

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, 2012

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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, 2012 and 2011, 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, 2012, 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 an opinion 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.



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, 2012 and 2011, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

The Borough did not maintain a fixed asset accounting system as promulgated by the Division of Local Government Services and N.J.A.C. 5:30-5.6 and we were unable to satisfy ourselves as to the carrying value of the general fixed assets by other auditing procedures. The Length of Service Awards Program of the Borough of Haledon has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*", the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, 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, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

The Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2013 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.



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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

August 14, 2013



Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 2,334,996.26	2,649,087.98
Change Fund	A-6	400.00	400.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-8	23,809.88	21,059.88
		<u>2,359,206.14</u>	<u>2,670,547.86</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	475,812.16	507,555.69
Tax Title Liens	A-10	41,450.02	37,921.72
Property Acquired for Taxes - Assessed Valuation	A-11	9,975.00	9,975.00
Prepaid Local School Taxes	A-19	2,708.98	
Revenue Accounts Receivable	A-12	16,380.38	15,580.06
Interfund Receivables:			
Dog License Fund	A-13	12,044.92	8,091.66
General Capital Fund	A-13		29,894.33
Public Assistance Fund #1	A-13	313.50	317.86
Other Trust Fund	A-13	1,665.92	570.34
		<u>560,350.88</u>	<u>609,906.66</u>
Deferred Charges:			
Emergency Authorizations	A-14	225,000.00	
Special Emergency Authorizations	A-15	285,000.00	310,000.00
		<u>3,429,557.02</u>	<u>3,590,454.52</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-13	41,152.70	22,017.24
Grants Receivable	A-23	335,786.81	349,461.07
		<u>376,939.51</u>	<u>371,478.31</u>
Total Assets		<u>\$ 3,806,496.53</u>	<u>3,961,932.83</u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-16	\$ 543,279.62	474,823.26
Encumbrances Payable	A-17	48,462.17	175,182.69
Prepaid Taxes	A-18	83,974.03	82,262.28
Interfunds Payable:			
Federal and State Grant Fund	A-13	41,152.70	22,017.24
General Capital	A-13	184,637.58	
Water Operating Fund	A-13	118,491.23	198,491.23
Public Assistance #2	A-13	4,283.35	4,277.61
Tax Overpayments	A-22	2,223.82	25,803.45
Due to State of New Jersey:			
Marriage Surcharge	A-22		225.00
Building Surcharge	A-22	194.00	903.00
Accounts Payable	A-22	32,125.16	32,125.16
Reserve for:			
Sewer Connection Deposits	A-22	50.00	50.00
LOSAP	A-22	12,532.20	12,532.20
Sewer Legion Field	A-22	7,000.00	7,000.00
Retirement Severance Liability	A-22	18,601.95	18,601.95
Judgments	A-22	23,404.71	
Master Plan	A-22	8,868.02	8,868.02
D.A.R.E. Contributions	A-22	10,572.71	12,397.48
		<u>1,139,853.25</u>	<u>1,075,560.57</u>
Reserve for Receivables	Contra	560,350.88	609,906.66
Fund Balance	A-1	<u>1,729,322.62</u>	<u>1,904,987.29</u>
		<u>3,429,526.75</u>	<u>3,590,454.52</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-24	342,543.20	339,903.17
Unappropriated Reserve for Grants	A-25	34,396.31	31,575.14
		<u>376,939.51</u>	<u>371,478.31</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 3,806,466.26</u>	<u>3,961,932.83</u>

See Accompanying Notes to Financial Statements.

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

Current Fund

Year Ended December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 860,000.00	901,000.00
Miscellaneous Revenue Anticipated	A-2	1,264,263.84	1,381,074.49
Receipts from Delinquent Taxes	A-2	482,981.18	428,838.59
Receipts from Current Taxes	A-2	19,731,779.12	19,318,286.21
Non-Budget Revenue	A-2	233,770.66	236,307.65
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	338,736.74	388,054.16
Miscellaneous Reimbursement Receivable			49,292.16
Reimbursement of Prior Year Expense	A-4	40,598.40	
Reduction in Due From County of Passaic			4,342.60
Interfunds Returned	A-13	38,874.19	166,608.83
		<u>22,991,004.13</u>	<u>22,873,804.69</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	3,226,825.62	3,230,069.20
Other Expenses	A-3	2,805,421.50	2,919,901.50
Deferred Charges and Statutory Expenditures -			
Municipal - Within Caps	A-3	767,196.02	820,227.49
Operations - Excluded from Caps:			
Other Expenses	A-3	841,381.14	886,059.18
Capital Improvement Fund - Excluded from Caps	A-3	30,000.00	30,000.00
Municipal Debt Service - Excluded from Caps	A-3	733,976.78	675,181.01
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	80,000.00	30,000.00
Judgments	A-3	225,000.00	
Local District School Tax	A-19	5,674,836.00	5,600,331.00
Regional High School Tax	A-20	4,294,151.94	4,157,673.51
County Taxes including Added Taxes	A-21	3,891,116.21	3,759,139.35
Prepaid Local School Taxes	A-19	2,708.98	
Interfund Advances	A-13	14,024.34	38,874.19
		<u>22,586,638.53</u>	<u>22,147,456.43</u>
Total Expenditures			
Excess (Deficit) Revenue Over Expenditures		404,365.60	726,348.26

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

Current Fund

Year Ended December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year		<u>280,000.00</u>	<u>250,000.00</u>
Statutory Excess to Fund Balance		684,365.60	976,348.26
Fund Balance, January 1,	A	<u>1,904,987.29</u>	<u>1,829,639.03</u>
		2,589,352.89	2,805,987.29
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>860,000.00</u>	<u>901,000.00</u>
Fund Balance, December 31,	A	<u>\$ 1,729,352.89</u>	<u>1,904,987.29</u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 860,000.00	860,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	12,000.00	12,137.80	137.80
Other	A-2	8,000.00	2,963.00	(5,037.00)
Fees and Permits	A-2	4,000.00	4,030.00	30.00
Fines and Costs:				
Municipal Court	A-12	245,000.00	223,633.24	(21,366.76)
Interest and Costs on Taxes	A-4	114,000.00	126,068.14	12,068.14
Interest on Investments and Deposits	A-12	7,000.00	15,155.18	8,155.18
Sewer Privileges	A-12	50,000.00	50,839.67	839.67
Energy Receipts Tax	A-12	608,458.00	608,458.00	
Consolidated Municipal Property Tax Relief Aid	A-12	83,614.00	83,614.00	
Uniform Construction Code Fees	A-12	42,000.00	42,967.00	967.00
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of Local Government Services:				
Public and Private Revenues:				
Clean Communities Program	A-23	9,364.78	9,364.78	
Recycling Tonnage Grant	A-23	11,079.79	11,079.79	
Drunk Driving Enforcement Fund	A-23	9,437.67	9,437.67	
Body Armor Replacement Fund	A-23	1,692.90	1,692.90	
Other Special Items:				
Uniform Fire Safety Act	A-12	16,000.00	13,922.67	(2,077.33)
General Capital Surplus	A-4	1,500.00	1,500.00	
Reserve for Debt Service	A-4	47,400.00	47,400.00	
Total Miscellaneous Revenues	A-1	<u>1,270,547.14</u>	<u>1,264,263.84</u>	<u>(6,283.30)</u>
Receipts from Delinquent Taxes	A-1/A-2	<u>490,000.14</u>	<u>482,981.18</u>	<u>(7,018.96)</u>
Subtotal General Revenues		<u>2,620,547.28</u>	<u>2,607,245.02</u>	<u>(13,302.26)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purpose Including Reserve fo Uncollected Taxes		6,238,556.00	6,300,903.11	62,347.11
Minimum Library Tax		205,772.00	205,772.00	
Total Amount to be Raised by Taxes for Support of Budget	A-2/A-9	<u>6,444,328.00</u>	<u>6,506,675.11</u>	<u>62,347.11</u>
Budget Totals		9,064,875.28	9,113,920.13	49,044.85
Non-Budget Revenue	A-1/A-2		<u>233,770.66</u>	<u>233,770.66</u>
		<u>\$ 9,064,875.28</u>	<u>9,347,690.79</u>	<u>282,815.51</u>
		A-3		

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2012

Analysis of Realized Revenues

	<u>Ref</u>	
Revenue from Collections	A-1/A-9	\$ 19,731,779.12
Allocated to School and County Taxes	A-9	<u>13,860,104.01</u>
Balance for Support of Municipal Budget Appropriations		5,871,675.11
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>635,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u>6,506,675.11</u>
Receipts from Delinquent Taxes:		
Tax Title Liens	A-10	
Delinquent Taxes	A-9	<u>482,981.18</u>
	A-2	<u>482,981.18</u>
Licenses - Other:		
Clerk	A-12	1,980.00
Registrar of Vital Statistics	A-12	108.00
Board of Health	A-12	<u>875.00</u>
	A-2	<u>2,963.00</u>
Fees and Permits - Other:		
Clerk	A-12	3,405.00
Registrar of Vital Statistics	A-12	105.00
Fence/Telephone/Sidewalk/Soil Permits - Building	A-12	270.00
Planning Board/Board of Adjustment	A-12	<u>250.00</u>
	A-2	<u>4,030.00</u>

Borough of Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2012

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Borough Clerk	A-12	50.00	
Registrar of Vital Statistics	A-12	3,845.90	
Police Department	A-12	<u>57.00</u>	
			3,952.90
Recycling Program		15,212.85	
Duplicate Tax Bills		121.00	
Fema Reimbursement		6,962.64	
Street Lighting Refunds		2,254.68	
Cable T.V. Franchise Fee		82,555.97	
Uniform Fire Safety Fees		8,424.00	
Senior Citizen & Veteran Deduction Handling Fee		940.00	
Firearms		55.00	
Fire Safety Fines		1,525.00	
Various Reimbursements		<u>111,766.62</u>	
	A-4		<u>229,817.76</u>
	A-2		<u>233,770.66</u>

See Accompanying Notes to Financial Statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

	<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						
Salaries and Wages	\$	1,212.00	97,520.00	90,625.54	6,894.46	
Mayor and Council						
Salaries and Wages		13,500.00	13,500.00	13,500.00		
Other Expenses		9,000.00	9,000.00	9,000.00		
Municipal Clerk						
Salaries and Wages		165,170.00	67,650.00	67,066.62	583.38	
Other Expenses		29,600.00	29,600.00	22,422.58	7,177.42	
Elections						
Salaries and Wages		1,719.00	1,719.00	1,218.96	500.04	
Other Expenses		4,900.00	4,900.00	4,407.50	492.50	
Financial Administration						
Treasurer						
Salaries and Wages		75,000.00	75,000.00	74,630.12	369.88	
Other Expenses		13,300.00	20,300.00	15,274.83	5,025.17	
Annual Audit		27,500.00	27,500.00	19,500.00	8,000.00	
Miscellaneous Other Expenses		22,500.00	22,500.00	17,007.50	5,492.50	
Chief Financial Officer						
Salaries and Wages		16,400.00	16,400.00	14,181.83	2,218.17	
Collection of Taxes						
Salaries and Wages		40,000.00	40,000.00	39,843.23	156.77	
Other Expenses		9,550.00	8,550.00	6,738.07	1,811.93	
Tax Search Officer						
Salaries and Wages		1,269.00	1,269.00	1,269.00		
Assessment of Taxes						
Salaries and Wages		15,000.00	15,000.00	14,687.05	312.95	
Other Expenses		5,100.00	5,100.00	4,629.50	470.50	
Legal Services and Costs						
Other Expenses		160,000.00	160,000.00	115,077.81	44,922.19	
Engineering Services and Costs						
Other Expenses		25,000.00	10,000.00	392.78	9,607.22	
Other Expenses - Contractual		60,000.00	60,000.00	60,000.00		

