

REPORT OF AUDIT
BOROUGH OF HALEDON
COUNTY OF PASSAIC
DECEMBER 31, 2018

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BOROUGH OF HALEDON, N.J.

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BOROUGH OF HALEDON

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Haledon
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 Haledon in the County of Passaic, as of December 31, 2018 and 2017, 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, 2018, 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
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of 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 Haledon as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 10 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire personnel. The amount reflected in the trust fund statements of \$304,734.31 and \$297,055.48 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, 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, 2018 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of 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.

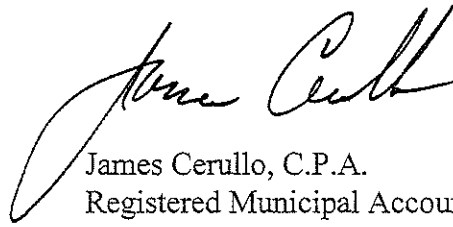
The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied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

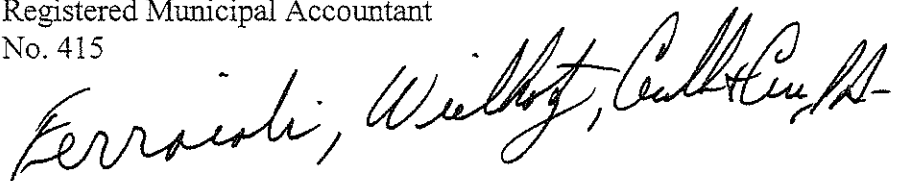
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2019 on our consideration of the Borough of 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 Haledon's internal control over financial reporting and compliance.



James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415



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Certified Public Accountants
Pompton Lakes, New Jersey

June 13, 2019

Borough of Haledon, N.J.
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 3,143,922.20	2,481,541.97
Change Fund	A-6	400.00	400.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-8	35,289.97	34,039.97
		<u>3,179,612.17</u>	<u>2,515,981.94</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	615,032.63	605,213.53
Tax Title Liens	A-10	72,563.24	68,058.92
Property Acquired for Taxes -			
Assessed Valuation	A-11	9,975.00	9,975.00
Prepaid County Taxes	A-21	1,087.04	1,087.04
Revenue Accounts Receivable	A-12	17,081.98	74,622.45
Interfund Receivables:			
Federal and State Grant Fund	A-13	11,739.08	7,738.66
Public Assistance Fund #1	A-13	319.86	316.73
		<u>727,798.83</u>	<u>767,012.33</u>
Deferred Charges:			
Special Emergency Authorizations	A-14	472,000.00	418,000.00
		<u>472,000.00</u>	<u>418,000.00</u>
		<u>4,379,411.00</u>	<u>3,700,994.27</u>
Federal and State Grant Fund:			
Grants Receivable	A-22	380,193.71	373,517.71
		<u>380,193.71</u>	<u>373,517.71</u>
Total Assets		<u>\$ 4,759,604.71</u>	<u>4,074,511.98</u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-15	\$ 911,141.40	561,148.54
Encumbrances Payable	A-16	78,235.35	210,378.07
Prepaid Taxes	A-17	210,480.28	395,537.88
Interfunds Payable:			
Dog License Fund	A-13	436.70	451.42
Other Trust	A-13	346,739.83	307,930.10
General Capital	A-13	72,026.12	91,527.30
Water Operating Fund	A-13	347,749.03	143,067.77
Public Assistance #2	A-13	314.75	314.75
Local School Taxes Payable	A-18	0.87	0.87
Due to State of New Jersey:			
Marriage Surcharge	A-21	475.00	
Building Surcharge	A-21	857.00	56.00
Special Emergency Note Payable	A-21	200,000.00	
Reserve for:			
LOSAP	A-21	1,465.51	
Retirement Severance Liability	A-21	1,062.29	18,601.95
Judgments	A-21	7,600.00	5,000.00
Revaluation	A-21	29,690.50	29,690.50
D.A.R.E. Contributions	A-21	11,540.39	11,540.39
		<u>2,219,815.02</u>	<u>1,775,245.54</u>
Reserve for Receivables	Contra	727,798.83	767,012.33
Fund Balance	A-1	1,431,797.15	1,158,736.40
		<u>4,379,411.00</u>	<u>3,700,994.27</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	285,188.08	274,382.08
Unappropriated Reserve for Grants	A-24	12,491.80	21,396.97
Interfund - Current Fund	A-13	11,739.08	7,738.66
Interfund - Other Trust	A-25	774.75	
Interfund - General Capital Fund	A-26	17,200.00	17,200.00
Interfund - Water Operating	A-27	52,800.00	52,800
		<u>380,193.71</u>	<u>373,517.71</u>
Total Liabilities, Reserves and Fund Balances		\$ <u>4,759,604.71</u>	<u>4,074,511.98</u>

See Accompanying Notes to Financial Statements.

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

Current Fund

Year Ended December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 625,000.00	700,000.00
Miscellaneous Revenue Anticipated	A-2	1,719,153.49	1,822,150.46
Receipts from Delinquent Taxes	A-2	678,278.04	559,010.40
Receipts from Current Taxes	A-2	22,867,917.42	22,366,166.98
Non-Budget Revenue	A-2	113,801.97	246,069.21
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	452,911.05	235,133.20
Interfunds Returned	A-13	8,055.39	122,780.65
Total Revenues and Other Income		<u>26,465,117.36</u>	<u>26,051,310.90</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	3,940,276.00	3,669,583.00
Other Expenses	A-3	3,122,125.00	3,057,625.00
Deferred Charges and Statutory Expenditures - Municipal - Within Caps	A-3	959,350.00	792,257.00
Operations - Excluded from Caps:			
Salaries and Wages	A-3	9,500.00	41,086.00
Other Expenses	A-3	902,340.97	936,868.24
Capital Improvement Fund - Excluded from Caps	A-3	61,000.00	55,000.00
Municipal Debt Service - Excluded from Caps	A-3	863,346.66	918,151.03
Deferred Charges and Statutory Expenditures - Municipal - Excluded from Caps	A-3	146,000.00	362,000.00
Local District School Tax	A-18	6,499,917.00	6,372,119.00
Regional High School Tax	A-19	5,123,542.50	4,962,786.00
County Taxes including Added Taxes	A-20	4,039,071.55	3,964,908.95
Refund of Prior Year's Revenue	A-4	82,777.99	315,303.38
State Audit Senior Citizen & Veteran Deductions	A-8	5,750.00	
Interfund Advances	A-13	12,058.94	8,055.39
Total Expenditures		<u>25,767,056.61</u>	<u>25,455,742.99</u>
Excess (Deficit) Revenue Over Expenditures		698,060.75	595,567.91

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

Current Fund

Year Ended December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year		<u>200,000.00</u>	<u>100,000.00</u>
Statutory Excess to Fund Balance		898,060.75	695,567.91
Fund Balance, January 1,	A	<u>1,158,736.40</u>	<u>1,163,168.49</u>
		2,056,797.15	1,858,736.40
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>625,000.00</u>	<u>700,000.00</u>
Fund Balance, December 31,	A	<u>\$ 1,431,797.15</u>	<u>1,158,736.40</u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 625,000.00	625,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	10,500.00	11,272.00	772.00
Other	A-2	13,500.00	12,413.00	(1,087.00)
Fees and Permits	A-2	3,000.00	5,810.00	2,810.00
Fines and Costs:				
Municipal Court	A-12	325,000.00	332,613.85	7,613.85
Interest and Costs on Taxes	A-4	125,000.00	158,711.23	33,711.23
Interest on Investments and Deposits	A-12	15,000.00	70,888.98	55,888.98
Sewer Privileges	A-12	66,000.00	116,520.54	50,520.54
Energy Receipts Tax	A-12	658,251.00	658,251.00	
Consolidated Municipal Property Tax Relief Aid	A-12	33,821.00	33,821.00	
Uniform Construction Code Fees	A-12	45,000.00	49,517.68	4,517.68
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of Local Government Services:				
Public and Private Revenues:				
Clean Communities Program	A-22	11,980.09	11,980.09	
Municipal Alliance on Alcoholism and Drug Abuse	A-22	16,792.00	16,792.00	
Recycling Tonnage Grant	A-22	3,551.01	3,551.01	
NJ Div. of Highway Safety - Click It or Ticket	A-22	5,500.00	5,500.00	
NJ Div. of Highway Safety - Over the Limit Under Arrest	A-22	4,000.00	4,000.00	
Body Armor Replacement Fund	A-22	1,865.87	1,865.87	
Other Special Items:				
Uniform Fire Safety Act	A-12	10,000.00	16,588.24	6,588.24
General Capital Surplus	A-4	25,000.00	25,000.00	
Reserve for Debt Service	A-4	150,000.00	150,000.00	
Reserve for Sale of Property	A-12	34,057.00	34,057.00	
Total Miscellaneous Revenues	A-1	<u>1,557,817.97</u>	<u>1,719,153.49</u>	<u>161,335.52</u>
Receipts from Delinquent Taxes	A-1/A-2	<u>600,000.00</u>	<u>678,278.04</u>	<u>78,278.04</u>
Subtotal General Revenues		<u>2,782,817.97</u>	<u>3,022,431.53</u>	<u>239,613.56</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purpose Including Reserve fo Uncollected Taxes Minimum Library Tax		7,611,196.45 184,941.00	7,752,962.87 184,941.00	141,766.42
Total Amount to be Raised by Taxes for Support of Budget	A-2/A-9	<u>7,796,137.45</u>	<u>7,937,903.87</u>	<u>141,766.42</u>
Budget Totals		10,578,955.42	10,960,335.40	381,379.98
Non-Budget Revenue	A-1/A-2		<u>113,801.97</u>	<u>113,801.97</u>
		\$ <u>10,578,955.42</u>	<u>11,074,137.37</u>	<u>495,181.95</u>
	A-3			

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.
Statement of Revenues - Regulatory Basis

Page 2 of 3

Current Fund

Year Ended December 31, 2018

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-9	\$ 22,867,917.42
Allocated to School and County Taxes	A-9	<u>15,700,013.55</u>
Balance for Support of Municipal Budget Appropriations		7,167,903.87
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>770,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 7,937,903.87</u>
Receipts from Delinquent Taxes:		
Tax Title Liens	A-10	75,680.13
Delinquent Taxes	A-9	<u>602,597.91</u>
	A-2	<u>678,278.04</u>
Licenses - Other:		
Clerk	A-12	4,850.00
Registrar of Vital Statistics	A-12	213.00
Board of Health	A-12	<u>7,350.00</u>
	A-2	<u>12,413.00</u>
Fees and Permits - Other:		
Clerk	A-12	2,830.00
Fence/Telephone/Sidewalk/Soil Permits - Building	A-12	730.00
Planning Board/Board of Adjustment	A-12	<u>2,250.00</u>
	A-2	<u>5,810.00</u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2018

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Borough Clerk	A-12	406.03	
Registrar of Vital Statistics	A-12	1,910.00	
Police Department	A-12	<u>1,667.25</u>	
			3,983.28
Recycling Program		2,260.01	
Street Lighting Refunds		6,012.48	
Cable T.V. / Verizon Franchise Fee		93,461.74	
Senior Citizen & Veteran Deduction Handling Fee		645.00	
NJDMV Inspection Fines		2,341.00	
Various Reimbursements		<u>5,098.46</u>	
	A-4		<u>109,818.69</u>
	A-2		<u><u>113,801.97</u></u>

See Accompanying Notes to Financial Statements.

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Borough of Haledon, N.J.

