

REPORT OF AUDIT
BOROUGH OF HALEDON
COUNTY OF PASSAIC
DECEMBER 31, 2013

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BOROUGH OF HALEDON, N.J.

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BOROUGH OF HALEDON

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2013

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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, 2013 and 2012, 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, 2013, 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.



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

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

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

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, 2013 and 2012, or changes in financial position for the years then ended.



The Honorable Mayor and
Members of the Borough Council
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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. As described in Note 10 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire personnel. The amount reflected in the trust fund statements of \$266,278.59 and \$247,908.53 for 2013 and 2012, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2013 and 2012, 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, 2013 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
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2014 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.

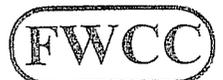


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Certified Public Accountants
Pompton Lakes, New Jersey

August 12, 2014



Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 1,826,911.73	2,334,996.26
Change Fund	A-6	400.00	400.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-8	26,539.97	23,809.88
		<u>1,853,851.70</u>	<u>2,359,206.14</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	778,640.89	475,812.16
Tax Title Liens	A-10	75,802.74	41,450.02
Property Acquired for Taxes -			
Assessed Valuation	A-11	9,975.00	9,975.00
Prepaid Local School Taxes	A-19	33,562.68	2,708.98
Revenue Accounts Receivable	A-12	20,056.67	16,380.38
Interfund Receivables:			
Federal and State Grant Fund	A-13	3,542.06	
Dog License Fund	A-13	8,938.37	12,044.92
Water Operating Fund	A-13	81,649.63	
Public Assistance Fund #1	A-13	314.13	313.50
Other Trust Fund	A-13	8,589.40	1,665.92
		<u>1,021,071.57</u>	<u>560,350.88</u>
Deferred Charges:			
Emergency Authorizations	A-14		225,000.00
Special Emergency Authorizations	A-15	394,000.00	285,000.00
		<u>3,268,923.27</u>	<u>3,429,557.02</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-13		41,152.70
Grants Receivable	A-23	365,612.48	335,786.81
		<u>365,612.48</u>	<u>376,939.51</u>
Total Assets		\$ <u>3,634,535.75</u>	<u>3,806,496.53</u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-16	\$ 439,641.44	543,279.62
Encumbrances Payable	A-17	117,165.14	48,462.17
Prepaid Taxes	A-18	62,774.87	83,974.03
Interfunds Payable:			
Federal and State Grant Fund	A-13		41,152.70
General Capital	A-13	207,182.83	184,637.58
Water Operating Fund	A-13		118,491.23
Public Assistance #2	A-13	4,283.35	4,283.35
Due to County Added Taxes	A-21	27,981.45	
Tax Overpayments	A-22		2,223.82
Due to State of New Jersey:			
Marriage Surcharge	A-22	300.00	
Building Surcharge	A-22		194.00
Accounts Payable	A-22	32,125.16	32,125.16
Reserve for:			
Sewer Connection Deposits	A-22		50.00
LOSAP	A-22	12,532.20	12,532.20
Sewer Legion Field	A-22		7,000.00
Retirement Severance Liability	A-22	18,601.95	18,601.95
Judgments	A-22	404.71	23,404.71
Master Plan	A-22	8,868.02	8,868.02
Revaluation	A-22	99,184.00	
D.A.R.E. Contributions	A-22	6,230.64	10,572.71
		<u>1,037,275.76</u>	<u>1,139,853.25</u>
Reserve for Receivables	Contra	1,021,071.57	560,350.88
Fund Balance	A-1	<u>1,210,575.94</u>	<u>1,729,352.89</u>
		<u>3,268,923.27</u>	<u>3,429,557.02</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-13	3,542.06	
Appropriated Reserve for Grants	A-24	340,255.00	342,543.20
Unappropriated Reserve for Grants	A-25	21,815.42	34,396.31
		<u>365,612.48</u>	<u>376,939.51</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 3,634,535.75</u>	<u>3,806,496.53</u>

See Accompanying Notes to Financial Statements.

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

Current Fund

Year Ended December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 1,127,000.00	860,000.00
Miscellaneous Revenue Anticipated	A-2	1,369,465.83	1,264,263.84
Receipts from Delinquent Taxes	A-2	465,848.13	482,981.18
Receipts from Current Taxes	A-2	20,036,457.73	19,731,779.12
Non-Budget Revenue	A-2	330,372.04	233,770.66
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	388,591.53	338,736.74
Cancellation of Various Liabilities	A-22	9,273.82	
Reimbursement of Prior Year Expense			40,598.40
Prepaid Local School Taxes	A-19	2,708.98	
Interfunds Returned	A-13	14,024.34	38,874.19
		<u>23,743,742.40</u>	<u>22,991,004.13</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	3,290,163.00	3,226,825.62
Other Expenses	A-3	2,998,127.50	2,805,421.50
Deferred Charges and Statutory Expenditures -			
Municipal - Within Caps	A-3	742,401.26	767,196.02
Operations - Excluded from Caps:			
Salaries and Wages	A-3	30,366.00	
Other Expenses	A-3	886,636.31	841,381.14
Capital Improvement Fund - Excluded from Caps	A-3	65,000.00	30,000.00
Municipal Debt Service - Excluded from Caps	A-3	811,591.13	733,976.78
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	316,000.00	80,000.00
Judgments			225,000.00
Local District School Tax	A-19	5,756,941.00	5,674,836.00
Regional High School Tax	A-20	4,357,059.46	4,294,151.94
County Taxes including Added Taxes	A-21	3,944,637.42	3,891,116.21
Prepaid Local School Taxes	A-19	33,562.68	2,708.98
Interfund Advances	A-13	103,033.59	14,024.34
		<u>23,335,519.35</u>	<u>22,586,638.53</u>
Total Expenditures			

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

Current Fund

Year Ended December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Excess (Deficit) Revenue Over Expenditures		408,223.05	404,365.60
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year		<u>200,000.00</u>	<u>280,000.00</u>
Statutory Excess to Fund Balance		608,223.05	684,365.60
Fund Balance, January 1,	A	<u>1,729,352.89</u>	<u>1,904,987.29</u>
		2,337,575.94	2,589,352.89
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>1,127,000.00</u>	<u>860,000.00</u>
Fund Balance, December 31,	A	<u>\$ 1,210,575.94</u>	<u>1,729,352.89</u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,127,000.00	1,127,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	12,000.00	11,460.00	(540.00)
Other	A-2	2,900.00	9,050.00	6,150.00
Fees and Permits	A-2	4,000.00	5,611.25	1,611.25
Fines and Costs:				
Municipal Court	A-12	224,000.00	225,544.01	1,544.01
Interest and Costs on Taxes	A-4	116,000.00	133,873.77	17,873.77
Interest on Investments and Deposits	A-12	10,000.00	14,109.10	4,109.10
Sewer Privileges	A-12	50,000.00	67,302.71	17,302.71
Energy Receipts Tax	A-12	622,673.00	622,673.40	0.40
Consolidated Municipal Property Tax Relief Aid	A-12	69,399.00	65,929.05	(3,469.95)
Uniform Construction Code Fees	A-12	42,774.00	55,411.00	12,637.00
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	9,216.77	9,216.77	
COPS Hiring Grant	A-23	30,366.00	30,366.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-23	16,959.00	16,959.00	
Recycling Tonnage Grant	A-23	14,919.49	14,919.49	
Drunk Driving Enforcement Fund	A-23	8,446.56	8,446.56	
Body Armor Replacement Fund	A-23	1,813.49	1,813.49	
Other Special Items:				
Uniform Fire Safety Act	A-12	13,500.00	16,280.23	2,780.23
General Capital Surplus	A-4	13,000.00	13,000.00	
Reserve for Debt Service	A-4	47,500.00	47,500.00	
Total Miscellaneous Revenues	A-1	1,309,467.31	1,369,465.83	59,998.52
Receipts from Delinquent Taxes	A-1/A-2	460,113.76	465,848.13	5,734.37
Subtotal General Revenues		2,896,581.07	2,962,313.96	65,732.89
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purpose Including Reserve fo Uncollected Taxes		6,504,662.00	6,376,131.31	(128,530.69)
Minimum Library Tax		194,047.00	194,047.00	
Total Amount to be Raised by Taxes for Support of Budget	A-2/A-9	6,698,709.00	6,570,178.31	(128,530.69)
Budget Totals		9,595,290.07	9,532,492.27	(62,797.80)
Non-Budget Revenue	A-1/A-2		330,372.04	330,372.04
		\$ 9,595,290.07	9,862,864.31	267,574.24
	A-3			

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

Analysis of Realized Revenues

Revenue from Collections	<u>Ref.</u> A-1/A-9	\$ 20,036,457.73
Allocated to School and County Taxes	A-9	<u>14,121,279.42</u>
Balance for Support of Municipal Budget Appropriations		5,915,178.31
Add: Appropriation - Reserve for Uncollected Taxes	A-3	<u>655,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>6,570,178.31</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-9	<u>465,848.13</u>
	A-2	<u><u>465,848.13</u></u>
Licenses - Other:		
Clerk	A-12	4,796.00
Registrar of Vital Statistics	A-12	144.00
Board of Health	A-12	<u>4,110.00</u>
	A-2	<u><u>9,050.00</u></u>
Fees and Permits - Other:		
Clerk	A-12	3,076.25
Registrar of Vital Statistics	A-12	175.00
Fence/Telephone/Sidewalk/Soil Permits - Building	A-12	1,350.00
Tax Searches	A-12	10.00
Planning Board/Board of Adjustment	A-12	<u>1,000.00</u>
	A-2	<u><u>5,611.25</u></u>

Borough of Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Borough Clerk	A-12	2,534.91	
Registrar of Vital Statistics	A-12	1,170.00	
Police Department	A-12	<u>3,440.88</u>	
			7,145.79
Recycling Program		9,644.33	
Fema Reimbursement		21,375.00	
Street Lighting Refunds		1,503.12	
Cable T.V. Franchise Fee		81,494.89	
Miscellaneous General		48,893.96	
Uniform Fire Safety Fees		1,342.00	
Senior Citizen & Veteran Deduction Handling Fee		860.00	
NJDMV Inspection Fines		5,988.00	
Various Reimbursements		<u>152,124.95</u>	
	A-4		<u>323,226.25</u>
	A-2		<u><u>330,372.04</u></u>

