Notes	C-2	<u>13,603.00</u>	<u>432,208.65</u>
Decreased by:			
Anticipated as 2017 Revenue	C-2	<u>45,000.00</u>	<u>45,000.00</u>
Balance - December 31,	C,C-3	<u>434,405.54</u>	<u>465,802.54</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Exhibit E**

**Borough of North Haledon, N.J.**

**Balance Sheet - Regulatory Basis**

**Public Assistance Fund**

**December 31, 2017**

**With Comparative Figures for 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Interfund - Other Trust Fund		<u>14,579.62</u>	<u>14,579.62</u>
		<u>14,579.62</u>	<u>14,579.62</u>
<u>Liabilities</u>			
Reserve for Public Assistance		<u>14,579.62</u>	<u>14,579.62</u>
		<u>14,579.62</u>	<u>14,579.62</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Borough of North Haledon , N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Board of Recreation Commission**  
**December 31,**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	G-1	<u>85,557.40</u>	<u>87,062.26</u>
 <u>Liabilities and Reserves</u>			
Reserve for Recreation	G-2	<u>85,557.40</u>	<u>87,062.26</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

**Borough of North Haledon , N.J.**

**Statement of General Fixed Assets - Regulatory Basis**

**December 31,**

	<u>2017</u>	<u>2016</u>
<u>General Fixed Assets:</u>		
Land	6,665,848.90	6,665,848.90
Buildings	1,242,461.00	1,242,461.00
Improvements Other Than Buildings	570,284.00	554,534.00
Machinery and Equipment	<u>7,766,497.76</u>	<u>6,942,382.95</u>
	<u>16,245,091.66</u>	<u>15,405,226.85</u>
Investment in Fixed Assets	<u>16,245,091.66</u>	<u>15,405,226.85</u>

See accompanying notes to financial statements.

**BOROUGH OF NORTH HALEDON, N. J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements of the Borough of North Haledon 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 an other comprehensive basis of accounting other than generally accepted accounting principles. 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 of North Haledon (the "Borough") operates under a 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 prepare 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 N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Squad 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.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

Payroll Fund - Receipts and disbursements of payroll withholdings that the Borough collects on behalf of various agencies as their agents.

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

Recreation Commission - Account for the operations of the recreation programs administered by the Recreation Commission.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective July 1, 2001 the Passaic County Board of Social Services was authorized to administrate all public assistance services for the residents of the Borough of North Haledon.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

**Basis of Accounting**

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. 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.



**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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 balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

- General Capital Fund
- Trust Fund
- Public Assistance Fund
- Payroll Fund

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

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

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 - 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 - 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.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

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).

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 - The Borough of North Haledon has developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

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

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets 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.

Recent Accounting Pronouncements

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough does not believe this Statement will have any effect on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough does not believe this Statement will have any effect on future financial statements.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

**Recent Accounting Pronouncements, (continued)**

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough does not believe this Statement will have any effect on future financial statements.

In December 2016, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2016. The Borough does not believe this Statement will have any effect on future financial statements.

In December 2016, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2016. The Borough does not believe this Statement will have any effect on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, Blending Requirements for Certain Component Units, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

Recent Accounting Pronouncements, (continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 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 Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The Borough does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Borough is currently evaluating the effects, if any, this Statement may have on future financial statements.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basis of Accounting, (continued)**

**Recent Accounting Pronouncements, (continued)**

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

**C. Basic Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be 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.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodian 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, 2017, \$-0- of the Borough's bank balance of \$7,881,057.29 was exposed to custodial credit risk.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Investments**

**Investment 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) limit the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limit municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The Borough places no limit on the amount the Borough may invest in any one issuer.

**Unaudited Investments**

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2017 and 2016 amounted to \$547,980.40 and \$436,763.30, respectively.



**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Unaudited Investments (continued)**

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Fixed Income	\$147,994.76	\$136,438.75
Growth and Income	133,890.54	96,708.71
Index Funds	215,956.87	166,273.30
All Others	<u>50,138.23</u>	<u>37,342.54</u>
Total	<u>\$547,980.40</u>	<u>\$436,763.30</u>

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2017 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Deferred Pension Obligation	\$167,907.00	\$	\$16,526.00	\$151,381.00	\$18,406.00
Bonds Payable - General Obligation Debt	10,818,000.00		1,445,000.00	9,373,000.00	1,425,000.00
Compensated Absences Payable	<u>1,312,789.88</u>	<u>135,542.96</u>	<u>42,697.04</u>	<u>1,405,635.80</u>	<u>                    </u>
	<u>\$12,298,696.88</u>	<u>\$135,542.96</u>	<u>\$1,504,223.04</u>	<u>\$10,930,016.80</u>	<u>\$1,443,406.00</u>

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

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

The Borough's debt is summarized as follows:

**SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT AND  
OPERATING DEBT AND TYPE II SCHOOL DEBT)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued - general bonds and notes	<u>\$13,023,000.00</u>	<u>\$12,718,000.00</u>	<u>\$12,178,000.00</u>
Total Issued	13,023,000.00	12,718,000.00	12,178,000.00
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
General			15,957.70
Net Debt Issued	13,023,000.00	12,718,000.00	12,162,042.30
<u>Authorized But Not Issued</u>			
General Bonds and Notes	<u>100,000.00</u>		<u>962,928.96</u>
Net bonds and notes issued and authorized but not issued	<u>\$13,123,000.00</u>	<u>\$12,718,000.00</u>	<u>\$13,124,971.26</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of .997%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$15,935,000.00	\$15,935,000.00	\$0.00
General Debt	<u>13,123,000.00</u>		<u>13,123,000.00</u>
	<u>\$29,058,000.00</u>	<u>\$15,935,000.00</u>	<u>\$13,123,000.00</u>

Net Debt \$13,123,000.00 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,316,906,597.67 = .997%.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

**BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED**

3 ½% of Equalized Valuation Basis (Municipal)	\$46,091,730.92
Net Debt	<u>13,123,000.00</u>
Remaining Borrowing Power	<u>\$32,968,730.92</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

The Borough's long term debt consisted of the following at December 31, 2017:

Paid by Current Fund:

	<u>Amount Outstanding</u>
General Serial Bonds of 2009 with an interest rate of 2.0% to 3.25% issued January 15, 2009, due through January 15, 2022	\$3,528,000.00
General Serial Bonds of 2015 with an interest rate of 1.00% to 3.25% issued March 15, 2015, due through March 15, 2025	<u>5,845,000.00</u>
	<u>\$9,373,000.00</u>

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING**

Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$1,425,000.00	\$214,685.00	\$1,639,685.00
2019	1,450,000.00	180,122.50	1,630,122.50
2020	1,470,000.00	142,953.75	1,612,953.75
2021	1,500,000.00	104,347.50	1,604,347.50
2022	1,278,000.00	68,580.00	1,346,580.00
2023-2025	<u>2,250,000.00</u>	<u>86,250.00</u>	<u>2,336,250.00</u>
	<u>\$9,373,000.00</u>	<u>\$796,938.75</u>	<u>\$10,169,938.75</u>

At December 31, 2017, the Borough had no authorized but not issued debt.

**NOTE 4. BOND ANTICIPATION NOTES**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2017, the Borough had \$3,650,000.00 in outstanding bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2017.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Valley National Bank	\$950,000.00	\$	\$950,000.00	\$0.00
Lakeland Bank	950,000.00		950,000.00	0.00
Oppenheimer & Co.		1,900,000.00		1,900,000.00
Jefferies LLC		<u>1,750,000.00</u>		<u>1,750,000.00</u>
	<u>\$1,900,000.00</u>	<u>\$3,650,000.00</u>	<u>\$1,900,000.00</u>	<u>\$3,650,000.00</u>

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the Borough did not have any deferred charges on the balance sheets of any of the various funds.