Exhibit A-3

Statement of Expenditures - Regulatory Basis

Page 1 of 6

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Administrative and Executive						
Mayor and Council	\$	112,510.00	113,110.00	110,422.65	2,687.35	
Salaries and Wages		38,600.00	38,650.00	38,650.00		
Other Expenses		12,500.00	12,450.00	11,296.94	1,153.06	
Municipal Clerk		91,000.00	84,900.00	73,787.01	11,112.99	
Salaries and Wages		44,500.00	44,500.00	37,832.59	6,667.41	
Other Expenses						
Elections		1,890.00	1,890.00	1,451.52	438.48	
Salaries and Wages		4,900.00	4,900.00	4,800.00	100.00	
Other Expenses						
Financial Administration		140,200.00	140,700.00	139,553.99	1,146.01	
Salaries & Wages - Treasurer's Office		20,300.00	11,300.00	6,729.81	4,570.19	
Salaries & Wages - Chief Financial Officer		26,400.00	26,400.00	20,667.27	5,732.73	
Other Expenses - Treasurer		27,500.00	27,500.00	20,900.00	6,600.00	
Miscellaneous Other Expenses		27,500.00	27,500.00	27,177.50	322.50	
Auditing and Accounting Services						
Collection of Taxes		43,600.00	43,600.00	43,429.99	170.01	
Salaries and Wages		8,600.00	8,600.00	8,525.74	74.26	
Other Expenses						
Assessment of Taxes		16,600.00	16,600.00	16,540.00	60.00	
Salaries and Wages		5,775.00	7,525.00	6,812.10	712.90	
Other Expenses						
Legal Services and Costs		242,000.00	242,000.00	45,759.70	196,240.30	
Other Expenses						
Engineering Services and Costs		25,000.00	23,250.00	14,219.94	9,030.06	
Other Expenses		60,000.00	60,000.00	42,000.00	18,000.00	
Other Expenses - Contractual						
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board		11,110.00	11,110.00	10,985.64	124.36	
Salaries and Wages		12,050.00	7,050.00	1,399.50	5,650.50	
Other Expenses						
Insurance:						
Other Insurance Premiums		495,000.00	464,000.00	319,544.32	144,455.68	
Group Insurance Plan for Employees		902,000.00	867,000.00	771,747.40	95,252.60	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Public Safety:						
Police						
Salaries and Wages		1,732,000.00	1,870,000.00	1,865,370.53	4,629.47	
Other Expenses		112,100.00	112,100.00	107,344.19	4,755.81	
Police Cars		40,000.00	40,000.00	38,473.76	1,526.24	
School Crossing Guards						
Salaries and Wages		63,000.00	72,000.00	69,513.96	2,486.04	
Other Expenses		3,000.00	3,000.00	1,934.31	1,065.69	
Special Police						
Salaries and Wages		36,000.00	46,000.00	45,314.40	685.60	
Police Radio and Communications						
Salaries and Wages		165,000.00	179,000.00	179,000.00		
Emergency Management Services						
Other Expenses		500.00	500.00	51.87	448.13	
Fire						
Other Expenses		66,800.00	61,800.00	30,297.19	31,502.81	
Other Expenses - OSHA Physicals		1,000.00	1,000.00		1,000.00	
Fire Prevention Bureau						
Other Expenses		500.00	500.00	0.47	499.53	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Fire Official						
Salaries and Wages		24,129.00	24,129.02	16,086.02	8,043.00	
Other Expenses		3,350.00	3,350.00	1,164.70	2,185.30	
Municipal Prosecutor						
Salaries and Wages		17,700.00	17,700.00	16,832.99	867.01	
Municipal Court:						
Salaries and Wages		121,750.00	121,750.00	119,582.97	2,167.03	
Other Expenses		17,200.00	19,200.00	18,635.57	564.43	
Public Defender						
Salaries and Wages		6,505.00	6,505.00	5,804.67	700.33	
Public Works Function:						
Road Repairs and Maintenance						
Salaries and Wages		356,000.00	306,000.00	275,949.44	30,050.56	
Other Expenses		132,600.00	132,600.00	102,669.38	29,930.62	
Garbage and Trash Removal						
Salaries and Wages		339,000.00	324,000.00	316,504.37	7,495.63	
Other Expenses		35,200.00	40,200.00	32,264.06	7,935.94	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Solid Waste Disposal Costs		220,000.00	220,000.00	209,793.48	10,206.52	
Recycling						
Salaries and Wages		80,000.00	80,000.00	76,420.52	3,579.48	
Other Expenses		22,450.00	27,450.00	24,606.51	2,843.49	
Public Buildings and Grounds						
Salaries and Wages		26,100.00	26,100.00	24,464.96	1,635.04	
Other Expenses		300,600.00	285,600.00	219,970.32	65,629.68	
Sewer System						
Miscellaneous Other Expenses		14,550.00	14,550.00	6,000.00	8,550.00	
Contractual		2,500.00	2,500.00		2,500.00	
Municipal Services Act (P.L. 1993, Ch. 6)						
Other Expenses		12,000.00	12,000.00		12,000.00	
Health and Welfare:						
Board of Health						
Salaries and Wages		31,500.00	31,500.00	29,862.88	1,637.12	
Other Expenses		2,300.00	2,300.00	547.59	1,752.41	
Other Expenses - Contractual		13,000.00	13,000.00	11,912.00	1,088.00	
Animal Control						
Other Expenses		13,000.00	13,000.00	12,720.65	279.35	
Administration of Public Assistance						
Salaries and Wages		7,815.00	7,840.00	7,818.51	21.49	
Other Expenses		800.00	800.00	129.49	670.51	
Senior Citizens' Transportation						
Salaries and Wages		4,000.00	4,000.00	3,405.60	594.40	
Other Expenses		2,900.00	2,900.00	2,110.00	790.00	
Recreation and Education:						
Board of Recreation Commissioners (N.J.S. 40:12-1)						
Salaries and Wages		45,240.00	39,240.00	38,347.50	892.50	
Other Expenses		24,000.00	24,000.00	18,854.36	5,145.64	
Celebration of Public Events Anniversary or Holiday						
Other Expenses		3,000.00	3,000.00	2,851.17	148.83	
Construction Code Official						
Salaries and Wages		49,810.00	49,810.00	49,697.99	112.01	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Building Inspector						
Salaries and Wages		21,850.00	21,970.00	21,966.88	3.12	
Other Expenses		2,500.00	2,500.00	2,383.42	116.58	
Plumbing Inspector						
Other Expenses		200.00	200.00	133.53	66.47	
Electrical Inspector						
Salaries and Wages		4,975.00	4,975.00	4,970.93	4.07	
Other Expenses		200.00	200.00	133.53	66.47	
Fire Protection Official						
Salaries and Wages		9,522.00	9,376.98	9,374.05	2.93	
Other Expenses		100.00	100.00	75.00	25.00	
Zoning and Housing Maintenance Enforcement						
Salaries and Wages		36,520.00	36,520.00	35,748.86	771.14	
Other Expenses		1,900.00	1,900.00	828.49	1,071.51	
Unclassified:						
NJEIT Annual Fees		2,700.00	2,700.00	1,155.00	1,545.00	
Severance Liability Employees Retire.			200,000.00	200,000.00		
Street Lighting		93,500.00	93,500.00	71,794.07	21,705.93	
Gasoline		95,000.00	88,000.00	57,725.59	30,274.41	
Fire Hydrant Service		75,000.00	75,000.00	55,095.48	19,904.52	
Total Operations within "CAPS"		6,862,401.00	7,062,401.00	6,217,926.82	844,474.18	
Detail:						
Salaries and Wages	A-1	3,654,226.00	3,940,276.00	3,853,588.64	86,687.36	
Other Expenses	A-1	3,208,175.00	3,122,125.00	2,364,338.18	757,786.82	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		307,120.00	307,120.00	307,119.00	1.00	
Social Security System (O.A.S.I.)		185,000.00	185,000.00	170,425.28	14,574.72	
Police and Firemen's Retirement System		433,430.00	433,430.00	433,430.00		
Defined Contribution Retirement Plan		18,000.00	18,000.00	10,775.25	7,224.75	
Unemployment		15,800.00	15,800.00	15,732.56	67.44	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	959,350.00	959,350.00	937,482.09	21,867.91	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Total General Appropriations for Municipal Purposes within "CAPS"		7,821,751.00	8,021,751.00	7,155,408.91	866,342.09	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)		184,941.00	184,941.00	184,941.00		
Passaic Valley Sewer Commission - Contractual		605,000.00	605,000.00	603,981.94	1,018.06	
Emergency Services Volunteer Length of Service Award		40,000.00	40,000.00		40,000.00	
Public and Private Programs Offset by Revenues						
Over the Limit Under Arrest		4,000.00	4,000.00	4,000.00		
Clean Communities Program		11,980.09	11,980.09	11,980.09		
Click it or Ticket		5,500.00	5,500.00	5,500.00		
Municipal Alliance on Alcoholism and Drug Abuse		16,792.00	16,792.00	16,792.00		
N.J. Division of Criminal Justice - Body Armor Grant		1,865.87	1,865.87	1,865.87		
Recycling Tonnage Grant		3,551.01	3,551.01	3,551.01		
BPP Tax Adjustment for School Purposes						
Local School District		21,249.00	21,249.00	21,249.00		
Regional High School District		16,962.00	16,962.00	16,962.00		
Total Operations - Excluded from "CAPS"		911,840.97	911,840.97	870,822.91	41,018.06	
Detail:						
Salaries & Wages	A-1	9,500.00	9,500.00	9,500.00		
Other Expenses	A-1	902,340.97	902,340.97	861,322.91	41,018.06	
Capital Improvements:						
Capital Improvement Fund		30,000.00	30,000.00	30,000.00		
Improvement to Building		5,000.00	5,000.00	5,000.00		
Purchase of Snow Plow		26,000.00	26,000.00	22,218.75	3,781.25	
Total Capital Improvements Excluded from "CAPS"	A-1	61,000.00	61,000.00	57,218.75	3,781.25	
Municipal Debt Service:						
Payment of Bond Principal		500,000.00	500,000.00	500,000.00		155.10
Interest on Bonds		220,538.76	220,538.76	220,383.66		103.41
Interest on Notes		37,500.00	37,500.00	37,396.59		
Green Trust Loan Program						
Principal		14,975.81	14,975.81	14,975.81		
Interest		3,589.67	3,589.67	3,589.67		

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
NJEIT						
Principal		80,684.21	80,684.21	80,684.21		
Interest		11,075.00	11,075.00	6,316.72		4,758.28
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>868,363.45</u>	<u>868,363.45</u>	<u>863,346.66</u>		<u>5,016.79</u>
Deferred Charges:						
Special Emergency Authorizations - 5 years		146,000.00	146,000.00	146,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	<u>146,000.00</u>	<u>146,000.00</u>	<u>146,000.00</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>1,987,204.42</u>	<u>1,987,204.42</u>	<u>1,937,388.32</u>	<u>44,799.31</u>	<u>5,016.79</u>
Subtotal General Appropriations		<u>9,808,955.42</u>	<u>10,008,955.42</u>	<u>9,092,797.23</u>	<u>911,141.40</u>	<u>5,016.79</u>
Reserve for Uncollected Taxes		<u>770,000.00</u>	<u>770,000.00</u>	<u>770,000.00</u>		
Total General Appropriations		<u>\$ 10,578,955.42</u>	<u>10,778,955.42</u>	<u>9,862,797.23</u>	<u>911,141.40</u>	<u>5,016.79</u>
Adopted Budget	A-2		10,573,455.42			
Appropriated by N.J.S. 40A:4-87	A-2		5,500.00			
Special Emergency Authorization	A-15		200,000.00			
			<u>10,778,955.42</u>			
Cash Disbursed				8,624,872.91		
Encumbrances Payable	A-4			78,235.35		
Special Emergency Authorization	A-14			146,000.00		
Reserve for Retirement Severance Liability	A-21			200,000.00		
Reserve for Uncollected Taxes	A-2			770,000.00		
Reserve for Federal and State Grants	A-23			43,688.97		
				<u>9,862,797.23</u>		

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Dog License Fund:			
Cash	B-1	\$ 1,294.11	277.99
Interfund - Current Fund	B-6	436.70	451.42
		<u>1,730.81</u>	<u>729.41</u>
Other Trust Funds:			
Cash	B-1	551,617.33	510,065.01
Interfund - Federal & State Grant Fund	B-7	774.75	
Interfund - Dog License Fund	B-8	26.00	26.00
Other Receivables	B-2	-	15,580.04
Interfund - Current Fund - Other Trust	B-6	346,739.83	307,930.10
		<u>899,157.91</u>	<u>833,601.15</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-1	304,734.31	297,055.48
		<u>304,734.31</u>	<u>297,055.48</u>
Total Assets		<u>\$ 1,205,623.03</u>	<u>1,131,386.04</u>
<u>Liabilities & Reserves</u>			
Dog License Fund:			
Reserve for Expenditures	B-4	\$ 1,694.61	681.81
Due to State Department of Health	B-5	10.20	21.60
Interfund - Other Trust Fund	B-8	26.00	26.00
		<u>1,730.81</u>	<u>729.41</u>
Other Trust Fund:			
Payroll Deductions Payable	B-9	18,525.39	8,658.17
Other Trust Fund Deposits and Reserves	B-10	880,632.52	824,942.98
		<u>899,157.91</u>	<u>833,601.15</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-11	304,734.31	297,055.48
Total Liabilities & Reserves		<u>\$ 1,205,623.03</u>	<u>1,131,386.04</u>

See Accompanying Notes to Financial Statements.

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Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	C-2/C-3	\$ 1,003,681.00	1,823,860.29
Interfund - Current Fund	C-4	72,026.12	91,527.30
Interfund - Water Capital Fund	C-6	812,375.84	812,375.84
Interfund - Federal and State Grant Fund	C-7	17,200.00	17,200.00
Various Receivables	C-8	1,040,801.73	1,159,472.73
Deferred Charges to Future Taxation:			
Funded	C-9	5,646,203.00	6,241,863.02
Unfunded	C-10	3,588,996.00	3,588,996.00
		<u>12,181,283.69</u>	<u>13,735,295.18</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Water Operating Fund	C-5	80,000.00	80,000.00
NJEIT Trust/Loan	C-11	203,970.32	284,654.53
General Serial Bonds	C-12	5,274,000.00	5,774,000.00
Green Acres Loan Payable	C-13	168,232.68	183,208.49
Bond Anticipation Notes	C-14	3,588,996.00	2,697,896.00
Improvement Authorizations:			
Funded	C-15	760,930.33	1,324,219.52
Unfunded	C-15	1,584,037.69	2,752,860.97
Capital Improvement Fund	C-16	39,955.96	9,955.96
Reserve for:			
Debt Service	C-17	148,728.96	298,728.96
Various Grants Receivable	C-18	277,480.81	277,480.81
Fund Balance	C-1	54,950.94	52,289.94
		<u>\$ 12,181,283.69</u>	<u>13,735,295.18</u>

Footnote: There were \$0.00 and \$891,100.00 of Bonds and Notes Authorized But Not Issued per Exhibit C-19 on December 31, 2018 and 2017

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - December 31, 2017	C	\$ 52,289.94	52,289.94
Increased by:			
Funded Improvement Authorizations Cancelled			104,000.00
Premium on Sale of Bond Anticipation Notes	C-2	<u>27,661.00</u>	<u>104,000.00</u>
		79,950.94	156,289.94
Decreased by:			
Appropriated to Finance Improvement			104,000.00
Authorization			<u>104,000.00</u>
Appropriated to Current Year Budget Revenue	C-2	<u>25,000.00</u>	<u>104,000.00</u>
Balance - December 31, 2018	C,C-3	\$ <u><u>54,950.94</u></u>	<u><u>52,289.94</u></u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.
 Comparative Balance Sheet - Regulatory Basis
 Water Utility Fund
 December 31, 2018 and 2017

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-4	\$ 334,852.68	454,923.24
Due from Current Fund	D-5	347,749.03	143,067.77
Due from General Capital Fund	D-5	80,000.00	80,000.00
Due from Federal and State Grant Fund	D-5	52,800.00	52,800.00
Due from Manchester Utility Authority Service Agreement	D-7	145,000.00	177,721.70
		<u>960,401.71</u>	<u>908,512.71</u>
Total Operating Fund		<u>960,401.71</u>	<u>908,512.71</u>
Capital Fund:			
Cash	D-4/D-8	8,986.22	8,875.50
Interfund - Water Utility Operating Fund	D-5	803,390.23	803,500.95
Fixed Capital	D-9	<u>9,897,583.42</u>	<u>9,897,583.42</u>
Total Capital Fund		<u>10,709,959.87</u>	<u>10,709,959.87</u>
Total Assets		<u>\$ 11,670,361.58</u>	<u>11,618,472.58</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4/D-10	\$ 29,378.67	47,595.91
Interfund - Water Utility Capital Fund	D-5	803,390.23	803,500.95
		<u>832,768.90</u>	<u>851,096.86</u>
Reserve for Receivables	Contra		
Fund Balance	D-1	<u>127,632.81</u>	<u>57,415.85</u>
Total Operating Fund		<u>960,401.71</u>	<u>908,512.71</u>
Capital Fund:			
Serial Bonds Payable	D-11	680,000.00	855,000.00
Capital Improvement Fund	D-12	0.61	0.61
Reserve for Amortization	D-13	9,217,583.42	9,042,583.42
Interfund - General Capital Fund	D-14	<u>812,375.84</u>	<u>812,375.84</u>
Total Capital Fund		<u>10,709,959.87</u>	<u>10,709,959.87</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 11,670,361.58</u>	<u>11,618,472.58</u>

The fixed capital reported is taken from the municipal records
and does not necessarily reflect the true condition of such fixed capital.

There were no bonds or notes authorized but not issued on December 31, 2018 and 2017.

See accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

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

Water Utility Operating Fund

for the Years Ended December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-2	\$ 20,200.00	41,200.00
Service Agreement Manchester			
Utilities Authority	D-2	559,681.26	569,568.76
Non-budget Revenue	D-2	42,821.05	1,839.03
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves	D-10	47,595.91	26,444.71
Total Income		<u>670,298.22</u>	<u>639,052.50</u>
Expenditures:			
Operating	D-3	351,100.00	373,100.00
Debt Service	D-3	199,681.26	209,568.76
Deferred Charges and			
Statutory Expenditures	D-3	29,100.00	28,100.00
Total Expenditures		<u>579,881.26</u>	<u>610,768.76</u>
Excess in Revenue over Expenditures		90,416.96	28,283.74
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			
Statutory Excess to Surplus		90,416.96	28,283.74
Fund Balance - January 1,	D	<u>57,415.85</u>	<u>70,332.11</u>
		147,832.81	98,615.85
Decreased by:			
Utilized as Anticipated Revenue		20,200.00	41,200.00
Fund Balance - December 31,	D	<u>\$ 127,632.81</u>	<u>57,415.85</u>

See accompanying Notes to Financial Statements.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 20,200.00	20,200.00	
Service Agreement Manchester Utilities Authority	D-1/D-6	\$ <u>559,681.26</u>	<u>559,681.26</u>	<u> </u>
Budget Totals	D-3	579,881.26	579,881.26	
Non-Budget Revenue	D-1		42,821.05	42,821.05
		\$ <u>579,881.26</u>	<u>622,702.31</u>	<u>42,821.05</u>
 <u>Analysis of Non-budget Revenues</u>				
Miscellaneous Reimbursement			D-4 37,404.59	
Interest on Deposits:				
Water Operating Fund			D-4 5,305.74	
Interfund - Water Capital Fund			D-5 <u>110.72</u>	
				<u>42,821.05</u>

See accompanying Notes to Financial Statements.

Borough of Haledon, N.J.
 Statement of Expenditures - Regulatory Basis
 Water Utility Operating Fund
 Year Ended December 31, 2018

<u>Ref.</u>	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
			<u>Charged</u>	<u></u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 330,000.00	330,000.00	319,146.66	10,853.34	
Other Expenses	21,100.00	21,100.00	7,386.50	13,713.50	
Total Operating	D-1 351,100.00	351,100.00	326,533.16	24,566.84	
Debt Service:					
Payment of Bond Principal	175,000.00	175,000.00	175,000.00		
Interest on Bonds	24,681.26	24,681.26	24,681.26		
Total Debt Service	D-1 199,681.26	199,681.26	199,681.26		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	26,500.00	26,500.00	22,973.89	3,526.11	
Unemployment Compensation Insurance	2,600.00	2,600.00	1,314.28	1,285.72	
Total Deferred Charges and Statutory Expenditures	D-1 29,100.00	29,100.00	24,288.17	4,811.83	
	\$ 579,881.26	579,881.26	550,502.59	29,378.67	
		D-2	D-4	D	

See accompanying Notes to Financial Statements.

Borough of Haledon , N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	E-1	\$ 28,895.63	3,572.51
Interfund - Current Fund	E-7	<u>314.75</u>	<u>314.75</u>
		<u>29,210.38</u>	<u>3,887.26</u>
<u>Liabilities</u>			
Reserve for Public Assistance	E-6	28,890.52	3,570.53
Interfund - Current Fund	E-7	<u>319.86</u>	<u>316.73</u>
		<u>\$ 29,210.38</u>	<u>3,887.26</u>

See Accompanying Notes to Financial Statements.

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Borough of Haledon , N.J.

Statement of General Fixed Assets - Regulatory Basis

December 31, 2018

With Comparative Figures for 2017

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets:</u>		
Land	3,445,200.00	3,445,200.00
Buildings	7,033,900.00	7,033,900.00
Machinery and Equipment	<u>4,582,774.40</u>	<u>4,474,490.00</u>
	<u>15,061,874.40</u>	<u>14,953,590.00</u>
Investment in Fixed Assets	<u>15,061,874.40</u>	<u>14,953,590.00</u>

See accompanying notes to financial statements.

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BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

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 accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Borough of 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 a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of 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 NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library and Volunteer Fire Department 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 HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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:

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.

All Other Trust Funds - These funds are 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.

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

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.

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

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.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of 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 accounting principles generally accepted in the United States of America (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. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to be included in the tax sale and the lien enforced by selling the property in accordance with N.J.S.A. 54:5 et seq. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

Basis of Accounting, (continued)

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 and water operating 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 Funds
Public Assistance Fund	Water Capital 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. During 2018, the Borough Council increased the original current fund budget by \$205,500.00. This increase was funded by \$5,500.00 in additional revenues from grants and a \$200,000.00 special emergency for severance liability. In addition, several budget transfers were approved.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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.

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.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

Basis of Accounting, (continued)

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 which approximates fair value 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.

Fixed Assets - Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and were not capitalized. Beginning January 1, 1986, the Division of Local Government Services, Department of Community Affairs, requires a fixed asset accounting system to account for all fixed assets acquired and disposed of after January 1, 1986.

Property and equipment purchased by the Water Utility Funds are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in these utility capital funds represent charges to improvements. The utilities do not record depreciation on fixed assets.

Fixed Assets acquired through December 31, 1985 may be valued at either historical cost (estimated) or any other reasonable basis adequately disclosed in the local units financial statements.

There is no requirement for the local unit to record depreciation on General Fixed Assets. However, for cost analysis or grant reimbursement purposes it may be desirable to consider and/or record depreciation.

The Borough of Haledon implemented a fixed asset accounting system in 2017 based on a physical inventory and estimated costs performed by a fixed asset consulting firm.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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 and notes to financial statements because their inclusion would make certain statements and notes unduly complex and difficult to understand.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment 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. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

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.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2018 and 2017, \$-0- of the Borough's bank balance of \$7,604,219.31 and \$6,928,924.08, respectively, was exposed to custodial credit risk.

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) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits 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.

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

New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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

the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of December 31, 2018 and 2017, the Borough had \$15,632.09 and \$15,272.94, respectively, on deposit with the New Jersey Cash Management Fund.

Unaudited Investments

As more fully described in Note 10, 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 the Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2018 and 2017 amounted to \$304,734.31 and \$297,055.48, respectively.

The following investments represent 5% or more of the total invested with the Lincoln Financial Group on December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Growth	\$131,199.46	\$132,423.35
Fixed Income	140,580.48	131,519.66
All Others	<u>32,954.37</u>	<u>33,112.47</u>
 Total	 <u>\$304,734.31</u>	 <u>\$297,055.48</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2018 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Other Liabilities:					
Loans Payable	\$183,208.49	\$	\$14,975.81	\$168,232.68	\$15,276.83
N.J. Environmental Infrastructure:					
Trust	154,000.00		20,000.00	134,000.00	11,000.00
Loan	130,654.53		60,684.21	69,970.32	60,684.21
Deferred Pension Liability	151,850.00		18,450.00	133,400.00	20,182.00
Compensated Absences	747,462.77	212,237.78		959,700.55	
Bonds Payable:					
General Capital	5,774,000.00		500,000.00	5,274,000.00	520,000.00
Water Capital	<u>855,000.00</u>		<u>175,000.00</u>	<u>680,000.00</u>	<u>175,000.00</u>
	<u>\$7,996,175.79</u>	<u>\$212,237.78</u>	<u>\$789,110.02</u>	<u>\$7,419,303.55</u>	<u>\$802,143.04</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.

The Borough's debt is summarized as follows:

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General Bonds, Loans and Notes	\$9,235,199.00	\$8,939,759.02	\$9,149,109.96
Water Utility - Bonds and Notes	<u>680,000.00</u>	<u>855,000.00</u>	<u>1,035,000.00</u>
Total Issued	<u>9,915,199.00</u>	<u>9,794,759.02</u>	<u>10,184,109.96</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes		891,100.00	596,710.00
Water Utility - Bonds and Notes			
Total Authorized But Not Issued		<u>891,100.00</u>	<u>596,710.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$9,915,199.00</u>	<u>\$10,685,859.02</u>	<u>\$10,780,819.96</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

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 statutory net debt of 1.617%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water Utility Debt	\$680,000.00	\$680,000.00	\$0.00
General Debt	<u>9,235,199.00</u>	<u>148,728.96</u>	<u>9,086,470.04</u>
	<u>\$9,915,199.00</u>	<u>\$828,728.96</u>	<u>\$9,086,470.04</u>

Net Debt \$9,086,470.04 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$561,984,672.00 equals 1.617%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$19,669,463.52
Net Debt	<u>9,086,470.04</u>
Remaining Borrowing Power	<u>\$10,582,993.48</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY
PER N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year		\$579,881.26
Deductions:		
Operating and Maintenance Cost	\$380,200.00	
Debt Service per Water Account	<u>199,681.26</u>	
Total Deductions		<u>579,881.26</u>
Excess in Revenue - Self-Liquidating		<u>\$0.00</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible.

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long term debt consisted of the following at December 31, 2018:

	<u>Amount Outstanding</u>
<u>Paid by Current Fund:</u>	
\$4,220,000.00 General Improvement Bonds - issued with variable interest rates of 4.00% to 5.50% on January 22, 2009, due through September 1, 2025	\$2,920,000.00
\$2,699,000.00 General Improvement Bonds - issued with variable interest rates of 2.00% to 3.00% on October 15, 2015, due through October 15, 2031	<u>2,354,000.00</u>
Total Serial Bonds	<u>\$5,274,000.00</u>
\$270,000.00 Green Acres Loan dated April 15, 2009 payable in semiannual installments through October 15, 2028. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$8,394.73 are applied first to interest and then to principal.	\$151,487.56
\$28,561.00 Green Acres Loan dated September 18, 2009 payable in annual installments through March 18, 2029. Interest is paid semiannually at a rate of 2.00% per annum. The semiannual payments of \$888.01 are applied first to interest and then to principal.	<u>16,745.12</u>
Total Green Acres Loans	<u>\$168,232.68</u>
 <u>Paid by Current Fund. (continued):</u>	
\$385,000.00 New Jersey Environmental Infrastructure Trust - Series 2010A and 2017A Refunding dated March 10, 2010 and January 31, 2017, payable in annual installments from August 1, 2011 through August 1, 2029. Interest is paid semiannually at variable interest rates between 3.50% to 5.00%.	\$134,000.00
\$1,153,000.00 New Jersey Environmental Infrastructure Trust Fund - winter 2010, dated March 10, 2010, payable in semiannual installments on February 1 and August 1 commencing on February 1, 2011 with a zero percent interest rate.	<u>69,970.32</u>
Total New Jersey Environmental Infrastructure Loans Payable	<u>\$203,970.32</u>
 <u>Paid by Water Utility Fund:</u>	
\$1,815,000.00 Water Utility Refunding Bonds - issued with variable rates of 2.00% to 3.63% on August 12, 2011, due through March 15, 2022	\$680,000.00
Total Serial Bonds	<u>\$680,000.00</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Capital and Water 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 and/or Water Utility Revenues.

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital \$0.00

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

<u>Year</u>	<u>General</u>			<u>Water Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$520,000.00	\$203,538.75	\$723,538.75	\$175,000.00	\$19,868.76	\$194,868.76
2020	540,000.00	185,038.75	725,038.75	170,000.00	14,481.26	184,481.26
2021	565,000.00	164,988.75	729,988.75	170,000.00	8,850.01	178,850.01
2022	575,000.00	141,838.75	716,838.75	165,000.00	2,990.63	167,990.63
2023	625,000.00	116,163.75	741,163.75			0.00
2024-2028	1,880,000.00	235,750.00	2,115,750.00			0.00
2029-2031	569,000.00	34,110.00	603,110.00			0.00
	<u>\$5,274,000.00</u>	<u>\$1,081,428.75</u>	<u>\$6,355,428.75</u>	<u>\$680,000.00</u>	<u>\$46,190.66</u>	<u>\$726,190.66</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR GREEN ACRES LOANS ISSUED AND OUTSTANDING

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$15,276.83	\$3,288.66	\$18,565.49
2020	15,583.89	2,981.59	18,565.48
2021	15,897.12	2,668.35	18,565.47
2022	16,216.65	2,348.81	18,565.46
2023	16,542.62	2,022.86	18,565.48
2024-2028	87,836.36	4,991.03	92,827.39
2029	879.21	8.79	888.00
	<u>\$168,232.68</u>	<u>\$18,310.09</u>	<u>\$186,542.77</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN
AND FUND LOAN

<u>Year</u>	<u>Trust Loan</u>		<u>Fund Loan</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2019	\$11,000.00	\$5,360.00	\$60,684.21
2020	11,000.00	4,920.00	9,286.11
2021	10,000.00	4,480.00	
2022	11,000.00	4,080.00	
2023	10,000.00	3,640.00	
2024-2028	65,000.00	11,000.00	
2029	<u>16,000.00</u>	<u>640.00</u>	
	<u>\$134,000.00</u>	<u>\$34,120.00</u>	<u>\$69,970.32</u>

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, 2018, the Borough had no outstanding general capital bond anticipation notes.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2018.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>
Notes Payable:				
Jefferies, LLC	\$	\$3,588,996.00	\$	\$3,588,996.00
TD Bank	<u>2,697,896.00</u>	<u> </u>	<u>2,697,896.00</u>	<u> </u>
	<u>\$2,697,896.00</u>	<u>\$3,588,996.00</u>	<u>\$2,697,896.00</u>	<u>\$3,588,996.00</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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, 2018, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2018	2019 Budget Appropriation	Balance to Succeeding Years Budgets
Current Fund:			
Special Emergency Authorizations	<u>\$472,000.00</u>	<u>\$146,000.00</u>	<u>\$326,000.00</u>

NOTE 6. REGIONAL HIGH SCHOOL TAX

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 Borough of Haledon has elected to defer school taxes as follows:

	<u>Regional High School Tax</u>	
	Balance <u>Dec. 31, 2018</u>	Balance <u>Dec. 31, 2017</u>
Balance of Tax	\$2,588,993.00	\$2,551,510.50
Deferred	<u>2,588,993.00</u>	<u>2,551,510.50</u>
Tax Payable	<u>\$0.00</u>	<u>\$0.00</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).

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

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.

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:

<u>Tier</u>	<u>Definition</u>
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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

Police and Firemen's 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.

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.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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.

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 Haledon opted for this deferral in the amount of \$231,878.00. The outstanding balance at December 31, 2018 and 2017 was \$133,400.00 and \$151,850.00, respectively.