See Accompanying Notes to Financial Statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<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	\$	99,500.00	106,500.00	106,228.81	271.19	
Salaries and Wages						
Mayor and Council		13,500.00	13,500.00	9,675.00	3,825.00	
Salaries and Wages		9,000.00	9,000.00	3,221.10	5,778.90	
Other Expenses						
Municipal Clerk		83,600.00	82,600.00	80,968.47	1,631.53	
Salaries and Wages		30,000.00	30,000.00	23,383.94	6,616.06	
Other Expenses						
Elections		1,750.00	1,750.00	1,573.26	176.74	
Salaries and Wages		4,900.00	4,900.00	4,093.67	806.33	
Other Expenses						
Financial Administration						
Treasurer		86,010.00	82,010.00	76,756.54	5,253.46	
Salaries and Wages		18,900.00	26,400.00	24,668.98	1,731.02	
Other Expenses		27,500.00	27,500.00	21,344.00	6,156.00	
Annual Audit		22,500.00	30,000.00	29,999.78	0.22	
Miscellaneous Other Expenses						
Chief Financial Officer		17,040.00	17,040.00	15,561.46	1,478.54	
Salaries and Wages						
Collection of Taxes		35,000.00	41,000.00	39,030.49	1,969.51	
Salaries and Wages		8,550.00	8,550.00	5,510.10	3,039.90	
Other Expenses						
Assessment of Taxes		15,000.00	15,000.00	14,980.88	19.12	
Salaries and Wages		4,760.00	4,760.00	3,754.55	1,005.45	
Other Expenses			200,000.00	200,000.00		
Revaluation (Emergency 200,000.00)						
Legal Services and Costs		163,500.00	163,500.00	97,724.88	65,775.12	
Other Expenses						
Engineering Services and Costs		25,000.00	20,000.00	15,618.35	4,381.65	
Other Expenses		60,000.00	60,000.00	60,000.00		
Other Expenses - Contractual						

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board						
Salaries and Wages		9,693.00	9,693.00	9,427.30	265.70	
Other Expenses		2,200.00	2,200.00	1,023.99	1,176.01	
Insurance:						
Other Insurance Premiums		340,000.00	335,000.00		45,889.09	
Group Insurance Plan for Employees		855,400.00	834,400.00	289,110.91	11,188.98	
				823,211.02		
Public Safety:						
Police						
Salaries and Wages		1,761,250.00	1,761,250.00	1,753,223.12	8,026.88	
Other Expenses		59,300.00	66,800.00	65,140.58	1,659.42	
Police Cars		5,000.00	9,500.00	7,054.85	2,445.15	
School Crossing Guards						
Salaries and Wages		45,500.00	50,500.00	49,106.86	1,393.14	
Other Expenses		5,000.00				
Special Police						
Salaries and Wages		30,000.00	30,000.00	30,000.00		
Police Radio and Communications						
Salaries and Wages		156,780.00	151,780.00	147,171.04	4,608.96	
Other Expenses		1,375.00	375.00	375.00		
Emergency Management Services						
Other Expenses		500.00	500.00		500.00	
Fire						
Salaries and Wages		585.00	585.00	500.00	85.00	
Other Expenses		59,750.00	69,250.00	63,944.12	5,305.88	
Other Expenses - OSHA Physicals		1,000.00	1,000.00		1,000.00	
Other Expenses - OSHA Hepatitis B		7,000.00	7,000.00		7,000.00	
Fire Prevention Bureau						
Other Expenses		500.00	500.00	132.02	367.98	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<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>						
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Fire Official		22,401.00	22,401.00	22,000.91	400.09	
Salaries and Wages		3,350.00	3,350.00	1,805.60	1,544.40	
Other Expenses						
Municipal Prosecutor						
Salaries and Wages		12,905.00	12,905.00	7,412.14	5,492.86	
Municipal Court:						
Salaries and Wages		107,375.00	107,375.00	104,635.86	2,739.14	
Other Expenses		10,550.00	10,550.00	10,339.82	210.18	
Public Defender						
Salaries and Wages		5,879.00	5,879.00	3,707.38	2,171.62	
Public Works Function:						
Road Repairs and Maintenance						
Salaries and Wages		295,000.00	305,000.00	300,387.08	4,612.92	
Other Expenses		109,850.00	109,850.00	105,266.06	4,583.94	
Garbage and Trash Removal						
Salaries and Wages		252,500.00	247,500.00	242,750.05	4,749.95	
Other Expenses		34,300.00	25,800.00	24,040.39	1,759.61	
Solid Waste Disposal Costs		225,000.00	225,000.00	169,669.52	55,330.48	
Recycling						
Salaries and Wages		81,800.00	77,800.00	76,641.34	1,158.66	
Other Expenses		12,500.00	12,500.00	12,144.65	355.35	
Public Buildings and Grounds						
Other Expenses		305,000.00	305,000.00	304,503.30	496.70	
Sewer System						
Miscellaneous Other Expenses		17,050.00	7,050.00	3,350.00	3,700.00	
Contractual		2,500.00	2,500.00		2,500.00	
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, 2013

<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>
Health and Welfare:						
Board of Health						
Salaries and Wages		28,470.00	28,470.00	28,378.69	91.31	
Other Expenses		2,800.00	2,800.00	664.81	2,135.19	
Other Expenses - Contractual		11,345.00	11,345.00	10,805.00	540.00	
Animal Control						
Other Expenses		12,000.00	12,000.00	6,313.30	5,686.70	
Administration of Public Assistance						
Salaries and Wages		6,500.00	6,500.00	6,235.25	264.75	
Other Expenses		600.00	600.00	392.11	207.89	
Senior Citizens' Transportation						
Salaries and Wages		5,205.00	5,205.00	5,205.00	491.00	
Other Expenses		2,300.00	2,300.00	1,809.00		
Recreation and Education:						
Board of Recreation Commissioners (N.J.S. 40:12-1)						
Other Expenses		60,500.00	60,500.00	56,939.06	3,560.94	
Celebration of Public Events Anniversary or Holiday						
Other Expenses		6,000.00	6,000.00	1,445.73	4,554.27	
Construction Code Official						
Salaries and Wages		45,103.00	45,103.00	45,011.99	91.01	
Building Inspector						
Salaries and Wages		11,500.00	11,500.00	11,248.31	251.69	
Other Expenses		1,450.00	1,450.00	1,446.22	3.78	
Plumbing Inspector						
Other Expenses		200.00	200.00	160.00	40.00	
Electrical Inspector						
Salaries and Wages		4,501.00	4,501.00	4,411.42	89.58	
Other Expenses		200.00	200.00	200.00		

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Fire Protection Official						
Salaries and Wages		8,492.00	8,492.00	8,160.10	331.90	
Other Expenses		100.00	100.00	92.50	7.50	
Zoning and Housing Maintenance Enforcement						
Salaries and Wages		38,324.00	38,324.00	37,309.57	1,014.43	
Other Expenses		1,900.00	1,900.00	1,696.53	203.47	
Unclassified:						
NJEIT Annual Fees		4,997.50	4,997.50	4,997.50		
Street Lighting		65,000.00	75,000.00	74,873.71	126.29	
Gasoline		120,000.00	120,000.00	88,231.79	31,768.21	
Fire Hydrant Service		71,000.00	71,000.00	66,402.00	4,598.00	
Total Operations within "CAPS"		6,088,290.50	6,288,290.50	5,924,598.76	363,691.74	
Detail:						
Salaries and Wages	A-1	3,281,163.00	3,290,163.00	3,237,698.32	52,464.68	
Other Expenses	A-1	2,807,127.50	2,998,127.50	2,686,900.44	311,227.06	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Deferred Charges:						
Deficit - Dog License Fund		3,121.26	3,121.26	3,121.26		
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		190,478.00	190,478.00	190,478.00		
Social Security System (O.A.S.I.)		165,000.00	165,000.00	154,241.48	10,758.52	
Police and Firemen's Retirement System		383,802.00	383,802.00	383,802.00		
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	742,401.26	742,401.26	731,642.74	10,758.52	
Total General Appropriations for Municipal Purposes within "CAPS"		6,830,691.76	7,030,691.76	6,656,241.50	374,450.26	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations - Excluded from "CAPS" Insurance: N.J.S.A. 40A:4-45.3e Group Insurance Plan for Employees Maintenance of Free Public Library (P.L. 1985, Ch. 82-541) Passaic Valley Sewer Commission - Contractual Emergency Services Volunteer Length of Service Award		24,600.00	24,600.00	194,047.00 539,000.00 40,000.00	24,600.00 591.18 40,000.00	
Public and Private Programs Offset by Revenues COPS Hiring Grant Clean Communities Program Municipal Alliance on Alcoholism and Drug Abuse N.J. Division of Criminal Justice - Body Armor Grant Recycling Tonnage Grant Drunk Driving Enforcement Fund - Police BPP Tax Adjustment for School Purposes Local School District Regional High School District Total Operations - Excluded from "CAPS"		30,366.00 9,216.77 16,959.00 1,813.49 14,919.49 8,446.56	30,366.00 9,216.77 16,959.00 1,813.49 14,919.49 8,446.56	30,366.00 9,216.77 16,959.00 1,813.49 14,919.49 8,446.56		
		21,423.00 16,211.00 917,002.31	21,423.00 16,211.00 917,002.31	21,423.00 16,211.00 851,811.13		
Detail: Salaries & Wages Other Expenses	A-1 A-1	30,366.00 886,636.31	30,366.00 886,636.31	30,366.00 821,445.13	65,191.18	
Capital Improvements: Capital Improvement Fund Improvement to Building Total Capital Improvements Excluded from "CAPS"	A-1	35,000.00 30,000.00 65,000.00	35,000.00 30,000.00 65,000.00	35,000.00 30,000.00 65,000.00		
Municipal Debt Service: Payment of Bond Principal Payment of Bond Anticipation Notes		380,000.00 53,199.00	380,000.00 53,199.00	380,000.00 53,199.00		

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
General Appropriations						
Interest on Bonds		220,982.00	220,982.00	220,981.25		0.75
Interest on Notes		48,088.00	48,088.00	48,087.50		0.50
Green Trust Loan Program						
Principal		13,558.00	13,558.00	13,557.41		0.59
Interest		5,009.00	5,009.00	5,008.07		0.93
NJEET						
Principal		75,685.00	75,685.00	75,684.21		0.79
Interest		15,075.00	15,075.00	15,073.69		1.31
Total Municipal Debt Service-Excluded from "CAPS"	A-1	811,596.00	811,596.00	811,591.13		4.87
Deferred Charges:						
Emergency Authorization		225,000.00	225,000.00	225,000.00		
Special Emergency Authorizations - 5 years		91,000.00	91,000.00	91,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	316,000.00	316,000.00	316,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"						
		2,109,598.31	2,109,598.31	2,044,402.26	65,191.18	4.87
Subtotal: General Appropriations						
		8,940,290.07	9,140,290.07	8,700,643.76	439,641.44	4.87
Reserve for Uncollected Taxes						
		655,000.00	655,000.00	655,000.00		
Total General Appropriations						
		\$ 9,595,290.07	9,795,290.07	9,355,643.76	439,641.44	4.87
A						
Adopted Budget						
Special Emergency Authorization						
	A-2		9,595,290.07			
	A-15		200,000.00			
			9,795,290.07			