**NOTE 6. LOCAL DISTRICT SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District.

The calculation of the Local District School Tax and the Regional High School Tax balances and deferrals are as follows:

	Local District School Taxes		Regional High School Taxes	
	Balance December 31, <u>2017</u>	Balance December 31, <u>2016</u>	Balance December 31, <u>2017</u>	Balance December 31, <u>2016</u>
Balance of Tax	\$5,753,399.99	\$5,217,882.51	\$1,283,293.85	\$1,207,190.35
Deferred	<u>5,345,809.50</u>	<u>5,217,792.50</u>	<u>1,283,284.00</u>	<u>1,207,180.50</u>
Tax Payable	<u>\$407,590.49</u>	<u>\$90.01</u>	<u>\$9.85</u>	<u>\$9.85</u>

**NOTE 7. PENSION PLANS**

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

*Public Employees' Retirement System (PERS)*

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

*Public Employees' Retirement System (PERS), (continued)*

Benefits Provided

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. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years 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 in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 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.

*Police and Firemens' Retirement System (PFRS)*

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

*Police and Firemens' Retirement System (PFRS), (continued)*

Benefits Provided

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 disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of 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 special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 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 benefits 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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Defined Contribution Retirement Program, (continued)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012. The Borough of North Haledon opted for this deferral in the amount of \$231,199.00

Of this amount, \$63,765.00 represents the Public Employees' Retirement System deferral and \$167,434.00 represents the Police and Firemen's Retirement System deferral. The outstanding balance at December 31, 2017 for PERS is \$41,516.00 and PFRS is \$109,865.00. The principle amounts that are due in 2018 are \$5,162.00 for PERS and \$13,244.00 for PFRS.

Contribution Requirements

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 employers. 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. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes



**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

Contribution Requirements, (continued)

funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2017	\$250,364.00	\$539,948.00	\$2,132.76
2016	249,293.00	561,075.00	2,955.09
2015	246,729.00	519,975.00	4,218.36

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

**Public Employees Retirement System (PERS)**

At December 31, 2017, the Borough had a liability of \$5,900,404.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0253471204 percent, which was a decrease of (0.0028347825) percent from its proportion measured as of June 30, 2016.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

For the year ended December 31, 2017, the Borough recognized pension expense of \$250,364.00. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$138,934.00	\$
Changes of assumptions	1,188,728.00	1,184,370.00
Net difference between projected and actual earnings on pension plan investments	40,178.00	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>229,984.00</u>	<u>585,632.00</u>
Total	<u>\$1,597,824.00</u>	<u>\$1,770,002.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$138,901
2019	209,605
2020	127,010
2021	(168,924)
2022	(123,123)

**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 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Borough's Proportion	0.0253471204%	0.0281819029%

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Long-Term Rate of Return, (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on 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. 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 will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Public Employees Retirement System (PERS), (continued)**

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Borough's proportionate share of the pension liability	\$7,319,852.00	\$5,900,404.00	\$4,717,829.00

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

At December 31, 2017, the Borough had a liability of \$10,405,110.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0673990463 percent, which was an increase of .0011754332 percent from its proportion measured as of June 30, 2016.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System (PFRS), (continued)**

For the year ended December 31, 2017, the Borough recognized pension expense of \$539,948.00. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$67,502.00	\$61,069.00
Changes of assumptions	1,283,066.00	1,704,053.00
Net difference between projected and actual earnings on pension plan investments	198,554.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>327,008.00</u>	<u>                    </u>
Total	<u>\$1,876,130.00</u>	<u>\$1,765,122.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$126,612
2019	342,904
2020	70
2021	(475,224)
2022	(210,363)

**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 5.59, 5.58, 5.53 and 6.17 years for 2017, 2016, 2015 and 2014 amounts respectively.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System (PFRS), (continued)**

**Additional Information**

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$2,941,952,753	\$4,547,316,543
Collective deferred inflows of resources	3,262,432,093	688,197,590
Collective net pension liability	17,167,260,198	20,706,699,056
Borough's Proportion	0.0673990463%	0.0662236131%

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability.



**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System (PFRS), (continued)**

**Mortality Rates, (continued)**

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 7. PENSION PLANS, (continued)**

**Police and Firemen's Retirement System (PFRS), (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on 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. 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease 5.14%	At Current Discount Rate 6.14%	1% Increase 7.14%
Borough's proportionate share of the pension liability	\$15,245,178.00	\$10,405,110.00	\$8,551,461.00

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 8. FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2017 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018 were as follows:

Current Fund \$834,336.00

**NOTE 9. FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group for the year 2017.

	<u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2017</u>
Land	\$6,665,848.90	\$	\$	\$6,665,848.90
Improvements	554,534.00	15,750.00		570,284.00
Buildings	1,242,461.00			1,242,461.00
Machinery and Equipment	<u>6,942,382.95</u>	<u>977,608.77</u>	<u>153,493.96</u>	<u>7,766,497.76</u>
	<u>\$15,405,226.85</u>	<u>\$993,358.77</u>	<u>\$153,493.96</u>	<u>\$16,245,091.66</u>

**NOTE 10. ACCRUED SICK AND VACATION BENEFITS**

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,405,635.80. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's Budget in the year in which it is used.

**NOTE 11. DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2017 consist of the following:

\$52,100.00	Due to Current Fund from Other Trust Fund for Current Fund receipts deposited in Other Trust Fund.
<u>14,579.62</u>	Due to Public Assistance Trust Fund from Other Trust Fund for Public Assistance cash deposited in Other Trust Fund.
<u>\$66,679.62</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 12. LEASES**

The Borough is leasing several vehicles under two and five year leases. The balance remaining at December 31, 2017 was \$26,806.58. The lease has a bargain purchase option at the end of the lease term for \$1.00, where the title changes from the lessor to the Borough.

Principal and interest payments are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	<u>\$27,090.63</u>	<u>\$26,806.58</u>	<u>\$284.05</u>

**NOTE 13. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2017 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of North Haledon is a member of the North Jersey Intergovernmental Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability, property and workers' compensation insurance coverage for member municipalities. The Borough of North Haledon pays an annual assessment to the JIF and should it be determined that payments received by the JIF are 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 issued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Financial statements for the Funds are available at the office of the Funds' Administrator, Inservco, Inc.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 13. RISK MANAGEMENT, (continued)**

The Borough of North Haledon continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 14. TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2017</u>	<u>Balance</u> <u>Dec 31, 2016</u>
Prepaid Taxes	<u>\$1,801,093.18</u>	<u>\$131,402.07</u>
Cash Liability for Taxes Collected in Advance	<u>\$1,801,093.18</u>	<u>\$131,402.07</u>

**NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)**

On December 12, 2002, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150.00 to each eligible volunteer who accumulates a minimum of 100 service points based on criteria established by Borough Ordinance No. 12-2001. The Borough's contribution shall be included in the current year's budget.

The amount of the contribution for 2017 was not known at time of audit.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

**BOROUGH OF NORTH HALEDON, N.J.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

**NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)**

We have reviewed the plan for the year ended December 31, 2017 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 16. CONTINGENT LIABILITIES**

We are advised by Borough Counsel that the Borough is involved in several legal suits, none of which appear to be material.

**NOTE 17. SUBSEQUENT EVENT**

The Borough has evaluated subsequent events through May 23, 2018, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**SUPPLEMENTARY DATA**

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2017	\$1,747,740.19	\$834,336.00
	2016	1,048,583.68	586,000.00
	2015	430,168.61	350,000.00
	2014	680,407.83	450,000.00
	2013	1,203,119.03	950,000.00

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate:</u>	<u>2.85</u>	<u>2.807</u>	<u>2.78</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.865	.86085	.8105
County	.826	.82220	.8392
Local School	.905	.88312	.8725
Regional High School	.217	.20432	.2210
Library	.037	.03651	.0368

<u>Assessed Valuation:</u>			
2017	\$1,180,537,999		
2016		\$1,181,678,113	
2015			\$1,180,936,108

\*Revaluation in 2012

**COMPARISON OF TAX LEVIES AND COLLECTIONS 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>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2017	\$33,707,455.38	\$33,439,796.11	99.21%
2016	33,194,434.30	32,898,076.68	99.11
2015	32,884,806.84	32,550,140.17	98.98



**DELINQUENT TAXES AND TITLE LIENS**

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

<u>December 31</u> <u>Year</u>	<u>Amount of</u> <u>Tax Title</u> <u>Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2017	\$138,862.29	\$237,615.02	\$376,477.31	1.11%
2016	123,962.49	262,231.95	386,194.44	1.16%
2015	109,763.48	303,449.16	413,212.64	1.26%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2017	\$43,900.00
2016	43,900.00
2015	43,900.00

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond*</u>
Randy George	Mayor	
George Pomianek	Councilman - President	
Rocco Luisi	Councilman	
Raymond Melone	Councilman	
Donna Puglisi	Councilwoman	
Keith Salviano	Councilman	
Heather Sparano	Councilwoman	
Renate Elatab	Borough Clerk/Administrator	
Chris Battaglia	Chief Financial Officer	
Maureen Kurzynski	Tax Collector	
	Tax Search Officer	
Timothy Henderson	Tax Assessor	
Karen Lomascola	Court Administrator	
David Stanziale	Prosecutor	
John Meola	Magistrate	
Susan Inturssi	Deputy Court Clerk	
Robert Bracco	Chief of Police	
Michael DeMarco	Attorney	
Ferraioli, Wielkotz, Cerullo & Cuva	Auditors	
Boswell McClave	Engineers	

\*Covered under New Jersey Intergovernmental Insurance Fund.