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

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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 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>
2018	\$206,966.00	\$406,918.00	\$10,775.25
2017	194,500.00	353,214.00	0.00
2016	188,340.00	442,504.00	0.00

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, 2018, the Borough had a liability of \$3,999,296.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Borough's proportion was 0.0203118215 percent, which was an increase/(decrease) of (.0020292319) percent from its proportion measured as of June 30, 2017.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2018, the Borough recognized pension expense of \$202,037.00. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$76,267.00	\$20,622.00
Changes of assumptions	659,018.00	1,278,762.00
Net difference between projected and actual earnings on pension plan investments		37,514.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>71,905.00</u>	<u>378,628.00</u>
Total	<u>\$807,190.00</u>	<u>\$1,715,526.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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:	
2019	\$27,757.00
2020	(38,430.00)
2021	(275,576.00)
2022	(238,873.00)
2023	(75,490.00)

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	0.0203118215%	0.0223410534%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. 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

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

The actuarial assumptions used in the June 30, 2017 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.

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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2018) 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, 2018 are summarized in the following table:

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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, 2018, 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, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
Borough's proportionate share of the pension liability	\$5,231,773	\$3,999,296	\$3,135,731

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2018, the Borough had a liability of \$6,452,620.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Borough's proportion was 0.0476853958 percent, which was an increase/(decrease) of 0.0017069197 percent from its proportion measured as of June 30, 2017.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

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

For the year ended December 31, 2018, the Borough recognized pension expense of \$406,918.00. At December 31, 2018, 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	\$65,647.00	\$26,702.00
Changes of assumptions	553,871.00	1,653,695.00
Net difference between projected and actual earnings on pension plan investments		35,302.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>623,478.00</u>	<u>720,411.00</u>
Total	<u>\$1,242,996.00</u>	<u>\$2,436,110.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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:	
2019	\$55,493.00
2020	(187,065.00)
2021	(523,339.00)
2022	(335,948.00)
2023	(105,323.00)

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 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Borough's Proportion	0.0476853958%	0.0459784761%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. 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

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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, 2017 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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 HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(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 6.51% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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, 2018 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, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Borough's proportionate share of the pension liability	\$9,809,093	\$6,452,620	\$5,293,561

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Special Funding Situation - PFRS

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

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$876,482 and \$795,057, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$103,818 and \$97,253, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$51,909 and \$39,756, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the 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.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 7, the Borough does not provide post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan. However, benefits are provided as described below:

Special Funding Situation PFRS

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No, 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$5,904,209 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$178,727.

NOTE 9. FUND BALANCES

Fund balances as of December 31, 2018 and 2017 that have been anticipated as revenue in the 2019 and 2018 budgets were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	\$800,000.00	\$625,000.00
Water Operating Fund	33,200.00	20,200.00

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick and vacation time, which may be taken as time off or paid at a later date at an agreed upon rate. The current cost of such unpaid compensation has been estimated at \$959,700.55. This amount, which is material to the financial statements, is not reported either as an expenditure or liability. It is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year it is used.

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

In 2003, 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.

The 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 between \$287.50 to \$1,150.00 to each eligible volunteer who accumulates between 30 to 60 or more service points based on criteria established by Borough Ordinance No. 8-9-2001. In addition, the ordinance does not provide for prior years service credit. The amount of the LOSAP award cannot exceed \$1,150.00 annually, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current year's budget.

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.

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.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 12. INTERFUND BALANCES AND ACTIVITY

\$26.00	Due to the Other Trust Fund from the Dog License Fund for Trust Funds deposited in the Dog License Fund in error.
11,739.08	Due to the Current Fund from the Grant Fund for Grant expenditures paid by the Current Fund.
436.70	Due to the Dog License Fund from the Current Fund for Short Term Loans to pay expenditures and interest earnings.
347,749.03	Due to the Water Operating Fund from the Current Fund for receipts deposited in the Current Fund.
5.11	Due to the Current Fund from the Public Assistance Fund for interest earnings.
346,739.83	Due to the Other Trust Fund from the Current Fund for Other Trust Bills receipts deposited in the Current Fund.
72,026.12	Due to the General Capital Fund from the Current Fund for Short Term Loans.
17,200.00	Due to General Capital Fund From the Grant Fund for General Capital Fund receipts deposited in the Grant Fund.
812,375.84	Due to the General Capital Fund from the Water Capital Fund for reimbursement of Water Capital bills paid by the General Capital Fund and for Short Term Loans.
803,390.23	Due to the Water Capital Fund from the Water Operating Fund for Short Term Loans.
52,800.00	Due to the Water Operating Fund from the Grant Fund for Short-Term Loans.
<u>80,000.00</u>	Due to the Water Operating Fund from the General Capital Fund for Short-Term Loans.
<u>\$2,544,487.94</u>	

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

NOTE 12. CAPITAL LEASE AGREEMENT

The Borough entered into agreements for the leasing of police vehicles under capital leases. The capital lease agreements are for a term of 3 years payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2018.

<u>Year Ended</u> <u>December 31,</u>	<u>Payments</u>
2019	<u>\$27,044.19</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

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 Haledon is currently a member of the Suburban Essex Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund (the "Funds"). The Funds provide their members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Funds are risk-sharing public entity risk pools that are both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

As a member of the Funds, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Funds' liabilities.

The Funds can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Funds are available at the office of the Funds' Executive Director, PERMA Risk Management Services, 9 Campus Drive, Suite 216, Parsippany, NJ 07054.

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, 2018</u>	<u>Balance</u> <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$210,480.28</u>	<u>\$395,537.88</u>
Cash Liability for Taxes Collected in Advance	<u>\$210,480.28</u>	<u>\$395,537.88</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 15. FIXED ASSETS

During 2018, the Borough had an inventory of their fixed assets performed. Below is the activity as of December 31, 2018. Machinery, equipment and vehicles are valued at historical cost and land and buildings are valued at assessed value.

	Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec 31, 2018</u>
Land	\$3,445,200.00	\$	\$	\$3,445,200.00
Buildings	7,033,900.00			7,033,900.00
Machinery, Equipment and Vehicles	<u>4,474,490.00</u>	<u>108,284.40</u>	_____	<u>4,582,774.40</u>
	<u>\$14,953,590.00</u>	<u>\$108,284.40</u>	<u>\$ _____</u>	<u>\$15,061,874.40</u>

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Borough Counsel that the Borough is involved in several legal suits of which several could be material. However, they are covered by insurance with the exception of the following provided by the Borough attorney:

City of Paterson Sewer Agreement

The Borough of Haledon has a Sewer Agreement with the City of Paterson dating back to the early 1900's. Paterson is attempting to renegotiate this agreement with Haledon and several other municipalities. Paterson unilaterally passed an ordinance setting new, substantially higher, sewer fees in 2007. Paterson has asserted a claim for fees from 2001 through 2015 for \$740,828.73. Paterson also is seeking a contribution toward a sewer study from Haledon in the amount of \$119,095. Haledon disputes the increased sewer fee because Paterson unilaterally changed the terms of Haledon's agreement and has not agreed to the sewer study.

NOTE 17. OTHER MATTERS

The Borough council adopted an ordinance dated March 17, 2004 that created the Haledon Municipal Utilities Authority (HMUA) now known as the Manchester Utilities Authority (MUA). The Borough and the MUA also entered into an intralocal agreement and a water deficiency agreement in which the MUA would lease certain employees and equipment from the Borough. Certain fixed assets of the Haledon Water Utility were transferred to the MUA. The bonds and notes of the Haledon Water Utility will be budgeted for by the MUA and proceeds paid to the Haledon Water Utility. All new capital projects will be funded by the MUA whose bonds will be backed by the Borough of Haledon through the deficiency agreement.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 18. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 13, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

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SUPPLEMENTARY DATA AND SCHEDULES

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate:	<u>4.6200</u>	<u>4.5050</u>	<u>4.3610</u>
Apportionment of Tax Rate:			
Municipal	1.4960	1.4484	1.4170
Municipal Library	0.0360	0.0352	0.0340
County - General	0.7830	0.7650	0.7510
County - Open Space	0.0110	0.0105	0.0100
Local School	1.2790	1.2489	1.2050
Regional High School	1.0150	0.9970	0.9440
Assessed Valuations:			
2018	\$508,574,300.00		
2017		\$510,215,500.00	
2016			\$512,950,900.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2018	\$23,509,489.25	\$22,867,917.42	97.27%
2017	23,040,570.25	22,366,166.90	97.07
2016	22,387,568.05	21,763,035.86	97.21

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$72,563.24	\$615,032.63	\$687,595.87	2.92%
2017	68,058.92	605,213.53	673,272.45	2.92
2016	112,103.13	535,515.94	647,619.07	2.89

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

No properties have been acquired in 2018 by foreclosure or deed as a result of liquidation of tax title liens.

The value of properties 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>
2018	\$9,975.00
2017	9,975.00
2016	9,975.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Current Fund</u>	
	<u>Balance December 31.</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$1,431,797.15	\$800,000.00
2017	1,158,736.40	625,000.00
2016	1,163,168.49	700,000.00
2015	1,470,742.34	970,000.00
2014	1,395,862.36	800,000.00
	<u>Water Utility Operating Fund</u>	
2018	\$127,632.81	\$33,200.00
2017	57,415.85	20,200.00
2016	70,332.11	41,200.00
2015	67,952.67	22,800.00
2014	25,782.41	2,650.00

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>
Dominic Stampone	Mayor	
Mounir Almaita	Councilman - Council President	
Tahsina Ahmed	Councilwoman	
Nereyda Curiel	Councilwoman	
Reynaldo Martinez	Councilman	
Carlos Aymat	Councilman	
Michael Johnson	Councilman	
Allan R. Susen	Borough Clerk/Administrator, Assessment Search Officer, Registrar	
John Segreto, Jr.	Magistrate	(A)
Stephen P. Sanzari	Tax Collector	(A)
Maryann Brindisi	Chief Financial Officer	
Kelly Mullanaphy	Court Administrator	(A)
Ferraioli, Wielkocz, Cerullo & Cuva, P.A.	Borough Auditor	
Andrew Oddo	Borough Attorney	
Alaimo Group	Borough Engineer	
Dan Brown	Borough Prosecutor	
Joseph P. DeMarco	Public Defender	

(A) Coverage provided by the Municipal Excess Liability Joint Insurance Fund of up to \$1,000,000.00 per loss subject to a deductible of \$1,000.00 per loss.

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SCHEDULE A

BOROUGH OF HALEDON, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2018

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award Amount	Balance Jan. 1, 2018	Revenues/Receipts	Adjustment/Expended	Balance Dec. 31, 2018	Memo Cumulative Total Expenditures
U.S. Department of Transportation	Streetscape Belmont Ave.	20.205	703,000.00	(12,610.60)			(12,610.60)	438,129.79
	Streetscape Belmont Ave.-PH. III	20.205	620,000.00	(445,111.86)			(445,111.86)	445,111.86
	Distracted Driving Grant	20.616	5,500.00	275.00			275.00	5,225.00
	Over the Limit Under Arrest	20.616	4,000.00	4,000.00		4,000.00		4,000.00
	Click it or Ticket	20.616	5,500.00			5,500.00		5,500.00
U.S. Dept. of Justice	Body Worn Camera's Grant	16.835	17,900.00	(13,110.29)			(13,110.29)	13,110.29
Department of Housing and Urban Development	Community Development Block Grant							
	Improvements to Various Borough Streets	14.218	140,181.00					118,917.08
Pass Through Funds: Passaic County								
				(466,557.75)	5,500.00	9,500.00	(470,557.75)	1,029,994.02

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB UNIFORM GUIDANCE.

BOROUGH OF HALEDON, N.J.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2018

State Grantor Department	Program Title	State Program/ Account Number	Program Amount	Balance Jan. 1, 2018	Receipts	Expended	Balance Dec. 31, 2018	Memo	
								Cumulative Total Expenditures	
Department of Community Affairs	Emergency Road & Bridge Repair Special Legislative Grant-Business District	8030-100-04-88-20	6,393.94	1,744.98			1,744.98	4,648.96	
Division of Motor Vehicles	Drunk Driving Enforcement Fund	1110-448-031020-2200	8,446.56	5,919.02	677.50	5,241.52	(15,000.00)	25,000.00	
			26,622.16	26,622.16		26,622.16		3,205.04	
	Municipal Court Alcohol Education and Rehabilitation	9735-760-060000-60	1,530.47	480.47	480.47	39.31		1,530.47	
			1,358.84	1,358.84	1,319.53	1,532.26		1,319.53	
			846.04	846.04		846.04			
			1,025.25	1,025.25		1,025.25			
Division of Criminal Justice	Body Armor Fund	1020-718-066-1020-001	1,943.57	193.69	193.69			1,943.57	
			1,865.87	1,865.87	1,865.87			1,865.87	
Department of Human Services	General Assistance	7500-150-158010-60 A/C#2	110,459.00	(22,957.05)		(22,957.05)		110,459.00	
Department of Health	H1 N1 Influenza Grant		17,104.00	187.20		187.20		16,916.80	
Department of Environmental Protection	Clean Communities Program	4900-765-178900-60	12,336.38	6,173.74	5,761.79	411.95		11,924.43	
			14,101.48	14,101.48		14,101.48			
			11,980.09	11,980.09		11,980.09			
			114,766.55	114,766.55		11,466.55			
	Recycling Tonnage Grant	4900-752-042-490	3,551.01	3,551.01	3,551.01			3,551.01	
Passaic County Municipal Alliance Grant	Governor's Alcohol and Drug Abuse Prevention	1110-448-031020-22	16,792.00	(6,704.79)	7,179.36	(13,380.79)		16,792.00	
			16,792.00	(9,612.64)	2,363.75	(2,363.75)		16,792.00	
			16,792.00					2,363.75	
Department of Transportation	Transportation Trust Fund Hobart and Henry Street Clinton Street Woodside Avenue Summit Avenue State Pedestrian Safety Program Pothole Repair Program	6320-480-078	150,000.00	(88,217.47)	88,217.47			200,000.00	
			200,000.00	(22,216.66)	22,216.66			187,208.74	
			200,000.00	(21,208.74)	8,236.87			97,138.25	
			100,000.00	(19,086.25)					
			40,000.00						
			6,660.62	6,660.62		6,660.62			
				(121,786.13)	141,278.80	23,392.97	(3,900.30)	702,659.42	

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 15-08.