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

Exhibit A-3

Page 8 of 8

Current Fund

Year Ended December 31, 2013

<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			7,985,757.31		
Encumbrances Payable	A-17			117,165.14		
Emergency Authorization	A-14			225,000.00		
Special Emergency Authorization	A-15			91,000.00		
Reserve for Revaluation	A-22			200,000.00		
Reserve for Uncollected Taxes	A-2			655,000.00		
Reserve for Federal and State Grants	A-24			81,721.31		
				<u>9,355,643.76</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, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Dog License Fund:			
Cash	B-1	\$ 3,151.93	8,948.06
Operating Deficit	B-4	5,824.44	3,126.86
		<u>8,976.37</u>	<u>12,074.92</u>
Other Trust Funds:			
Cash	B-1	661,006.80	493,014.43
Interfund - Dog License Fund	B-7	26.00	26.00
Other Receivables	B-2	82,435.76	
		<u>743,468.56</u>	<u>493,040.43</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-1	245,578.59	217,721.03
Contributions Receivable	B-3	20,700.00	30,187.50
		<u>266,278.59</u>	<u>247,908.53</u>
Total Assets		<u>\$ 1,018,723.52</u>	<u>753,023.88</u>
 <u>Liabilities & Reserves</u>			
Dog License Fund:			
Due to State Department of Health	B-5	\$ 12.00	4.00
Interfund - Current Fund	B-6	8,938.37	12,044.92
Interfund - Other Trust Fund	B-7	26.00	26.00
		<u>8,976.37</u>	<u>12,074.92</u>
Other Trust Fund:			
Interfund - Current Fund - Other	B-6	8,589.40	1,665.92
Payroll Deductions Payable	B-8	250.29	250.29
Other Trust Fund Deposits and Reserves	B-9	734,628.87	491,124.22
		<u>743,468.56</u>	<u>493,040.43</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-10	266,278.59	247,908.53
Total Liabilities & Reserves		<u>\$ 1,018,723.52</u>	<u>753,023.88</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, 2013 and 2012

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Cash	C-2/C-3	\$ 2,029,058.03	2,185,237.17
Interfund - Current Fund	C-4	207,182.83	184,637.58
Interfund - Water Capital Fund	C-5	812,375.84	812,375.84
Due From NJEIT	C-6		275,111.00
Various Receivables	C-7	1,354,842.62	1,709,971.62
Deferred Charges to Future Taxation:			
Funded	C-8	5,938,305.85	6,407,547.47
Unfunded	C-9	3,612,993.62	4,309,471.62
		<u>13,954,758.79</u>	<u>15,884,352.30</u>
<u>Liabilities, Reserves and Fund Balance</u>			
NJEIT Trust/Loan	C-10	768,087.37	843,771.58
General Serial Bonds	C-11	4,930,000.00	5,310,000.00
Green Acres Loan Payable	C-12	240,218.48	253,775.89
Bond Anticipation Notes	C-13	3,794,300.00	3,847,000.00
Improvement Authorizations:			
Funded	C-14	392,164.75	812,451.89
Unfunded	C-14	2,179,448.99	2,942,933.74
Capital Improvement Fund	C-15	48,850.96	23,000.96
Reserve for:			
Debt Service	C-16	78,989.62	126,489.62
Various Grants Receivable	C-17	1,354,842.62	1,709,971.62
Fund Balance	C-1	167,856.00	14,957.00
		<u>\$ 13,954,758.79</u>	<u>15,884,352.30</u>

Footnote: There were \$173,850.00 and \$671,500.00 of Bonds and Notes Authorized But Not Issued per Exhibit C-18 on December 31, 2013 and 2012

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Balance - December 31, 2012	C	\$ 14,957.00	2,376.00
Increased by:			
Funded Improvement Authorizations Cancelled	C-14	150,000.00	20,000.00
Premium on Sale of Bond Anticipation Notes	C-2	<u>15,899.00</u>	<u>14,081.00</u>
		180,856.00	36,457.00
Decreased by:			
Appropriated to Finance Improvement Authorization	C-14		20,000.00
Appropriated to Current Year Budget Revenue	C-2	<u>13,000.00</u>	<u>1,500.00</u>
Balance - December 31, 2013	C,C-3	<u>\$ 167,856.00</u>	<u>14,957.00</u>

See Accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2013 and 2012

	<u>Ref</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-4	\$ 81,075.53	118,493.93
Due to Current Fund	D-8		118,491.23
Due from Manchester Utility Authority Operating	D-5	322,236.51	78,117.75
Due from Manchester Utility Authority Service Agreement	D-6	534,143.50	564,143.50
		<u>937,455.54</u>	<u>879,246.41</u>
 Total Operating Fund		 <u>937,455.54</u>	 <u>879,246.41</u>
Capital Fund:			
Cash	D-4/D-7	8,781.67	8,759.44
Interfund - Water Utility Operating Fund	D-8	803,594.78	803,617.01
Fixed Capital	D-9	9,897,583.42	9,897,583.42
		<u>10,709,959.87</u>	<u>10,709,959.87</u>
 Total Capital Fund		 <u>10,709,959.87</u>	 <u>10,709,959.87</u>
 Total Assets		 <u>\$ 11,647,415.41</u>	 <u>11,589,206.28</u>

See accompanying Notes to Financial Statements.

Borough of Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2013 and 2012

	<u>Ref</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4/D-10	\$	38,493.04
Due to Current Fund	D-8	81,649.63	
Interfund - Water Utility Capital Fund	D-8	803,594.78	803,617.01
Reserve for Water Key Deposits	D-11		21,375.00
		<u>885,244.41</u>	<u>863,485.05</u>
Reserve for Receivables	Contra		
Fund Balance	D-1	<u>52,211.13</u>	<u>15,761.36</u>
Total Operating Fund		<u>937,455.54</u>	<u>879,246.41</u>
Capital Fund:			
Serial Bonds Payable	D-12	1,595,000.00	1,790,000.00
Capital Improvement Fund	D-13	0.61	0.61
Reserve for Amortization	D-14	8,302,583.42	8,107,583.42
Interfund - General Capital Fund	D-15	<u>812,375.84</u>	<u>812,375.84</u>
Total Capital Fund		<u>10,709,959.87</u>	<u>10,709,959.87</u>
Total Liabilities, Reserves and Fund Balances		\$ <u><u>11,647,415.41</u></u>	<u><u>11,589,206.28</u></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, 2013 and 2012.

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, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-2	\$ 15,500.00	
Service Agreement Manchester			
Utilities Authority	D-2	604,118.76	610,143.76
Non-budget Revenue	D-2	266.74	365.13
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves	D-10	38,437.09	
Cancellation of Water Key Deposits	D-11	13,245.94	
		<u>671,568.53</u>	<u>610,508.89</u>
Total Income			
Expenditures:			
Operating	D-3	349,227.74	337,050.00
Debt Service	D-3	244,118.76	250,143.76
Deferred Charges and			
Statutory Expenditures	D-3	26,272.26	22,950.00
		<u>619,618.76</u>	<u>610,143.76</u>
Total Expenditures			
Excess in Revenue over Expenditures		51,949.77	365.13
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			
		<u>51,949.77</u>	<u>365.13</u>
Statutory Excess to Surplus			
Fund Balance - January 1,	D	<u>15,761.36</u>	<u>15,396.23</u>
		67,711.13	15,761.36
Decreased by:			
Utilized as Anticipated Revenue		<u>15,500.00</u>	
Fund Balance - December 31,	D	<u>\$ 52,211.13</u>	<u>15,761.36</u>

See accompanying Notes to Financial Statements.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 15,500.00	15,500.00	0.00
Service Agreement Manchester Utilities Authority	D-1/D-5	\$ <u>604,118.76</u>	<u>604,118.76</u>	<u>0.00</u>
Budget Totals	D-3	619,618.76	619,618.76	0.00
Non-Budget Revenue	D-1		266.74	266.74
		\$ <u>619,618.76</u>	<u>619,885.50</u>	<u>266.74</u>

Analysis of Non-budget Revenues

Interest on Deposits:				
Water Operating Fund	D-4		244.51	
Interfund - Water Capital Fund	D-8		<u>22.23</u>	
				<u>266.74</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, 2013

Ref.	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
	\$ 320,500.00	295,399.61	295,399.61	295,399.61		
	30,500.00	53,828.13	53,828.13	53,828.13		
D-1	351,000.00	349,227.74	349,227.74	349,227.74		
	195,000.00	195,000.00	195,000.00	195,000.00		
	49,118.76	49,118.76	49,118.76	49,118.76		
D-1	244,118.76	244,118.76	244,118.76	244,118.76		
	24,500.00	26,272.26	26,272.26	26,272.26		
D-1	24,500.00	26,272.26	26,272.26	26,272.26		
	\$ 619,618.76	619,618.76	619,618.76	619,618.76		
		D-2		D-4		D

Operating:

Salaries and Wages
Other Expenses

Total Operating

Debt Service:

Payment of Bond Principal
Interest on Bonds

Total Debt Service

Deferred Charges and Statutory Expenditures:

Statutory Expenditures:

Contribution to:
Social Security System (O.A.S.I.)

Total Deferred Charges and Statutory Expenditures

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, 2013 and 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash	E-1	\$ 28,878.55	42,520.47
Interfund - Current Fund	E-7	<u>4,283.35</u>	<u>4,283.35</u>
		<u>33,161.90</u>	<u>46,803.82</u>
<u>Liabilities</u>			
Reserve for Public Assistance	E-6	32,847.77	46,490.32
Interfund - Current Fund	E-7	<u>314.13</u>	<u>313.50</u>
		<u>\$ 33,161.90</u>	<u>46,803.82</u>

See Accompanying Notes to Financial Statements.

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BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012

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, 2013 and 2012
(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, 2013 and 2012
(continued)

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to be included in the tax sale and the lien enforced by selling the property in accordance with N.J.S.A. 54:5 et seq. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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 2013, the Borough Council increased the original current fund budget by \$200,000.00. This increase was funded by a \$200,000.00 special emergency authorization to fund a revaluation of real property. In addition, several budget transfers were approved by the governing body.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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, 2013 and 2012
(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, 2013 and 2012
(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, 2013 and 2012, \$-0- of the Borough's bank balance of \$6,845,847.59 and \$6,650,930.36, respectively, was exposed to custodial credit risk.

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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, 2013 and 2012, the Borough had \$15,192.43 and \$15,183.88, respectively, on deposit with the New Jersey Cash Management Fund.

Unaudited Investments

As more fully described in Note 10, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

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

Unaudited Investments, (continued)

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, 2013 and 2012 amounted to \$245,578.59 and \$217,721.03, respectively.