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board						
Salaries and Wages		9,491.00	9,491.00	9,489.05	1.95	
Other Expenses		2,200.00	2,200.00	1,062.64	1,137.36	
Insurance:						
Other Insurance Premiums		330,000.00	325,300.00	324,402.80	897.20	
Group Insurance Plan for Employees		775,500.00	822,500.00	810,893.60	11,606.40	
Unemployment Compensation Insurance		3,000.00	3,000.00	3,000.00		
Public Safety:						
Police						
Salaries and Wages		1,664,000.00	1,664,000.00	1,609,668.36	54,331.64	
Other Expenses		61,200.00	61,200.00	51,803.51	9,396.49	
School Crossing Guards						
Salaries and Wages		45,500.00	45,500.00	43,376.68	2,123.32	
Other Expenses		5,000.00	1,000.00		1,000.00	
Special Police						
Salaries and Wages		30,000.00	30,000.00	29,624.97	375.03	
Police Radio and Communications						
Salaries and Wages		156,000.00	156,000.00	136,717.47	19,282.53	
Other Expenses		1,375.00	1,375.00	1,031.79	343.21	
Emergency Management Services						
Other Expenses		500.00	500.00	218.25	281.75	
Fire						
Salaries and Wages		585.00	585.00	500.00	85.00	
Other Expenses		59,750.00	57,750.00	45,576.51	12,173.49	
Other Expenses - OSHA Physicals		1,000.00	1,000.00	300.00	700.00	
Other Expenses - OSHA Hepatitis B		7,000.00	7,000.00		7,000.00	
Fire Prevention Bureau						
Other Expenses		500.00	500.00	114.83	385.17	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Fire Official		21,972.00	21,972.00	21,945.15	26.85	
Salaries and Wages		3,350.00	3,350.00	1,721.27	1,628.73	
Other Expenses						
Municipal Prosecutor		12,648.00	12,648.00	12,388.00	260.00	
Salaries and Wages						
Municipal Court:						
Salaries and Wages		125,567.30	117,567.30	116,163.77	1,403.53	
Other Expenses		8,800.00	16,800.00	11,452.28	5,347.72	
Public Defender						
Salaries and Wages		5,763.00	5,763.00	4,337.76	1,425.24	
Public Works Function:						
Road Repairs and Maintenance						
Salaries and Wages		320,000.00	310,000.00	256,843.91	53,156.09	
Other Expenses		103,900.00	111,400.00	97,355.74	14,044.26	
Garbage and Trash Removal						
Salaries and Wages		322,100.00	289,606.00	244,953.24	44,652.76	
Other Expenses		31,550.00	39,050.00	33,902.15	5,147.85	
Solid Waste Disposal Costs		225,000.00	200,000.00	180,555.68	19,444.32	
Recycling						
Salaries and Wages		34,350.00	40,962.00	39,957.98	1,004.02	
Other Expenses		5,500.00	18,500.00	14,900.29	3,599.71	
Public Buildings and Grounds						
Other Expenses		312,000.00	312,000.00	270,354.05	41,645.95	
Sewer System						
Salaries and Wages		1,600.00	19,250.00	11,606.26	7,643.74	
Miscellaneous Other Expenses		11,750.00	3,000.00		3,000.00	
Contractual		3,000.00				
Municipal Services Act (P.L. 1993, Ch. 6)						
Other Expenses		15,000.00	15,000.00		15,000.00	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Health and Welfare:						
Board of Health						
Salaries and Wages		27,908.22	27,908.22	26,947.96	960.26	
Other Expenses		2,800.00	2,800.00	618.21	2,181.79	
Other Expenses - Contractual		10,805.00	10,805.00	10,805.00		
Animal Control						
Other Expenses		12,000.00	12,894.00	12,893.62	0.38	
Administration of Public Assistance						
Salaries and Wages		6,368.10	6,368.10	6,363.98	4.12	
Other Expenses		200.00	200.00	143.71	56.29	
Senior Citizens' Transportation						
Salaries and Wages		5,100.00	5,100.00	5,100.00		
Other Expenses		2,300.00	2,300.00	1,890.00	410.00	
Recreation and Education:						
Board of Recreation Commissioners (N.J.S. 40:12-1)						
Other Expenses		60,500.00	60,500.00	38,654.06	21,845.94	
Celebration of Public Events Anniversary or Holiday						
Other Expenses		6,000.00	6,000.00	3,071.60	2,928.40	
Construction Code Official						
Salaries and Wages		44,130.00	44,130.00	44,129.00	1.00	
Building Inspector						
Salaries and Wages		34,170.00	34,170.00	33,170.47	999.53	
Other Expenses		1,400.00	1,400.00	1,095.19	304.81	
Plumbing Inspector						
Other Expenses		200.00	200.00	100.00	100.00	
Electrical Inspector						
Salaries and Wages		4,412.00	4,412.00	4,411.59	0.41	
Other Expenses		200.00	200.00	100.00	100.00	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Fire Protection Official Salaries and Wages		8,325.00	8,325.00	8,323.05	1.95	
Other Expenses		100.00	100.00	100.00		
Zoning and Housing Maintenance Enforcement Salaries and Wages		64,260.00	64,260.00	52,982.98	11,277.02	
Other Expenses		1,900.00	1,900.00	1,425.85	474.15	
Unclassified:						
NJEIT Annual Fees		4,997.50	4,997.50	4,997.50		
Severance Liability Employees Retire. (Emergency \$55,000)			55,000.00	55,000.00		
Street Lighting		65,000.00	65,000.00	65,000.00		
Gasoline		131,000.00	131,000.00	111,844.75	19,155.25	
Fire Hydrant Service		71,000.00	71,000.00	65,208.00	5,792.00	
Total Operations within "CAPS"		5,977,247.12	6,032,247.12	5,532,067.43	500,179.69	
Detail:						
Salaries and Wages	A-1	3,273,519.62	3,226,825.62	3,024,417.72	202,407.90	
Other Expenses	A-1	2,703,727.50	2,805,421.50	2,507,649.71	297,771.79	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Deferred Charges:						
Deficit - Dog License Fund		2,064.02	2,064.02	2,064.02		
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		198,355.00	198,355.00	198,355.00		
Social Security System (O.A.S.I.)		190,000.00	155,000.00	152,757.40	2,242.60	
Police and Firemen's Retirement System		411,777.00	411,777.00	411,777.00		
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	802,196.02	767,196.02	764,953.42	2,242.60	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Total General Appropriations for Municipal Purposes within "CAPS"		6,779,443.14	6,799,443.14	6,297,020.85	502,422.29	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)		205,772.00	205,772.00	205,772.00	857.33	
Passaic Valley Sewer Commission - Contractual		526,000.00	526,000.00	525,142.67		
Emergency Services Volunteer Length of Service Award		40,000.00	40,000.00		40,000.00	
Public and Private Programs Offset by Revenues						
Clean Communities Program		9,364.78	9,364.78	9,364.78		
N.J. Division of Criminal Justice - Body Armor Grant		1,692.90	1,692.90	1,692.90		
Drunk Driving Enforcement Fund - Police		9,437.67	9,437.67	9,437.67		
Recycling Tonnage Grant		11,079.79	11,079.79	11,079.79		
BPP Tax Adjustment for School Purposes		21,557.00	21,557.00	21,557.00		
Local School District		16,477.00	16,477.00	16,477.00		
Regional High School District		841,381.14	841,381.14	800,523.81	40,857.33	
Total Operations - Excluded from "CAPS"						
Detail:						
Other Expenses	A-1	841,381.14	841,381.14	800,523.81	40,857.33	
Capital Improvements:						
Improvement to Building		30,000.00	30,000.00	30,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	30,000.00	30,000.00	30,000.00		
Municipal Debt Service:						
Payment of Bond Principal		330,000.00	365,000.00	365,000.00		1.69
Interest on Bonds		233,744.00	233,744.00	233,742.31		70.24
Interest on Notes		25,230.00	25,230.00	25,159.76		
Green Trust Loan Program						
Principal		13,291.00	13,291.00	13,290.28		0.72
Interest		5,276.00	5,276.00	5,275.22		0.78

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2012

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
NJEIT						
Principal		75,685.00	75,685.00	75,684.21		0.79
Interest		15,825.00	15,825.00	15,825.00		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	699,051.00	734,051.00	733,976.78		74.22
Deferred Charges:						
Special Emergency Authorizations - 5 years		80,000.00	80,000.00	80,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	80,000.00	80,000.00	80,000.00		
Judgments	A-1		225,000.00	225,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		1,650,432.14	1,910,432.14	1,869,500.59	40,857.33	74.22
Subtotal General Appropriations		8,429,875.28	8,709,875.28	8,166,521.44	543,279.62	74.22
Reserve for Uncollected Taxes		635,000.00	635,000.00	635,000.00		
Total General Appropriations		\$ 9,064,875.28	9,344,875.28	8,801,521.44	543,279.62	74.22
Adopted Budget	A-2		9,064,875.28			
Special Emergency Authorization	A-15		55,000.00			
Emergency Authorization	A-14		225,000.00			
			9,344,875.28			

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

Current Fund

Year Ended December 31, 2012

<u>General Appropriations</u>	<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>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			7,726,484.13		
Encumbrances Payable	A-17			48,462.17		
Special Emergency Authorization	A-15			80,000.00		
Reserve for Retirement Severance Liability	A-22			55,000.00		
Reserve for Judgments	A-22			225,000.00		
Reserve for Uncollected Taxes	A-2			635,000.00		
Reserve for Federal and State Grants	A-24			31,575.14		
				<u>8,801,521.44</u>		

See Accompanying Notes to Financial Statements.

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Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Dog License Fund:			
Cash	B-1	\$ 8,948.06	6,032.04
Operating Deficit	B-4	3,126.86	2,064.02
		<u>12,074.92</u>	<u>8,096.06</u>
Other Trust Funds:			
Cash	B-1	493,014.43	510,255.60
Interfund - Dog License Fund	B-7	26.00	
Other Receivables	B-2	-	33,614.19
		<u>493,040.43</u>	<u>543,869.79</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-1	217,721.03	222,412.04
Contributions Receivable	B-3	30,187.50	22,137.50
		<u>247,908.53</u>	<u>244,549.54</u>
Total Assets		<u>\$ 753,023.88</u>	<u>796,515.39</u>
<u>Liabilities & Reserves</u>			
Dog License Fund:			
Due to State Department of Health	B-5	\$ 4.00	4.40
Interfund - Current Fund	B-6	12,044.92	8,091.66
Interfund - Other Trust Fund	B-7	26.00	
		<u>12,074.92</u>	<u>8,096.06</u>
Other Trust Fund:			
Interfund - Current Fund - Other	B-6	1,665.92	570.34
Payroll Deductions Payable	B-8	250.29	250.29
Other Trust Fund Deposits and Reserves	B-9	491,124.22	543,049.16
		<u>493,040.43</u>	<u>543,869.79</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-10	247,908.53	244,549.54
Total Liabilities & Reserves		<u>\$ 753,023.88</u>	<u>796,515.39</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, 2012 and 2011

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Cash	C-2/C-3	\$ 2,185,237.17	1,010,297.25
Interfund - Current Fund	C-4	184,637.58	
Interfund - Water Capital Fund	C-5	812,375.84	812,375.84
Due From NJEIT	C-6	275,111.00	1,357,993.00
Various Receivables	C-7	1,709,971.62	1,016,051.45
Deferred Charges to Future Taxation:			
Funded	C-8	6,407,547.47	7,404,381.96
Unfunded	C-9	4,309,471.62	3,121,051.45
		<u>15,884,352.30</u>	<u>14,722,150.95</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-4		29,894.33
NJEIT Trust/Loan	C-10	843,771.58	1,462,315.79
General Serial Bonds	C-11	5,310,000.00	5,675,000.00
Green Acres Loan Payable	C-12	253,775.89	267,066.17
Bond Anticipation Notes	C-13	3,847,000.00	2,449,500.00
Improvement Authorizations:			
Funded	C-14	812,451.89	1,398,448.41
Unfunded	C-14	2,942,933.74	2,212,108.22
Capital Improvement Fund	C-15	23,000.96	35,500.96
Reserve for:			
Debt Service	C-16	126,489.62	173,889.62
Various Grants Receivable	C-17	1,709,971.62	1,016,051.45
Fund Balance	C-1	14,957.00	2,376.00
		<u>\$ 15,884,352.30</u>	<u>14,722,150.95</u>

Footnote: There were \$671,500.00 and \$671,551.45 of Bonds and Notes Authorized But Not Issued per Exhibit C-18 on December 31, 2012 and 2011.

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C	\$	2,376.00
Increased by:			
Funded Improvement Authorizations Cancelled	C-14		20,000.00
Premium on Sale of Bond Anticipation Notes	C-2		<u>14,081.00</u>
			36,457.00
Decreased by:			
Appropriated to Finance Improvement Authorization	C-14		20,000.00
Appropriated to Current Year Budget Revenue	C-2		<u>1,500.00</u>
Balance - December 31, 2012	C,C-3	\$	<u><u>14,957.00</u></u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2012 and 2011

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-4	\$ 118,493.93	147,656.63
Change Fund	D-5	100.00	100.00
Due to Current Fund	D-9	118,491.23	198,491.23
Due from Manchester Utility Authority Operating	D-6	78,117.75	
Due from Manchester Utility Authority Service Agreement	D-7	564,143.50	594,143.50
Total Operating Fund		<u>879,346.41</u>	<u>940,391.36</u>
Capital Fund:			
Cash	D-4/D-8	8,759.44	8,738.57
Interfund - Water Utility Operating Fund	D-9	803,617.01	803,637.88
Fixed Capital	D-10	9,897,583.42	9,897,583.42
Total Capital Fund		<u>10,709,959.87</u>	<u>10,709,959.87</u>
Total Assets		<u>\$ 11,589,306.28</u>	<u>11,650,351.23</u>

See accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2012 and 2011

	<u>Ref</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4/D-13	\$ 38,493.04	
Due to Manchester Utility Authority Operating	D-6		99,882.25
Interfund - Water Utility Capital Fund	D-9	803,617.01	803,637.88
Reserve for Water Key Deposits	D-11	21,375.00	21,375.00
		<u>863,485.05</u>	<u>924,895.13</u>
Reserve for Receivables	Contra		
Fund Balance	D-1	<u>15,861.36</u>	<u>15,496.23</u>
Total Operating Fund		<u>879,346.41</u>	<u>940,391.36</u>
Capital Fund:			
Serial Bonds Payable	D-12	1,790,000.00	1,985,000.00
Capital Improvement Fund	D-13	0.61	0.61
Reserve for Amortization	D-14	8,107,583.42	7,912,583.42
Interfund - General Capital Fund	D-15	812,375.84	812,375.84
Total Capital Fund		<u>10,709,959.87</u>	<u>10,709,959.87</u>
Total Liabilities, Reserves and Fund Balances		\$ <u>11,589,306.28</u>	<u>11,650,351.23</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, 2012 and 2011.