Borough of Haledon, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2017	A	\$ 2,481,541.97
Increased by Receipts:		
Interest and Costs on Taxes	A-2	158,711.23
General Capital Surplus	A-2	25,000.00
Reserve for Debt Service	A-2	150,000.00
Miscellaneous Revenue Not Anticipated	A-2	109,818.69
Petty Cash	A-7	250.00
Due From State - Senior Citizen and Veteran Deductions	A-8	26,500.00
Taxes Receivable	A-9	23,041,477.45
Tax Title Liens	A-10	75,680.13
Revenue Accounts Receivable	A-12	1,326,232.26
Interfunds	A-13	283,516.84
Prepaid Taxes	A-17	210,480.28
Various Cash Liabilities and Reserves	A-21	<u>221,784.15</u>
		<u>25,629,451.03</u>
		28,110,993.00
Decreased by Disbursements:		
Refund Prior Year Revenue	A-1	82,777.99
Current Year Budget Appropriations	A-3	8,624,872.91
Petty Cash	A-7	250.00
Interfunds	A-13	44,040.99
Appropriation Reserves	A-15	318,615.56
Local District School Taxes	A-18	6,499,917.00
Regional High School Taxes	A-19	5,123,542.50
County Taxes Payable	A-20	4,039,071.55
Various Cash Liabilities and Reserves	A-21	<u>233,982.30</u>
		<u>24,967,070.80</u>
Balance - December 31, 2018	A	\$ <u><u>3,143,922.20</u></u>

Borough of Haledon, N.J.
 Schedule of Cash - Collector-Treasurer
 Grant Fund
 Year Ended December 31, 2018

	<u>Ref.</u>		<u>Grant Fund</u>
Increased by Receipts:			
Grants Receivable	A-22	15,616.00	
Unappropriated Reserve for Grants	A-24	12,491.80	
Interfund - Current Fund	A-13	4,000.42	
			32,882.97
			\$ 32,882.97
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-23	32,882.97	
			\$ 32,882.97

Borough of Haledon, N.J.
 Schedule of Cash - Change Fund
 Current Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ <u>400.00</u>
Balance - December 31, 2018	A	\$ <u>400.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Court		<u>300.00</u>
		<u>400.00</u>

Exhibit A-7

Schedule of Cash - Petty Cash
 Current Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	\$ <u>250.00</u>
Decreased by:		
Returned to Treasurer	A-4	\$ <u>250.00</u>

Borough of 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, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 34,039.97
Increased by:		
Senior Citizens' Deductions Per Tax Billing		10,250.00
Veterans' Deductions Per Tax Billing		23,250.00
Senior Citizens' and Veterans' Allowed - Prior		<u>33,500.00</u>
Less:		
Senior Citizens' and Veterans' Disallowed	A-9	<u>33,500.00</u>
		67,539.97
Decreased by:		
Reduction due to State Audit	A-1	5,750.00
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>26,500.00</u>
Balance - December 31, 2018	A	\$ <u><u>35,289.97</u></u>

Borough of Haledon, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

Year	Balance, Dec. 31, 2017	Levy	Added Taxes		Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Adjusted/ Canceled	Balance, Dec. 31, 2018
			2017	2018	2017	2018				
prior	\$ 605,213.53							2,615.62		0.00
	605,213.53			602,597.91	602,597.91			2,615.62		0.00
2018		23,496,132.66	13,356.59	22,438,879.54	395,537.88	33,500.00	15,212.64	11,326.56		615,032.63
	\$ 605,213.53	23,496,132.66	13,356.59	23,041,477.45	395,537.88	33,500.00	17,828.26	11,326.56		615,032.63
	A			A-2/A-4	A-2/A-17	A-2/A-8	A-10			A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	
Added Tax (R.S. 54:4-63.1 et seq.)	23,496,132.66
	13,356.59
	<u>23,509,489.25</u>
Tax Levy:	
Local District School Tax	6,499,917.00
Regional High School Tax	5,161,025.00
County - General Tax Levy	
County - Open Space Tax Levy	3,981,501.45
Added County Taxes	55,274.43
	<u>2,295.67</u>
	4,039,071.55
	15,700,013.55
Local Tax for Municipal Purposes	7,796,137.45
Additional Taxes	<u>13,338.25</u>
	<u>7,809,475.70</u>
	<u>23,509,489.25</u>

Borough of Haledon, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A	\$ 68,058.92
Increased by:		
Transfer from Taxes Receivable	A-9	17,828.26
Prior Year Adjustment		61,940.30
Interest and Costs Tax Sale		<u>415.89</u>
		80,184.45
		<u>148,243.37</u>
Decreased by:		
Receipts	A-4	<u>75,680.13</u>
Balance - December 31, 2018	A	\$ <u><u>72,563.24</u></u>

Exhibit A-11

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A	\$ <u><u>9,975.00</u></u>
Balance - December 31, 2018	A	\$ <u><u>9,975.00</u></u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	<u>Amount</u>
2	1/3,9/40	1,750.00
2	4/8	250.00
3	1/3	150.00
3	4/51	2,400.00
4	1/5	250.00
4	11/16	300.00
5	1/6	300.00
7	1/3	150.00
26	5/8	300.00
38	1/2	850.00
50	36	425.00
60A	2/3	700.00
65	8	600.00
77	26	50.00
94	1/2	300.00
129	1/2	<u>1,200.00</u>
		<u><u>9,975.00</u></u>

Borough of Hatfield, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2018

	Ref.	Balance Dec. 31, 2017	Accrued	Collected	Balance Dec. 31, 2018
Clerk:					
Licenses:					
Alcoholic beverages	A-2	\$	11,272.00	11,272.00	
Other	A-2		4,850.00	4,850.00	
Fees and Permits	A-2		2,830.00	2,830.00	
Miscellaneous Revenue not Anticipated	A-2		406.03	406.03	
Registrar of Vital Statistics					
Licenses	A-2		213.00	213.00	
Miscellaneous Revenue not Anticipated	A-2	200.00	1,710.00	1,910.00	
Board of Health					
Licenses	A-2		7,350.00	7,350.00	
Uniform Construction Code:					
Fees and Permits - Building	A-2		49,517.68	49,517.68	
Fees and Permits - Other	A-2		730.00	730.00	
Municipal Court :					
Fines and Costs	A-2	23,016.06	326,590.95	332,613.85	16,993.16
Board of Adjustments/Planning Board					
Fees and Permits	A-2		2,250.00	2,250.00	
Police Department:					
Miscellaneous Revenue not Anticipated	A-2		1,667.25	1,667.25	
Energy Receipts Tax	A-2		658,251.00	658,251.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		33,821.00	33,821.00	
Sewer Privileges	A-2	51,389.35	65,131.19	116,520.54	
Interest on Investments and Deposits	A-2	17.04	70,960.76	70,888.98	88.82
Reserve for Sale of Property	A-2		34,057.00	34,057.00	
Life Hazard Use Fees	A-2		16,588.24	16,588.24	
		\$ 74,622.45	1,288,196.10	1,345,736.57	17,081.98
		A			A
Receipts	A-4			1,326,232.26	
Interfunds	A-13			19,504.31	
				1,345,736.57	

Borough of Haledon, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2018

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Federal and State Grant Fund	A	\$ 7,738.66	4,000.42		11,739.08
Dog License Trust	A	(451.42)	14.72		(436.70)
Other Trust	A	(307,930.10)	40,025.85	78,835.58	(346,739.83)
General Capital Fund	A	(91,527.30)	19,501.18		(72,026.12)
Water Operating Fund	A	(143,067.77)		204,681.26	(347,749.03)
Public Assistance #1	A	316.73	3.13		319.86
Public Assistance #2	A	(314.75)			(314.75)
		<u>\$ (535,235.95)</u>	<u>63,545.30</u>	<u>283,516.84</u>	<u>(755,207.49)</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	8,055.39			12,058.94
Due From Current Fund		<u>(543,291.34)</u>			<u>(767,266.43)</u>
		<u>(535,235.95)</u>			<u>(755,207.49)</u>
Disbursed	A-4		44,040.99		
Received	A-4			283,516.84	
Interest on Investments	A-12		<u>19,504.31</u>		
			<u>63,545.30</u>	<u>283,516.84</u>	

Borough of Haledon, N.J.

Schedule of Deferred Charges - Special Emergency Authorizations

Current Fund

Year Ended December 31, 2018

Purpose	Amount Authorized	Not Less Than 1/5 of Amount Authorized	Balance, Dec. 31, 2017	Reduced in 2018 Budget	Amount Resulting from 2018	Balance, Dec. 31, 2018
Revaluation	200,000.00	40,000.00	40,000.00	40,000.00		
Severance Liability Employee Retirement	330,000.00	66,000.00	198,000.00	66,000.00		132,000.00
Severance Liability Employee Retirement	100,000.00	20,000.00	80,000.00	20,000.00		60,000.00
Severance Liability Employee Retirement	100,000.00	20,000.00	100,000.00	20,000.00		80,000.00
Severance Liability Employee Retirement	200,000.00	40,000.00			200,000.00	200,000.00
			\$ 418,000.00	146,000.00	200,000.00	472,000.00
			A	A-3	A-3	A

Borough of Haledon, N.J.

Schedule of Appropriation Reserves

Current Fund

Page 1 of 3

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 2,040.03	2,040.03		2,040.03
Mayor and Council	24.75	24.75		24.75
Municipal Clerk	3,297.13	3,297.13		3,297.13
Elections	434.82	434.82		434.82
Financial Administration	577.70	577.70		577.70
Chief Financial Officer	2,342.11	2,342.11		2,342.11
Collection of Taxes	121.88	121.88		121.88
Assessment of Taxes	27.00	27.00		27.00
Planning Board	19.09	19.09		19.09
Police	30,759.64	30,759.64	12,999.00	17,760.64
School Crossing Guards	4,777.71	4,777.71		4,777.71
Special Police	77.12	77.12		77.12
Police Radio and Communications	4,572.67	4,572.67		4,572.67
Uniform Fire Safety	2,121.91	2,121.91		2,121.91
Prosecutor	256.59	256.59		256.59
Municipal Court	1,109.30	1,109.30		1,109.30
Public Defender	287.88	287.88		287.88
Road Repair and Maintenance	8,740.58	8,740.58		8,740.58
Garbage and Trash Removal	14,703.29	14,703.29		14,703.29
Recycling Program	7,678.08	7,678.08		7,678.08
Public Building and Grounds	1,489.20	1,489.20		1,489.20
Board of Health	1,863.13	1,863.13		1,863.13
Administration of Public Assistance	42.58	42.58		42.58
Senior Citizens Transportation	158.84	158.84		158.84
Construction Code Official	89.58	89.58		89.58
Building Inspector	461.77	461.77		461.77
Electrical Inspector	189.20	189.20		189.20
Fire Protection Official	114.83	114.83		114.83
Zoning & Housing Maint. Enforcement	19.55	19.55		19.55
Total Salaries and Wages Within "CAPS"	<u>88,397.96</u>	<u>88,397.96</u>	<u>12,999.00</u>	<u>75,398.96</u>
Other Expenses Within "CAPS":				
Mayor and Council	515.80	4,729.86	3,939.81	790.05
Municipal Clerk	8,132.20	14,769.08	6,291.86	8,477.22
Elections	269.98	541.24		541.24
Financial Administration				
Treasurer	4,136.23	4,367.23	1,702.19	2,665.04
Miscellaneous	7,500.00	7,500.00	7,500.00	
Annual Audit	4,942.50	4,942.50	2,500.00	2,442.50
Collection of Taxes	276.05	993.30	455.00	538.30
Assessment of Taxes	3.28	653.28	500.00	153.28
Legal Services and Costs	109,037.25	131,540.49	49,818.53	81,721.96
Engineering Services and Costs	14,152.67	14,152.67	9,713.75	4,438.92
Engineering Contractual	16,000.00	16,000.00	3,500.00	12,500.00
Planning Board	7,845.38	7,845.38	118.01	7,727.37
Other Insurance	71,272.52	87,000.00	15,727.48	71,272.52
Group Insurance	20,234.65	20,234.65	5,603.57	14,631.08
Police	5,536.76	26,046.54	19,649.12	6,397.42
Police Cars	297.84	27,000.00	27,000.00	
School Crossing Guards	807.50	807.50		807.50
Emergency Management	49.14	49.14		49.14
Fire	12,207.92	15,160.25	572.33	14,587.92

Borough of Haledon, N.J.
Schedule of Appropriation Reserves

Current Fund

Page 2 of 3

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Fire - OSHA Physicals	1,000.00	1,000.00		1,000.00
Fire - OSHA Hepatitis B	7,000.00	7,000.00		7,000.00
Fire Prevention Bureau	402.31	402.31		402.31
Fire Official	1,750.00	1,750.00		1,750.00
Municipal Court	304.60	923.03	552.77	370.26
Road Repairs and Maintenance	24,601.32	42,075.24	18,547.86	23,527.38
Garbage and Trash Removal	7,914.26	8,978.26	1,064.00	7,914.26
Solid Waste Disposal Costs	6,785.80	22,879.59	16,093.79	6,785.80
Recycling Program	0.71	1,922.06	1,741.35	180.71
Public Buildings and Grounds	10,595.56	60,979.40	45,116.37	15,863.03
Sewer System				
Contractual	2,500.00	2,500.00		2,500.00
Miscellaneous	9,850.00	12,250.00	2,400.00	9,850.00
Municipal Services Act	12,000.00	12,000.00	9,759.66	2,240.34
Board of Health	1,955.74	1,955.74	550.00	1,405.74
Board of Health - Contractual	688.00	688.00		688.00
Animal Control	2,003.00	3,603.00	2,366.00	1,237.00
Administration of Public Assistance	546.22	546.22		546.22
Senior Citizens' Transportation	738.00	738.00		738.00
Recreation	9,917.80	27,372.94	22,877.26	4,495.68
Celebration of Public Events	87.38	280.02	192.64	87.38
Building Inspector	62.45	391.31	54.61	336.70
Plumbing Inspector	25.00	100.00	75.00	25.00
Electrical Inspector	72.92	100.00	27.08	72.92
Fire Subcode Official		74.00	74.00	
Zoning and Housing Maintenance Enforcement	667.07	867.15	200.08	667.07
NJEIT Annual Fees	45.00	45.00		45.00
Street Lighting	6,027.94	6,027.94	6,027.94	
Gasoline	32,293.44	33,747.94	1,454.50	32,293.44
Fire Hydrant Service	3,286.49	1,186.49		1,186.49
Total Other Expenses Within "CAPS"	<u>426,338.68</u>	<u>636,716.75</u>	<u>283,766.56</u>	<u>352,950.19</u>
Deferred Charges and Statutory Expenditures				
Within "CAPS":				
Public Employees' Retirement System	0.62	0.62		0.62
Social Security (O.A.S.I.)	1,896.20	1,896.20		1,896.20
Defined Contribution Retirement Plan	3,610.20	3,610.20		3,610.20
Unemployment	162.33	162.33		162.33
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>5,669.35</u>	<u>5,669.35</u>		<u>5,669.35</u>
Total Reserves Within "CAPS"	<u>520,405.99</u>	<u>730,784.06</u>	<u>296,765.56</u>	<u>434,018.50</u>

Borough of Haledon, N.J.
Schedule of Appropriation Reserves

Current Fund

Page 3 of 3

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Commission Contractual	742.55	742.55		742.55
Emergency Services Volunteer - LOSAP	40,000.00	40,000.00	21,850.00	18,150.00
	<u>40,742.55</u>	<u>40,742.55</u>	<u>21,850.00</u>	<u>18,892.55</u>
Total Other Expenses Excluded from "CAPS"				
Total Reserves Excluded from "CAPS"	<u>40,742.55</u>	<u>40,742.55</u>	<u>21,850.00</u>	<u>18,892.55</u>
Totals	<u>\$ 561,148.54</u>	<u>771,526.61</u>	<u>318,615.56</u> A-4	<u>452,911.05</u> A-1
	<u>Ref.</u>			
Total Reserves	A	561,148.54		
Prior Year Encumbrances	A-16	<u>210,378.07</u>		
		<u>771,526.61</u>		

Borough of Haledon, N.J.
 Schedule of Encumbrances Payable
 Current Fund
 Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A	\$ 210,378.07
Increased by:		
Transfer from Current Appropriations	A-3	<u>78,235.35</u>
		288,613.42
Decreased by:		
Transfer to Appropriation Reserves	A-15	<u>210,378.07</u>
Balance - December 31, 2018	A	\$ <u><u>78,235.35</u></u>

Exhibit A-17

Schedule of Prepaid Taxes
 Current Fund
 Year Ended December 31, 2018

Balance - December 31, 2017	A	\$ 395,537.88
Increased by:		
Receipts - Prepaid 2019 Taxes	A-4	<u>210,480.28</u>
		606,018.16
Decreased by:		
Applied to 2018 Taxes	A-9	<u>395,537.88</u>
Balance - December 31, 2018	A	\$ <u><u>210,480.28</u></u>

Borough of Haledon, N.J.