**Borough of North Haledon**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended December 31, 2017**

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Cancel	Balance Dec. 31, 2017	Cumulative Expenditures
<u>Federal and State Grant Fund</u>										
<u>U.S. Department of Transportation:</u>										
Pass Through NJ Department of Law & Public Safety:										
Click It or Ticket	20.602	066-1160-100-157	2014	5,000.00	5,000.00				5,000.00	
					5,000.00				5,000.00	
<u>U.S. Department of Homeland Security:</u>										
Pass Through NJ Department of Law & Public Safety:										
Hazard Mitigation Grant	97.039		2016	113,293.00			60,500.00		(60,500.00)	60,500.00
<u>U.S. Department of HUD:</u>										
Pass Through County of Passaic:										
Community Development Block Grant	14.218		2015	63,563.00	(62,863.00)	63,563.00	600.00		100.00	63,463.00
			2013	155,000.00	(62,863.00)	63,563.00	600.00		100.00	134,102.92
<u>U.S. Department of Justice</u>										
Bulletproof Vest Partnership Program	16.607		2017	442.50		442.50			442.50	
			2016	5,343.93	5,343.93				5,343.93	
					5,343.93	442.50			5,786.43	
Pass Through NJ Department of Health Domestic Violence Response Team	16.588		2006	3,000.00	64.92				64.92	2,935.08
<b>Total Federal and State Grant Fund</b>					(52,454.15)	64,005.50	61,100.00		(49,548.65)	

Borough of North Haledon  
Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Cancel	Balance Dec. 31, 2017	Cumulative Expenditures
U.S. Department of Homeland Security Pass Through NJ Department of Law & Public Safety: Public Assistance Grant Program	97.036	066-1200-100-A92	2013	195,592.19	(617.14)	617.13		0.01		195,592.19
<b>Total Current Fund</b>					(617.14)	617.13		0.01		
<b>Total Federal Awards</b>					(53,071.29)	64,622.63	61,100.00	0.01	(49,548.65)	

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance.

Borough of North Haledon

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2017

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Cancel	Balance Dec. 31, 2017	MEMO Cumulative Expenditures
<u>Federal and State Grant Fund</u>									
<u>NJ Department of Environmental Protection:</u>									
Clean Communities	4900-765-004	2017	17,193.74		17,193.74			17,193.74	
		2016	20,238.34	20,238.34		8,261.67		11,976.67	8,261.67
		2015	17,700.55	98.02		98.02			17,700.55
				20,336.36	17,193.74	8,359.69		29,170.41	
<u>Recycling Tonnage Grant</u>									
	4910-100-224	2018	10,804.89		10,804.89			10,804.89	
		2017	10,965.65		10,965.65			10,965.65	
		2016	10,714.17	4,429.21		2,983.18		1,446.03	9,268.14
				4,429.21	21,770.54	2,983.18		23,216.57	
<u>Statewide Livable Communities</u>									
		2004	75,000.00	(27,948.25)				(27,948.25)	74,861.75
<u>Special Legislative Grant</u>									
		2006	75,000.00	75,000.00				75,000.00	
				75,000.00				75,000.00	
<u>NJ Department of Health:</u>									
<u>Alcohol Education Rehabilitation</u>									
	9735-760-001	2014	531.72		531.72			531.72	
		2013	474.97	474.97				474.97	
		2012	107.93	107.93				107.93	
		2011	593.28	593.28				593.28	
		2010	904.91	293.41				293.41	611.50
				2,001.31				2,001.31	
<u>NJ Department of Transportation:</u>									
<u>Highway Planning and Construction</u>									
	078-6320-480	2016	245,000.00		145,884.86			145,884.86	
					145,884.86			145,884.86	

Borough of North Haledon

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2017

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Cancel	Balance Dec. 31, 2017	MEMO Cumulative Expenditures
<u>NJ Department of Law and Public Safety:</u>									
Body Armor Replacement	066-1020-718-001	2018	1,946.21	1,080.19	1,946.21	1,080.19		1,946.21	1,863.38
		2017	1,863.38	1,080.19	1,946.21	1,080.19		1,946.21	
<u>Council on Alcoholism and Drug Abuse:</u>									
Pass Through County of Passaic Municipal Drug Alliance		2017	16,792.00	(5,188.01)	4,268.00	9,698.95		(5,430.95)	9,698.95
		2016	14,009.92	(5,188.01)	6,530.00	1,341.99		(5,430.95)	14,009.92
					10,798.00	11,040.94			
<b>Total Federal and State Grant Fund</b>			69,710.81	197,593.35	23,464.00			243,840.16	
<u>General Capital Fund</u>									
<u>NJ Department of Transportation:</u>									
Highway Planning and Construction	078-6320-480	2017	250,000.00	(250,000.00)	164,645.40	129,280.95		35,364.45	129,280.95
		2015	250,000.00	(67,487.67)	250,000.00			(67,487.67)	250,000.00
		2013	200,000.00	(13,636.26)		13,636.26			200,000.00
		2012	176,148.59	(4,849.90)		4,849.90			176,148.59
		2008	158,085.96	(138,641.86)		11,513.84		(127,128.02)	158,085.96
		2007	370,000.00	(474,615.69)	414,645.40	129,280.95	30,000.00	(159,251.24)	370,000.00
<b>Total General Capital Fund</b>			(474,615.69)	414,645.40	129,280.95	30,000.00		(159,251.24)	
<b>Total State Awards</b>			(404,904.88)	612,238.75	152,744.95	30,000.00		84,588.92	

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08.

Borough of North Haledon, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2016	A	1,841,105.62
Increased by Receipts:		
Interest and Costs on Taxes	A-2	70,004.59
Miscellaneous Revenue Not Anticipated	A-2	522,094.14
Petty Cash	A-7	400.00
Due From State - Senior Citizen and Veteran Deductions	A-8	75,942.54
Taxes Receivable	A-9	33,495,003.39
Revenue Accounts Receivable	A-12	1,467,723.85
Interfunds	A-13	2,081,781.66
Prepaid Taxes	A-16	1,801,093.18
Various Cash Liabilities and Reserves	A-20	<u>168,692.11</u>
		<u>39,682,735.46</u>
		41,523,841.08
Decreased by Disbursements:		
Refund Prior Year Revenue	A-1	685.86
Current Year Budget Appropriations	A-3	11,795,571.31
Petty Cash	A-7	400.00
Interfunds	A-13	2,131,807.46
Appropriation Reserves	A-14	296,686.63
Local District School Taxes	A-17	10,156,101.52
Regional High School Taxes	A-18	2,490,464.50
County Taxes Payable	A-19	9,734,615.78
Various Cash Liabilities and Reserves	A-20	<u>173,521.38</u>
		<u>36,779,854.44</u>
Balance - December 31, 2017	A	<u><u>4,743,986.64</u></u>