The following investments represent 5% or more of the total invested with the Lincoln Financial Group on December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Growth	\$87,990.91	\$65,953.54
Fixed Income	140,738.52	111,778.93
Growth and Income		20,131.34
All Others	<u>16,849.16</u>	<u>19,857.22</u>
Total	<u>\$245,578.59</u>	<u>\$217,721.03</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2013 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2012</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	\$253,775.89	\$	\$13,557.41	\$240,218.48	\$13,829.90
N.J. Environmental Infrastructure:					
Trust	219,535.00		15,000.00	204,535.00	15,000.00
Loan	624,236.58		60,684.21	563,552.37	60,684.21
Deferred Pension Liability	221,818.00		11,421.00	210,397.00	12,743.00
Compensated Absences	1,327,003.07	71,124.35	30,889.16	1,367,238.26	
Bonds Payable:					
General Capital	5,310,000.00		380,000.00	4,930,000.00	395,000.00
Water Capital	<u>1,790,000.00</u>		<u>195,000.00</u>	<u>1,595,000.00</u>	<u>190,000.00</u>
	<u>\$9,746,368.54</u>	<u>\$71,124.35</u>	<u>\$706,551.78</u>	<u>\$9,110,941.11</u>	<u>\$687,257.11</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, 2013 and 2012
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued:</u>			
General Bonds, Loans and Notes	\$9,732,605.85	\$10,254,547.47	\$9,853,881.96
Water Utility - Bonds and Notes	<u>1,595,000.00</u>	<u>1,790,000.00</u>	<u>1,985,000.00</u>
Total Issued	<u>11,327,605.85</u>	<u>12,044,547.47</u>	<u>11,838,881.96</u>
 <u>Authorized But Not Issued</u>			
General Bonds and Notes	173,850.00	671,500.00	671,551.45
Water Utility - Bonds and Notes	<u> </u>	<u> </u>	<u> </u>
Total Authorized But Not Issued	<u>173,850.00</u>	<u>671,500.00</u>	<u>671,551.45</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$11,501,455.85</u>	<u>\$12,716,047.47</u>	<u>\$12,510,433.41</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 1.631%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water Utility Debt	\$1,595,000.00	\$1,595,000.00	\$0.00
General Debt	<u>9,906,455.85</u>	<u>434,146.00</u>	<u>9,472,309.85</u>
	<u>\$11,501,455.85</u>	<u>\$2,029,146.00</u>	<u>\$9,472,309.85</u>

Net Debt \$9,472,309.85 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$580,705,966.33 equals 1.631%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$20,324,708.82
Net Debt	<u>9,472,309.85</u>
Remaining Borrowing Power	<u>\$10,852,398.97</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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		\$619,885.50
Deductions:		
Operating and Maintenance Cost	\$375,500.00	
Debt Service per Water Account	<u>244,118.76</u>	
Total Deductions		<u>619,618.76</u>
 Excess in Revenue - Self-Liquidating		 <u>\$266.74</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, 2013:

	<u>Amount Outstanding</u>
<u>Paid by Current Fund:</u>	
\$4,220,000.00 General Improvement Bonds - issued with variable interest rates of 4.00% to 5.50% on January 22, 2009, due through September 1, 2025	\$3,810,000.00
\$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>1,120,000.00</u>
Total Serial Bonds	<u>\$4,930,000.00</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.	 \$216,648.76
 \$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>23,569.72</u>
Total Green Acres Loans	<u>\$240,218.48</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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%.	\$204,535.00
\$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>563,552.37</u>
Total New Jersey Environmental Infrastructure Loans Payable	<u>\$768,087.37</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	<u>\$1,595,000.00</u>
Total Serial Bonds	<u>\$1,595,000.00</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>\$173,850.00</u>
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**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>
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	350,000.00	160,531.25	510,531.25	175,000.00	24,681.26	199,681.26
2019-2023	1,975,000.00	559,731.25	2,534,731.25	680,000.00	46,190.66	726,190.66
2024-2025	945,000.00	78,650.00	1,023,650.00			0.00
	<u>\$4,930,000.00</u>	<u>\$1,564,412.50</u>	<u>\$6,494,412.50</u>	<u>\$1,595,000.00</u>	<u>\$221,346.96</u>	<u>\$1,816,346.96</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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>
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	14,975.81	3,589.67	18,565.48
2019-2023	79,517.11	13,310.27	92,827.38
2024-2028	87,836.36	4,991.03	92,827.39
2029	879.21	8.79	888.00
	<u>\$240,218.48</u>	<u>\$39,151.68</u>	<u>\$279,370.16</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>
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	20,000.00	11,075.00	60,684.21
2019-2023	100,000.00	42,175.00	260,131.32
2024-2028	125,000.00	20,625.00	
2029	30,000.00	1,200.00	
	<u>\$340,000.00</u>	<u>\$127,875.00</u>	<u>\$563,552.37</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, 2013 and 2012
(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, 2013, the Borough had \$3,794,300.00 in outstanding general capital bond anticipation notes that mature on November 6, 2014 at an interest rate of 1.25%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2013.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Oppenheimer & Co., Inc.	<u>\$3,847,000.00</u>	<u>\$3,794,300.00</u>	<u>\$3,847,000.00</u>	<u>\$3,794,300.00</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, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance December 31, 2013</u>	<u>2014 Budget Appropriation</u>	<u>Balance to Succeeding Years Budgets</u>
Current Fund:			
Special Emergency Authorizations	<u>\$394,000.00</u>	<u>\$101,000.00</u>	<u>\$293,000.00</u>
Dog License Fund:			
Deficit	<u>\$5,824.44</u>	<u>\$5,824.44</u>	<u>\$</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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, 2013</u>	<u>Dec. 31, 2012</u>
Balance of Tax	\$2,211,040.96	\$2,148,399.56
Deferred	<u>2,211,040.96</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, 2013 and 2012
(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, 2013 and 2012
(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, 2013 and 2012
(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, 2013 and 2012 was \$210,397.00 and \$221,818.00, respectively.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 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>
2013	\$190,478.00	\$383,802.00
2012	178,515.00	387,205.00
2011	168,007.00	456,442.00

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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 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, 2013 and 2012
(continued)

NOTE 8. FUND BALANCES

Fund balances as of December 31, 2013 and 2012 that have been anticipated as revenue in the 2014 and 2013 budgets were as follows:

	<u>2014</u>	<u>2013</u>
Current Fund	\$700,000.00	\$1,127,000.00
Water Operating Fund	26,650.00	15,500.00

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 \$1,367,238.26. 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, 2013 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, 2013 and 2012
(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.
3,542.06	Due to the Current Fund from the Federal and State Grant Fund for Grant Bills paid in the Current Fund.
8,938.37	Due to the Current Fund from the Dog License Fund for Short Term Loans to pay expenditures and interest earnings.
81,649.63	Due to the Current Fund from the Water Operating Fund for Short Term Loans.
3,969.22	Due to the Public Assistance Fund from the Current Fund for Short Term Loans and Interest Earnings.
8,589.40	Due to the Current Fund from the Other Trust Fund for Other Trust Bills paid by the Current Fund.
207,182.83	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>803,594.78</u>	Due to the Water Capital Fund from the Water Operating Fund for Short Term Loans.
<u>\$1,929,868.13</u>	

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

NOTE 12. CAPITAL LEASE AGREEMENT

The Borough entered into agreements for the leasing of police vehicles totaling \$68,563.50 under capital leases. The capital lease agreements are for a term of 3 years payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2013.

Year Ended <u>December 31,</u>	<u>PFRS</u>
2014	\$24,608.88
2015	24,608.88
2016	<u>17,431.29</u>
Total	66,649.05
Less: Amounts representing interest	<u>4,572.30</u>
Present value of Net Minimum Lease Payments	<u>\$62,076.75</u>

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(continued)

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2013 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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

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

Financial statements for the Funds are available at the office of the Funds' Executive Director, PERMA Risk Management Services, 9 Campus Drive, Suite 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:

	Balance <u>Dec 31, 2013</u>	Balance <u>Dec 31, 2012</u>
Prepaid Taxes	\$62,774.87	\$83,974.03
Cash Liability for Taxes Collected in Advance	\$62,774.87	\$83,974.03

BOROUGH OF HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012
(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 12, 2014, 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>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate:	<u>6.3740</u>	<u>6.1900</u>	<u>6.0410</u>
Apportionment of Tax Rate:			
Municipal	1.9939	1.9022	1.8370
Municipal Library	0.0596	0.0627	0.0660
County - General	1.1829	1.1672	1.1200
County - Open Space	0.0179	0.0188	0.0200
Local School	1.7648	1.7300	1.6990
Regional High School	1.3549	1.3091	1.2990
Assessed Valuations:			
2013	\$326,248,900.00		
2012		\$328,035,300.00	
2011			\$329,646,800.00

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>
2013	\$20,943,424.67	\$20,036,457.73	95.66%
2012	20,316,941.82	19,731,779.12	97.11
2011	19,918,915.28	19,318,286.21	96.98

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>
2013	\$75,802.74	\$778,640.89	\$854,443.63	4.08%
2012	41,450.02	475,812.16	517,262.18	2.55
2011	37,921.72	507,555.69	545,477.41	2.74

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

No properties have been acquired in 2013 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>
2013	\$9,975.00
2012	9,975.00
2011	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>
2013	\$1,210,575.94	\$700,000.00
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
	<u>Water Utility Operating Fund</u>	
2013	\$52,211.13	\$26,650.00
2012	15,761.36	15,500.00
2011	15,496.23	0.00
2010	29,136.43	29,000.00
2009	28,896.59	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	
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.

SCHEDULE A

BOROUGH OF HALEDON, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Name of Federal Agency or Department</u>	<u>Federal Program</u>	<u>C.F.D.A. Account No.</u>	<u>Total Grant Award Amount</u>	<u>Balance Jan. 1, 2013</u>	<u>Revenues/ Receipts</u>	<u>Adjustment/ Expended</u>	<u>Balance Dec. 31, 2013</u>	<u>Memo Cumulative Total Expenditures</u>
U.S. Department of Transportation	Over the Limit Under Arrest Streetscape Belmont Ave.	20.601 20.205	4,550.00 703,000.00	4,550.00		4,550.00 105,213.15	(105,213.15)	* 4,550.00 * 105,213.15
Department of Housing and Urban Development	Community Development Block Grant							*
Pass Through Funds: Passaic County	ADA Improvements Roe St. Playground	14.218	100,000.00	(100,000.00)	100,000.00			* 100,000.00
				<u>(95,450.00)</u>	<u>100,000.00</u>	<u>109,763.15</u>	<u>(105,213.15)</u>	<u>* 209,763.15</u>

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133.