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, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-2	\$	29,000.00
Service Agreement Manchester			
Utilities Authority	D-2	610,143.76	650,000.00
Non-budget Revenue	D-2	365.13	621.01
Other Credits to Income:			
Cancellation of Accrued Interest			8,221.63
		<u>610,508.89</u>	<u>687,842.64</u>
Total Income			
Expenditures:			
Operating	D-3	337,050.00	298,088.45
Debt Service	D-3	250,143.76	254,000.00
Deferred Charges and			
Statutory Expenditures	D-3	22,950.00	51,489.93
Cancellation of Other Receivable			68,904.46
		<u>610,143.76</u>	<u>672,482.84</u>
Total Expenditures			
Excess in Revenue over Expenditures		365.13	15,359.80
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			
		<u>365.13</u>	<u>15,359.80</u>
Statutory Excess to Surplus			
Fund Balance - January 1,	D	15,496.23	29,136.43
		<u>15,861.36</u>	<u>44,496.23</u>
Decreased by:			
Utilized as Anticipated Revenue			29,000.00
Fund Balance - December 31,	D	\$ <u>15,861.36</u>	<u>15,496.23</u>

See accompanying Notes to Financial Statements.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Service Agreement Manchester Utilities Authority	D-1/D-6	\$ 610,144.00	610,143.76	(0.24)
Budget Totals	D-3	610,144.00	610,143.76	(0.24)
Non-Budget Revenue	D-1		365.13	365.13
		<u>\$ 610,144.00</u>	<u>610,508.89</u>	<u>364.89</u>
 <u>Analysis of Non-budget Revenues</u>				
Interest on Deposits:				
Water Operating Fund	D-4		344.26	
Interfund - Water Capital Fund	D-9		<u>20.87</u>	
				<u>365.13</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, 2012

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:						
Salaries and Wages		\$ 300,000.00	300,000.00	290,959.56	9,040.44	
Other Expenses		37,050.00	37,050.00	8,289.01	28,760.99	
Total Operating	D-1	337,050.00	337,050.00	299,248.57	37,801.43	
Debt Service:						
Payment of Bond Principal		195,000.00	195,000.00	195,000.00		0.24
Interest on Bonds		55,144.00	55,144.00	55,143.76		
Total Debt Service	D-1	250,144.00	250,144.00	250,143.76		0.24
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)		22,950.00	22,950.00	22,258.39	691.61	
Total Deferred Charges and Statutory Expenditures	D-1	22,950.00	22,950.00	22,258.39	691.61	
		\$ 610,144.00	610,144.00	571,650.72	38,493.04	0.24
			D-2	D-4	D	

See accompanying Notes to Financial Statements.

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Borough of Haledon , N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2012 and 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	E-1	\$ 42,520.47	75,983.12
Interfund - Current Fund	E-7	<u>4,283.35</u>	<u>4,277.61</u>
		<u>46,803.82</u>	<u>80,260.73</u>
<u>Liabilities</u>			
Reserve for Public Assistance	E-6	46,490.32	79,942.87
Interfund - Current Fund	E-7	<u>313.50</u>	<u>317.86</u>
		\$ <u>46,803.82</u>	<u>80,260.73</u>

See Accompanying Notes to Financial Statements.

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BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011

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, 2012 and 2011
(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, 2012 and 2011
(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. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the 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, 2012 and 2011
(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 2012, the Borough Council increased the original current fund budget by \$280,000.00. This increase was funded by a \$225,000.00 emergency appropriation to fund a judgment against the Borough and by a \$55,000.00 special emergency authorization to fund employee retirement severance liability. In addition, several budget transfers were approved by the governing body.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(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, 2012 and 2011
(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 does not maintain a fixed asset accounting system, therefore, a statement of general fixed assets is not presented. The amount to be recorded is unknown, which could be material to the financial statements.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

Basis of Accounting, (continued)

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

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

C. Basic Financial Statements

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

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, 2012, \$0- of the Borough's bank balance of \$6,650,930.36 was exposed to custodial credit risk.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) 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 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, 2012, the Borough had \$15,183.88 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, 2012 and 2011 amounted to \$217,721.03 and \$222,412.04, respectively.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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

Unaudited Investments, (continued)

The following investments represent 5% or more of the total invested with the Lincoln Financial Group on December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Growth	\$65,953.54	\$63,684.93
Fixed Income	111,778.93	132,112.07
Growth and Income	20,131.34	11,477.75
All Others	<u>19,857.22</u>	<u>15,137.29</u>
Total	<u>\$217,721.03</u>	<u>\$222,412.04</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2012 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2011</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	\$267,066.17	\$	\$13,290.28	\$253,775.89	\$13,557.41
N.J. Environmental Infrastructure:					
Trust	370,000.00		150,465.00	219,535.00	15,000.00
Loan	1,092,315.79		468,079.21	624,236.58	60,684.21
Deferred Pension Liability	231,878.00		10,060.00	221,818.00	11,421.00
Compensated Absences	1,290,086.92	64,001.57	27,085.42	1,327,003.07	
Bonds Payable:					
General Capital	5,675,000.00		365,000.00	5,310,000.00	380,000.00
Water Capital	<u>1,985,000.00</u>		<u>195,000.00</u>	<u>1,790,000.00</u>	<u>195,000.00</u>
	<u>\$10,911,346.88</u>	<u>\$64,001.57</u>	<u>\$1,228,979.91</u>	<u>\$9,746,368.54</u>	<u>\$675,662.62</u>

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

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued:</u>			
General Bonds, Loans and Notes	\$10,254,547.47	\$9,853,881.96	\$9,308,094.58
Water Utility - Bonds and Notes	<u>1,790,000.00</u>	<u>1,985,000.00</u>	<u>2,030,000.00</u>
Total Issued	<u>12,044,547.47</u>	<u>11,838,881.96</u>	<u>11,338,094.58</u>
 <u>Authorized But Not Issued</u>			
General Bonds and Notes	671,500.00	671,551.45	604,500.00
Water Utility - Bonds and Notes			<u>29,296.00</u>
Total Authorized But Not Issued	<u>671,500.00</u>	<u>671,551.45</u>	<u>633,796.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$12,716,047.47</u>	<u>\$12,510,433.41</u>	<u>\$11,971,890.58</u>

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 1.718%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$160,000.00	\$160,000.00	\$0.00
Water Utility Debt	1,790,000.00	1,790,000.00	0.00
General Debt	<u>10,926,047.47</u>	<u>335,518.00</u>	<u>10,590,529.47</u>
	<u>\$12,876,047.47</u>	<u>\$2,285,518.00</u>	<u>\$10,590,529.47</u>

Net Debt \$10,590,529.47 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$616,423,953.00 equals 1.718%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$21,574,838.35
Net Debt	<u>10,590,529.47</u>
Remaining Borrowing Power	<u>\$10,984,308.88</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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		\$610,508.89
Deductions:		
Operating and Maintenance Cost	\$360,000.00	
Debt Service per Water Account	<u>250,143.76</u>	
Total Deductions		<u>610,143.76</u>
 Excess in Revenue - Self-Liquidating		 <u>\$365.13</u>

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

The foregoing debt information is not in agreement with the annual debt statement filed by the Chief Financial Officer.

The Borough's long term debt consisted of the following at December 31, 2012:

	<u>Amount</u> <u>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	\$3,920,000.00
\$1,410,000.00 General Obligation Refunding Bonds - issued with variable interest rates of 2.00% to 3.00% on August 12, 2011, due through March 15, 2017	<u>1,390,000.00</u>
Total Serial Bonds	<u>\$5,310,000.00</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.	\$228,920.86
\$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>24,855.03</u>
Total Green Acres Loans	<u>\$253,775.89</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

	<u>Amount Outstanding</u>
<u>Paid by Current Fund, (continued):</u>	
\$385,000.00 New Jersey Environmental Infrastructure Trust - Series 2010A, dated March 10, 2010, 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%.	\$219,535.00
\$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>624,236.58</u>
Total New Jersey Environmental Infrastructure Loans Payable	<u>\$843,771.58</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	\$1,790,000.00
Total Serial Bonds	<u>\$1,790,000.00</u>

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	<u>\$671,500.00</u>
-----------------	---------------------

**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>
2013	\$380,000.00	\$220,981.25	\$600,981.25	\$195,000.00	\$49,118.76	\$244,118.76
2014	395,000.00	210,856.25	605,856.25	190,000.00	45,268.76	235,268.76
2015	405,000.00	198,881.25	603,881.25	185,000.00	40,593.76	225,593.76
2016	425,000.00	184,956.25	609,956.25	185,000.00	35,043.76	220,043.76
2017	435,000.00	170,806.25	605,806.25	180,000.00	29,568.76	209,568.76
2018-2022	1,880,000.00	647,706.25	2,527,706.25	855,000.00	70,871.92	925,871.92
2023-2025	<u>1,390,000.00</u>	<u>151,206.25</u>	<u>1,541,206.25</u>			<u>0.00</u>
	<u>\$5,310,000.00</u>	<u>\$1,785,393.75</u>	<u>\$7,095,393.75</u>	<u>\$1,790,000.00</u>	<u>\$270,465.72</u>	<u>\$2,060,465.72</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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>
2013	\$13,557.41	\$5,008.07	\$18,565.48
2014	13,829.90	4,735.57	18,565.47
2015	14,107.90	4,457.59	18,565.49
2016	14,391.46	4,174.01	18,565.47
2017	14,680.73	3,884.75	18,565.48
2018-2022	77,950.30	14,877.08	92,827.38
2023-2027	86,105.65	6,721.74	92,827.39
2028-2029	19,152.54	300.94	19,453.48
	<u>\$253,775.89</u>	<u>\$44,159.75</u>	<u>\$297,935.64</u>

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(1)</u>		<u>Fund Loan</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2013	\$15,000.00	\$15,075.00	\$60,684.21
2014	15,000.00	14,325.00	60,684.21
2015	15,000.00	13,575.00	60,684.21
2016	15,000.00	12,825.00	60,684.21
2017	20,000.00	12,075.00	60,684.21
2018-2022	100,000.00	46,375.00	303,421.05
2023-2027	120,000.00	25,300.00	17,394.48
2028-2029	55,000.00	3,400.00	
	<u>\$355,000.00</u>	<u>\$142,950.00</u>	<u>\$624,236.58</u>

(1) The State has reduced the Trust Loan amount by \$135,465.00. However, the loan repayment schedule remains the same and credits will be given on the semi-annual bills until the leftover funds are exhausted.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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, 2012, the Borough had \$3,847,000.00 in outstanding general capital bond anticipation notes that mature on November 8, 2013 at an interest rate of 1.25%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2012.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Oppenheimer & Co., Inc.	\$0.00	\$3,847,000.00	\$	\$3,847,000.00
Valley National Bank	<u>2,449,500.00</u>		<u>2,449,500.00</u>	<u>0.00</u>
	<u>\$2,449,500.00</u>	<u>\$3,847,000.00</u>	<u>\$2,449,500.00</u>	<u>\$3,847,000.00</u>

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, 2012, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2012</u>	<u>2013 Budget Appropriation</u>	<u>Balance to Succeeding Years Budgets</u>
Current Fund:			
Emergency Authorization	\$225,000.00	\$225,000.00	\$ 0.00
Special Emergency Authorizations	<u>285,000.00</u>	<u>91,000.00</u>	<u>194,000.00</u>
	<u>510,000.00</u>	<u>316,000.00</u>	<u>194,000.00</u>
Dog License Fund:			
Deficit	<u>\$3,126.86</u>	<u>\$3,121.26</u>	<u>\$5.60</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

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>	
	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2012</u>	<u>Dec. 31, 2011</u>
Balance of Tax	\$2,148,399.42	\$2,148,399.56
Deferred	<u>2,148,399.42</u>	<u>2,148,399.56</u>
Tax Payable	<u>\$0.00</u>	<u>\$0.00</u>

NOTE 7. PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

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

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS)

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

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 7. PENSION PLANS, (continued)

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, 2012 is \$221,818.00.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. 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 Ending</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$178,515.00	\$387,205.00
2011	168,007.00	456,442.00
2010	138,152.00	383,319.00

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 7. PENSION PLANS, (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

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

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution. The Borough currently has no employees that are members of the DCRP.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 8. FUND BALANCES

Fund balances as of December 31, 2012 and 2011 that have been anticipated as revenue in the 2013 and 2012 budgets were as follows:

	<u>2012</u>	<u>2011</u>
Current Fund	\$1,127,000.00	\$860,000.00
Water Operating Fund	15,500.00.00	

NOTE 9. 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 \$1,327,003.07. 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 10. 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, 2012 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, 2012 and 2011
(continued)

NOTE 11. 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.
41,152.70	Due to the Federal and State Grant Fund from the Current Fund for Grant Receipts deposited in the Current Fund.
12,044.92	Due to the Current Fund from the Dog License Fund for Short Term Loans to pay expenditures and interest earnings.
118,491.23	Due to the Water Operating Fund from the Current Fund for Short Term Loans.
3,969.85	Due to the Public Assistance Fund from the Current Fund for Short Term Loans and Interest Earnings.
1,665.92	Due to the Current Fund from the Other Trust Fund for Other Trust Bills paid by the Current Fund.
184,637.58	Due to the General Capital Fund from the Current Fund for Short Term Loans.
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.
<u>803,617.01</u>	Due to the Water Capital Fund from the Water Operating Fund for Short Term Loans.
<u>\$1,977,981.05</u>	

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

NOTE 12. LEASES

The Borough has not entered into any long-term agreements for any equipment purchases.