**Borough of North Haledon, N.J.**  
**Schedule of Cash - Collector-Treasurer**  
**Grant Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>		<u>Grant Fund</u>
Balance - December 31, 2016	A		27,356.61
Increased by Receipts:			
Grants Receivable	A-21	220,245.86	
Unappropriated Reserve for Grants	A-23	<u>41,352.99</u>	
			<u>261,598.85</u>
			288,955.46
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-22		<u>84,564.00</u>
Balance - December 31, 2017	A		<u><u>204,391.46</u></u>



**Exhibit A-6**

**Borough of North Haledon, N.J.**

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u>225.00</u>
Balance - December 31, 2017	A	<u>225.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		150.00
Board of Health		25.00
Municipal Court		<u>50.00</u>
		<u>225.00</u>

**Exhibit A-7**

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	<u>400.00</u>
Decreased by:		
Returned to Treasurer	A-4	<u>400.00</u>

**Borough of North Haledon, N.J.**

**Schedule of Amount Due From State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	A	1,487.05
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		77,000.00
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		750.00
		<u>77,750.00</u>
Decreased by:		
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		2,127.40
	A-9	<u>75,622.60</u>
		77,109.65
Cash Receipts	A-4	<u>75,942.54</u>
Balance - December 31, 2017	A	<u><u>1,167.11</u></u>

Borough of North Haledon, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2017

Year	Balance, Dec. 31, 2016	Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2017
			2016	2017				
Prior	262,231.95			263,426.47	(1,194.52)			
2017		33,645,332.97	62,122.41	33,231,576.92	76,817.12	14,899.80	15,144.45	237,615.02
	<u>262,231.95</u>	<u>33,645,332.97</u>	<u>62,122.41</u>	<u>33,495,003.39</u>	<u>75,622.60</u>	<u>14,899.80</u>	<u>15,144.45</u>	<u>237,615.02</u>
	A		A-2/A-16	A-2/A-4	A-2/A-8	A-11		A

Analysis of Tax Levy

Ref.

Tax yield:

General Purpose Tax  
 Added Tax (R.S. 54:4-63.1 et seq.)

33,645,332.97  
 62,122.41  
33,707,455.38

Tax Levy:

Local District School Tax  
 Regional High School Tax  
 County Tax  
 Added County Taxes

A-17  
 A-18  
 A-19  
 A-19

10,691,619.00  
 2,566,568.00  
 9,734,615.78  
 18,013.89  
9,752,629.67

Local Tax for Municipal Purposes  
 Additional Taxes

A-2

23,010,816.67  
 10,652,009.10  
 44,629.61  
10,696,638.71  
33,707,455.38

**Exhibit A-10**

**Borough of North Haledon, N.J.**

**Schedule of Property Acquired for  
Taxes Assessed Valuation**

**Current Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	<u>Ref.</u> A	<u>43,900.00</u>
Balance - December 31, 2017	A	<u>43,900.00</u>

**Exhibit A-11**

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	<u>Ref.</u> A	123,962.49
Increased by:		
Transfers from Taxes Receivable	A-9	<u>14,899.80</u>
Balance - December 31, 2017	A	<u>138,862.29</u>

Borough of North Haledon, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2		8,800.00	8,800.00	
Other	A-2		7,500.00	7,500.00	
Fees and Permits	A-2		821.80	821.80	
Board of Health:					
Licenses	A-2		2,985.00	2,985.00	
Fire Prevention Fees	A-2		6,122.00	6,122.00	
Registrar:					
Licenses	A-2		132.00	132.00	
Fees and Permits	A-2		2,810.00	2,810.00	
Police Department:					
Fees and Permits	A-2		1,163.00	1,163.00	
Planning and Zoning Board					
Fees and Permits	A-2		32,292.92	32,292.92	
Municipal Court :					
Fines and Costs	A-2	6,412.02	86,815.34	86,650.28	6,577.08
Uniform Construction Code:					
Fees and Permits - Building	A-2		275,011.00	275,011.00	
Cat Licenses	A-2		560.00	560.00	
Energy Receipts Taxes	A-2		571,266.00	571,266.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		27,297.00	27,297.00	

Borough of North Haledon, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Cable TV Franchise Fee	A-2	129,367.03	134,289.78	129,367.03	134,289.78
Fees and Permits	A-2	30.61	15,851.87	15,881.50	0.98
Interest on Investments and Deposits	A-2	600.00	7,200.00	7,200.00	600.00
Rents from Buehler Residence					
Interlocal Services Act (Ch. 208, P.L. 1973)					
County of Passaic - Street Lighting	A-2	12,132.72			12,132.72
Sewer Connection Fees	A-2		15,000.00	15,000.00	
Payroll Service Reimbursement	A-2		6,000.00	6,000.00	
Uniform Fire Safety Code	A-2		9,321.98	9,321.98	
General Capital Fund Balance	A-2		45,000.00	45,000.00	
Cell Tower Lease	A-2	8,935.82	107,229.84	107,229.84	8,935.82
Exempt Sewer Charges	A-2	20,491.60	108,468.67	109,312.50	19,647.77
		<u>177,969.80</u>	<u>1,471,938.20</u>	<u>1,467,723.85</u>	<u>182,184.15</u>
		A		A-4	A

Borough of North Haledon, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance			Due From/(To)
		<u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Dog License Trust Fund	A	25.41	6,126.66	6,152.07	
Payroll Fund	A	497.78	4,241.02	4,738.80	
Other Trust Fund	A	1,551.01	223,715.52	173,166.53	52,100.00
General Capital Fund	A		1,734,299.16	1,734,299.16	
Federal and State Grant Fund	A		163,443.37	163,443.37	
		<u>2,074.20</u>	<u>2,131,825.73</u>	<u>2,081,799.93</u>	<u>52,100.00</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	<u>2,074.20</u>			<u>52,100.00</u>
		<u>2,074.20</u>			<u>52,100.00</u>
Disbursed	A-4		2,131,807.46		
Received	A-4			<u>2,081,781.66</u>	
			<u>2,131,807.46</u>	<u>2,081,781.66</u>	

## Borough of North Haledon, N.J.

## Schedule of Appropriation Reserves

Page 1 of 3

## Current Fund

## Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Ethics Board	219.00	219.00		219.00
Financial Administration	40.14	40.14		40.14
Planning Board	0.02	0.02		0.02
Police	12,953.84	12,953.84		12,953.84
Fire Prevention - Uniform Fire Safety	1,164.00	1,164.00		1,164.00
Municipal Prosecutor	0.02	0.02		0.02
Municipal Court	3,158.48	3,158.48		3,158.48
Public Defender	385.00	685.00		685.00
Road Repairs and Maintenance	30,836.56	45,836.56	45,595.13	241.43
Recycling Program	13,053.72	13,053.72	11,398.78	1,654.94
Sewer System	5.44	5.44		5.44
Board of Health	3,073.50	3,073.50		3,073.50
Building Inspector	16.55	16.55		16.55
<b>Total Salaries and Wages Within "CAPS"</b>	<b><u>64,906.27</u></b>	<b><u>80,206.27</u></b>	<b><u>56,993.91</u></b>	<b><u>23,212.36</u></b>
Other Expenses Within "CAPS":				
Municipal Clerk's Office	253.18	5,722.17	3,362.20	2,359.97
Ethics Board	50.00	50.00		50.00
Elections	1,196.71	1,196.71		1,196.71
Financial Administration	8,663.58	9,019.58	4,640.80	4,378.78
Annual Audit	15,600.00	15,600.00		15,600.00
Collection of Taxes	107.24	107.24		107.24
Assessment of Taxes	345.77	345.77	21.84	323.93
Legal Services and Costs	19,602.20	26,707.98		26,707.98
Engineering Services and Costs	4,477.58	6,477.58	5,857.50	620.08
Planning Board	100.00	1,157.96	907.40	250.56
Board of Adjustment	421.90	421.90		421.90
Insurance:				
Other Insurance Premiums	20,294.99	20,294.99		20,294.99
Group Insurance Plan for Employees	43,601.84	2,601.84	1,673.76	928.08
Police	335.78	21,285.09	19,239.64	2,045.45
Purchase of Police Cars	50.85	2,805.54	2,676.03	129.51
Emergency Management		1,000.00	959.02	40.98
Fire	4,942.31	22,079.80	18,089.37	3,990.43