BOROUGH OF HALEDON, N.J.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

State Grantor Department	Program Title	State Program/Account Number	Program Amount	Balance Jan. 1, 2013	Receipts	Expended	Balance Dec. 31, 2013	Memo Cumulative Total Expenditures
Department of Community Affairs	Emergency Road & Bridge Repair Special Legislative Grant-Business District	8030-100-04-88-20	6,393.94	1,744.98			1,744.98	4,648.96
			25,000.00	(15,000.00)		(15,000.00)	25,000.00	
			15,919.99	14,120.82	5,824.64	8,296.18	7,623.81	
			2,176.33	2,176.33		2,176.33		
Division of Motor Vehicles	Drunk Driving Enforcement Fund	1110-448-031020-2200	2,072.50	2,072.50			2,072.50	
			9,437.67	9,437.67		9,437.67		
			8,446.56	8,446.56		8,446.56		
			1,249.23	390.71	390.71	1,530.47	1,249.23	
Division of Criminal Justice	Municipal Court Alcohol Education and Rehabilitation	9735-760-060000-60	1,605.68	432.74	432.74	1,049.71	1,805.68	
			1,658.97	1,658.97	609.26	1,761.55	609.26	
			1,761.55	1,761.55		1,761.55		
			890.69	890.69		890.69		
Department of Human Services	General Assistance	7500-150-158010-60 A/C#2	1,813.49	1,813.49		1,813.49	1,813.49	
			2,554.97	2,554.97		2,554.97		
			125,733.82	20,045.11	125,733.82	6,402.56	125,733.82	
			17,104.00	187.20	187.20	187.20	16,916.80	
Department of Health	H1 N1 Influenza Grant	4900-765-178900-60	8,286.00	3,422.11		3,422.11	4,863.89	
			1,585.20	1,585.20		1,585.20		
			5,846.74	5,846.74		5,846.74		
			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		
			7,041.26	7,041.26		7,041.26		
			7,458.25	7,458.25		7,458.25		
			9,567.09	9,567.09		9,567.09		
			9,961.99	9,961.99		9,961.99		
			9,364.78	9,364.78		9,364.78		
			9,216.77	9,216.77		9,216.77		
Passaic County Municipal Alliance Grant	Recycling Tonnage Grant	4900-752-042-490	3,788.69	1,058.56	1,058.56	1,058.56	3,788.69	
			7,818.76	7,818.76		7,818.76		
			5,835.11	5,835.11		5,835.11		
			11,079.79	11,079.79		11,079.79		
			14,919.49	14,919.49		14,919.49		
			6,908.75	6,908.75		6,908.75		
			17,243.00	(360.89)	16,959.00	(2,820.56)	17,243.00	
			16,959.00	14,138.44	16,959.00	(2,820.56)	16,959.00	
			150,000.00	(88,217.47)	150,000.00	(88,217.47)	150,000.00	
			200,000.00	(22,216.66)	200,000.00	(22,216.66)	200,000.00	
			200,000.00	(21,208.74)	200,000.00	(21,208.74)	200,000.00	
			100,000.00	(19,086.25)	100,000.00	(19,086.25)	100,000.00	
201,000.00	(185,158.91)	201,000.00	(185,158.91)	201,000.00				
180,000.00	(132,857.19)	180,000.00	(132,857.19)	180,000.00				
250,000.00		250,000.00		250,000.00				
200,000.00		200,000.00		200,000.00				
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	6320-460-078	40,000.00	6,660.62	6,660.62	6,660.62	6,660.62	
			6,660.62	(287,989.00)	209,549.06	(156,040.79)	1,258,203.47	

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, 2013

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2012	A	\$ 2,334,996.26
Increased by Receipts:		
Interest and Costs on Taxes	A-2	133,873.77
General Capital Surplus	A-2	13,000.00
Reserve for Debt Service	A-2	47,500.00
Miscellaneous Revenue Not Anticipated	A-2	323,226.25
Petty Cash	A-7	250.00
Due From State - Senior Citizen and Veteran Deductions	A-8	43,000.00
Taxes Receivable	A-9	20,372,601.74
Revenue Accounts Receivable	A-12	1,094,097.43
Interfunds	A-13	58,226.70
Prepaid Taxes	A-18	62,774.87
Various Cash Liabilities and Reserves	A-22	<u>306,946.33</u>
		<u>22,455,497.09</u>
		24,790,493.35
Decreased by Disbursements:		
Current Year Budget Appropriations	A-3	7,985,757.31
Petty Cash	A-7	250.00
Interfunds	A-13	277,915.52
Appropriation Reserves	A-16	203,150.26
Local District School Taxes	A-19	5,787,794.70
Regional High School Taxes	A-20	4,357,059.46
County Taxes Payable	A-21	3,916,655.97
Various Cash Liabilities and Reserves	A-22	<u>434,998.40</u>
		<u>22,963,581.62</u>
Balance - December 31, 2013	A	\$ <u><u>1,826,911.73</u></u>

Borough of Haledon, N.J.

Schedule of Cash - Collector-Treasurer

Grant Fund

Year Ended December 31, 2013

	<u>Ref.</u>		<u>Grant Fund</u>
Balance - December 31, 2012			
Increased by Receipts:			
Grants Receivable	A-23	17,499.33	
Unappropriated Reserve for Grants	A-25	21,815.42	
Interfund - Current Fund	A-14	<u>44,694.76</u>	
			\$ <u>84,009.51</u>
			84,009.51
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-24	<u>84,009.51</u>	
			<u>84,009.51</u>
Balance - December 31, 2013			\$ <u><u>0.00</u></u>

Exhibit A-6

Borough of Haledon, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	\$ <u>400.00</u>
Balance - December 31, 2013	A	\$ <u>400.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Court		<u>300.00</u>
		<u>400.00</u>

Exhibit A-7

Schedule of Cash - Petty Cash
Current Fund
Year Ended December 31, 2013

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

Borough of Haledon, N.J.

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

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	\$ 23,809.88
Increased by:		
Senior Citizens' Deductions Per Tax Billing		15,750.00
Veterans' Deductions Per Tax Billing		32,250.00
Senior Citizens' and Veterans' Allowed		<u>48,000.00</u>
Less:		
Senior Citizens' and Veterans' Disallowed	A-9	<u>2,269.91</u>
		<u>45,730.09</u>
		69,539.97
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>43,000.00</u>
Balance - December 31, 2013	A	<u>\$ 26,539.97</u>

Borough of Haledon, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2013

Year	Balance, Dec. 31, 2012	Levy	Added Taxes	Collected 2012	2013	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Adjusted/ Canceled	Balance, Dec. 31, 2013
2010	10,479.56			10,479.56					
2011	11,497.35			11,497.35					0.00
2012	453,835.25			446,141.13		(2,269.91)	9,964.03		0.00
	475,812.16			468,118.04		(2,269.91)	9,964.03		
2013		20,795,105.06	148,319.61	83,974.03	19,904,483.70	48,000.00	20,772.93	107,553.12	778,640.89
	\$ 475,812.16	20,795,105.06	148,319.61	83,974.03	20,372,601.74	45,730.09	30,736.96	107,553.12	778,640.89
	A			A-2/A-18	A-2/A-4	A-2/A-8	A-10		A

Analysis of Tax Levy

	Ref.
Tax yield:	
General Purpose Tax	
Added Tax (R.S. 54:4-63.1 et seq.)	
	20,795,105.06
	148,319.61
	20,943,424.67
Tax Levy:	
Local District School Tax	A-19
Regional High School Tax	A-20
County - General Tax Levy	A-21
County - Open Space Tax Levy	A-21
Added County Taxes	A-21
	5,756,941.00
	4,419,701.00
	3,944,637.42
	14,121,279.42
Local Tax for Municipal Purposes	A-2
Additional Taxes	A-2
	6,698,709.00
	123,436.25
	6,822,145.25
	20,943,424.67

Borough of Haledon, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	<u>Ref.</u> A		\$ 41,450.02
Increased by:			
Transfer from Taxes Receivable	A-9	30,736.96	
Interest and Costs Tax Sale		<u>3,615.76</u>	
			<u>34,352.72</u>
Balance - December 31, 2013	A		\$ <u>75,802.74</u>

Exhibit A-11

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	<u>Ref.</u> A	\$ <u>9,975.00</u>
Balance - December 31, 2013	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, 2013

	Ref.	Balance Dec. 31, 2012	Accrued	Collected	Balance Dec. 31, 2013
Clerk:					
Licenses:					
Alcoholic beverages	A-2	\$ 11,460.00	11,460.00	11,460.00	
Other	A-2	4,796.00	4,796.00	4,796.00	
Fees and Permits	A-2	3,076.25	3,076.25	3,076.25	
Miscellaneous Revenue not Anticipated	A-2	2,534.91	2,534.91	2,534.91	
Registrar of Vital Statistics					
Licenses	A-2	144.00	144.00	144.00	
Fees and Permits	A-2	175.00	175.00	175.00	
Miscellaneous Revenue not Anticipated	A-2	1,170.00	1,170.00	1,170.00	
Board of Health					
Licenses	A-2	4,110.00	4,110.00	4,110.00	
Uniform Construction Code:					
Fees and Permits - Building	A-2	55,411.00	55,411.00	55,411.00	
Fees and Permits - Other	A-2	1,350.00	1,350.00	1,350.00	
Municipal Court:					
Fines and Costs	A-2	16,361.47	229,224.62	225,544.01	20,042.08
Board of Adjustments/Planning Board					
Fees and Permits	A-2	1,000.00	1,000.00	1,000.00	
Police Department:					
Miscellaneous Revenue not Anticipated	A-2	3,440.88	3,440.88	3,440.88	
Tax Search Officer					
Fees and Permits	A-2	10.00	10.00	10.00	
Energy Receipts Tax	A-2	622,673.40	622,673.40	622,673.40	
Consolidated Municipal Property Tax					
Relief Aid	A-2	65,929.05	65,929.05	65,929.05	
Sewer Privileges	A-2	67,302.71	67,302.71	67,302.71	
Interest on Investments and Deposits	A-2	14,104.78	14,104.78	14,109.10	14.59
Life Hazard Use Fees	A-2	16,280.23	16,280.23	16,280.23	
		\$ 16,380.38	1,104,192.83	1,100,516.54	20,056.67
		A			A
Receipts	A-4			1,094,097.43	
Interfunds	A-13			6,419.11	
				1,100,516.54	

Borough of Haledon, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2013

Fund	Ref.	Due From/(To)			Due From/(To)
		Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Federal and State Grant Fund	A	\$ (41,152.70)	44,694.76		3,542.06
Dog License Trust	A	12,044.92	14.71	3,121.26	8,938.37
Other Trust	A	1,665.92	8,829.92	1,906.44	8,589.40
General Capital Fund	A	(184,637.58)	30,653.75	53,199.00	(207,182.83)
Water Operating Fund	A	(118,491.23)	200,140.86		81,649.63
Public Assistance #1	A	313.50	0.63		314.13
Public Assistance #2	A	(4,283.35)			(4,283.35)
		<u>\$ (334,540.52)</u>	<u>284,334.63</u>	<u>58,226.70</u>	<u>(108,432.59)</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	14,024.34			103,033.59
Due From Current Fund		<u>(348,564.86)</u>			<u>(211,466.18)</u>
		<u>(334,540.52)</u>			<u>(108,432.59)</u>
Disbursed	A-4		277,915.52		
Received	A-4			58,226.70	
Interest on Investments	A-12		<u>6,419.11</u>		
			<u>284,334.63</u>	<u>58,226.70</u>	

Borough of Haledon, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2013

<u>Caused By</u>	Balance, Dec. 31, 2012	Amount in 2013 Budget	Amount Resulting from 2013	Balance, Dec. 31, 2013
Emergency Authorizations	\$ 225,000.00	225,000.00		
	<u>\$ 225,000.00</u>	<u>225,000.00</u>		
	A	A-3		A

Borough of Haledon, N.J.

Schedule of Deferred Charges - Special Emergency Authorizations

Current Fund

Year Ended December 31, 2013

Purpose	Amount Authorized	Not Less Than 1/5 of Amount Authorized	Balance, Dec. 31, 2012	Reduced in 2013 Budget	Amount Resulting from 2013	Balance, Dec. 31, 2013
Tax Map Update	\$ 100,000.00	20,000.00	\$ 20,000.00	20,000.00		
Revision of Master Plan	50,000.00	10,000.00	10,000.00	10,000.00		
Severance Liability Employee Retirement	250,000.00	50,000.00	200,000.00	50,000.00		150,000.00
Severance Liability Employee Retirement	55,000.00	11,000.00	55,000.00	11,000.00		44,000.00
Revaluation	200,000.00	40,000.00			200,000.00	200,000.00
			\$ 285,000.00	91,000.00	200,000.00	394,000.00
			A	A-3	A-3	A

Borough of Haledon, N.J.