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 2012 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 13. RISK MANAGEMENT, (continued)

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 16, 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, 2012</u>	<u>Balance</u> <u>Dec 31, 2011</u>
Prepaid Taxes	<u>\$83,974.03</u>	<u>\$82,262.28</u>
Cash Liability for Taxes Collected in Advance	<u>\$83,974.03</u>	<u>\$82,262.28</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2012 and 2011
(continued)

NOTE 15. 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.

NOTE 16. 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.

NOTE 17. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through August 14, 2013, 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>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate:	<u>6.1900</u>	<u>6.0410</u>	<u>5.7580</u>
Apportionment of Tax Rate:			
Municipal	1.9022	1.8370	1.7950
Municipal Library	0.0627	0.0660	
County - General	1.1672	1.1200	1.0880
County - Open Space	0.0188	0.0200	0.0210
Local School	1.7300	1.6990	1.6380
Regional High School	1.3091	1.2990	1.2160
Assessed Valuations:			
2012	\$328,035,300.00		
2011		\$329,646,800.00	
2010			\$331,785,800.00

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>
2012	\$20,316,941.82	\$19,731,779.12	97.11%
2011	19,918,915.28	19,318,286.21	96.98
2010	19,116,833.31	18,628,910.98	97.44

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>
2012	\$41,450.02	\$475,812.16	\$517,262.18	2.55%
2011	37,921.72	507,555.69	545,477.41	2.74
2010	34,478.35	440,844.25	475,322.60	2.49

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

No properties have been acquired in 2012 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>
2012	\$9,975.00
2011	9,975.00
2010	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>
2012	\$1,729,352.89	\$1,127,000.00
2011	1,904,987.29	860,000.00
2010	1,829,639.03	901,000.00
2009	231,067.49	92,000.00
2008	64,622.83	0.00
	<u>Water Utility Operating Fund</u>	
2012	\$15,861.36	\$15,500.00
2011	15,496.23	0.00
2010	29,136.43	29,000.00
2009	28,896.59	0.00
2008	27,637.56	0.00

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	
Maha Kandis	Council President	
Belgica Costa	Councilwoman	
Reynaldo Martinez	Councilman	
Michael Tirri	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	
Lidia Dabrowska	Tax Search Officer	
Kelly Mullanaphy	Court Administrator	(A)
Ferraioli, Wielkocz, Cerullo & Cuva, P.A.	Borough Auditor	
Andrew Oddo	Borough Attorney	
Alaimo Group	Borough Engineer	
John Abdelhady	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.

BOROUGH OF HALEDON, N.J.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

State Grantor Department	Program Title	State Program/ Account Number	Program Amount	Balance Jan. 1, 2012	Receipts	Expended	Balance Dec. 31, 2012	Memo Cumulative Total Expenditures
Department of Community Affairs	Emergency Road & Bridge Repair Special Legislative Grant-Business District	8030-100-04-86-20	6,393.94	1,744.98			1,744.98	4,648.96
			25,000.00	(15,000.00)		(15,000.00)	25,000.00	
Division of Motor Vehicles	Drunk Driving Enforcement Fund	1110-448-031020-2200	2,408.00	225.30		225.30	2,408.00	
			15,919.99	15,919.99	1,799.17	14,120.82	2,408.00	
			2,176.33	2,176.33		1,799.17	1,799.17	
			2,072.50	2,072.50		2,072.50	2,072.50	
			9,437.67	9,437.67		9,437.67	9,437.67	
			8,446.56		8,446.56	8,446.56		
Division of Criminal Justice	Municipal Court Alcohol Education and Rehabilitation	9735-760-060000-60	1,249.23	390.71		390.71	858.52	
Division of Criminal Justice	Body Armor Fund	1020-718-066-1020-001	1,616.19	1,405.81		1,405.81	1,616.19	
			1,805.68	1,805.68	1,372.94	432.74	1,616.19	
			1,658.97	1,658.97		1,658.97	1,658.97	
			1,761.55	1,761.55		1,761.55	1,761.55	
			890.69	890.69		890.69	890.69	
			1,692.90	1,692.90		1,692.90	1,692.90	
			1,813.49	1,813.49	1,813.49	1,813.49	1,813.49	
Department of Human Services	General Assistance	7500-150-158010-60 A/C#2	151,675.00	53,497.66	151,675.00	20,045.11	151,675.00	
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	8,266.00	3,422.11		3,422.11	4,843.89	
			1,585.20	1,585.20	5,846.74	1,585.20	1,585.20	
			5,846.74	5,846.74	6,064.00	6,064.00	6,064.00	
			6,064.00	6,064.00	6,026.16	6,026.16	6,026.16	
			6,318.21	6,318.21	6,318.21	6,318.21	6,318.21	
			7,041.26	7,041.26	7,041.26	7,041.26	7,041.26	
			7,458.25	7,458.25	7,458.25	7,458.25	7,458.25	
			9,567.09	9,567.09	9,567.09	9,567.09	9,567.09	
			9,961.99	9,961.99	9,961.99	9,961.99	9,961.99	
			9,364.78	9,364.78	9,364.78	9,364.78	9,364.78	
			9,216.77	9,216.77	9,216.77	9,216.77	9,216.77	
			6,610.05	6,610.05	6,610.05	6,610.05	6,610.05	
			1,473.02	1,473.02	1,473.02	1,473.02	1,473.02	
			2,109.62	2,109.62	2,109.62	2,109.62	2,109.62	
3,798.69	3,798.69	2,740.13	1,058.56	2,740.13				
7,818.76	7,818.76		7,818.76	7,818.76				
5,835.11	5,835.11		5,835.11	5,835.11				
11,079.79	11,079.79	11,079.79	11,079.79	11,079.79				
14,919.49	14,919.49	14,919.49	14,919.49	14,919.49				
Passaic County Municipal Alliance Grant	Governor's Alcohol and Drug Abuse Prevention	1110-448-031020-22	17,243.00	2,951.08	16,986.23	(380.89)	17,243.00	
Department of Transportation	Transportation Trust Fund Hobart and Henry Street Clinton Street Woodside Avenue Summit Avenue Avenue C, Grove, Jasper Sts., Albion Ave. Morrissee Ave., Jasper St., Albion Ave. Van Dyke Avenue Southside Avenue	6320-480-078	150,000.00	(66,217.47)		(66,217.47)	200,000.00	
			200,000.00	(22,216.66)		(22,216.66)	187,208.74	
			200,000.00	(21,208.74)		(21,208.74)	187,208.74	
			100,000.00	(19,086.25)		(19,086.25)	97,138.25	
			201,000.00	(42,181.87)	49,079.83	6,917.96	189,028.38	
			180,000.00	(165,158.91)		(165,158.91)	165,158.91	
			200,000.00		132,857.19	(132,857.19)	132,857.19	
			200,000.00					
			40,000.00					
			6,660.62	6,660.62		6,660.62	6,660.62	
				215,372.65	320,385.26	(267,969.00)	1,229,387.36	

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04.

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Borough of Haledon, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2011	A	\$ 2,649,087.98
Increased by Receipts:		
Interest and Costs on Taxes	A-2	126,068.14
Reimbursement of Prior Year Expense	A-1	40,598.40
General Capital Surplus	A-2	1,500.00
Reserve for Debt Service	A-2	47,400.00
Miscellaneous Revenue Not Anticipated	A-2	229,817.76
Petty Cash	A-7	250.00
Due From State - Senior Citizen and Veteran Deductions	A-8	47,000.00
Taxes Receivable	A-9	20,082,748.02
Revenue Accounts Receivable	A-12	1,056,134.47
Interfunds	A-13	326,910.61
Prepaid Taxes	A-18	83,974.03
Various Cash Liabilities and Reserves	A-22	475,047.03
		<u>22,517,448.46</u>
		25,166,536.44
Decreased by Disbursements:		
Current Year Budget Appropriations	A-3	7,726,484.13
Petty Cash	A-7	250.00
Interfunds	A-13	172,742.99
Appropriation Reserves	A-16	311,269.21
Local District School Taxes	A-19	5,677,544.98
Regional High School Taxes	A-20	4,294,151.94
County Taxes Payable	A-21	3,891,116.21
Various Cash Liabilities and Reserves	A-22	757,980.72
		<u>22,831,540.18</u>
Balance - December 31, 2012	A	\$ <u>2,334,996.26</u>

Borough of Haledon, N.J.
 Schedule of Cash - Collector-Treasurer
 Grant Fund
 Year Ended December 31, 2012

	<u>Ref.</u>		<u>Grant Fund</u>
Balance - December 31, 2011			
Increased by Receipts:			
Grants Receivable	A-23	13,674.26	
Unappropriated Reserve for Grants	A-25	<u>34,396.31</u>	\$ <u>48,070.57</u>
			48,070.57
Decreased by Disbursements:			
Interfund - Current Fund	A-13	19,135.46	
Appropriated Reserve for Grants	A-24	<u>28,935.11</u>	<u>48,070.57</u>
Balance - December 31, 2012			\$ <u><u> </u></u>

Borough of Haledon, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	\$ <u>400.00</u>
Balance - December 31, 2012	A	\$ <u>400.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Court		<u>300.00</u>
		<u>400.00</u>

Schedule of Cash - Petty Cash
Current Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011		
Increased by:		
Disbursed	A-4	\$ <u>250.00</u>
		250.00
Decreased by:		
Returned to Treasurer	A-4	\$ <u>250.00</u>
Balance - December 31, 2012		<u> </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, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	\$ 21,059.88
Increased by:		
Senior Citizens' Deductions Per Tax Billing		16,250.00
Veterans' Deductions Per Tax Billing		34,000.00
Senior Citizens' and Veterans' Allowed		<u>2,750.00</u>
		53,000.00
Less:		
Senior Citizens' and Veterans' Disallowed		<u>3,250.00</u>
	A-9	<u>49,750.00</u>
		70,809.88
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>47,000.00</u>
Balance - December 31, 2012	A	<u>\$ 23,809.88</u>

Borough of Haledon, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2012

Year	Balance, Dec. 31, 2011	Levy	Added Taxes	Collected 2011	Collected 2012	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Adjusted/ Canceled	Balance, Dec. 31, 2012
2010	\$ 10,417.91							(61.65)	10,479.56
2011	497,137.78			483,481.18	483,481.18	(500.00)		2,659.25	11,497.35
	507,555.69					(500.00)		2,597.60	21,976.91
2012		20,305,385.07	11,556.75	82,262.28	19,599,266.84	50,250.00	3,528.30	127,799.15	453,835.25
	\$ 507,555.69	20,305,385.07	11,556.75	82,262.28	20,082,748.02	49,750.00	3,528.30	130,396.75	475,812.16
	A			A-2/A-18	A-2/A-4	A-2/A-8	A-10		A

Analysis of Tax Levy

Tax Levy:	Ref.
Tax yield:	
General Purpose Tax	20,305,385.07
Added Tax (R.S. 54:4-63.1 et seq.)	11,556.75
	<u>20,316,941.82</u>
Local District School Tax	5,674,836.00
Regional High School Tax	4,294,151.80
County - General Tax Levy	3,827,222.88
County - Open Space Tax Levy	61,679.06
Added County Taxes	2,214.27
	<u>3,891,116.21</u>
	13,860,104.01
Local Tax for Municipal Purposes	6,444,328.00
Additional Taxes	12,509.81
	<u>6,456,837.81</u>
	<u>20,316,941.82</u>

Borough of Haledon, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	\$ 37,921.72
Increased by:		
Transfer from Taxes Receivable	A-9	<u>3,528.30</u>
		<u>3,528.30</u>
Balance - December 31, 2012	A	\$ <u>41,450.02</u>

Exhibit A-11

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> A	\$ <u>9,975.00</u>
Balance - December 31, 2012	A	\$ <u>9,975.00</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>9,975.00</u>