## Borough of North Haledon, N.J.

## Schedule of Appropriation Reserves

Page 2 of 3

## Current Fund

## Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Rent for Fire Department	4,804.00	4,804.00		4,804.00
Fire Alarm System	1,000.00	1,000.00		1,000.00
Fire Prevention Bureau - Life Hazard Use	800.00	800.00		800.00
Municipal Court	2,290.19	2,332.86	64.88	2,267.98
Road Repairs and Maintenance	24,554.94	38,352.53	26,280.65	12,071.88
Snow Removal	33,595.00	33,595.00	11,260.00	22,335.00
Solid Waste Disposal Costs	25,686.69	36,248.74	11,401.56	24,847.18
Recycling Program	11,107.64	17,077.64	6,527.98	10,549.66
Public Buildings and Grounds	140.17	6,563.62	5,088.41	1,475.21
Buehler Property Maintenance	139.96	139.96		139.96
Sewer System	15,860.29	24,785.24	6,803.44	17,981.80
Board of Health	363.93	993.93	992.96	0.97
Dog Regulation		100.00	60.79	39.21
Recreation		950.00	910.00	40.00
Building Inspector	706.00	706.00		706.00
Zoning Enforcement Officer	100.00	100.00		100.00
Celebration of Public Events	24,239.31	24,239.31	156.00	24,083.31
Costs of Registration of Bonds	3,400.00	3,400.00		3,400.00
Retirement Fund	1,000.00	15,000.00	10,000.00	5,000.00
Manchester Regional H.S. Feasibility Study		9,050.00	9,033.00	17.00
Electricity	26,489.88	35,643.03	21,748.60	13,894.43
Street Lighting	8,006.37	18,300.00	18,255.60	44.40
Telephone	7,197.14	7,335.63	3,946.59	3,389.04
Water	1,952.10	1,952.10	1,833.93	118.17
Water Testing	10.00	10.00		10.00
Fuel Oil		9,647.50	3,334.16	6,313.34
Gasoline	6,583.81	11,441.31	3,236.61	8,204.70
Contingent	100.00	100.00		100.00
Total Other expenses Within "CAPS"	<u>320,171.35</u>	<u>441,542.55</u>	<u>198,362.72</u>	<u>243,179.83</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Defined Contribution Retirement Plan	<u>2,044.91</u>	<u>2,044.91</u>		<u>2,044.91</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>2,044.91</u>	<u>2,044.91</u>		<u>2,044.91</u>

Borough of North Haledon, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Total Reserves Within "CAPS"	<u>387,122.53</u>	<u>523,793.73</u>	<u>255,356.63</u>	<u>268,437.10</u>
Other Expenses Excluded From "CAPS":				
Reserve for Tax Appeals		10,000.00	10,000.00	
Emergency Services Length of Service	30,000.00	30,000.00	30,000.00	
Preparation of COAH	12,345.00	12,345.00		12,345.00
County of Passaic - IT Services		1,330.00	1,330.00	
County of Passaic - Street Lighting	<u>16,000.00</u>	<u>16,000.00</u>		<u>16,000.00</u>
Total Other Expenses Excluded from "CAPS"	<u>58,345.00</u>	<u>69,675.00</u>	<u>41,330.00</u>	<u>28,345.00</u>
Total Reserves Excluded from "CAPS"	<u>58,345.00</u>	<u>69,675.00</u>	<u>41,330.00</u>	<u>28,345.00</u>
Total Reserves	<u>445,467.53</u>	<u>593,468.73</u>	<u>296,686.63</u>	<u>296,782.10</u>
	A		A-4	A-1
	<u>Ref.</u>			
Appropriation Reserves	above	445,467.53		
Transfer from Reserve for Encumbrances	A-15	<u>148,001.20</u>		
		<u>593,468.73</u>		

## Borough of North Haledon, N.J.

## Schedule of Encumbrances Payable

## Current Fund

## Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	148,001.20
Increased by:		
Transfer from Current Appropriations	A-3	<u>312,529.50</u>
		460,530.70
Decreased by:		
Transfer to Appropriation Reserves	A-14	<u>148,001.20</u>
Balance - December 31, 2017	A	<u><u>312,529.50</u></u>

## Schedule of Prepaid Taxes

## Current Fund

## Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	131,402.07
Increased by:		
Receipts - Prepaid 2018 Taxes	A-4	<u>1,801,093.18</u>
		1,932,495.25
Decreased by:		
Applied to 2017 Taxes	A-9	<u>131,402.07</u>
Balance - December 31, 2017	A	<u><u>1,801,093.18</u></u>

**Borough of North Haledon, N.J.**

**Schedule of Local District School Tax**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016			
School Tax Payable	A	90.01	
School Tax Deferred		<u>5,217,792.50</u>	
			5,217,882.51
Increased by:			
Levy School Year - July 1, 2017 to June 30, 2018	A-9		<u>10,691,619.00</u>
			15,909,501.51
Decreased by:			
Payments	A-4		<u>10,156,101.52</u>
Balance - December 31, 2017			
School Tax Payable	A	407,590.49	
School Tax Deferred		<u>5,345,809.50</u>	
			<u><u>5,753,399.99</u></u>
2017 Liability for Local District School Tax:			
Tax Paid			10,156,101.52
Tax Payable			<u>407,590.49</u>
			10,563,692.01
Less: Tax Payable 12/31/2016			<u>90.01</u>
Amount Charged to 2017 Operations	A-1		<u><u>10,563,602.00</u></u>

**Borough of North Haledon, N.J.**  
**Schedule of Regional High School Tax**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016			
School Tax Payable	A	9.85	
School Tax Deferred		<u>1,207,180.50</u>	
			1,207,190.35
Increased by:			
Levy School Year - July 1, 2017 to June 30, 2018	A-9		<u>2,566,568.00</u>
			<u>3,773,758.35</u>
Decreased by:			
Payments	A-4		<u>2,490,464.50</u>
Balance - December 31, 2017			
School Tax Payable	A	9.85	
School Tax Deferred		<u>1,283,284.00</u>	
			<u><u>1,283,293.85</u></u>
2017 Liability for Regional High School District Tax:			
Tax Paid			2,490,464.50
Tax Payable			<u>9.85</u>
			<u>2,490,474.35</u>
Less Tax Payable 12-31-2016			<u>9.85</u>
Amount Charged to 2017 Operations	A-1		<u><u>2,490,464.50</u></u>

**Borough of North Haledon, N.J.**

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016	A		
Increased by:			
Levy	A-1/A-9	9,734,615.78	
Added and Omitted Taxes	A-1/A-9	<u>18,013.89</u>	
			<u>9,752,629.67</u>
			9,752,629.67
Decreased by:			
Payments	A-4		<u>9,734,615.78</u>
Balance - December 31, 2017	A		<u><u>18,013.89</u></u>

Borough of North Haledon, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2017

<u>Liabilities and Reserves</u>	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2017</u>
<u>Liabilities:</u>				
Tax Overpayments		38,885.86	38,885.86	
Outside Liens		103,840.25	103,840.25	
Due to State of NJ Marriage Surcharge	525.00	1,100.00	1,300.00	325.00
Due to State of NJ Building Surcharge	2,536.00	14,866.00	14,907.00	2,495.00
<u>Reserves for:</u>				
Watershed Moratorium	1,128.00	1,128.00	1,128.00	1,128.00
Revision and Codification of Ordinances	242.54			242.54
L.O.S.A.P.	50,231.89		9,100.00	41,131.89
Hurricane Sandy Insurance Reimbursement	14,599.90			14,599.90
Tax Appeals		10,000.00	6,616.27	3,383.73
	<u>69,263.33</u>	<u>169,820.11</u>	<u>175,777.38</u>	<u>63,306.06</u>
	A			A
	<u>Ref.</u>			
2017 Anticipated Revenue	A-2		1,128.00	
Receipts	A-4	168,692.11		
Disbursed	A-4		<u>173,521.38</u>	
		<u>168,692.11</u>	<u>174,649.38</u>	