Schedule of Appropriation Reserves

Current Fund

Page 1 of 3

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 6,894.46	6,894.46	6,634.90	259.56
Municipal Clerk	583.38	583.38		583.38
Elections	500.04	500.04		500.04
Financial Administration	369.88	369.88		369.88
Chief Financial Officer	2,218.17	2,218.17		2,218.17
Collection of Taxes	156.77	156.77		156.77
Assessment of Taxes	312.95	312.95		312.95
Planning Board	1.95	1.95		1.95
Police	54,331.64	54,331.64		54,331.64
School Crossing Guards	2,123.32	2,123.32	956.86	1,166.46
Special Police	375.03	375.03		375.03
Police Radio and Communications	19,282.53	19,282.53		19,282.53
Fire	85.00	85.00		85.00
Uniform Fire Safety	26.85	26.85		26.85
Prosecutor	260.00	260.00	260.00	
Municipal Court	1,403.53	1,403.53		1,403.53
Public Defender	1,425.24	1,425.24		1,425.24
Road Repair and Maintenance	53,156.09	53,156.09		53,156.09
Garbage and Trash Removal	44,652.76	44,652.76		44,652.76
Recycling Program	1,004.02	1,004.02		1,004.02
Board of Health	960.26	960.26		960.26
Administration of Public Assistance	4.12	4.12		4.12
Construction Code Official	1.00	1.00		1.00
Building Inspector	999.53	999.53		999.53
Electrical Inspector	0.41	0.41		0.41
Fire Protection Official	1.95	1.95		1.95
Zoning & Housing Maint. Enforcement	11,277.02	6,677.02	400.00	6,277.02
Total Salaries and Wages Within "CAPS"	202,407.90	197,807.90	8,251.76	189,556.14
Other Expenses Within "CAPS":				
Mayor and Council				
Municipal Clerk	7,177.42	15,110.73	13,168.01	1,942.72
Elections	492.50	493.35	0.85	492.50
Financial Administration				
Treasurer	5,025.17	10,900.91	5,703.59	5,197.32
Annual Audit	8,000.00	8,000.00	8,000.00	
Miscellaneous - Other	5,492.50	5,492.50	5,360.00	132.50
Collection of Taxes	1,811.93	2,354.04	1,490.66	863.38
Assessment of Taxes	470.50	1,407.05	1,375.10	31.95
Legal Services and Costs	44,922.19	48,769.09	41,190.31	7,578.78
Engineering Services and Costs	9,607.22	9,607.22	2,322.51	7,284.71
Planning Board	1,137.36	1,137.36		1,137.36
Other Insurance	897.20	897.20		897.20
Group Insurance	11,606.40	11,606.40	903.89	10,702.51

Borough of Haledon, N.J.

Schedule of Appropriation Reserves

Current Fund

Page 2 of 3

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Police	9,396.49	11,895.54	3,284.61	8,610.93
School Crossing Guards	1,000.00	1,000.00		1,000.00
Police Radio Communications	343.21	343.21		343.21
Emergency Management	281.75	281.75		281.75
Fire	12,173.49	13,030.91	1,490.36	11,540.55
Fire - OSHA Physicals	700.00	700.00		700.00
Fire - OSHA Hepatitis B	7,000.00	7,000.00		7,000.00
Fire Prevention Bureau	385.17	385.17		385.17
Fire Official	1,628.73	1,654.48	25.75	1,628.73
Municipal Court	5,347.72	6,869.31	1,599.68	5,269.63
Road Repairs and Maintenance	14,044.26	18,675.93	4,599.56	14,076.37
Garbage and Trash Removal	5,147.85	5,359.98	295.35	5,064.63
Solid Waste Disposal Costs	19,444.32	19,444.32	14,189.04	5,255.28
Recycling Program	3,599.71	5,488.37	2,158.66	3,329.71
Public Buildings and Grounds	41,645.95	60,479.72	32,818.32	27,661.40
Sewer System				
Contractual	3,000.00	3,000.00		3,000.00
Miscellaneous	7,643.74	7,643.74		7,643.74
Municipal Services Act	15,000.00	15,000.00	9,072.00	5,928.00
Board of Health				
Miscellaneous	2,181.79	2,480.36	298.57	2,181.79
Animal Control	0.38	0.38		0.38
Administrator of Public Assistance	56.29	56.29		56.29
Senior Citizens Transportation	410.00	410.00		410.00
Recreation	21,845.94	21,845.94	12,256.30	9,589.64
Celebration of Public Events	2,928.40	4,220.26	1,291.86	2,928.40
Building Inspector	304.81	430.63		430.63
Plumbing Inspector	100.00	200.00		200.00
Electrical Inspector	100.00	200.00		200.00
Fire Subcode Official		100.00		100.00
Zoning and Housing Maintenance Enforcement	474.15	549.14	73.43	475.71
Gasoline	19,155.25	20,520.68	1,365.43	19,155.25
Fire Hydrant Service	5,792.00	5,792.00		5,792.00
Total Other Expenses Within "CAPS"	<u>297,771.79</u>	<u>350,833.96</u>	<u>164,333.84</u>	<u>186,500.12</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security (O.A.S.I.)	<u>2,242.60</u>	<u>2,242.60</u>	<u>377.16</u>	<u>1,865.44</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>2,242.60</u>	<u>2,242.60</u>	<u>377.16</u>	<u>1,865.44</u>
Total Reserves Within "CAPS"	<u>502,422.29</u>	<u>550,884.46</u>	<u>172,962.76</u>	<u>377,921.70</u>

Borough of Haledon, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, <u>2012</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	857.33	857.33		857.33
Passaic Valley Sewer Commission Contractual	40,000.00	40,000.00	30,187.50	9,812.50
Emergency Services Volunteer - LOSAP				
	<u>40,857.33</u>	<u>40,857.33</u>	<u>30,187.50</u>	<u>10,669.83</u>
Total Other Expenses Excluded from "CAPS"				
	<u>40,857.33</u>	<u>40,857.33</u>	<u>30,187.50</u>	<u>10,669.83</u>
Total Reserves Excluded from "CAPS"				
	<u>40,857.33</u>	<u>40,857.33</u>	<u>30,187.50</u>	<u>10,669.83</u>
Totals	\$ <u>543,279.62</u>	<u>591,741.79</u>	<u>203,150.26</u>	<u>388,591.53</u>
			A-4	A-1
	<u>Ref.</u>			
Total Reserves	A	543,279.62		
Prior Year Encumbrances	A-17	<u>48,462.17</u>		
		<u>591,741.79</u>		

Borough of Haledon, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	<u>Ref.</u> A	\$ 48,462.17
Increased by:		
Transfer from Current Appropriations	A-3	<u>117,165.14</u>
		165,627.31
Decreased by:		
Transfer to Appropriation Reserves	A-16	<u>48,462.17</u>
Balance - December 31, 2013	A	\$ <u><u>117,165.14</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	A	\$ 83,974.03
Increased by:		
Receipts - Prepaid 2014 Taxes	A-4	<u>62,774.87</u>
		146,748.90
Decreased by:		
Applied to 2013 Taxes	A-9	<u>83,974.03</u>
Balance - December 31, 2013	A	\$ <u><u>62,774.87</u></u>

Borough of Haledon, N.J.

Schedule of Local District School Tax

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A, A-1	(2,708.98)
Increased by:		
Levy - Calendar Year 2013	A-1,A-9	\$ <u>5,756,941.00</u>
		5,754,232.02
Decreased by:		
Payments	A-4	<u>5,787,794.70</u>
Balance - December 31, 2013	A, A-1	Prepaid \$ <u><u>(33,562.68)</u></u>

Schedule of Regional High School Tax

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012		
School Tax Payable	<u>A</u>	
School Tax Deferred		\$ <u>2,148,399.42</u> \$ 2,148,399.42
Increased by:		
Levy School Year - July 1, 2013 to June 30, 2014	A-9	<u>4,419,701.00</u> 6,568,100.42
Decreased by:		
Payments	A-4	<u>4,357,059.46</u>
Balance - December 31, 2013		
School Tax Payable		
School Tax Deferred		\$ <u>2,211,040.96</u> \$ <u><u>2,211,040.96</u></u>
2013 Liability for Regional High School District Tax:		
Tax Payable - Dec. 31, 2013		4,357,059.46
Tax Paid		<u>4,357,059.46</u>
Less: Tax Payable - Dec. 31, 2012		<u> </u>
Amount Charged to 2013 Operations	A-1	<u><u>4,357,059.46</u></u>

Borough of Haledon, N.J.

Schedule of County Taxes Payable/(Receivable)

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>		
Increased by:			
Levy - General	A-1/A-9	\$ 3,858,528.08	
Levy - Open Space	A-1/A-9	58,127.85	
Added and Omitted Taxes	A-1/A-9	<u>27,981.49</u>	<u>3,944,637.42</u>
			<u>3,944,637.42</u>
Decreased by:			
Payments	A-4		\$ <u>3,916,655.97</u>
Balance - December 31, 2013	A		<u><u>27,981.45</u></u>

Borough of Haledon, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2013

<u>Liabilities and Reserves</u>	Balance		<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2013</u>
	<u>Dec. 31, 2012</u>				
<u>Liabilities:</u>					
Tax Overpayments	\$ 2,223.82		6,440.64	8,664.46	
Due to State of NJ Marriage Surcharge			1,200.00	900.00	300.00
Due to State of NJ Building Surcharge	194.00		3,250.00	3,444.00	
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
Revaluation			200,000.00	100,816.00	99,184.00
DARE Contribution	10,572.71			4,342.07	6,230.64
Redemption of Outside Liens			295,540.69	295,540.69	
Retirement Severance Liability	18,601.95				18,601.95
Master Plan	8,868.02				8,868.02
Sewer - Legion Ave	7,000.00			7,000.00	
Judgment	23,404.71			23,000.00	404.71
Public Defender Fees			515.00	515.00	
	\$ 115,572.57		506,946.33	444,272.22	178,246.68
	A				A
Cancelled	Ref.			9,273.82	
Transfer from Current Appropriations	A-1				
Received	A-3	200,000.00			
Disbursed	A-4	306,946.33			
	A-4			434,998.40	
		506,946.33		444,272.22	

Borough of Haledon, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Budget</u> <u>Revenue</u>	<u>Received</u>	<u>Transfer</u> <u>from</u> <u>Unappropriated</u> <u>Reserve</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Municipal Alliance on Alcoholism and Drug Abuse	\$ 360.89	16,959.00	14,499.33			2,820.56
Recycling Tonnage Grant		14,919.49		14,919.49		
Clean Communities Grant		9,216.77		9,216.77		
Drunk Driving Enforcement Fund		8,446.56		8,446.56		
N.J. Transportation Trust Fund	277,120.92	1,813.49		1,813.49		277,120.92
Body Armor Replacement Fund						15,000.00
Special Legislative Grant - Business District						40,000.00
State Pedestrian Safety Program			3,000.00			
NJDEP - Green Communities						305.00
Over the Limit Under Arrest						30,366.00
COPS Hiring Grant		30,366.00				
	<u>\$ 335,786.81</u>	<u>81,721.31</u>	<u>17,499.33</u>	<u>34,396.31</u>		<u>365,612.48</u>
	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, 2013

Grant	Balance	Transfer	Expended	Cancelled	Balance
	Dec. 31, 2012	From 2013 Budget			Dec. 31, 2013
Municipal Alliance on Alcoholism and Drug Abuse	\$	16,959.00	16,959.00		
State Share					1,744.98
Emergency Road & Bridge Repair	1,744.98				81,872.56
Clean Communities Grant	72,655.79	9,216.77			
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	27,807.32	8,446.56	5,824.64		30,429.24
Recycling Tonnage Grant	25,792.22	14,919.49	24,877.16		15,834.55
Aid to Distressed Cities					
Transitional Services	195.16				195.16
Pothole Repair Program Grant	6,660.62				6,660.62
Body Armor Replacement Fund	6,436.85	1,813.49	1,042.00		7,208.34
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
COPS Hiring Grant		30,366.00	30,366.00		
	\$ 342,543.20	81,721.31	84,009.51		340,255.00
	A		A-5		A

Ref.