Schedule of Local District School Tax

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A, A-1	0.87
Increased by:		
Levy - Calendar Year 2018	A-1,A-9	\$ <u>6,499,917.00</u>
		6,499,917.87
Decreased by:		
Payments	A-4	<u>6,499,917.00</u>
Balance - December 31, 2018	A, A-1	\$ <u><u>0.87</u></u>

Exhibit A-19

Schedule of Regional High School Tax

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017		
School Tax Payable	<u>A</u>	
School Tax Deferred		\$ <u>2,551,510.50</u> \$ 2,551,510.50
Increased by:		
Levy School Year - July 1, 2018 to June 30, 2019	A-9	<u>5,161,025.00</u>
		7,712,535.50
Decreased by:		
Payments	A-4	<u>5,123,542.50</u>
Balance - December 31, 2018		
School Tax Payable		
School Tax Deferred		\$ <u>2,588,993.00</u> \$ <u>2,588,993.00</u>
2018 Liability for Regional High School District Tax:		
Tax Payable - Dec. 31, 2018		5,123,542.50
Tax Paid		<u>5,123,542.50</u>
Less: Tax Payable - Dec. 31, 2017		<u> </u>
Amount Charged to 2018 Operations	A-1	<u><u>5,123,542.50</u></u>

Borough of Haledon, N.J.

Schedule of County Taxes Payable/(Receivable)

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A		(1,087.04)
Increased by:			
Levy - General	A-1/A-9	\$ 3,981,501.45	
Levy - Open Space	A-1/A-9	55,274.43	
Added and Omitted Taxes	A-1/A-9	<u>2,295.67</u>	<u>4,039,071.55</u>
			4,037,984.51
Decreased by:			
Payments	A-4		\$ <u>4,039,071.55</u>
Balance - December 31, 2018	A		<u><u>(1,087.04)</u></u>

Borough of Haledon, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2018

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
<u>Liabilities:</u>				
Tax Overpayments	\$	12,712.64	12,712.64	
Due to State of NJ Marriage Surcharge		1,525.00	1,050.00	475.00
Due to State of NJ Building Surcharge	56.00	3,481.00	2,680.00	857.00
Special Emergency Note Payable		200,000.00		200,000.00
<u>Reserves for:</u>				
LOSAP		1,465.51		1,465.51
Revaluation	29,690.50			29,690.50
DARE Contribution	11,540.39			11,540.39
Retirement Severance Liability	18,601.95	200,000.00	217,539.66	1,062.29
ABC License Buybacks	5,000.00	2,600.00		7,600.00
	<u>\$ 64,888.84</u>	<u>421,784.15</u>	<u>233,982.30</u>	<u>252,690.69</u>
	A			A
Transfer from Current Appropriations		200,000.00		
Received	Ref.	221,784.15		
Disbursed	A-3		233,982.30	
	A-4			
	A-4			
		<u>421,784.15</u>	<u>233,982.30</u>	

Borough of Haledon, N.J.
 Schedule of Grants Receivable
 Federal and State Grant Fund
 Year Ended December 31, 2018

<u>Grant</u>	<u>Balance Dec. 31, 2017</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Transfer from Unapprop. Reserve</u>	<u>Balance Dec. 31, 2018</u>
Federal Grants:					
Body Worn Cameras Grant	17,900.00	4,000.00		4,000.00	17,900.00
Over the Limit Under Arrest		5,500.00	5,500.00		
Click It or Ticket	<u>17,900.00</u>	<u>9,500.00</u>	<u>5,500.00</u>	<u>4,000.00</u>	<u>17,900.00</u>
State Grants:					
Municipal Alliance on Alcoholism and Drug Abuse	\$ 23,496.79	16,792.00	10,116.00		30,172.79
Recycling Tonnage Grant		3,551.01		3,551.01	
Clean Communities Grant		11,980.09		11,980.09	
N.J. Transportation Trust Fund	277,120.92			1,865.87	277,120.92
Body Armor Replacement Fund		1,865.87			15,000.00
Special Legislative Grant - Business District					40,000.00
State Pedestrian Safety Program	<u>355,617.71</u>	<u>34,188.97</u>	<u>10,116.00</u>	<u>17,396.97</u>	<u>362,293.71</u>
	<u>\$ 373,517.71</u>	<u>43,688.97</u>	<u>15,616.00</u>	<u>21,396.97</u>	<u>380,193.71</u>
	A	A-2	A-5	A-24	A

Borough of Haledon, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

Grant	Balance Dec. 31, 2017	Transfer From 2018 Budget	Expended	Cancelled	Balance Dec. 31, 2018
Federal Grants:					
Supplemental Safe Neigh. Discretionary Grant -					
Purchase of Police Car	\$ 30.00				30.00
Over the Limit Under Arrest		4,000.00	4,000.00		
Click It or Ticket		5,500.00	5,500.00		
Distracted Driving Grant	275.00				275.00
Body Worn Cameras Grant	4,789.71				4,789.71
	<u>5,094.71</u>	<u>9,500.00</u>	<u>9,500.00</u>		<u>5,094.71</u>
State Grants:					
Municipal Alliance on Alcoholism and Drug Abuse	7,179.36	16,792.00	9,543.11		14,428.25
Emergency Road & Bridge Repair	1,744.98				1,744.98
Clean Communities Grant	20,275.22	11,980.09	5,761.79		26,493.52
Alcohol Ed. and Rehabilitation Fund	4,217.61		1,800.00		2,417.61
Drunk Driving Enforcement Fund	32,541.18		667.50		31,873.68
Recycling Tonnage Grant		3,551.01	3,551.01		
Aid to Distressed Cities - Transitional Services	195.16				195.16
Pothole Repair Program Grant	6,660.62				6,660.62
Body Armor Replacement Fund	193.69	1,865.87	2,059.56		
H1N1 Influenza Grant	187.20				187.20
State Pedestrian Safety Program	40,000.00				40,000.00
NJDEP - Green Communities	3,000.00				3,000.00
N.J. Transportation Trust Fund	153,092.35				153,092.35
	<u>269,287.37</u>	<u>34,188.97</u>	<u>23,382.97</u>		<u>280,093.37</u>
	\$ 274,382.08	43,688.97	32,882.97		285,188.08
	A		A-5		A
Federal and State Grants	Ref. A-3	43,688.97			
		<u>43,688.97</u>			

Borough of Haledon, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

Grant	Balance	Transfer	Received	Balance
	Dec. 31, 2017	To 2018 Budget		Dec. 31, 2018
Federal Grants:				
Over the Limit Under Arrest	\$ 4,000.00	4,000.00		
	<u>4,000.00</u>	<u>4,000.00</u>		
State Grants:				
Body Armor Replacement Grant	\$ 1,865.87	1,865.87	1,025.25	1,025.25
Alcohol Ed. and Rehabilitation Fund	3,551.01	3,551.01		
Recycling Tonnage Grant	11,980.09	11,980.09	11,466.55	11,466.55
Clean Communities Grant	<u>17,396.97</u>	<u>17,396.97</u>	<u>12,491.80</u>	<u>12,491.80</u>
	\$ 21,396.97	21,396.97	12,491.80	12,491.80
	<u>A</u>	<u>A-22</u>	<u>A-5</u>	<u>A</u>

Borough of Haledon, N.J.
Schedule of Interfund Other Trust Fund
Federal and State Grant Funds
Year Ended December 31, 2018

		<u>Ref.</u>	
Increased by:			
Received		A-5	\$ <u>774.75</u>
Balance - December 31, 2018	Due to	A	\$ <u><u>774.75</u></u>

Exhibit A-26

Schedule of Interfund General Capital Fund
Federal and State Grant Funds
Year Ended December 31, 2018

		<u>Ref.</u>	
Balance - December 31, 2017	Due to	A	\$ <u>17,200.00</u>
Balance - December 31, 2018	Due to	A	\$ <u><u>17,200.00</u></u>

Exhibit A-27

Schedule of Interfund Water Operating Fund
Federal and State Grant Funds
Year Ended December 31, 2018

		<u>Ref.</u>	
Balance - December 31, 2017	Due to		\$ <u>52,800.00</u>
Balance - December 31, 2018	Due to	A	\$ <u><u>52,800.00</u></u>

Borough of Haledon, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Dog License Fund</u>	<u>Other Trust Funds</u>	<u>Unaudited Emergency Services Volunteer LOSAP</u>
Balance - December 31, 2017	B	\$ <u>277.99</u>	<u>510,065.01</u>	<u>297,055.48</u>
Increased by Receipts:				
Other Receivables	B-2		15,580.04	
LOSAP - Contributions Receivable	B-2			21,850.00
Dog License Fees - Borough Share	B-4	1,012.80		
Dog License Fees - State Share	B-5	208.20		
Interfund - Current Fund	B-6	14.72	40,025.85	
Payroll Deductions Payable	B-9		5,555,552.74	
Other Trust Funds	B-10		688,121.51	
LOSAP - Net Assets Available	B-11			(6,194.38)
Total Receipts		<u>1,235.72</u>	<u>6,299,280.14</u>	<u>15,655.62</u>
		<u>1,513.71</u>	<u>6,809,345.15</u>	<u>312,711.10</u>
Decreased by Disbursements:				
Other Receivables	B-2			
Interfund - Current Fund	B-6		78,835.58	
State Share - Dog Licenses	B-5	219.60		
Interfund - Federal & State Grant Fund	B-8		774.75	
Payroll Deductions Payable	B-9		5,545,685.52	
Other Trust Funds	B-10		632,431.97	
LOSAP - Net Assets Available	B-11			7,976.79
Total Disbursements		<u>219.60</u>	<u>6,257,727.82</u>	<u>7,976.79</u>
Balance - December 31, 2018	B	\$ <u><u>1,294.11</u></u>	<u><u>551,617.33</u></u>	<u><u>304,734.31</u></u>

Borough of Haledon, N.J.

Schedule of Other Receivables

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 15,580.04
Receipts	B-1	<u>15,580.04</u>
Balance - December 31, 2018	B	\$ <u><u> </u></u>

Borough of Haledon, N.J.

Schedule of Emergency Services Volunteer Length
of Service Award Program - Contributions Receivable

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Contributions	B-10	\$ 21,850.00
Decreased by:		
Receipts	B-1	<u>21,850.00</u>
Balance - December 31, 2018	B	<u><u>\$ 0.00</u></u>

Borough of Haledon, N.J.

Reserve/(Deficit) for Dog Fund Expenditures

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	681.81
Increased by:		
Dog License Fees including Late Fees	B-1	<u>1,012.80</u>
		<u>1,012.80</u>
Balance - December 31, 2018	B	<u><u>1,694.61</u></u>

License Fees Collected

<u>Year</u>	
2017	1,104.40
2016	<u>1,071.80</u>
	<u><u>2,176.20</u></u>

Exhibit B-5

Schedule of Due to/(from) State Department of Health

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 21.60
Increased by:		
State Fees Collected	B-1	<u>208.20</u>
		<u>229.80</u>
Decreased by:		
Paid to State	B-1	<u>219.60</u>
Balance - December 31, 2018	B	<u><u>10.20</u></u>

Borough of Haledon, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2018

	Due to/(from) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2018</u>
Dog License Trust	(451.42)	14.72		(436.70)
Other Trust	<u>(307,930.10)</u>	<u>40,025.85</u>	<u>78,835.58</u>	<u>(346,739.83)</u>
	<u>(308,381.52)</u>	<u>40,040.57</u>	<u>78,835.58</u>	<u>(347,176.53)</u>
	B	B-1	B-1	B

Exhibit B-7

Schedule of Interfund - Federal & State Grant Fund

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Disbursed	B-1	<u>774.75</u>
Balance - December 31, 2018		
Due from	B	<u>774.75</u>

Exhibit B-8

Schedule of Interfund - Dog License Fund

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017		
Due from	B	<u>26.00</u>
Balance - December 31, 2018		
Due from	B	<u>26.00</u>

Borough of Haledon, N.J.
Schedule of Payroll Deductions Payable
Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 8,658.17
Increased by:		
Receipts	B-1	<u>5,555,552.74</u>
		5,564,210.91
Decreased by:		
Disbursements	B-1	<u>5,545,685.52</u>
Balance - December 31, 2018	B	\$ <u><u>18,525.39</u></u>

Borough of Haledon, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2018</u>
Escrow Deposits	161,330.47	39,824.38	31,523.59	169,631.26
Reserve for Unemployment	7,839.66	92.84	704.99	7,227.51
Reserve for Restitution	1,296.05	245.00		1,541.05
Reserve for P.O.A.A.	11,724.49	2,026.00	423.00	13,327.49
Reserve for Uniform Fire Safety Penalty	4,828.00			4,828.00
Reserve fo Community Fund	1,051.00			1,051.00
Reserve for Recreation	13,476.92	13,954.02	14,476.66	12,954.28
Reserve for Senior Citizen Recreation	3,029.67			3,029.67
Reserve for Centennial	3,493.75	530.00		4,023.75
Reserve for Special Police Outside Duty		297,608.96	287,159.00	10,449.96
Reserve for Affordable Housing	175,000.00			175,000.00
Reserve for Recreation Improvements	10,000.00			10,000.00
Reserve for Public Defender	1,550.00	1,275.00	250.00	2,575.00
Reserve for Legal Settlement Stone Industries	157,880.00	39,470.00		197,350.00
Other Escrow	11,504.20	900.00		12,404.20
Sale of Assets	34,809.48		34,057.00	752.48
Fireworks Donations	2,200.00			2,200.00
Junior Police Academy	3,150.00			3,150.00
Insurance Escrow	58,099.35	25,020.96	29,570.77	53,549.54
RX/Sec. 125 Plan	12,879.94	194,574.35	182,966.96	24,487.33
Reserve for Premium on Tax Sale	149,800.00	72,600.00	51,300.00	171,100.00
	<u>824,942.98</u>	<u>688,121.51</u>	<u>632,431.97</u>	<u>880,632.52</u>
	B	B-1	B-1	B

Borough of Haledon, N.J.