**Borough of North Haledon, N.J.**

**Schedule of Grants Receivable**

**Federal and State Grant Fund**

**Year Ended December 31, 2017**

<u>Grant</u>	<u>Balance, Dec. 31, 2016</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2017</u>
<b>Local Grants:</b>					
Passaic County DIG IN Grant	500.00				500.00
Passaic County Open Space Trust	75,255.57				75,255.57
Passaic County Open Space Trust	15,000.00				15,000.00
	<u>90,755.57</u>				<u>90,755.57</u>
<b>Federal Grants:</b>					
Passaic County CDBG - ADA Compliance	20,897.08				20,897.08
Passaic County CDBG - American Legion	63,563.00		63,563.00		
Hazard Mitigation Grant	113,293.00				113,293.00
	<u>197,753.08</u>		<u>63,563.00</u>		<u>134,190.08</u>
<b>State Grants:</b>					
Municipal Alliance on Alcoholism and Drug Abuse	9,312.08	16,792.00	10,798.00	2,782.08	12,524.00
NJ Transportation Trust	245,000.00		145,884.86		99,115.14
Statewide Livable Communities Grant - DPW	27,948.25				27,948.25
	<u>282,260.33</u>	<u>16,792.00</u>	<u>156,682.86</u>	<u>2,782.08</u>	<u>139,587.39</u>
	<u>570,768.98</u>	<u>16,792.00</u>	<u>220,245.86</u>	<u>2,782.08</u>	<u>364,533.04</u>
	<u>A</u>	<u>A-2</u>	<u>A-5</u>	<u>A-26</u>	<u>A</u>



## Borough of North Haledon, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	Transfer From 2017 Budget	<u>Expended</u>	<u>Canceled</u>	Balance, Dec. 31, 2017
Local Share:					
Passaic County Open Space Trust	75,255.57				75,255.57
Passaic County Open Space Trust	15,000.00				15,000.00
Passaic County Corridor Enhancement Program	10,000.00				10,000.00
Passaic County DIG IN Grant	599.11				599.11
Sustainable Jersey Grant	0.84				0.84
	<u>100,855.52</u>				<u>100,855.52</u>
Federal Grants:					
Click It or Ticket	5,000.00				5,000.00
Passaic County CDBG - ADA Compliance	20,897.08				20,897.08
Passaic County CDBG - American Legion	700.00		600.00		100.00
Hazard Mitigation Grant	113,293.00		60,500.00		52,793.00
Domestic Violence Awareness	64.92				64.92
	<u>139,955.00</u>		<u>61,100.00</u>		<u>78,855.00</u>
State Grants:					
NJ Transportation Trust	245,000.00				245,000.00
Clean Communities Grant	20,336.36		8,359.69		11,976.67
Municipal Alliance on Alcoholism and Drug Abuse	4,124.07	16,792.00	11,040.94	2,782.08	7,093.05
Recycling Grant	4,429.21		2,983.18		1,446.03
Body Armor Replacement Fund	1,080.19		1,080.19		
Special Legislative Grant - ADA Improvements	75,000.00				75,000.00
Alcohol Rehab Grant	2,001.31				2,001.31
	<u>351,971.14</u>	<u>16,792.00</u>	<u>23,464.00</u>	<u>2,782.08</u>	<u>342,517.06</u>
	<u>592,781.66</u>	<u>16,792.00</u>	<u>84,564.00</u>	<u>2,782.08</u>	<u>522,227.58</u>
	A	A-3	A-5	A-26	A

**Borough of North Haledon, N.J.**

**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2017**

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Received</u>	<u>Balance Dec. 31, 2017</u>
Federal Grants:			
Bulletproof Vests	5,343.93	442.50	5,786.43
	<u>5,343.93</u>	<u>442.50</u>	<u>5,786.43</u>
State Grants:			
Body Armor Replacement Fund		1,946.21	1,946.21
Clean Communities		17,193.74	17,193.74
Recycling Tonnage		21,770.54	21,770.54
		<u>40,910.49</u>	<u>40,910.49</u>
	<u>5,343.93</u>	<u>41,352.99</u>	<u>46,696.92</u>
	A	A-5	A

Borough of North Haledon, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Dog License Fund</u>	<u>Other Trust Funds</u>	<u>Payroll Fund</u>	<u>L.O.S.A.P.</u>
Balance - December 31, 2016	B	<u>4,991.39</u>	<u>851,122.74</u>	<u>48,437.20</u>	<u>436,763.30</u>
Increase by Receipts:					
Dog License Fees - Borough Share	B-3	6,510.40			
Penalties Collected	B-3	495.00			
Budget Appropriation	B-3	6,000.00			
Dog License Fees - State Share	B-4	1,029.60			
Interfund - Current Fund	B-5	6,126.66	223,715.52	1,474.61	
Other Trust Funds	B-6		1,717,996.21		
Payroll Deductions Payable	B-7			7,237,623.45	
Net Assets Available for Benefits	B-8				112,617.10
Total Receipts		<u>20,161.66</u>	<u>1,941,711.73</u>	<u>7,239,098.06</u>	<u>112,617.10</u>
		<u>25,153.05</u>	<u>2,792,834.47</u>	<u>7,287,535.26</u>	<u>549,380.40</u>
Decreased by Disbursements:					
Reserve for Dog Expenditures	B-3	12,961.00			
State Share - Dog Licenses	B-4	1,029.60			
Interfund - Current Fund	B-5	6,152.07	173,166.53	1,972.39	
Other Trust Funds	B-6		1,911,061.20		
Payroll Deductions Payable	B-7			7,232,793.98	
Net Assets Available for Benefits	B-8				1,400.00
Total Disbursements		<u>20,142.67</u>	<u>2,084,227.73</u>	<u>7,234,766.37</u>	<u>1,400.00</u>
Balance - December 31, 2017	B	<u>5,010.38</u>	<u>708,606.74</u>	<u>52,768.89</u>	<u>547,980.40</u>

**Borough of North Haledon, N.J.**

**Reserve for Animal Control Trust Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	B	4,985.98
Increased by:		
Dog License Fees	B-2	6,510.40
Penalties	B-2	495.00
Budget Appropriation	B-2	<u>6,000.00</u>
		<u>13,005.40</u>
		17,991.38
Decreased by:		
Expenditures R.S. 4:19-1511	B-2	<u>12,961.00</u>
Balance - December 31, 2017	B	<u><u>5,030.38</u></u>

License Fees Collected

<u>Year</u>	
2016	6,434.40
2015	<u>6,107.40</u>
	<u><u>12,541.80</u></u>

**Borough of North Haledon, N.J.**

**Schedule of Due to State Department of Health**

**Trust Funds**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-2	<u>1,029.60</u>
Decreased by:		
Paid to State	B-2	<u>1,029.60</u>

Borough of North Haledon, N.J.

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2017

	Due to/(from) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2017</u>
Animal Control Trust - Current Fund	25.41	6,126.66	6,152.07	
Other Trust Fund:				
Current Fund	1,551.01	223,715.52	173,166.53	52,100.00
Public Assistance	14,579.62			14,579.62
Payroll Trust - Current Fund	497.78	1,474.61	1,972.39	
	<u>16,653.82</u>	<u>231,316.79</u>	<u>181,290.99</u>	<u>66,679.62</u>
	B			B
	<u>Ref.</u>			
Receipts - Dog License Trust	B-2	6,126.66		
Receipts - Other Trust	B-2	223,715.52		
Receipts - Payroll Fund	B-2	1,474.61		
Disbursements - Dog License Trust	B-2		6,152.07	
Disbursements - Other Trust	B-2		173,166.53	
Disbursements - Payroll Fund	B-2		1,972.39	
		<u>231,316.79</u>	<u>181,290.99</u>	