A-3

Federal and State Grants

81,721.31

81,721.31

Borough of Haledon, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Grant</u>	Balance Dec. 31, 2012	Transfer To 2013 Budget	Received	Balance Dec. 31, 2013
Drunk Driving Enforcement Fund	\$ 8,446.56	8,446.56	1,530.47	1,530.47
Alcohol Ed. and Rehabilitation Fund	14,919.49	14,919.49	6,908.75	6,908.75
Recycling Tonnage Grant	9,216.77	9,216.77	10,821.23	10,821.23
Clean Communities Grant	1,813.49	1,813.49	2,554.97	2,554.97
Body Armor Replacement Grant				
	\$ 34,396.31	34,396.31	21,815.42	21,815.42
	A	A-23	A-5	A

Borough of Haledon, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	Dog License <u>Fund</u>	Other Trust <u>Funds</u>	Unaudited Emergency Services Volunteer <u>LOSAP</u>
Balance - December 31, 2012	B	\$ 8,948.06	493,014.43	217,721.03
Increased by Receipts:				
LOSAP - Contributions Receivable	B-3			30,187.50
Budget Appropriation	B-4	3,121.26		
Dog License Fees - Borough Share	B-4	1,417.80		
Dog License Fees - State Share	B-5	349.20		
Interfund - Current Fund	B-6	14.71	8,829.92	
Other Trust Funds	B-9		813,686.39	
LOSAP - Net Assets Available	B-10			29,705.26
Total Receipts		<u>4,902.97</u>	<u>822,516.31</u>	<u>59,892.76</u>
		<u>13,851.03</u>	<u>1,315,530.74</u>	<u>277,613.79</u>
Decreased by Disbursements:				
Other Receivables	B-2		82,435.76	
Interfund - Current Fund	B-6	3,121.26	1,906.44	
Reserve for Dog Expenditures	B-4	7,236.64		
State Share - Dog Licenses	B-5	341.20		
Other Trust Funds	B-9		570,181.74	
LOSAP - Net Assets Available	B-10			32,035.20
Total Disbursements		<u>10,699.10</u>	<u>654,523.94</u>	<u>32,035.20</u>
Balance - December 31, 2013	B	<u>\$ 3,151.93</u>	<u>661,006.80</u>	<u>245,578.59</u>

Borough of Haledon, N.J.

Schedule of Other Receivables

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	\$
Increased by:		
Disbursements	B-1	<u>82,435.76</u>
Balance - December 31, 2013	B	\$ <u><u>82,435.76</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, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	\$ 30,187.50
Increased by:		
Current Year Contributions	B-10	<u>20,700.00</u>
		50,887.50
Decreased by:		
Receipts	B-1	<u>30,187.50</u>
Balance - December 31, 2013	B	<u><u>\$ 20,700.00</u></u>

Borough of Haledon, N.J.

Reserve/(Deficit) for Dog Fund Expenditures

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	(3,126.86)
Increased by:		
Budget Appropriation	B-1	3,121.26
Dog License Fees including Late Fees	B-1	<u>1,417.80</u>
		<u>4,539.06</u>
		1,412.20
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>7,236.64</u>
Balance - December 31, 2013	B	<u><u>(5,824.44)</u></u>

License Fees Collected

<u>Year</u>	
2012	1,574.40
2011	<u>1,234.20</u>
	<u><u>2,808.60</u></u>

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

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	\$ 4.00
Increased by:		
State Fees Collected	B-1	<u>349.20</u>
		353.20
Decreased by:		
Paid to State	B-1	<u>341.20</u>
Balance - December 31, 2013	B	<u><u>12.00</u></u>

Borough of Haledon, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2013

	Due to/(from) Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2013</u>
Dog License Trust	12,044.92	14.71	3,121.26	8,938.37
Other Trust	<u>1,665.92</u>	<u>8,829.92</u>	<u>1,906.44</u>	<u>8,589.40</u>
	<u>13,710.84</u>	<u>8,844.63</u>	<u>5,027.70</u>	<u>17,527.77</u>
	B	B-1	B-1	B

Exhibit B-7

Schedule of Interfund - Dog License Fund

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	
Due from		<u>26.00</u>
Balance - December 31, 2013	B	
Due from		<u>26.00</u>

Borough of Haledon, N.J.

Schedule of Payroll Deductions Payable

Trust Funds

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Federal Withholding		
Social Security / Medicare		
State Withholding - New Jersey		
Unemployment Insurance		
Pension	250.29	250.29
Credit Union		
Deferred Compensation		
PBA Dues		
Dues		
Garnish		
Insurance		
Net Payroll		
	<hr/> <u>250.29</u>	<hr/> <u>250.29</u>
	B	B

Borough of Haledon, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2013

	Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2013</u>
Escrow Deposits	116,109.86	32,281.71	42,906.51	105,485.06
Reserve for Unemployment	8,288.02	3,028.21	700.48	10,615.75
Reserve for Restitution	146.05			146.05
Reserve for P.O.A.A.	13,642.81	642.00	1,029.00	13,255.81
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	43,207.61	7,852.75	4,992.06	46,068.30
Reserve for Senior Citizen Recreation	3,069.65			3,069.65
Reserve for Centennial	2,490.00	540.00		3,030.00
Reserve for Special Police Outside Duty	15,088.18	182,769.79	197,857.97	0.00
Reserve for Affordable Housing	175,000.00			175,000.00
Reserve for Recreation Improvements	10,000.00			10,000.00
Other Escrow	4,851.00	750.00	300.00	5,301.00
Sale of Assets	15,592.50	13,230.95		28,823.45
Fireworks Donations	500.00			500.00
Junior Police Academy	3,150.00	3,150.00	3,150.00	3,150.00
Insurance Escrow	27,493.69	14,728.32	2,051.14	40,170.87
RX/Sec. 125 Plan	15.85	245,612.66	245,594.58	33.93
Reserve for Premium on Tax Sale	46,600.00	309,100.00	71,600.00	284,100.00
	<u>491,124.22</u>	<u>813,686.39</u>	<u>570,181.74</u>	<u>734,628.87</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, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	B		247,908.53
Increased by:			
Borough Contributions	B-3	20,700.00	
Appreciation / (Depreciation)	B-1	<u>29,705.26</u>	
			<u>50,405.26</u>
			298,313.79
Decreased by:			
Withdrawals		28,904.38	
Administration Fee		<u>3,130.82</u>	
	B-1		<u>32,035.20</u>
Balance - December 31, 2013	B		<u><u>266,278.59</u></u>

Borough of Haledon, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	C		\$ 2,185,237.17
Increased by Receipts:			
Premium Sale of BAN'S	C-1	15,899.00	
Interfund - Current Fund	C-4	30,653.75	
Due from NJEIT	C-6	20,563.00	
Various Receivables	C-7	355,129.00	
Bond Anticipation Notes	C-13	<u>3,794,300.00</u>	
			<u>4,251,544.75</u>
			6,436,781.92
Decreased by Disbursements:			
Fund Balance	C-1	13,000.00	
Bond Anticipation Notes	C-13	3,793,801.00	
Interfund Current Fund	C-4	53,199.00	
Various Reserves	C-16	47,500.00	
Improvement Authorizations	C-14	<u>500,223.89</u>	
			<u>4,407,723.89</u>
Balance - December 31, 2013	C		\$ <u><u>2,029,058.03</u></u>

Borough of Haledon, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Fund Balance	C-1	\$ 167,856.00
Due from Current Fund	C-4	(207,182.83)
Due from Water Capital Fund	C-5	(812,375.84)
Capital Improvement Fund	C-15	48,850.96
Various Reserves	C-16	78,989.62
Cash on Hand to Pay Debt		355,156.38

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	172,253.71
3-11-04	Various Capital Improvements	76,306.75
11-08-07	Roe Street Field	38,012.58
06-18-09	Roe Street Sanitary Sewer Rehabilitation	14,509.86
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	22,192.05
07-02-11	Various Capital Improvements	9,680.00
08-18-11	Various Capital Improvements	473,370.09
10-20-11	Imp. Sanitary Sewer Legion Place	
06-21-12	Various Capital Improvements	1,073,804.21
09-20-12	Fire Department Communication Equip.	1,065.91
05-02-13	Supp. To Ord. 6-21-12 Streetscape	7,450.00
		<hr/>
		\$ 2,029,058.03
		<hr/> <hr/>
		C

Borough of Haledon, N.J.
Schedule of Interfund - Current Fund
General Capital Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012 - Due from	C	\$ (184,637.58)
Increased by:		
Receipts		25,500.00
Interest Earned		<u>5,153.75</u>
	C-2	<u>30,653.75</u>
		(153,983.83)
Decreased by:		
Disbursed		<u>53,199.00</u>
	C-2	<u>53,199.00</u>
Balance - December 31, 2013 - Due from	C, C-3	\$ <u>(207,182.83)</u>

Exhibit C-5

Schedule of Interfund - Water Capital Fund
General Capital Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012 - Due From	C	\$ <u>812,375.84</u>
Balance - December 31, 2013 - Due From	C, C-3	\$ <u>812,375.84</u>

Exhibit C-6

**Schedule of Due From New Jersey Environmental
Infrastructure Trust**
General Capital Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	C	\$ 275,111.00
Decreased by:		
Cancelled	C-8/C-10	254,548.00
Receipts	C-2	<u>20,563.00</u>
Balance - December 31, 2013	C, C-3	\$ <u> </u>

Borough of Haledon, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Grants</u> <u>Approved</u>	<u>Cash</u> <u>Received</u>	<u>Balance</u> <u>Dec. 31, 2013</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.	1,971.62			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. 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		75,129.00	124,871.00
	<u>\$ 1,709,971.62</u>		<u>355,129.00</u>	<u>1,354,842.62</u>
	C		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, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	C		\$ 6,407,547.47
Decreased by:			
Paid by Current Year Budget Appropriations:			
NJEIT Loan Payable	C-10	75,684.21	
Serial Bonds	C-11	380,000.00	
Greenacres Loan Payable	C-12	<u>13,557.41</u>	
			<u>469,241.62</u>
Balance - December 31, 2013	C		<u>\$ 5,938,305.85</u>

Borough of Haledon, N.J.