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

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	B		297,055.48
Increased by:			
Borough Contributions	B-3	21,850.00	
Appreciation / (Depreciation)	B-1	<u>(6,194.38)</u>	
			<u>15,655.62</u>
			312,711.10
Decreased by:			
Withdrawals		6,601.79	
Administration Fee		<u>1,375.00</u>	
	B-1		<u>7,976.79</u>
Balance - December 31, 2018	B		<u><u>304,734.31</u></u>

Borough of Haledon, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	C		\$ 1,823,860.29
Increased by Receipts:			
Premium Sale of BAN'S	C-1	27,661.00	
Interfund - Current Fund	C-4	19,501.18	
Various Receivables	C-8	118,671.00	
Bond Anticipation Notes	C-14	3,588,996.00	
Budget Appropriations:			
Capital Improvement Fund	C-15	<u>30,000.00</u>	
			<u>3,784,829.18</u>
			5,608,689.47
Decreased by Disbursements:			
Fund Balance	C-1	25,000.00	
Bond Anticipation Notes	C-14	2,697,896.00	
Various Reserves	C-17	150,000.00	
Improvement Authorizations	C-15	<u>1,732,112.47</u>	
			<u>4,605,008.47</u>
Balance - December 31, 2018	C		\$ <u><u>1,003,681.00</u></u>

Borough of Haledon, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2018

Fund Balance	<u>Ref.</u>	
	C-1	\$ 54,950.94
Interfund - Current Fund	C-4	(72,026.12)
Interfund - Water Operating Fund	C-5	80,000.00
Interfund - Water Capital Fund	C-6	(812,375.84)
Interfund - State & Federal Grant Fund	C-7	(17,200.00)
Various Receivables	C-8	(763,320.92)
Capital Improvement Fund	C-16	39,955.96
Various Reserves	C-17	148,728.96

Improvement Authorizations:

Ordinance

Number

Improvement Description

3-11-04	Various Capital Improvements	13,381.44
06-18-09	Roe Street Sanitary Sewer Rehabilitation	1,144.94
08-20-09	Roe Street Sewer Repairs	19,647.94
07-01-10	Various Capital Improvements	14,641.36
03-03-11	Imp. Sanitary Sewer Haledon Avenue	11,287.21
08-18-11	Various Capital Improvements	281,303.11
06-21-12	Various Capital Improvements	234,821.48
04-17-14	Various Capital Improvements	106,690.00
08-21-14A	Various Capital Improvements	246,962.47
06-10-15	Various Capital Improvements	11,559.19
08-26-15A	Various Capital Improvements	614,299.56
06-09-16A	Various Capital Improvements	15,185.01
07-13-17	Lewis Street & Circle Avenue Project	74,276.15
08-10-17	Belmont Square Project	66,453.66
11-09-17	Various Capital Improvements	633,314.50
		<hr/>
		\$ 1,003,681.00
		<hr/> <u>C</u>

Borough of Haledon, N.J.
 Schedule of Interfund - Current Fund
 General Capital Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017 - Due from	C	\$ 91,527.30
Decreased by:		
Interest Earned	C-2	<u>19,501.18</u> <u>19,501.18</u>
Balance - December 31, 2018 - Due from	C, C-3	\$ <u>72,026.12</u>

Exhibit C-5

Schedule of Interfund - Water Operating Fund
 General Capital Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017 - Due to	C	\$ <u>80,000.00</u>
Balance - December 31, 2018 - Due to	C, C-3	\$ <u>80,000.00</u>

Exhibit C-6

Schedule of Interfund - Water Capital Fund
 General Capital Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017 - Due From	C	\$ <u>812,375.84</u>
Balance - December 31, 2018 - Due From	C, C-3	\$ <u>812,375.84</u>

Exhibit C-7

Schedule of Interfund - Federal and State Grant Fund
 General Capital Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017 - Due From	C	\$ <u>17,200.00</u>
Balance - December 31, 2018 - Due From	C, C-3	\$ <u>17,200.00</u>

Borough of Haledon, N.J.
Schedule of Various Receivables
General Capital Fund
Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Grants</u> <u>Approved</u>	<u>Cash</u> <u>Received</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
<u>State of New Jersey</u>				
Transportation Trust Fund:				
Ord. 6/21/12 - Streetscape Belmont Avenue	\$ 277,480.81			277,480.81
Ord. 8/26/15A - Various Borough Streets	240,728.00		118,671.00	122,057.00
Ord. 8/26/15A - Streetscape Belmont Ave. Ph. III	620,000.00			620,000.00
<u>Passaic County - Comm. Dev. Block Grant</u>	21,263.92			21,263.92
Ord. 8/26/15A - Various Borough Streets				
	<u>\$ 1,159,472.73</u>		<u>118,671.00</u>	<u>1,040,801.73</u>
	C		C-2	C

Borough of Haledon, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 6,241,863.02
Decreased by:		
Paid by Current Year Budget Appropriations:		
NJEIT Loan Payable	C-11	20,000.00
NJEIT Loan Payable	C-11	60,684.21
Serial Bonds	C-12	500,000.00
Greenacres Loan Payable	C-13	14,975.81
		<u>595,660.02</u>
Balance - December 31, 2018	C	\$ <u><u>5,646,203.00</u></u>

Borough of Haledon, N.J.

Schedule of New Jersey Environmental Infrastructure Trust/Loan

General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Total</u>	<u>Trust</u>	<u>Loan</u>
Balance - December 31, 2017	C	\$ 284,654.53	154,000.00	130,654.53
Decreased by:				
Principal Paid	C-9	<u>80,684.21</u>	<u>20,000.00</u>	<u>60,684.21</u>
Balance - December 31, 2018	C	<u>\$ 203,970.32</u>	<u>134,000.00</u>	<u>69,970.32</u>

Borough of Haledon, N.J.
 Schedule of General Serial Bonds Payable
 General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
General Improvement Bonds Series 2009	1/22/2009	4,220,000.00	9/1/2019	360,000.00	4.250%	\$ 3,270,000.00		350,000.00	2,920,000.00
			9/1/2020	370,000.00	4.500%				
			9/1/2021	395,000.00	5.000%				
			9/1/2022	405,000.00	5.500%				
			9/1/2023	445,000.00	4.625%				
			9/1/2024	460,000.00	5.500%				
			9/1/2025	485,000.00	5.500%				
<hr/>									
General Improvement Bonds Series 2015	10/15/2015	2,699,000.00	10/15/2019	160,000.00	2.000%	2,504,000.00		150,000.00	2,354,000.00
			10/15/2020-22	170,000.00	2.000%				
			10/15/2023	180,000.00	2.000%				
			10/15/2024	180,000.00	2.250%				
			10/15/2025	185,000.00	2.250%				
			10/15/2026-27	190,000.00	2.500%				
			10/15/2028	190,000.00	2.750%				
			10/15/2029-30	190,000.00	3.000%				
				189,000.00	3.000%				
						\$ 5,774,000.00		500,000.00	5,274,000.00
						<u>C</u>		<u>C-9</u>	<u>C</u>

Borough of Haledon, N.J.
 Schedule of New Jersey Green Acres Loan Payable
 General Capital Fund
 Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Semi-Annual Maturities		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
Roe Street Athletic Field Renovations	4/15/2009	270,000.00	See Notes to Financial Statements 4/15 and 10/15	Various	2.00%	\$ 165,043.59		13,556.03	151,487.56
Roe Street Athletic Field Renovations	9/18/2009	28,561.00	3/18 and 9/18	Various	2.00%	18,164.90		1,419.78	16,745.12
						\$ 183,208.49		14,975.81	168,232.68
						<u>C</u>		<u>C-9</u>	<u>C</u>

Borough of Haledon, N.J.
Schedule of Bond Anticipation Notes Payable
General Capital Fund
Year Ended December 31, 2018

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
08-21-14A	Various Capital Improvements	745,275.00	11/22/2016	11/16/2018	11/1/2019	3.25%	745,275.00	745,275.00	745,275.00	745,275.00
08-26-15A	Various Capital Improvements	1,355,911.00	11/22/2016	11/16/2018	11/1/2019	3.25%	1,355,911.00	1,355,911.00	1,355,911.00	1,355,911.00
08-26-15A	Various Capital Improvements	10,560.00	11/20/2017	11/16/2018	11/1/2019	3.25%	10,560.00	10,560.00	10,560.00	10,560.00
06-09-16	Various Capital Improvements	586,150.00	11/20/2017	11/16/2018	11/1/2019	3.25%	586,150.00	586,150.00	586,150.00	586,150.00
07-13-17	Lewis Street & Circle Avenue Project	178,600.00	11/16/2018	11/16/2018	11/1/2019	3.25%	178,600.00	178,600.00	178,600.00	178,600.00
11-09-17	Various Capital Improvements	712,500.00	11/16/2018	11/16/2018	11/1/2019	3.25%	712,500.00	712,500.00	712,500.00	712,500.00
							\$ 2,697,896.00	3,588,996.00	2,697,896.00	3,588,996.00
							C	C	C	C
								891,100.00	2,697,896.00	2,697,896.00
								2,697,896.00	2,697,896.00	2,697,896.00
								3,588,996.00	2,697,896.00	2,697,896.00

Ref.
C-2/C-19
C-2

Issued for Cash
Renewals

Borough of Haledon, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Balance Dec. 31, 2018	
				Funded	Unfunded			Funded	Unfunded
General Improvements:									
03-11-04	Various Capital Improvements	4/21/2004	\$ 1,600,000.00	\$ 16,071.44			2,690.00	13,381.44	
06-18-09	Roe Street Sanitary Sewer Rehabilitation	7/16/2009	2,000,000.00	1,144.94				1,144.94	
08-20-09	Roe Street Sewer Repairs	9/17/2009	175,000.00	19,647.94				19,647.94	
07-01-10	Various Capital Improvements	7/22/2010	1,350,000.00	74,641.36	(60,000.00)			14,641.36	
03-03-11	Imp. Sanitary Sewer Haledon Avenue	4/21/2011	105,000.00	11,287.21				11,287.21	
08-18-11	Various Capital Improvements	9/15/2011	875,000.00	281,303.11				281,303.11	
06-21-12	Various Capital Improvements	7/19/2012	1,410,000.00	234,821.48				234,821.48	
04-17-14	Various Capital Improvements	5/15/2014	172,253.71	106,690.00				106,690.00	246,962.47
08-21-14A	Various Capital Improvements	9/8/2014	784,500.00			(153,724.81)			
06-10-15	Various Capital Improvements	7/22/2015	333,909.25	134,189.48		122,630.29		11,559.19	
08-26-15A	Various Capital Improvements	9/23/2015	2,731,847.00	302,922.56		1,055,094.00			614,299.56
06-09-16A	Various Capital Improvements	7/14/2016	617,000.00			390,659.30			15,185.01
07-13-17	Lewis Street & Circle Avenue Project	8/10/2017	188,000.00			100,531.85			74,276.15
08-10-17	Belmont Square Project	9/14/2017	104,000.00	104,000.00		37,546.34		66,453.66	
11-09-17	Various Capital Improvements	11/30/2017	750,000.00	37,500.00		116,685.50			633,314.50
6/12/2018	Purchase of Police Car	7/12/2018	60,000.00			60,000.00			
				<u>\$ 1,324,219.52</u>	<u>2,752,860.97</u>	<u>1,732,112.47</u>	<u>C-2</u>	<u>760,930.33</u>	<u>1,584,037.69</u>
				<u>C</u>	<u>C</u>	<u>C</u>		<u>C</u>	<u>C</u>

Borough of Haledon, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 9,955.96
Increased by:		
Budget Appropriation	C-2	<u>30,000.00</u>
Balance - December 31, 2018	C/C-3	<u>\$ 39,955.96</u>

Borough of Haledon, N.J.
 Schedule of Various Reserves
 General Capital Fund
 Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Debt Service	\$ 298,728.96		150,000.00	148,728.96
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 298,728.96</u>	<u> </u>	<u>150,000.00</u>	<u>148,728.96</u>
	<u>C</u>		<u>C-2</u>	<u>C/C-3</u>

Schedule of Reserve for Various Grants Receivable
 General Capital Fund
 Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
<u>State of New Jersey</u> Transportation Trust Fund: Ord. 6/21/12 - Streetscape Belmont Avenue	277,480.81			277,480.81
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 277,480.81</u>	<u> </u>	<u> </u>	<u>277,480.81</u>
	<u>C</u>			<u>C</u>

Borough of Haledon, N.J.
Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Decreased</u>	<u>Balance Dec. 31, 2018</u>
	<u>General improvements:</u>			
07-13-17	Lewis Street & Circle Avenue Project	178,600.00	178,600.00	
11-09-17	Various Capital Improvements	712,500.00	712,500.00	
		<u>\$ 891,100.00</u>	<u>891,100.00</u>	<u>Footnote C</u>
	Notes Issued		<u>891,100.00</u>	
			<u>891,100.00</u>	

Borough of Haledon, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2017	D	\$ <u>454,923.24</u>	<u>8,875.50</u>
Increased by Receipts:			
Svc. Agree. Manchester Utilities Auth.	D-7	32,721.70	
Due from Manchester Utilities Auth.	D-6	559,681.26	
Interest on Deposits	D-2/D-5	<u>5,305.74</u>	<u>110.72</u>
		<u>635,113.29</u>	<u>110.72</u>
		<u>1,090,036.53</u>	<u>8,986.22</u>
Decreased by Disbursements:			
Budget Appropriations	D-3	550,502.59	
Interfund Disbursements	D-5	<u>204,681.26</u>	
		<u>755,183.85</u>	
Balance - December 31, 2018	D	\$ <u><u>334,852.68</u></u>	<u><u>8,986.22</u></u>

Borough of Haledon, N.J.
 Schedule of Interfund Accounts Receivable (Payable)

Water Utility Fund
 Year Ended December 31, 2018

	Ref.	Total	Water Operating Fund			Current Fund
			Water Capital Fund	Federal & State Grant Fund	General Capital Fund	
Balance - December 31, 2017	D	\$ (527,633.18)	(803,500.95)	52,800.00	80,000.00	143,067.77
Increased by:						
Disbursed	D-4	204,681.26				204,681.26
Interest on Deposits	D-2/D-4					
		<u>204,681.26</u>				<u>204,681.26</u>
Decreased by:						
Budget Appropriation	D-4					
Interest on Deposits	D-2/D-4	110.72	110.72			
Receipts	D-4					
		<u>110.72</u>	<u>110.72</u>			
Balance - December 31, 2018	D	\$ <u>(323,062.64)</u>	<u>(803,390.23)</u>	<u>52,800.00</u>	<u>80,000.00</u>	<u>347,749.03</u>

Borough of Haledon, N.J.