**Borough of North Haledon, N.J.**

**Schedule of Other Trust Funds**

**Trust Funds**

**Year Ended December 31, 2017**

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Developers Deposits	64,089.09	25,288.77	34,673.10	54,704.76
Developers Escrow	40,139.99			40,139.99
Escrow Funds - Construction Code	102,858.01	35,210.30	49,329.93	88,738.38
Reserve for Revision of Tax Map	1,926.97			1,926.97
Reserve for Unemployment	38,491.53	7,230.72	5,335.32	40,386.93
Reserve for Municipal Alliance Funds	13,214.35	8,510.95	4,000.00	17,725.30
Reserve for Senior Citizens' Activities	4,149.40			4,149.40
Reserve for India Quarry	1,258.79			1,258.79
Reserve for P.O.A.A.	475.09	234.00		709.09
Reserve for North Haledon Day	13,968.01	22,793.72	35,326.87	1,434.86
Reserve for Summer Camp	1,031.18			1,031.18
Reserve for Divert Donations	917.40	360.00	180.00	1,097.40
Reserve for Fire Prevention	4,433.97			4,433.97
Reserve for Future Liabilities	10,882.48	10,000.00		20,882.48
Reserve for Calendar	21,105.00	9,440.00	8,087.00	22,458.00
Reserve for Sewer Connections	20,816.70	44,375.00	54,524.44	10,667.26
Reserve for Tax Sale Premiums	195,900.00	108,100.00	127,300.00	176,700.00
Reserve for Community Garden	5,815.01	575.00		6,390.01
Reserve for Donations	500.02			500.02
Reserve for Road Openings		500.00		500.00
Reserve for Storm recovery		10,000.00		10,000.00
Reserve for Police Outside Duty	<u>165,776.68</u>	<u>1,435,377.75</u>	<u>1,592,304.54</u>	<u>8,849.89</u>
	<u>707,749.67</u>	<u>1,717,996.21</u>	<u>1,911,061.20</u>	<u>514,684.68</u>
	B	B-2	B-2	B

**Borough of North Haledon, N.J.**

**Schedule of Payroll Deductions**

**Payroll Fund**

**Year Ended December 31, 2017**

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Federal Withholding		979,114.63	979,114.63	
Social Security / Medicare		468,330.07	468,330.07	
State Withholding		263,284.93	263,284.93	
Unemployment Insurance	5,161.84	23,178.72	28,340.56	
Dues	401.54	9,462.05	9,863.59	
Public Employee's Retirement System	17,278.46	440,704.26	431,894.43	26,088.29
P.E.R.S. Contributory Insurance	749.93	9,775.92	9,707.55	818.30
Police and Firemen's Retirement System	23,932.33	835,039.11	833,784.60	25,186.84
D.C.R.P.		3,909.92	3,909.92	
Garnishment		9,357.55	9,357.55	
Insurance	(67.40)	230,476.64	230,409.24	
Flex Spending	482.72	1,000.00	807.26	675.46
Deferred Compensation		102,025.00	102,025.00	
Net Payroll		<u>3,861,964.65</u>	<u>3,861,964.65</u>	
	<u>47,939.42</u>	<u>7,237,623.45</u>	<u>7,232,793.98</u>	<u>52,768.89</u>
	B	B-2	B-2	B



Borough of North Haledon, N.J.

Schedule of Emergency Services Volunteer Length  
of Service Award Program - Net Assets Available for Benefits

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	436,763.30
Increased by:		
Borough Contributions		39,100.00
Gain or (Loss)		<u>73,517.10</u>
	B-2	<u>112,617.10</u>
		549,380.40
Decreased by:		
Administrative Charges		<u>1,400.00</u>
	B-2	<u>1,400.00</u>
Balance - December 31, 2017	B	<u><u>547,980.40</u></u>

**Borough of North Haledon, N.J.**

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>		
Balance - December 31, 2016	C		1,483,301.13
Increased by Receipts:			
Premium on Sale of BANs	C-1	13,603.00	
Various Receivables	C-4	414,645.40	
Various Receivables - Canceled	C-4	30,000.00	
Bond Anticipation Notes	C-8	3,650,000.00	
Budget Appropriations:			
Capital Improvement Fund	C-10	87,500.00	
Interfunds	C-11	<u>1,734,299.16</u>	
			<u>5,930,047.56</u>
			7,413,348.69
Decreased by Disbursements:			
Appropriated to Budget Revenue	C-1	45,000.00	
Bond Anticipation Notes	C-8	1,900,000.00	
Improvement Authorizations	C-9	1,653,693.72	
Interfunds	C-11	<u>1,734,299.16</u>	
			<u>5,332,992.88</u>
Balance - December 31, 2017	C		<u><u>2,080,355.81</u></u>

**Borough of North Haledon, N.J.**

**Analysis of Cash**

**General Capital Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Fund Balance	C-1	434,405.54
Various Receivables	C-4	(379,970.29)
Capital Improvement Fund	C-10	145.39
Reserve for Receivables	C	100,000.00

Improvement Authorizations:

Ordinance

Number

Improvement Description

2012-07	Various Improvements	11,362.99
2013-06	Various Improvements	25,000.00
2014-11	Various Improvements	92,062.63
2015-10	Various Improvements	213,347.13
2016-12	Various Improvements	418,373.55
2017-13	Various Improvements	1,165,628.87

---

2,080,355.81

C

Borough of North Haledon, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2017

	<u>Balance</u> Dec. 31, 2016	<u>Grants</u> Approved	<u>Cash</u> Received	<u>Canceled</u>	<u>Balance</u> Dec. 31, 2017
<u>State of New Jersey Department of Transportation</u>					
Ord. 2007-06 - Improvement to Linda Vista Ave	138,641.86			11,513.84	127,128.02
Ord. 2008-17 - Improvement to Linda Vista Ave	4,849.90			4,849.90	
Ord. 2012-07 - Improvement to Anherth Rd	13,636.26			13,636.26	
Ord. 2013-06 - Improvement to Anherth Rd II	67,487.67				67,487.67
Ord. 2015-10 - Various Roads	250,000.00	250,000.00	250,000.00		
Ord. 2017-13 - Various Roads			164,645.40		85,354.60
<u>State of New Jersey EIT</u>					
Ord. 2017-16 - Asset Management Plan		100,000.00			100,000.00
	<u>474,615.69</u>	<u>350,000.00</u>	<u>414,645.40</u>	<u>30,000.00</u>	<u>379,970.29</u>
	C		C-2	C-2	C/C-3
<u>Ref.</u>					
Improvement Authorizations	C-9	250,000.00			
Reserve for Receivables	C	<u>100,000.00</u>			
		<u>350,000.00</u>			

**Borough of North Haledon, N.J.**

**Schedule of Deferred Charges to Future  
Taxation - Funded**

**General Capital Fund**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	C	10,818,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-7	<u>1,445,000.00</u>
Balance - December 31, 2017	C	<u><u>9,373,000.00</u></u>

Borough of North Haledon, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance	2017	Balance	Analysis of Balance - Dec. 31, 2017	
		Dec. 31, 2016	Authorizations	Dec. 31, 2017	Financed by	Unexpended
	<u>General Improvements:</u>				Bond	Improvement
2015-10	Various Improvements	950,000.00		950,000.00	Anticipation	Authorization
2016-12	Various Improvements	950,000.00		950,000.00	Notes	
2017-13	Various Improvements		1,750,000.00	1,750,000.00		
2017-16	Small System Asset Management Plan		100,000.00	100,000.00		100,000.00
		<u>1,900,000.00</u>	<u>1,850,000.00</u>	<u>3,750,000.00</u>	<u>3,650,000.00</u>	<u>100,000.00</u>
		C	C-9, C-12	C		
					Ref.	1,776,630.50
					C-9	
	Improvement Authorizations Unfunded					
	Less: Unexpended Proceeds of Bond					
	Anticipation Notes - Ord. #					
	2015-10				213,347.13	
	2016-12				418,373.55	
	2017-13				<u>1,044,909.82</u>	
						<u>1,676,630.50</u>
						<u>100,000.00</u>

Borough of North Haledon, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
Refunding Bonds	04/15/98	3,950,000.00			4.1%-5.0%	220,000.00	220,000.00	
General Bonds	01/15/09	5,153,000.00	01/15/18-21	750,000.00	2.0%-3.25%	4,278,000.00	750,000.00	3,528,000.00
General Bonds	03/15/15	6,695,000.00	03/15/18	675,000.00	1.0%-3.25%	6,320,000.00	475,000.00	5,845,000.00
			03/15/19	700,000.00				
			03/15/20	720,000.00				
			3/15/21-25	750,000.00				
						<u>10,818,000.00</u>	<u>1,445,000.00</u>	<u>9,373,000.00</u>
						C	C-5	C