Borough of Haledon, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2012

Clerk:	Ref.	Balance		Accrued	Collected	Balance Dec. 31, 2012
		Dec. 31, 2011				
Licenses:						
Alcoholic beverages	A-2	\$		12,137.80	12,137.80	
Other	A-2			1,980.00	1,980.00	
Fees and Permits	A-2			3,405.00	3,405.00	
Miscellaneous Revenue not Anticipated	A-2			50.00	50.00	
Registrar of Vital Statistics						
Licenses	A-2			108.00	108.00	
Fees and Permits	A-2			105.00	105.00	
Miscellaneous Revenue not Anticipated	A-2			3,845.90	3,845.90	
Board of Health						
Licenses	A-2			875.00	875.00	
Uniform Construction Code:						
Fees and Permits - Building	A-2			42,967.00	42,967.00	
Fees and Permits - Other	A-2			270.00	270.00	
Municipal Court:						
Fines and Costs	A-2		15,570.42	224,424.29	223,633.24	16,361.47
Board of Adjustments/Planning Board						
Fees and Permits	A-2			250.00	250.00	
Police Department:						
Miscellaneous Revenue not Anticipated	A-2			57.00	57.00	
Energy Receipts Tax	A-2			608,458.00	608,458.00	
Consolidated Municipal Property Tax						
Relief Aid	A-2			83,614.00	83,614.00	
Sewer Privileges	A-2			50,839.67	50,839.67	
Interest on Investments and Deposits	A-2		9.64	15,164.45	15,155.18	18.91
Life Hazard Use Fees	A-2			13,922.67	13,922.67	
		\$	15,580.06	1,062,473.78	1,061,673.46	16,380.38
			A			A
Receipts	A-4				1,056,134.47	
Interfunds	A-13				5,538.99	
					1,061,673.46	

Borough of Haledon, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2012

Fund	Ref.	Due From/(To)			Due From/(To)
		Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
Federal and State Grant Fund	A	\$ (22,017.24)		19,135.46	(41,152.70)
Dog License Trust	A	8,091.66	6,017.28	2,064.02	12,044.92
Other Trust	A	570.34	1,095.58		1,665.92
General Capital Fund	A	29,894.33	91,143.21	305,675.12	(184,637.58)
Water Operating Fund	A	(198,491.23)	80,000.00		(118,491.23)
Public Assistance #1	A	317.86	25.91	30.27	313.50
Public Assistance #2	A	(4,277.61)		5.74	(4,283.35)
		<u>\$ (185,911.89)</u>	<u>178,281.98</u>	<u>326,910.61</u>	<u>(334,540.52)</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	38,874.19			14,024.34
Due From Current Fund		<u>(224,786.08)</u>			<u>(348,564.86)</u>
		<u>(185,911.89)</u>			<u>(334,540.52)</u>
Disbursed	A-4		172,742.99		
Received	A-4			326,910.61	
Interest on Investments	A-12		<u>5,538.99</u>		
			<u>178,281.98</u>	<u>326,910.61</u>	

Borough of Haledon, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2012

Caused By	Balance, Dec. 31, 2011	Amount in 2012 Budget	Amount Resulting from 2012	Balance, Dec. 31, 2012
Emergency Authorizations	\$		225,000.00	225,000.00
	\$		225,000.00	225,000.00
	A		A-3	A

Borough of Haledon, N.J.

Schedule of Deferred Charges - Special Emergency Authorizations

Current Fund

Year Ended December 31, 2012

Purpose	Amount <u>Authorized</u>	Not Less Than 1/5 of Amount <u>Authorized</u>	Balance, Dec. 31, 2011	Reduced in 2012 Budget	Amount Resulting from 2012	Balance, Dec. 31, 2012
Tax Map Update	\$ 100,000.00	20,000.00	\$ 40,000.00	20,000.00		20,000.00
Revision of Master Plan	50,000.00	10,000.00	20,000.00	10,000.00		10,000.00
Severance Liability Employee Retirement	250,000.00	50,000.00	250,000.00	50,000.00		200,000.00
Severance Liability Employee Retirement	55,000.00	11,000.00			55,000.00	55,000.00
			<u>\$ 310,000.00</u>	<u>80,000.00</u>	<u>55,000.00</u>	<u>285,000.00</u>
			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, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 309.04	309.04		309.04
Municipal Clerk	1,196.43	1,196.43		1,196.43
Elections	509.04	509.04		509.04
Financial Administration	19,216.06	9,216.06		9,216.06
Chief Financial Officer	3,756.25	3,756.25		3,756.25
Collection of Taxes	937.76	937.76		937.76
Assessment of Taxes	700.94	700.94		700.94
Planning Board	1.94	1.94		1.94
Police	28,756.16	10,256.16		10,256.16
School Crossing Guards	4,141.73	4,141.73		4,141.73
Special Police	2,185.06	2,185.06		2,185.06
Police Radio and Communications	23,943.55	23,943.55		23,943.55
Fire	85.00	85.00		85.00
Uniform Fire Safety	0.08	0.08		0.08
Prosecutor	12.04	12.04		12.04
Municipal Court	6,396.41	10,107.17	3,710.76	6,396.41
Public Defender	1,415.24	1,415.24		1,415.24
Road Repair and Maintenance	27,296.25	27,296.25		27,296.25
Garbage and Trash Removal	16,326.34	16,326.34		16,326.34
Recycling Program	3,532.69	532.69		532.69
Sewer System	459.25	459.25		459.25
Board of Health	2,831.26	2,831.26		2,831.26
Administration of Public Assistance	221.37	221.37		221.37
Senior Citizens Transportation	324.12	324.12		324.12
Building Inspector	67.00	67.00		67.00
Zoning & Housing Maint. Enforcement	0.10	0.10		0.10
Total Salaries and Wages Within "CAPS"	144,621.11	116,831.87	3,710.76	113,121.11
Other Expenses Within "CAPS":				
Mayor and Council	3,064.72	4,176.16	1,880.44	2,295.72
Municipal Clerk	1,894.68	8,090.63	6,795.19	1,295.44
Elections	1,709.33	1,709.77	0.44	1,709.33
Financial Administration				
Treasurer	3,821.12	14,667.07	11,514.66	3,152.41
Annual Audit	20,735.00	20,735.00	17,140.00	3,595.00
Miscellaneous - Other	50.00	50.00		50.00
Collection of Taxes	1,703.71	2,161.51	753.66	1,407.85
Assessment of Taxes	1,709.41	4,398.63	2,514.73	1,883.90
Legal Services and Costs	36,508.53	39,954.01	39,953.24	0.77
Engineering Services and Costs	6,975.30	8,212.80	2,978.75	5,234.05
Planning Board	870.79	968.73	362.56	606.17
Other Insurance	5,799.02	5,799.02		5,799.02
Group Insurance	30,376.04	31,846.80	4,613.62	27,233.18
Unemployment Compensation Insurance	3,000.00	3,000.00		3,000.00

Borough of Haledon, N.J.

Schedule of Appropriation Reserves

Current Fund

Page 2 of 3

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Police	3,237.56	13,814.61	10,695.27	3,119.34
School Crossing Guards	1,000.00	1,000.00		1,000.00
Police Radio Communications	610.43	1,000.00	389.57	610.43
Emergency Management	5.62	5.62		5.62
Fire	13,947.82	23,633.65	12,950.91	10,682.74
Fire - OSHA Physicals	1,000.00	1,000.00		1,000.00
Fire - OSHA Hepatitis B	5,000.00	5,000.00		5,000.00
Fire Prevention Bureau	224.18	277.56	53.38	224.18
Fire Official	544.60	1,544.60	1,400.00	144.60
Municipal Court	542.64	2,049.68	1,567.66	482.02
Road Repairs and Maintenance	6,689.40	16,982.94	9,662.24	7,320.70
Garbage and Trash Removal	462.66	2,917.05	2,539.95	377.10
Solid Waste Disposal Costs	12,396.98	42,489.70	30,092.72	12,396.98
Recycling Program	805.71	4,495.71	4,432.01	63.70
Public Buildings and Grounds	48,316.81	104,253.80	67,539.23	36,714.57
Sewer System				
Contractual	535.00	535.00		535.00
Miscellaneous	9,493.33	8,993.33		8,993.33
Municipal Services Act	608.00	10,000.00	9,392.00	608.00
Board of Health				
Miscellaneous	1,031.75	1,091.75		1,091.75
Administrator of Public Assistance	59.41	59.41		59.41
Senior Citizens Transportation	405.00	2,300.00	1,895.00	405.00
Recreation	3,892.52	3,977.42	84.90	3,892.52
Celebration of Public Events	1,763.85	2,659.65	875.80	1,783.85
Building Inspector	19.97	19.97		19.97
Plumbing Inspector	31.75	31.75		31.75
Electrical Inspector	31.75	31.75		31.75
Zoning and Housing Maintenance Enforcement	593.26	593.26	156.66	436.60
Street Lighting	1,583.12	9,487.95	7,904.83	1,583.12
Gasoline	7,789.96	21,824.37	18,948.72	2,875.65
Fire Hydrant Service	74.16	16,046.16	15,972.00	74.16
Total Other Expenses Within "CAPS"	240,914.89	443,886.82	285,060.14	158,826.68
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	17,559.42	17,559.42	360.81	17,198.61
Total Deferred Charges and Statutory Expenditures Within "CAPS"	17,559.42	17,559.42	360.81	17,198.61
Total Reserves Within "CAPS"	403,095.42	578,278.11	289,131.71	289,146.40

Borough of Haledon, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2012

	Balance, Dec. 31, <u>2011</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Other Insurance Premiums	20,541.00	20,541.00		20,541.00
Passaic Valley Sewer Commission Contractual	11,186.84	11,186.84		11,186.84
Emergency Services Volunteer - LOSAP	40,000.00	40,000.00	22,137.50	17,862.50
Total Other Expenses Excluded from "CAPS"	<u>71,727.84</u>	<u>71,727.84</u>	<u>22,137.50</u>	<u>49,590.34</u>
Total Reserves Excluded from "CAPS"	<u>71,727.84</u>	<u>71,727.84</u>	<u>22,137.50</u>	<u>49,590.34</u>
Totals	\$ <u>474,823.26</u>	<u>650,005.95</u>	<u>311,269.21</u>	<u>338,736.74</u>
				A-1
	<u>Ref.</u>			
Total Reserves	A	474,823.26		
Prior Year Encumbrances	A-17	<u>175,182.69</u>		
		<u>650,005.95</u>		
Disbursed	A-4		<u>311,269.21</u>	
			<u>311,269.21</u>	

Borough of Haledon, N.J.
Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	A	\$ 175,182.69
Increased by:		
Transfer from Current Appropriations	A-3	<u>48,462.17</u>
		223,644.86
Decreased by:		
Transfer to Appropriation Reserves	A-16	<u>175,182.69</u>
Balance - December 31, 2012	A	\$ <u><u>48,462.17</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2012

Balance - December 31, 2011	A	\$ 82,262.28
Increased by:		
Receipts - Prepaid 2013 Taxes	A-4	<u>83,974.03</u>
		166,236.31
Decreased by:		
Applied to 2012 Taxes	A-9	<u>82,262.28</u>
Balance - December 31, 2012	A	\$ <u><u>83,974.03</u></u>

Borough of Haledon, N.J.

Schedule of Local District School Tax

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011			
Increased by:			
Levy - Calendar Year 2012	A-1,A-9	\$	<u>5,674,836.00</u>
			5,674,836.00
Decreased by:			
Payments	A-4		<u>5,677,544.98</u>
Balance - December 31, 2012	A	Prepaid	<u>\$ (2,708.98)</u>

Schedule of Regional High School Tax

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011			
School Tax Payable	<u>A</u>		
School Tax Deferred		\$	<u>2,148,399.56</u>
		\$	2,148,399.56
Increased by:			
Levy School Year - July 1, 2012			
to June 30, 2013	A-9		<u>4,294,151.80</u>
			6,442,551.36
Decreased by:			
Payments	A-4		<u>4,294,151.94</u>
Balance - December 31, 2012			
School Tax Payable			
School Tax Deferred		\$	<u>2,148,399.42</u>
		\$	<u>2,148,399.42</u>
2012 Liability for Regional High School District Tax:			
Tax Payable - Dec. 31, 2012			
Tax Paid			<u>4,294,151.94</u>
			4,294,151.94
Less: Tax Payable - Dec. 31, 2011			<u> </u>
Amount Charged to 2012 Operations	A-1		<u>4,294,151.94</u>

Borough of Haledon, N.J.