Schedule of Due from/(to) Manchester Utilities Authority
Operating

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Annual Charges per Service Agreement	D-2	\$ 559,681.26
		<u>559,681.26</u>
Dereased by:		
Receipts	D-4	<u>559,681.26</u>
		<u><u>559,681.26</u></u>

Exhibit D-7

Schedule of Due from Manchester Utilities Authority
Per Service Agreement

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 177,721.70
Dereased by:		
Received	D-4	<u>32,721.70</u>
Balance - December 31, 2018	D	<u><u>\$ 145,000.00</u></u>

Exhibit D-8

Schedule of Water Utility Capital Cash

Water Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Capital Improvement Fund	D-12	\$ 0.61
Interfund - Water Operating Fund	D-5	(803,390.23)
Interfund - General Capital Fund	D-14	812,375.84
	D	<u><u>\$ 8,986.22</u></u>

Borough of Haledon, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2018

<u>Account Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2018</u>
	Intangible Plant:		
303	Miscellaneous Intangible Plant	\$ 1,252,159.24	1,252,159.24
	Source of Supply Plant:		
312	Collecting and Impounding Reservoirs	210,540.45	210,540.45
314	Wells and Springs	2,926.00	2,926.00
316	Supply Mains	8,838.60	8,838.60
317	Other Water Source Plant	469,099.90	469,099.90
	Pumping Plant:		
321	Structures and Improvements	26,890.79	26,890.79
325	Electric Pumping Equipment	15,474.17	15,474.17
327	Hydraulic Pumping Equipment	4,106.79	4,106.79
	Water Treatment Plant:		
331	Structures and Improvements	342,335.55	342,335.55
	Transmission and Distribution Plant:		
341	Structures and Improvements	939,628.53	939,628.53
342	Distribution Reservoirs and Standpipes	9,721.21	9,721.21
343	Transmission and Distribution Mains	5,823,057.76	5,823,057.76
345	Services	54,852.07	54,852.07
346	Meters	586,214.91	586,214.91
348	Hydrants	35,878.01	35,878.01
349	Other Transmission and Distribution Plant	298.00	298.00
	General Plant:		
379	Other General Equipment	115,561.44	115,561.44
		<u>\$ 9,897,583.42</u>	<u>9,897,583.42</u>
		D	D

Borough of Haledon, N.J.
 Schedule of 2017 Appropriation Reserves
 Water Utility Operating Fund
 Year Ended December 31, 2018

	<u>Balance,</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	30,695.49	30,695.49		30,695.49
Other Expenses	12,373.09	12,373.09		12,373.09
Statutory Expenditures:				
Social Security System (O.A.S.I.)	2,261.96	2,261.96		2,261.96
Unemployment Compensation Insurance	2,265.37	2,265.37		2,265.37
	<u>47,595.91</u>	<u>47,595.91</u>	<u> </u>	<u>47,595.91</u>
	D			D-1

Borough of Haledon, N.J.
 Schedule of Water Serial Bonds Payable
 Water Utility Capital Fund
 Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2018</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2017</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Water Utility Refunding Bonds	8/12/2011	1,815,000.00	03/15/19	175,000.00	3.00%	\$ 855,000.00	175,000.00	680,000.00
			03/15/20	170,000.00	3.25%			
			03/15/21	170,000.00	3.38%			
			03/15/22	165,000.00	3.63%			
						\$ 855,000.00	175,000.00	680,000.00
						D	D-13	D

Borough of Haledon, N.J.
 Schedule of Capital Improvement Fund
 Water Utility Capital Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ <u>0.61</u>
Balance - December 31, 2018	D/D-8	\$ <u><u>0.61</u></u>

Schedule of Reserve for Amortization
 Water Utility Capital Fund
 Year Ended December 31, 2018

	<u>Ref.</u>			
Balance - December 31, 2017	D	\$ 9,042,583.42		
Increased by:				
Serial Bonds Paid by Budget	D-11	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;"><u>175,000.00</u></td> <td style="text-align: right;"><u>175,000.00</u></td> </tr> </table>	<u>175,000.00</u>	<u>175,000.00</u>
<u>175,000.00</u>	<u>175,000.00</u>			
Balance - December 31, 2018	D	\$ <u><u>9,217,583.42</u></u>		

Borough of Haledon, N.J.
Schedule of Interfund General Capital Fund
Water Utility Capital Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ <u>812,375.84</u>
Balance - December 31, 2018	D/D-8	\$ <u>812,375.84</u>

Borough of Haledon , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2018

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2017	E	\$ 3,572.51	250.96	3,321.55
Increased by Receipts:				
State Aid		100,000.00		100,000.00
Other Receipts		259.12	3.13	255.99
Supplemental Security Income		5,670.00		5,670.00
Interfund - Current Fund				
		<u>105,929.12</u>	<u>3.13</u>	<u>105,925.99</u>
		109,501.63	254.09	109,247.54
Decreased by Disbursements:				
Public Assistance - 2018		80,606.00		80,606.00
Supplemental Security Income				
Intrafund Transfers				
Interfund - Current Fund				
		<u>80,606.00</u>		<u>80,606.00</u>
Balance - December 31, 2018	E	\$ <u>28,895.63</u>	<u>254.09</u>	<u>28,641.54</u>

Borough of Haledon , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2018	E-1	\$ <u>28,895.63</u>
Increased by:		
Cash Receipts Record		<u>41,743.60</u>
		<u>41,743.60</u>
		<u>70,639.23</u>
Decreased by:		
Cash Disbursements Record		<u>37,516.00</u>
		<u>37,516.00</u>
Balance - April 30, 2019		\$ <u><u>33,123.23</u></u>

	<u>P.A.T.F.</u> <u>Account #1</u>	<u>P.A.T.F.</u> <u>Account #2</u>	<u>TOTAL</u>
<u>Reconciliation - April 30, 2019</u>			
Balance on Deposit per Statement of:			
Valley National Bank - Checking	255.68	17,981.56	18,237.24
Valley National Bank			
Welfare Director Petty Cash	21,453.99		21,453.99
	<u>21,709.67</u>	<u>17,981.56</u>	<u>39,691.23</u>
Add: Bank Charge			0.00
Less: Outstanding Checks	<u>6,568.00</u>		<u>6,568.00</u>
Balance - April 30, 2019	<u><u>15,141.67</u></u>	<u><u>17,981.56</u></u>	<u><u>33,123.23</u></u>

Borough of Haledon , N.J.
 Schedule of Cash-Treasurer
 Public Assistance Fund
 Year Ended December 31, 2018

Balance - December 31, 2017		\$ <u>3,572.51</u>
Increased by Receipts:		
Cash Receipts Record		105,929.12
		<u>105,929.12</u>
		<u>109,501.63</u>
Decreased by Disbursements:		
Cash Disbursements Record		80,606.00
		<u>80,606.00</u>
Balance - December 31, 2018		\$ <u><u>28,895.63</u></u>

<u>Reconciliation - December 31, 2018</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Valley National Bank - Checking	254.09	23,370.06	23,624.15
Valley National Bank			
Welfare Director Petty Cash		11,839.48	11,839.48
	<u>254.09</u>	<u>35,209.54</u>	<u>35,463.63</u>
Add: Deposit in Transit/Bank Charge			0.00
Less: Outstanding Checks		<u>6,568.00</u>	<u>6,568.00</u>
Balance - December 31, 2018	<u><u>254.09</u></u>	<u><u>28,641.54</u></u>	<u><u>28,895.63</u></u>

Borough of Haledon , N.J.
 Schedule of Revenues - Cash Basis
 Public Assistance Fund
 Year Ended December 31, 2018

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 100,000.00		100,000.00
Less: Refunds to the State			
Net State Aid Payments	<u>100,000.00</u>		<u>100,000.00</u>
Interest Earned	259.12	3.13	255.99
Refund State Matched Assistance			
Void Stale Date Checks			
Petty Cash Interest Earned			
Supplemental Security Income			
State/Municipal Refund	5,670.00		5,670.00
Client Refund			
Total Revenues (P.A.T.F.)	105,929.12	3.13	105,925.99
Intra-Fund Transfers			
Inter-Fund Transfers - Current Fund			
Total Receipts	<u>\$ 105,929.12</u>	<u>3.13</u>	<u>105,925.99</u>

Exhibit E-5

Schedule of Expenditures - Cash Basis
 Public Assistance Fund
 Year Ended December 31, 2018

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	\$ 22,092.00		22,092.00
Other:			
Emergency Assistance - Utilities	700.00		700.00
Emergency Assistance - Rent	55,779.00		55,779.00
Emergency Assistance - Relocation Costs			
Emergency Assistance - House Furnishings	2,035.00		2,035.00
Emergency Assistance - Storage			
Transportation			
Work Related Expenses			
Total Payments Reported	<u>80,606.00</u>		<u>80,606.00</u>
Payments for Eligible Assistance Not Reported			
Total P.A.T.F. Eligible Payments	<u>80,606.00</u>		<u>80,606.00</u>
Inter-Fund Transfers - Current Fund			
Intra-Fund Transfers			
SSI Payments:			
Reimbursement to Clients			
Total Disbursements (P.A.T.F.)	<u>\$ 80,606.00</u>		<u>80,606.00</u>

Borough of Haledon , N.J.
Schedule of Reserve for Public Assistance
Public Assistance Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	\$ 3,570.53
Increased by:		
Receipts		<u>105,925.99</u>
		109,496.52
Decreased by:		
Disbursements		<u>80,606.00</u>
Balance - December 31, 2018	E	<u><u>\$ 28,890.52</u></u>
<u>Analysis of Balance:</u>		
Account #1		26,445.21
Account #2		<u>2,445.31</u>
		<u><u>28,890.52</u></u>

Exhibit E-7

Schedule of Interfund - Current Fund
Public Assistance Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	\$ 1.98
Increased by:		
Receipts		<u>3.13</u>
Balance - December 31, 2018	E	<u><u>\$ 5.11</u></u>
<u>Analysis of Balance:</u>		
Account #1	Due To	319.86
Account #2	Due From	<u>(314.75)</u>
		<u><u>5.11</u></u>

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BOROUGH OF HALEDON

PART II

LETTERS ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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

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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 Haledon
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 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 June 13, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Length of Service Awards Program being unaudited.

Internal Control Over Financial Reporting

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



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 Haledon in the accompany comments and recommendations section of this report.

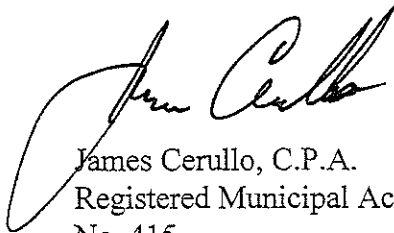
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of 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 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 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 Haledon internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415



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



GENERAL COMMENTS

Contracts and Agreements

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." The Borough increased the bid threshold to \$36,000.00 and \$40,000.00, respectively, as allowed by law for having a qualified purchasing agent.

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:

Belmont Avenue Streetscape Phase III
Improvement to Circle Ave. And Lewis St.
Roof Repairs to DPW Garage

Contracts and Agreements, (continued)

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 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 5, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, NJSA54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, NJSA 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allow an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW THEREFORE BE IT RESOLVED, by the Mayor and Council of the Borough of Haledon, County of Passaic, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after the due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after the due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be collected against the delinquency.
2. Effective January 1, 1994, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

Collection of Interest on Delinquent Taxes and Assessments, (continued)

4. This resolution shall be published in its entirety, once, in an official newspaper of the Borough of Haledon.
5. A certified copy of this resolution shall be provided by the Municipal Clerk to the Tax Collector, Borough Attorney, and Borough Auditor of the Borough.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 11, 2018, and was complete.

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>
2018	3
2017	2
2016	7

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.

The results of the test, which was made as of December 31, 2018, is not yet known, but a separate report will be rendered if any irregularities were developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

OTHER COMMENTS

Outside Offices

Fees charged for five (5) electrical permits that were included in our testing of construction fees were not in agreement with the fee ordinance.

Other

Incorrect adjustment codes for senior citizen deductions, veteran deductions and 100% disabled deductions resulting in incorrect balances.

There were several mispostings of tax payments to the proper tax year resulting in overpayments and incorrect delinquent balances.

OTHER COMMENTS, (continued)

Other, (continued)

One (1) County Tax Board judgment was not available for audit.

*There exists several outstanding grants receivable and appropriated grants that should be reviewed for collectibility and existence.

*There exists various interfunds that have existed for several years that should be liquidated.

IRS Form 1099 was not filed for one vendor required to receive the form.

There was a 2019 expenditure charged to the 2018 budget.

RECOMMENDATIONS

1. The fees being charged for various electrical permits be in agreement with the fee ordinance.
2. That the correct adjustment codes be used for recording senior citizen, veteran and disabled veteran deductions.
3. That the correct adjustment codes be used for posting senior citizen, veteran and disabled veteran deductions in the tax system.
4. That greater care be taken when posting tax payments to the proper tax year.
5. That all County Tax Board judgments be available for audit.
6. The grants receivable and appropriated grants be reviewed for collectibility and existence.
- *7. That an effort be made to liquidate all interfunds.
8. That IRS Form 1099 be filed for all required vendors.
9. That expenditures be posted to the current budget year.

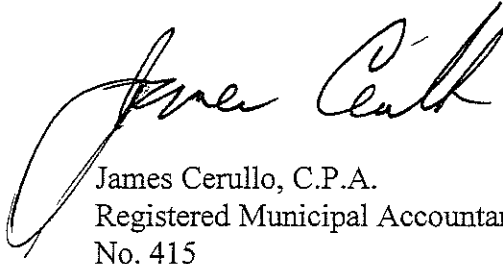
STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

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 audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,



James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415



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

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