Borough of North Haledon, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>		<u>Balance Dec. 31, 2017</u>	
						<u>Increased</u>	<u>Decreased</u>	<u>Increased</u>	<u>Decreased</u>
2015-10	Various Improvements	04/21/16	04/19/17	04/18/18	2.00%	950,000.00	950,000.00	950,000.00	950,000.00
2016-12	Various Improvements	08/04/16	04/19/17	04/18/18	2.00%	950,000.00	950,000.00	950,000.00	950,000.00
2017-13	Various Improvements	07/25/17	07/25/17	04/18/18	2.00%		1,750,000.00		1,750,000.00
						<u>1,900,000.00</u>	<u>3,650,000.00</u>	<u>1,900,000.00</u>	<u>3,650,000.00</u>
						C	C-2	C-2	C



Borough of North Haledon, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance Dec. 31, 2017	
				Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>									
2011-12	Various Improvements	05/18/11	1,260,000.00	4,087.45			4,087.45	0.00	
	Acquisition of Police Dept. Equipment								
2012-07	Various Improvements	05/30/12	1,383,000.00	45,369.16			36,972.55	8,396.61	
	Police Radio System Equipment			2,966.38				2,966.38	
2013-06	Acquisition of Emergency Mgmt Equip	05/01/13	1,200,000.00	25,000.00				25,000.00	
2014-11	Acquisition of Emergency Mgmt Equip	07/21/14	1,744,000.00	497.40			39,209.72	497.40	
	Acquisition of Fire Dept. Equipment			70,730.43				31,520.71	
	Acquisition of Police Dept. Equipment			116.75				116.75	
	Improvements to Borough Property			121,220.28			61,507.17	59,713.11	
	Improvement of Sicomac & Various Roads			214.66				214.66	
2015-10	Acquisition of Technology Equipment	05/20/15	1,250,000.00						
	Various Improvements			249,368.00			208,793.00	40,575.00	
	Various Improvements			194,424.98			21,652.85	172,772.13	
2016-12	Acquisition of Equipment	06/01/16	1,000,000.00						
	Various Improvements			202,218.45			23,536.81	178,681.64	
	Acquisition of Equipment			503,500.00			278,235.78	237,948.39	
	Street Projects			54,621.92			54,038.66	583.26	
	Acquisition of Fire Dept. Equipment			4,948.86			3,788.60	1,160.26	
	Improvements to Borough Property								



**Borough of North Haledon, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	C	145.39
Increased by:		
Budget Appropriation	C-2	<u>87,500.00</u>
		87,645.39
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>87,500.00</u>
Balance - December 31, 2017	C/C-3	<u><u>145.39</u></u>

**Borough of North Haledon, N.J.**

**Schedule of Interfunds**

**General Capital**

**Year Ended December 31, 2017**

	Due to/(from) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2017</u>
Current Fund		1,734,299.16	1,734,299.16	
		1,734,299.16	1,734,299.16	
	<u>C</u>			<u>C</u>
	<u>Ref.</u>			
Receipts	C-2	1,734,299.16		
Disbursements	C-2		1,734,299.16	
		1,734,299.16	1,734,299.16	
		<u>1,734,299.16</u>	<u>1,734,299.16</u>	

Borough of North Haledon, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
	<u>General improvements:</u>				
2017-13	Various Improvements		1,750,000.00	1,750,000.00	
2017-16	Small System Asset Management Plan		100,000.00		100,000.00
			<u>1,850,000.00</u>	<u>1,750,000.00</u>	<u>100,000.00</u>
			C-6		Footnote C

**Exhibit G-1**

**Borough of North Haledon , N.J.**

**Statement of Cash**

**Board of Recreation Commission**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	G	87,062.26
Increased by :		
Interest Earned		8.10
Cash Receipts		<u>92,210.00</u>
	G-2	<u>92,218.10</u>
		<u>179,280.36</u>
Decreased by :		
Cash Disbursements	G-2	<u>93,722.96</u>
Balance - December 31, 2017	G	<u><u>85,557.40</u></u>

**Exhibit G-2**

**Schedule of Reserve for Recreation**

**Board of Recreation Commission**

**Year Ended December 31, 2017**

	<u>Ref.</u>	
Balance - December 31, 2016	G	87,062.26
Increased by:		
Receipts	G-1	<u>92,218.10</u>
		<u>179,280.36</u>
Decreased by:		
Disbursements	G-1	<u>93,722.96</u>
Balance - December 31, 2017	G	<u><u>85,557.40</u></u>

**BOROUGH OF NORTH HALEDON**

**\* \* \* \* \***

**PART II**

**LETTER ON COMPLIANCE AND ON INTERNAL CONTROL**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2017**

# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkottz, CPA, RMA  
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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**

The Honorable Mayor and  
Members of the Borough Council  
Borough of North Haledon  
North Haledon, New Jersey 07508

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of North Haledon in the County of Passaic as of and for the year ended December 31, 2017 and the related notes to the financial statements, and have issued our report thereon dated May 23, 2018, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

### **Internal Control Over Financial Reporting**

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



The Honorable Mayor and  
Members of the Borough Council  
Page 2.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of North Haledon in the accompanying comments and recommendations section of this report.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of North Haledon's financial statements-regulatory basis 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of North Haledon in the accompanying comments and recommendations section of this report.

### **Purpose of this Report**

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

*Charles J. Ferraioli, Jr.*

Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388

*Ferraioli, Wielkottz, Cerullo & Cova, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

May 23, 2018

## GENERAL COMMENTS

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, 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."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010 the threshold was increased to \$36,000.00 and on July 1, 2015 increased to \$40,000.00 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Ballentine Dr. Road Improvements II  
Ballentine Dr. Road Improvements III

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

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

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

### **COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS**

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

The governing body on January 2, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Be it resolved that interest shall apply at the rate of 8% per annum on all taxes which are unpaid and delinquent after the respective quarterly due date; provided, however, that said interest shall not be charged if the taxes are paid within a period of ten days after the respective due dates but if such taxes are not paid within the aforesaid period of ten days, interest on such unpaid taxes shall commence to accrue from the respective due dates; and shall accrue at the rate of 18% per annum on any unpaid and delinquent taxes in excess of \$1,500.00, and an additional 6% penalty on accounts with a \$10,000 or higher balance at year end."

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

### **DELINQUENT TAXES AND TAX TITLE LIENS**

The last tax sale was held on June 29, 2017.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2017	12
2016	12
2015	12

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

### **VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES**

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

The result of the test, which was made for the year ending December 31, 2017, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition, analytical review procedures were utilized.

### **SCHOOL TAXES PAYABLE**

The amount due to the local and regional school district, as of December 31, 2017, were verified by the school secretary.

### **REVENUE**

Receipts from licenses, fees, permits, etc., for all departments, including the Municipal Court, were checked to the extent deemed appropriate to the records maintained.

All cash receipts for the Health Department and Building Department are not being entered into the respective departments cash receipt ledger books.

The electrical subcode fees entered in the computer software were not in agreement with the Borough's fee schedule.

### **EXPENDITURES**

In connection with the expenditures, vouchers were examined to the extent deemed necessary to determine that the vouchers carried properly executed certifications as required by statute.

An examination was made of the employees' compensation records to determine that salaries were paid in conformity with amounts of salaries and wages authorized in the ordinance.

All employees eligible for enrollment in the DCRP were not enrolled.

### **OTHER**

The Uniform Construction Code Annual Report was not available for audit.

## RECOMMENDATIONS

1. That all Health Department and Building Department cash receipts be entered into the Department's cash receipt ledger books.
2. That the electrical subcode fees entered into the computer be in agreement with the Borough's fee schedule.
- \*3. That all employees required to be enrolled in the DCRP be enrolled.
4. That the Uniform Construction Code Annual Report be available for audit.

## STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all, with the exception of those marked with an "\*", which are included in this year's recommendations.

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

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

Very truly yours,

*Charles J. Ferraioli, Jr.*

Charles J. Ferraioli, Jr., C.P.A.  
Registered Municipal Accountant  
No. 388

*Ferraioli, Wielkatz, Cerullo & Cusa, P.A.*

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