Schedule of County Taxes Payable/(Receivable)

Current Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Increased by:			
Levy - General	A-1/A-9	\$ 3,827,222.88	
Levy - Open Space	A-1/A-9	61,679.06	
Added and Omitted Taxes	A-1/A-9	<u>2,214.27</u>	<u>3,891,116.21</u>
			3,891,116.21
Decreased by:			
Payments	A-4		\$ <u><u>3,891,116.21</u></u>

Borough of Haledon, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2012

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
<u>Liabilities:</u>				
Tax Overpayments	\$ 25,803.45	10,342.41	33,922.04	2,223.82
Due to State of NJ Marriage Surcharge	225.00	875.00	1,100.00	
Due to State of NJ Building Surcharge	903.00	2,473.00	3,182.00	194.00
Accounts Payable	32,125.16			32,125.16
<u>Reserves for:</u>				
Sewer Connection Deposits	50.00			50.00
LOSAP	12,532.20			12,532.20
DARE Contribution	12,397.48		1,824.77	10,572.71
Redemption of Outside Liens		461,356.62	461,356.62	
Retirement Severance Liability	18,601.95	55,000.00	55,000.00	18,601.95
Master Plan	8,868.02			8,868.02
Sewer - Legion Ave	7,000.00			7,000.00
Judgment				
Public Defender Fees		225,000.00	201,595.29	23,404.71
	<u>\$ 118,506.26</u>	<u>755,047.03</u>	<u>757,980.72</u>	<u>115,572.57</u>
	A			A

	<u>Ref.</u>
Transfer from Current Appropriations Received	A-3 280,000.00
Disbursed	A-4 475,047.03
	<u>757,980.72</u>
	<u>755,047.03</u>

Borough of Haledon, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2012

Grant	Balance Dec. 31, 2011	Budget Revenue	Received	Transfer from Unapprop. Reserve	Cancelled	Balance Dec. 31, 2012
Municipal Alliance on Alcoholism and Drug Abuse	\$ 14,035.15		13,674.26	11,079.79		360.89
Recycling Tonnage Grant		11,079.79		9,364.78		
Clean Communities Grant		9,364.78		9,437.67		
Drunk Driving Enforcement Fund		9,437.67				277,120.92
N.J. Transportation Trust Fund	277,120.92	1,692.90		1,692.90		
Body Armor Replacement Fund	15,000.00					15,000.00
Special Legislative Grant - Business District	40,000.00					40,000.00
State Pedestrian Safety Program	3,000.00					3,000.00
NJDEP - Green Communities	305.00					305.00
Over the Limit Under Arrest						
	\$ 349,461.07	31,575.14	13,674.26	31,575.14		335,786.81
	A	A-2	A-5	A-25		A

Borough of Haledon, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Transfer</u> <u>From 2012</u> <u>Budget</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Municipal Alliance on Alcoholism and Drug Abuse					
State Share	\$ 16,986.23		16,986.23		
Emergency Road & Bridge Repair	1,744.98				1,744.98
Clean Communities Grant	63,291.01	9,364.78			72,655.79
Alcohol Ed. and Rehabilitation Fund	390.71				390.71
Supplemental Safe Neigh. Discretionary Grant - Purchase of Police Car	30.00				30.00
Drunk Driving Enforcement Fund	20,394.12	9,437.67	2,024.47		27,807.32
Recycling Tonnage Grant	21,858.09	11,079.79	7,145.66		25,792.22
Aid to Distressed Cities					
Transitional Services	195.16				195.16
Pothole Repair Program Grant	6,660.62				6,660.62
Body Armor Replacement Fund	7,522.70	1,692.90	2,778.75		6,436.85
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
Over the Limit Under Arrest	4,550.00				4,550.00
N.J. Transportation Trust Fund	153,092.35				153,092.35
	<u>\$ 339,903.17</u>	<u>31,575.14</u>	<u>28,935.11</u>		<u>342,543.20</u>
	A		A-5		A

Ref.

A-3 31,575.14

Federal and State Grants

31,575.14

Borough of Haledon, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2012

<u>Grant</u>	Balance Dec. 31, 2011	Transfer To 2012 <u>Budget</u>	<u>Received</u>	Balance Dec. 31, 2012
Drunk Driving Enforcement Fund	\$ 9,437.67	9,437.67	8,446.56	8,446.56
Recycling Tonnage Grant	11,079.79	11,079.79	14,919.49	14,919.49
Clean Communities Grant	9,364.78	9,364.78	9,216.77	9,216.77
Body Armor Replacement Grant	<u>1,692.90</u>	<u>1,692.90</u>	<u>1,813.49</u>	<u>1,813.49</u>
	\$ 31,575.14	<u>31,575.14</u>	<u>34,396.31</u>	<u>34,396.31</u>
	A	A-23	A-5	A

Borough of Haledon, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2012

	Ref.	Dog License Fund	Other Trust Funds	Unaudited Emergency Services Volunteer LOSAP
Balance - December 31, 2011	B	\$ <u>6,032.04</u>	<u>510,255.60</u>	<u>222,412.04</u>
Increased by Receipts:				
Other Receivables	B-2		33,614.19	
LOSAP - Contributions Receivable	B-3			22,137.50
Budget Appropriation	B-4	2,064.02		
Dog License Fees - Borough Share	B-4	1,574.40		
Dog License Fees - State Share	B-5	342.60		
Interfund - Current Fund	B-6	6,017.28	1,095.58	
Interfund - Other Trust Fund	B-7	26.00		
Other Trust Funds	B-9		462,866.54	
LOSAP - Net Assets Available	B-10			17,237.41
Total Receipts		<u>10,024.30</u>	<u>497,576.31</u>	<u>39,374.91</u>
		<u>16,056.34</u>	<u>1,007,831.91</u>	<u>261,786.95</u>
Decreased by Disbursements:				
Interfund - Current Fund	B-6	2,064.02		
Reserve for Dog Expenditures	B-4	4,701.26		
State Share - Dog Licenses	B-5	343.00		
Interfund - Dog License Fund	B-7		26.00	
Other Trust Funds	B-9		514,791.48	
LOSAP - Net Assets Available	B-10			44,065.92
Total Disbursements		<u>7,108.28</u>	<u>514,817.48</u>	<u>44,065.92</u>
Balance - December 31, 2012	B	\$ <u><u>8,948.06</u></u>	<u><u>493,014.43</u></u>	<u><u>217,721.03</u></u>

Borough of Haledon, N.J.

Schedule of Other Receivables

Trust Funds

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> B	\$ 33,614.19
Decreased by:		
Receipts	B-1	<u>33,614.19</u>
Balance - December 31, 2012	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, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 22,137.50
Increased by:		
Current Year Contributions	B-10	<u>30,187.50</u>
		52,325.00
Decreased by:		
Receipts	B-1	<u>22,137.50</u>
Balance - December 31, 2012	B	<u>\$ 30,187.50</u>

Borough of Haledon, N.J.

Reserve/(Deficit) for Dog Fund Expenditures

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	(2,064.02)
Increased by:		
Budget Appropriation	B-1	2,064.02
Dog License Fees including Late Fees	B-1	<u>1,574.40</u>
		<u>3,638.42</u>
		1,574.40
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>4,701.26</u>
Balance - December 31, 2012	B	<u><u>(3,126.86)</u></u>

License Fees Collected

<u>Year</u>	
2011	1,234.20
2010	<u>1,345.80</u>
	<u><u>2,580.00</u></u>

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

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	B	\$ 4.40
Increased by:		
State Fees Collected	B-1	<u>342.60</u>
		347.00
Decreased by:		
Paid to State	B-1	<u>343.00</u>
Balance - December 31, 2012	B	<u><u>4.00</u></u>

Borough of Haledon, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2012

	Due to/(from) Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2012</u>
Dog License Trust	8,091.66	6,017.28	2,064.02	12,044.92
Other Trust	570.34	1,095.58		1,665.92
	<u>8,662.00</u>	<u>7,112.86</u>	<u>2,064.02</u>	<u>13,710.84</u>
	B	B-1	B-1	B

Exhibit B-7

Schedule of Interfund - Dog License Fund

Trust Funds

Year Ended December 31, 2012

	<u>Ref.</u>	
Increased by:		
Disbursed	B-1	<u>26.00</u>
Balance - December 31, 2012		
Due from	B	<u>26.00</u>

Borough of Haledon, N.J.

Schedule of Payroll Deductions Payable

Trust Funds

Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2012</u>
Federal Withholding		
Social Security / Medicare		
State Withholding - New Jersey		
Unemployment Insurance	250.29	250.29
Pension		
Credit Union		
Deferred Compensation		
PBA Dues		
Dues		
Garnish		
Insurance		
Net Payroll		
	<hr/>	<hr/>
	250.29	250.29
	<hr/> <hr/>	<hr/> <hr/>
	B	B

Borough of Haledon, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2012</u>
Escrow Deposits	108,450.11	40,927.95	33,268.20	116,109.86
Reserve for Unemployment	8,992.04	22.45	726.47	8,288.02
Reserve for Restitution	146.05			146.05
Reserve for P.O.A.A.	13,676.81	850.00	884.00	13,642.81
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	37,920.07	6,994.60	1,707.06	43,207.61
Reserve for Senior Citizen Recreation	3,069.65			3,069.65
Reserve for Centennial	7,359.43	2,010.00	6,879.43	2,490.00
Reserve for Special Police Outside Duty		158,165.81	143,077.63	15,088.18
Reserve for Affordable Housing	175,000.00			175,000.00
Reserve for Recreation Improvements	10,000.00			10,000.00
Other Escrow	4,106.00	745.00		4,851.00
Sale of Assets	5,200.00	10,392.50		15,592.50
Fireworks Donations	500.00			500.00
Junior Police Academy	3,150.00			3,150.00
Insurance Escrow		27,493.69		27,493.69
RX/Sec. 125 Plan		215,264.54	215,248.69	15.85
Reserve for Premium on Tax Sale	159,600.00		113,000.00	46,600.00
	<u>543,049.16</u>	<u>462,866.54</u>	<u>514,791.48</u>	<u>491,124.22</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, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	B		244,549.54
Increased by:			
Borough Contributions	B-3	30,187.50	
Appreciation / (Depreciation)	B-1	<u>17,237.41</u>	
			<u>47,424.91</u>
			291,974.45
Decreased by:			
Withdrawals		42,440.84	
Administration Fee		<u>1,625.08</u>	
	B-1		<u>44,065.92</u>
Balance - December 31, 2012	B		<u><u>247,908.53</u></u>

Borough of Haledon, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		\$ 1,010,297.25
Increased by Receipts:			
Premium Sale of BAN'S	C-1	14,081.00	
Interfund - Current Fund	C-4	91,143.21	
Due from NJEIT	C-6	540,022.00	
Various Receivables	C-7	209,079.83	
Bond Anticipation Notes	C-13	<u>3,847,000.00</u>	
			<u>4,701,326.04</u>
			5,711,623.29
Decreased by Disbursements:			
Fund Balance	C-1	1,500.00	
Bond Anticipation Notes	C-13	2,449,500.00	
Interfund Current Fund	C-4	305,675.12	
Various Reserves	C-16	47,400.00	
Improvement Authorizations	C-14	<u>722,311.00</u>	
			<u>3,526,386.12</u>
Balance - December 31, 2012	C		\$ <u><u>2,185,237.17</u></u>

Borough of Haledon, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Fund Balance	C-1	\$ 14,957.00
Due from Current Fund	C-4	(184,637.58)
Due from Water Capital Fund	C-5	(812,375.84)
Due from NJEIT	C-6	(817,971.00)
Capital Improvement Fund	C-15	23,000.96
Various Reserves	C-16	126,489.62
Cash on Hand to Pay Debt		209,028.38

Improvement Authorizations:

Ordinance

Number

Improvement Description

10-14-98	Various Improvements	69,275.94
04-18-01	Purchase of Communication Equipment	3,610.00
09-17-01	Various Capital Improvements	322,253.71
3-11-04	Various Capital Improvements	83,238.33
11-08-07	Roe Street Field	53,518.05
06-18-09	Roe Street Sanitary Sewer Rehabilitation	811,917.86
08-20-09	Roe Street Sewer Repairs	19,647.94
10-15-09	Construction of Jail Cells	78.34
07-01-10	Various Capital Improvements	416,506.36
03-03-11	Imp. Sanitary Sewer Haledon Avenue	(30,736.95)
07-02-11	Various Capital Improvements	9,680.00
08-18-11	Various Capital Improvements	615,307.75
10-20-11	Imp. Sanitary Sewer Legion Place	(109,500.00)
06-21-12	Various Capital Improvements	1,360,130.30
09-20-12	Fire Department Communication Equip.	1,818.00

\$ 2,185,237.17

C

Borough of Haledon, N.J.
 Schedule of Interfund - Current Fund
 General Capital Fund
 Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011 - Due to	C	\$ 29,894.33
Increased by:		
Receipts		86,742.99
Interest Earned		<u>4,400.22</u>
	C-2	<u>91,143.21</u>
		121,037.54
Decreased by:		
Disbursed		<u>305,675.12</u>
	C-2	<u>305,675.12</u>
Balance - December 31, 2012 - Due from	C, C-3	\$ <u>(184,637.58)</u>

Schedule of Interfund - Water Capital Fund
 General Capital Fund
 Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011 - Due From	C	\$ <u>812,375.84</u>
Balance - December 31, 2012 - Due From	C, C-3	\$ <u>812,375.84</u>

Schedule of Due From New Jersey Environmental
 Infrastructure Trust
 General Capital Fund
 Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	\$ 1,357,993.00
Decreased by:		
Trust / Loan Adjustment	C-8/C-10	542,860.00
Receipts	C-2	<u>540,022.00</u>
Balance - December 31, 2012	C, C-3	\$ <u>275,111.00</u>

Borough of Haledon, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Grants</u> <u>Approved</u>	<u>Cash</u> <u>Received</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<u>State of New Jersey</u>				
<u>Transportation Trust Fund:</u>				
Ord. 7/01/10 - Morrisee Ave. etc.	\$ 180,000.00			180,000.00
Ord. 7/01/10 - Avenue C etc.	51,051.45		49,079.83	1,971.62
Ord. 8/18/11 - Van Dyke Avenue	250,000.00			250,000.00
Ord. 6/21/12 - Southside Avenue		200,000.00		200,000.00
Ord. 6/21/12 - Streetscape Belmont Avenue		703,000.00		703,000.00
<u>Passaic County - Comm. Dev. Block Grant</u>			160,000.00	100,000.00
Ord. 7/01/10 - ADA Improvements	160,000.00			
Ord. 8/18/11 - Roe St. Playground	100,000.00			
<u>County of Passaic - Open Space Grant</u>				
Ord. 8/18/11 - Roe St. Playground	75,000.00			75,000.00
Ord. 8/18/11 - Braen Memorial/Roe St. Field	200,000.00			200,000.00
	<u>\$ 1,016,051.45</u>	<u>903,000.00</u>	<u>209,079.83</u>	<u>1,709,971.62</u>
	C	C-17	C-2/C-9/C-17	C

Borough of Haledon, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>		
Balance - December 31, 2011	C		\$ 7,404,381.96
Decreased by:			
Paid by Current Year Budget Appropriations:			
NJEIT Loan Payable - Adjustment	C-6	542,860.00	
NJEIT Loan Payable	C-10	75,684.21	
Serial Bonds	C-11	365,000.00	
Greenacres Loan Payable	C-12	<u>13,290.28</u>	
			<u>996,834.49</u>
Balance - December 31, 2012	C		<u>\$ 6,407,547.47</u>

Borough of Haledon, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Balance		2012 Authorizations	Funded	Balance Dec. 31, 2012	Analysis of Balance - Dec. 31, 2012		
		Dec. 31, 2011					Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
11-08-07B	Imp. To Municipal Bldg. & Tilt St. Spring	\$ 142,500.00				142,500.00			462,000.00
06-18-09	Roe Street Sanitary Sewer Rehabilitation	462,000.00				166,500.00			
08-20-09	Roe Street Sewer Repairs	166,500.00				85,500.00			
10-15-09	Construction of Jail Cells	85,500.00		209,079.83		970,971.62		30,736.95	69,263.05
07-01-10	Various Capital Improvements	1,180,051.45				100,000.00			
03-03-11	Imp. Sanitary Sewer Haledon Avenue	100,000.00				875,000.00			
08-18-11	Various Capital Improvements	875,000.00				109,500.00		109,500.00	
10-20-11	Imp. Sanitary Legion Place	109,500.00				1,397,500.00			
06-21-12	Various Capital Improvements			1,397,500.00					
		\$ 3,121,051.45		1,397,500.00	209,079.83	4,309,471.62		140,236.95	531,263.05
		C		C-14/C-18		C			
	Grant Receipts			Ref. C-7	209,079.83				
								C-14	2,942,933.74
									19,647.94
									78.34
									416,454.91
									615,307.75
									1,360,130.30
									2,411,619.24
									531,314.50

Borough of Haledon, N.J.

Schedule of New Jersey Environmental Infrastructure Trust/Loan

General Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	<u>Total</u>	<u>Trust</u>	<u>Loan</u>
Balance - December 31, 2011	C	\$ 1,462,315.79	370,000.00	1,092,315.79
Decreased by:				
Trust / Loan Adjustment	C-6/C-14	542,860.00	135,465.00	407,395.00
Principal Paid	C-8	<u>75,684.21</u>	<u>15,000.00</u>	<u>60,684.21</u>
Balance - December 31, 2012	C	<u>\$ 843,771.58</u>	<u>219,535.00</u>	<u>624,236.58</u>

Borough of Haledon, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			Date	Amount				
General Improvement Bonds	3/15/2002	3,253,000.00	9/1/2013	110,000.00	4.50%	\$ 240,000.00	240,000.00	3,920,000.00
General Improvement Bonds Series 2009	1/22/2009	4,220,000.00	9/1/2014	120,000.00	4.250%	4,025,000.00	105,000.00	
			9/1/2015	130,000.00	4.250%			
			9/1/2016	140,000.00	4.000%			
			9/1/2017	150,000.00	4.000%			
			9/1/2018	350,000.00	4.000%			
			9/1/2019	360,000.00	4.250%			
			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%						
General Obligation Refunding Bonds	8/12/2011	1,410,000	3/15/2013	270,000.00	2.000%	1,410,000.00	20,000	1,390,000.00
			3/15/2014	275,000.00	2.000%			
			3/15/2015	275,000.00	3.000%			
			3/15/2016	285,000.00	3.000%			
			3/15/2017	285,000.00	3.000%			
						\$ 5,675,000.00	365,000.00	5,310,000.00
						C	C-8	C

Borough of Haledon, N.J.

Schedule of New Jersey Green Acres Loan Payable

General Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Semi-Annual Maturities		Interest Rate	Balance Dec. 31, 2011	Decreased	Balance Dec. 31, 2012
			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%	\$ 240,951.15	12,030.29	228,920.86
Roe Street Athletic Field Renovations	9/18/2009	28,561.00	3/18 and 9/18	Various	2.00%	26,115.02	1,259.99	24,855.03
						\$ 267,066.17	13,290.28	253,775.89
						C	C-8	C

Borough of Haledon, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
08-20-09	Roe Street Sewer Repairs	166,500.00	11/10/2010	11/8/2012	11/8/2013	1.25%	166,500.00	166,500.00	166,500.00	166,500.00
10-15-09	Construction of Jail Cells	85,500.00	11/10/2010	11/8/2012	11/8/2013	1.25%	85,500.00	85,500.00	85,500.00	85,500.00
07-01-10	Various Capital Improvements	1,330,000.00	11/10/2010	11/8/2012	11/8/2013	1.25%	1,180,000.00	1,180,000.00	1,180,000.00	1,180,000.00
11-08-07B	Imp. To Mun. Bldg. & Tilt St. Spring	142,500.00	11/10/2011	11/8/2012	11/8/2013	1.25%	142,500.00	142,500.00	142,500.00	142,500.00
08-18-11	Various Capital Improvements	875,000.00	11/10/2011	11/8/2012	11/8/2013	1.25%	875,000.00	875,000.00	875,000.00	875,000.00
06-12-12	Various Capital Improvements	1,397,500.00	11/8/2012	11/8/2012	11/8/2013	1.25%	1,397,500.00	1,397,500.00	1,397,500.00	1,397,500.00
							\$ 2,449,500.00	3,847,000.00	2,449,500.00	3,847,000.00
										C

Ref.	Issued for Cash	Renewals
C-2/C-18	1,397,500.00	
C-2	2,449,500.00	2,449,500.00
	3,847,000.00	2,449,500.00

Borough of Haledon, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2012

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2011		2012 Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2012																			
				Funded	Unfunded				Funded	Unfunded																		
General Improvements:																												
10-14-98	Various Improvements	11/11/1998	\$ 2,155,000.00	\$ 89,275.94				20,000.00	69,275.94																			
04-18-01	Purchase of Communication Equipment	5/16/2001	33,000.00	3,610.00					3,610.00																			
09-17-01	Various Capital Improvements	10/17/2001	900,000.00	322,253.71					322,253.71																			
03-11-04	Various Capital Improvements	4/21/2004	1,600,000.00	90,237.55					83,238.33																			
11-08-07	Various Capital Improvements	11/29/2007				6,999.22																						
11-08-07a	Imp. To Roe Street Field		1,148,500.00	53,518.05					53,518.05																			
06-18-09	Roe Street Sanitary Sewer Rehabilitation	7/16/2009	2,000,000.00	812,847.86	462,000.00		930.00	542,860.00	269,057.86	462,000.00																		
08-20-09	Roe Street Sewer Repairs	9/17/2009	175,000.00		22,303.94		2,656.00			19,647.94																		
10-15-09	Construction of Jail Cells	11/12/2009	90,000.00		3,078.34		3,000.00			78.34																		
07-01-10	Various Capital Improvements	7/22/2010	1,350,000.00		659,454.35		242,947.99			416,506.36																		
03-03-11	Imp. Sanitary Sewer Haledon Avenue	4/21/2011	105,000.00		87,729.44		18,466.39			69,263.05																		
07-02-11	Various Capital Improvements	7/28/2011	25,000.00				15,320.00		9,680.00																			
08-18-11	Various Capital Improvements	9/15/2011	875,000.00		868,042.15		252,734.40			615,307.75																		
10-20-11	Imp. Sanitary Legion Place	11/10/2011	115,000.00	1,705.30	109,500.00		111,205.30																					
06-21-12	Various Capital Improvements	7/19/2012	1,410,000.00			1,410,000.00	49,869.70			1,360,130.30																		
09-20-12	Fire Department Communication Equip.	10/18/2012	20,000.00			20,000.00	18,182.00		1,818.00																			
				<u>\$ 1,398,448.41</u>	<u>2,212,108.22</u>	<u>1,430,000.00</u>	<u>722,311.00</u>	<u>562,860.00</u>	<u>812,451.89</u>	<u>2,942,933.74</u>																		
				C	C	C	C-2	C	C	C																		
<table border="0" style="width:100%"> <tr> <td style="width:60%">General Capital Surplus</td> <td style="width:10%">Ref.</td> <td style="width:30%"></td> </tr> <tr> <td>Deferred Charges to Future Taxation - Unfunded</td> <td>C-1</td> <td>20,000.00</td> </tr> <tr> <td>Capital Improvement Fund</td> <td>C-9</td> <td>1,397,500.00</td> </tr> <tr> <td>NJEIT Loan/Trust Adjustment</td> <td>C-15</td> <td>12,500.00</td> </tr> <tr> <td></td> <td>C-10</td> <td>542,860.00</td> </tr> <tr> <td></td> <td></td> <td><u>567,860.00</u></td> </tr> </table>											General Capital Surplus	Ref.		Deferred Charges to Future Taxation - Unfunded	C-1	20,000.00	Capital Improvement Fund	C-9	1,397,500.00	NJEIT Loan/Trust Adjustment	C-15	12,500.00		C-10	542,860.00			<u>567,860.00</u>
General Capital Surplus	Ref.																											
Deferred Charges to Future Taxation - Unfunded	C-1	20,000.00																										
Capital Improvement Fund	C-9	1,397,500.00																										
NJEIT Loan/Trust Adjustment	C-15	12,500.00																										
	C-10	542,860.00																										
		<u>567,860.00</u>																										

Borough of Haledon, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	C	\$ 35,500.96
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-14	<u>12,500.00</u>
Balance - December 31, 2012	C/C-3	\$ <u><u>23,000.96</u></u>

Borough of Haledon, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2012</u>
Debt Service	\$ 173,889.62		47,400.00	126,489.62
	<u>173,889.62</u>		<u>47,400.00</u>	<u>126,489.62</u>
	C	C-2	C-2	C/C-3

Exhibit C-17

Schedule of Reserve for Various Grants Receivable

General Capital Fund

Year Ended December 31, 2012

	Balance <u>Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2012</u>
<u>State of New Jersey</u>				
Transportation Trust Fund:				
Ord. 7/01/10 - Morrisee Ave. etc.	\$ 180,000.00			180,000.00
Ord. 7/01/10 - Avenue C etc.	51,051.45		49,079.83	1,971.62
Ord. 8/18/11 - Van Dyke Avenue	250,000.00			250,000.00
Ord. 6/21/12 - Southside Avenue		200,000.00		200,000.00
Ord. 6/21/12 - Streetscape Belmont Avenue		703,000.00		703,000.00
<u>Passaic County - Comm. Dev. Block Grant</u>				
Ord. 7/01/10 - ADA Improvements	160,000.00		160,000.00	
Ord. 8/18/11 - Roe St. Playground	100,000.00			100,000.00
<u>County of Passaic - Open Space Grant</u>				
Ord. 8/18/11 - Roe St. Playground	75,000.00			75,000.00
Ord. 8/18/11 - Braen Memorial/Roe St. Field	200,000.00			200,000.00
	<u>\$ 1,016,051.45</u>	<u>903,000.00</u>	<u>209,079.83</u>	<u>1,709,971.62</u>
	C	C-7	C-7	C

Borough of Haledon, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2012

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Increased</u>	<u>2012 Decreased</u>	<u>Balance Dec. 31, 2012</u>
	<u>General improvements:</u>				
06-18-09	Roe Street Sanitary Sewer Rehabilitation	\$ 462,000.00			462,000.00
07-01-10	Various Capital Improvements	51.45		51.45	100,000.00
03-03-11	Imp. Sanitary Sewer Haledon Avenue	100,000.00			109,500.00
10-20-11	Imp. Sanitary Legion Place	109,500.00			
06-21-12	Various Capital Improvements		1,397,500.00	1,397,500.00	
		<u>\$ 671,551.45</u>	<u>1,397,500.00</u>	<u>1,397,551.45</u>	<u>671,500.00</u>
		Footnote C			Footnote C
		<u>Ref.</u>		51.45	
	Funded by Grant Proceeds		1,397,500.00		
	Authorizations	C-9		1,397,500.00	
	Notes Issued	C-13			
			<u>1,397,500.00</u>	<u>1,397,551.45</u>	

Borough of Haledon, N.J.
Schedule of Cash
Water Utility Fund
Year Ended December 31, 2012

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2011	D	\$ <u>147,656.63</u>	<u>8,738.57</u>
Increased by Receipts:			
Svc. Agree. Manchester Utilities Auth.	D-7	30,000.00	
Due from Manchester Utilities Auth.	D-6	432,143.76	
Interest on Deposits	D-2/D-9	344.26	20.87
Interfund Receipts	D-9	<u>80,000.00</u>	
		<u>542,488.02</u>	<u>20.87</u>
		<u>690,144.65</u>	<u>8,759.44</u>
Decreased by Disbursements:			
Budget Appropriations	D-3	<u>571,650.72</u>	
		<u>571,650.72</u>	
Balance - December 31, 2012	D	<u><u>\$ 118,493.93</u></u>	<u><u>8,759.44</u></u>

Exhibit D-5

Borough of Haledon, N.J.

Schedule of Change Funds

Water Utility Fund

Year Ended December 31, 2012

<u>Office</u>	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2012</u>
Water Utility Collector	\$ 100.00	100.00
	<u>D</u>	<u>D</u>

Exhibit D-6

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

Water Utility Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> D	\$ (99,882.25)
Increased by:		
Annual Charges per Service Agreement	D-2	<u>610,143.76</u>
		510,261.51
Dereased by:		
Receipts	D-4	<u>432,143.76</u>
		<u>432,143.76</u>
Balance - December 31, 2012	D	\$ <u>78,117.75</u>

Borough of Haledon, N.J.

Schedule of Due from Manchester Utilities Authority
Per Service Agreement

Water Utility Fund

Year Ended December 31, 2012

Balance - December 31, 2011	<u>Ref.</u> D	\$ 594,143.50
Dereased by:		
Received	D-4	<u>30,000.00</u>
Balance - December 31, 2012	D	\$ <u><u>564,143.50</u></u>

Exhibit D-8

Schedule of Water Utility Capital Cash

Water Utility Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	Balance <u>Dec. 31, 2012</u>
Capital Improvement Fund	D-13	\$ 0.61
Interfund - Water Operating Fund	D-9	(803,617.01)
Interfund - General Capital Fund	D-15	812,375.84
	D	\$ <u><u>8,759.44</u></u>

Borough of Haledon, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water Utility Fund

Year Ended December 31, 2012

			Water Operating Fund	
	<u>Ref.</u>	<u>Total</u>	Water Capital Fund	Current Fund
Balance - December 31, 2011	D	\$ (605,146.65)	(803,637.88)	198,491.23
Increased by:				
Disbursed	D-4			
Interest on Deposits	D-2/D-4	20.87	20.87	
		<u>20.87</u>	<u>20.87</u>	
Decreased by:				
Receipts	D-4	80,000.00		80,000.00
		<u>80,000.00</u>		<u>80,000.00</u>
Balance - December 31, 2012	D	\$ <u>(685,125.78)</u>	<u>(803,617.01)</u>	<u>118,491.23</u>

Borough of Haledon, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2012

<u>Account Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2012</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 Reserve for Water Key Deposits

Water Utility Operating Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	\$ <u>21,375.00</u>
Balance - December 31, 2012	D	\$ <u><u>21,375.00</u></u>

Borough of Haledon, N.J.

Schedule of Water Serial Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2011	Decreased	Balance, Dec. 31, 2012
			Date	Amount				
Water Utility Bonds	3/15/2002	2,990,000.00			4.50%	\$ 170,000.00	170,000.00	
Water Utility Refunding Bonds	8/12/2011	1,815,000.00	03/15/13	195,000.00	2.00%	1,815,000.00	25,000.00	1,790,000.00
			03/15/14	190,000.00	2.00%			
			03/15/15	185,000.00	3.00%			
			03/15/16	185,000.00	3.00%			
			03/15/17	180,000.00	3.00%			
			03/15/18	175,000.00	2.50%			
			03/15/19	175,000.00	3.00%			
			03/15/20	170,000.00	3.25%			
			03/15/21	170,000.00	3.38%			
			03/15/22	165,000.00	3.63%			
						\$ 1,985,000.00	195,000.00	1,790,000.00
						D	D-14	D

Borough of Haledon, N.J.
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	\$ <u>0.61</u>
Balance - December 31, 2012	D/D-8	\$ <u><u>0.61</u></u>

Schedule of Reserve for Amortization
Water Utility Capital Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	\$ 7,912,583.42
Increased by:		
Serial Bonds Paid by Budget	D-12	<u>195,000.00</u> <u>195,000.00</u>
Balance - December 31, 2012	D	\$ <u><u>8,107,583.42</u></u>

Borough of Haledon, N.J.

Schedule of Interfund General Capital Fund

Water Utility Capital Fund

Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	D	\$ <u>812,375.84</u>
Balance - December 31, 2012	D/D-8	\$ <u>812,375.84</u>

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Borough of Haledon , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2012

	<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, 2011	E	\$ 75,983.12	14,752.09	61,231.03
Increased by Receipts:				
State Aid		107,700.00		107,700.00
Other Receipts		2,000.75	28.30	1,972.45
Supplemental Security Income		8,550.00		8,550.00
Intrafund Transfers		14,500.00		14,500.00
		<u>132,750.75</u>	<u>28.30</u>	<u>132,722.45</u>
		<u>208,733.87</u>	<u>14,780.39</u>	<u>193,953.48</u>
Decreased by Disbursements:				
Public Assistance - 2012		151,675.00		151,675.00
Supplemental Security Income				
Intrafund Transfers		14,500.00	14,500.00	
Interfund - Current Fund		38.40	32.66	5.74
		<u>166,213.40</u>	<u>14,532.66</u>	<u>151,680.74</u>
Balance - December 31, 2012	E	\$ <u><u>42,520.47</u></u>	<u><u>247.73</u></u>	<u><u>42,272.74</u></u>

Borough of Haledon , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2012	E-1	\$ <u>42,520.47</u>
Increased by:		
Cash Receipts Record		36,547.15
		<u>36,547.15</u>
		<u>79,067.62</u>
Decreased by:		
Cash Disbursements Record		58,000.00
		<u>58,000.00</u>
Balance - May 31, 2013		\$ <u><u>21,067.62</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 - May 31, 2013</u>			
Balance on Deposit per Statement of:			
Valley National Bank - Checking	247.99	10,266.39	10,514.38
Valley National Bank			
Welfare Director Petty Cash		17,862.24	17,862.24
	<u>247.99</u>	<u>28,128.63</u>	<u>28,376.62</u>
Add: Bank Charge		25.00	25.00
Less: Outstanding Checks		<u>7,334.00</u>	<u>7,334.00</u>
Balance - May 31, 2013	<u><u>247.99</u></u>	<u><u>20,819.63</u></u>	<u><u>21,067.62</u></u>

Borough of Haledon , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2012

Balance - December 31, 2011		\$	<u>75,983.12</u>
Increased by Receipts:			
Cash Receipts Record			<u>132,750.75</u>
			<u>132,750.75</u>
			<u>208,733.87</u>
Decreased by Disbursements:			
Cash Disbursements Record			<u>166,213.40</u>
			<u>166,213.40</u>
Balance - December 31, 2012		\$	<u><u>42,520.47</u></u>

<u>Reconciliation - December 31, 2012</u>	<u>P.A.T.F.</u> <u>Account #1</u>	<u>P.A.T.F.</u> <u>Account #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Valley National Bank - Checking	247.73	2,319.50	2,567.23
Valley National Bank			
Welfare Director Petty Cash		7,524.55	7,524.55
	<u>247.73</u>	<u>9,844.05</u>	<u>10,091.78</u>
Add: Deposit in Trtansit/Bank Charge		53,572.69	53,572.69
Less: Outstanding Checks		<u>21,144.00</u>	<u>21,144.00</u>
Balance - December 31, 2012	<u><u>247.73</u></u>	<u><u>42,272.74</u></u>	<u><u>42,520.47</u></u>

Borough of Haledon , N.J.
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2012

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
State Aid Payments	\$ 107,700.00		107,700.00
Less: Refunds to the State	107,700.00		107,700.00
Net State Aid Payments	106.75	28.30	78.45
Interest Earned	1,894.00		1,894.00
Refund State Matched Assistance			
Petty Cash Interest Earned	8,550.00		8,550.00
Supplemental Security Income			
State/Municipal Refund			
Client Refund			
Total Revenues (P.A.T.F.)	118,250.75	28.30	118,222.45
Intra-Fund Transfers	14,500.00		14,500.00
Inter-Fund Transfers - Current Fund			
Total Receipts	<u>\$ 132,750.75</u>	<u>28.30</u>	<u>132,722.45</u>

Exhibit E-5

Schedule of Expenditures - Cash Basis
Public Assistance Fund
Year Ended December 31, 2012

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Reported:			
Current Year Assistance (State Matching):	\$ 55,909.00		55,909.00
Maintenance Payments	2,770.00		2,770.00
Burial			
Other:	4,680.00		4,680.00
Emergency Assistance - Rent	1,463.00		1,463.00
Emergency Assistance - Security Deposits	770.00		770.00
Emergency Assistance - House Furnishings	50.00		50.00
Transportation	2,203.00		2,203.00
Work Related Expenses	83,830.00		83,830.00
Temporary Rental Assistance			
Total Payments Reported	151,675.00		151,675.00
Payments for Eligible Assistance Not Reported	151,675.00		151,675.00
Total P.A.T.F. Eligible Payments			
Inter-Fund Transfers - Current Fund	38.40	32.66	5.74
Intra-Fund Transfers	14,500.00	14,500.00	
SSI Payments:			
Reimbursement to Clients	14,538.40	14,532.66	5.74
Total Disbursements (P.A.T.F.)	<u>\$ 166,213.40</u>	<u>14,532.66</u>	<u>151,680.74</u>

Borough of Haledon , N.J.
 Schedule of Reserve for Public Assistance
 Public Assistance Fund
 Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	\$ 79,942.87
Increased by:		
Receipts		<u>118,222.45</u>
		198,165.32
Decreased by:		
Disbursements		<u>151,675.00</u>
Balance - December 31, 2012	E	\$ <u><u>46,490.32</u></u>
<u>Analysis of Balance:</u>		
Account #1		26,445.21
Account #2		<u>20,045.11</u>
		<u><u>46,490.32</u></u>

Schedule of Interfund - Current Fund
 Public Assistance Fund
 Year Ended December 31, 2012

	<u>Ref.</u>	
Balance - December 31, 2011	E	\$ (3,959.75)
Increased by:		
Receipts		<u>28.30</u>
		<u>(3,931.45)</u>
Decreased by:		
Disbursed		<u>38.40</u>
Balance - December 31, 2012	E	\$ <u><u>(3,969.85)</u></u>
<u>Analysis of Balance:</u>		
Account #1	Due To	313.50
Account #2	Due From	<u>(4,283.35)</u>
		<u><u>(3,969.85)</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, 2012

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Ferraioli, Wielkocz, 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

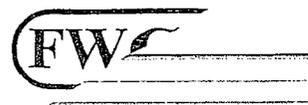
The Honorable Mayor and
Members of the Borough Council
Borough of Haledon
Haledon, New Jersey 07508

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, 2012 and the related notes to the financial statements, and have issued our report thereon dated August 14, 2013, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the omission of the fixed assets account group and 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*.

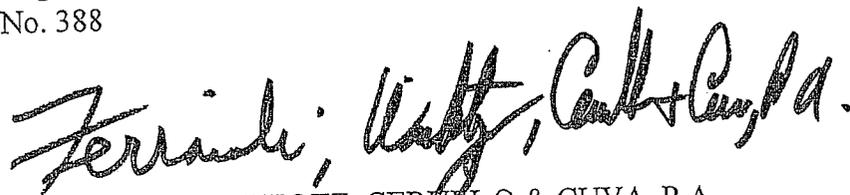
However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Haledon in the accompanying comments and recommendations section of this report.

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.



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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants



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 threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500. On July 1, 2010, the threshold was increased to \$36,000.00 with a qualified purchasing agent.

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

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

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

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

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

Van Dyk/Legion Place Road Improvements
Children's Playground at Roe St. Field

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.

Contracts and Agreements, (continued)

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 4, 2012 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.
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 18, 2012, 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>
2012	1
2011	1
2010	1

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, 2012, 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

Fixed Assets

*The Borough has not valued its fixed assets as required by State regulation.

Payroll

*Payroll Account was not being reconciled on a monthly basis.

Several employee health benefits contributions were not correctly calculated.

IRS Form 1099

*IRS Form 1099 was not issued for Rental Assistance paid on behalf of General Assistance Clients.

Outside Offices

Two building permit fees included in our testing of construction code fees were calculated incorrectly and three permits were not available for audit.

The monthly Dog License Reports contained numerous errors.

OTHER COMMENTS, (continued)

Other

The tax receipt postings to general ledger and cash receipts journal were not in agreement with the tax account status reports.

*There exists several outstanding grants receivable as detailed on Exhibit A-23 that should be reviewed for collectibility.

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

RECOMMENDATIONS

- *1. That the Borough update its inventory and value its Fixed Assets according to the requirements promulgated by the Division of Local Government Services.
- *2. That the Payroll Account be reconciled on a monthly basis.
3. That employee health benefit contributions be calculated in accordance with State guidelines.
- *4. That IRS Form 1099 be prepared for all recipients of Rental Assistance Payments.
5. That all building permits be made available for audit.
6. That Building permit fees be calculated in accordance with the Borough's fee ordinance.
- *7. That the various grants receivable as detailed on Exhibit A-23 be reviewed for collectibility.
- *8. That an effort be made to liquidate all interfunds.
9. That the monthly Dog License Reports be prepared correctly.
10. That the tax receipt postings to the general ledger and cash receipts journal be reconciled to the monthly tax account status reports.

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,



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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