Schedule of New Jersey Environmental Infrastructure Trust/Loan

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Total</u>	<u>Trust</u>	<u>Loan</u>
Balance - December 31, 2012	C	\$ 843,771.58	219,535.00	624,236.58
Decreased by:				
Principal Paid	C-8	<u>75,684.21</u>	<u>15,000.00</u>	<u>60,684.21</u>
Balance - December 31, 2013	C	<u><u>\$ 768,087.37</u></u>	<u><u>204,535.00</u></u>	<u><u>563,552.37</u></u>

Borough of Haledon, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			Date	Amount				
General Improvement Bonds Series 2009	1/22/2009	4,220,000.00	9/1/2014	120,000.00	4.250%	\$ 3,920,000.00	110,000.00	3,810,000.00
			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	3/15/2014	275,000.00	2.000%	1,390,000.00	270,000	1,120,000.00
			3/15/2015	275,000.00	3.000%			
			3/15/2016	285,000.00	3.000%			
			3/15/2017	285,000.00	3.000%			
						<u>\$ 5,310,000.00</u>	<u>380,000.00</u>	<u>4,930,000.00</u>
						<u>C</u>	<u>C-8</u>	<u>C</u>

Borough of Haledon, N.J.

Schedule of New Jersey Green Acres Loan Payable

General Capital Fund

Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Semi-Annual Maturities		Interest Rate	Balance Dec. 31, 2012	Decreased	Balance Dec. 31, 2013
			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%	\$ 228,920.86	12,272.10	216,648.76
Roe Street Athletic Field Renovations	9/18/2009	28,561.00	3/18 and 9/18	Various	2.00%	24,855.03	1,285.31	23,569.72
						\$ 253,775.89	13,557.41	240,218.48
						C	C-8	C

Borough of Haledon, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
08-20-09	Roe Street Sewer Repairs	166,500.00	11/10/2010	11/7/2013	11/6/2014	1.25%	\$ 166,500.00	164,392.00	166,500.00	164,392.00
10-15-09	Construction of Jail Cells	85,500.00	11/10/2010	11/7/2013	11/6/2014	1.25%	85,500.00	83,307.00	85,500.00	83,307.00
07-01-10	Various Capital Improvements	1,330,000.00	11/10/2010	11/7/2013	11/6/2014	1.25%	1,180,000.00	922,101.00	1,180,000.00	922,101.00
11-08-07B	Imp. To Mun. Bldg. & Tilt St. Spring	142,500.00	11/10/2011	11/7/2013	11/6/2014	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	11/7/2013	11/6/2014	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	11/7/2013	11/6/2014	1.25%	1,397,500.00	1,397,500.00	1,397,500.00	1,397,500.00
03-03-11	Imp. Sanitary Sewer Haledon Avenue	100,000.00	11/7/2013	11/7/2013	11/6/2014	1.25%	100,000.00	100,000.00		100,000.00
10-20-11	Imp. Sanitary Legion Place	109,000.00	11/7/2013	11/7/2013	11/6/2014	1.25%		109,500.00		109,500.00
							\$ 3,847,000.00	3,794,300.00	3,847,000.00	3,794,300.00

Ref.	Issued for Cash
C-2/C-18	209,500.00
C-9	53,199.00
C-2	3,584,800.00
C-2	209,001.00
	<u>3,794,300.00</u>
	<u>3,847,000.00</u>

Borough of Haledon, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	C	\$ 23,000.96
Increased by:		
Budget Appropriation	C-2	<u>35,000.00</u> 58,000.96
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-14	<u>9,150.00</u>
Balance - December 31, 2013	C/C-3	\$ <u><u>48,850.96</u></u>

Borough of Haledon, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Debt Service	\$ 126,489.62		47,500.00	78,989.62
	<u>\$ 126,489.62</u>		<u>47,500.00</u>	<u>78,989.62</u>
	C	C-2	C-2	C/C-3

Schedule of Reserve for Various Grants Receivable

General Capital Fund

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2013</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.	1,971.62			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. 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		75,129.00	124,871.00
	<u>\$ 1,709,971.62</u>		<u>355,129.00</u>	<u>1,354,842.62</u>
	C		C-7	C

Borough of Haledon, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2013

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance</u>	<u>2013</u>	<u>2013</u>	<u>Balance</u>
		<u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2013</u>
<u>General improvements:</u>					
06-18-09	Roe Street Sanitary Sewer Rehabilitation	\$ 462,000.00		462,000.00	
03-03-11	Imp. Sanitary Sewer Haledon Avenue	100,000.00		100,000.00	
10-20-11	Imp. Sanitary Legion Place	109,500.00		109,500.00	
05-02-13	Supp. To Ord. 6-21-12 Streetscape		173,850.00		173,850.00
		<u>\$ 671,500.00</u>	<u>173,850.00</u>	<u>671,500.00</u>	<u>173,850.00</u>
		Footnote C			Footnote C
	Cancelled Authorizations			462,000.00	
	Notes Issued		173,850.00	209,500.00	
			<u>173,850.00</u>	<u>671,500.00</u>	

Ref.
C-14
C-9
C-13

Borough of Haledon, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2012	D	\$ <u>118,493.93</u>	<u>8,759.44</u>
Increased by Receipts:			
Svc. Agree. Manchester Utilities Auth.	D-6	30,000.00	
Due from Manchester Utilities Auth.	D-5	360,000.00	
Interest on Deposits	D-2/D-8	244.51	22.23
Interfund Receipts	D-8	<u>200,140.86</u>	
		<u>590,385.37</u>	<u>22.23</u>
		<u>708,879.30</u>	<u>8,781.67</u>
Decreased by Disbursements:			
Budget Appropriations	D-3	619,618.76	
Appropriation Reserves	D-10	55.95	
Refund Water Key Deposits	D-11	<u>8,129.06</u>	
		<u>627,803.77</u>	
Balance - December 31, 2013	D	\$ <u><u>81,075.53</u></u>	<u><u>8,781.67</u></u>

Borough of Haledon, N.J.

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

Water Utility Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	\$ 78,117.75
Increased by:		
Annual Charges per Service Agreement	D-2	604,118.76
		<u>682,236.51</u>
Dereased by:		
Receipts	D-4	<u>360,000.00</u>
		<u>360,000.00</u>
Balance - December 31, 2013	D	\$ <u><u>322,236.51</u></u>

Exhibit D-6

Schedule of Due from Manchester Utilities Authority
Per Service Agreement

Water Utility Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	\$ 564,143.50
Dereased by:		
Received	D-4	<u>30,000.00</u>
Balance - December 31, 2013	D	\$ <u><u>534,143.50</u></u>

Borough of Haledon, N.J.

Schedule of Water Utility Capital Cash

Water Utility Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Capital Improvement Fund	D-13	\$ 0.61
Interfund - Water Operating Fund	D-9	(803,594.78)
Interfund - General Capital Fund	D-15	812,375.84
	D	<u>\$ 8,781.67</u>

Borough of Haledon, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water Utility Fund

Year Ended December 31, 2013

	Ref.	Total	Water Operating Fund	
			Water Capital Fund	Current Fund
Balance - December 31, 2012	D	\$ (685,125.78)	(803,617.01)	118,491.23
Increased by:				
Interest on Deposits	D-2/D-4	<u>22.23</u>	<u>22.23</u>	<u> </u>
		<u>22.23</u>	<u>22.23</u>	<u> </u>
Decreased by:				
Receipts	D-4	<u>200,140.86</u>	<u> </u>	<u>200,140.86</u>
		<u>200,140.86</u>	<u> </u>	<u>200,140.86</u>
Balance - December 31, 2013	D	\$ <u>(885,244.41)</u>	<u>(803,594.78)</u>	<u>(81,649.63)</u>

Borough of Haledon, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2013

<u>Account Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2013</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 2012 Appropriation Reserves
Water Utility Operating Fund
Year Ended December 31, 2013

	Balance, <u>Dec. 31, 2012</u>	Balance After <u>Transfers</u>	<u>Paid</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	9,040.44	9,040.44		9,040.44
Other Expenses	<u>28,760.99</u>	<u>28,760.99</u>	<u>55.95</u>	<u>28,705.04</u>
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>691.61</u>	<u>691.61</u>		<u>691.61</u>
	<u>38,493.04</u>	<u>38,493.04</u>	<u>55.95</u>	<u>38,437.09</u>
	D		D-4	D-1

Borough of Haledon, N.J.

Schedule of Reserve for Water Key Deposits

Water Utility Operating Fund

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	D	\$	21,375.00
Decreased by:			
Disbursed	D-4		8,129.06
Cancelled	D-1		<u>13,245.94</u>
			<u>21,375.00</u>
Balance - December 31, 2013	D	\$	<u><u>0.00</u></u>

Borough of Haledon, N.J.
 Schedule of Water Serial Bonds Payable
 Water Utility Capital Fund
 Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2012	Decreased	Balance, Dec. 31, 2013
			Date	Amount				
Water Utility Refunding Bonds	8/12/2011	1,815,000.00	03/15/14	190,000.00	2.00%	\$ 1,790,000.00	195,000.00	1,595,000.00
			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%			
					\$ 1,790,000.00	195,000.00	1,595,000.00	

Borough of Haledon, N.J.
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	\$ <u>0.61</u>
Balance - December 31, 2013	D/D-8	\$ <u><u>0.61</u></u>

Schedule of Reserve for Amortization
Water Utility Capital Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	\$ 8,107,583.42
Increased by:		
Serial Bonds Paid by Budget	D-12	<u>195,000.00</u> <u>195,000.00</u>
Balance - December 31, 2013	D	\$ <u><u>8,302,583.42</u></u>

Borough of Haledon, N.J.

Schedule of Interfund General Capital Fund

Water Utility Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	D	\$ <u>812,375.84</u>
Balance - December 31, 2013	D/D-8	\$ <u>812,375.84</u>

Borough of Haledon , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2013

	<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, 2012	E	\$ 42,520.47	247.73	42,272.74
Increased by Receipts:				
State Aid		105,900.00		105,900.00
Other Receipts		68.96	0.63	68.33
Supplemental Security Income		6,122.94		6,122.94
Intrafund Transfers				
		<u>112,091.90</u>	<u>0.63</u>	<u>112,091.27</u>
		<u>154,612.37</u>	<u>248.36</u>	<u>154,364.01</u>
Decreased by Disbursements:				
Public Assistance - 2013		125,733.82		125,733.82
Supplemental Security Income				
Intrafund Transfers				
Interfund - Current Fund				
		<u>125,733.82</u>	<u></u>	<u>125,733.82</u>
Balance - December 31, 2013	E	\$ <u>28,878.55</u>	<u>248.36</u>	<u>28,630.19</u>

Borough of Haledon , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2013	E-1	\$ <u>28,878.55</u>
Increased by:		
Cash Receipts Record		98,194.51
		<u>98,194.51</u>
		<u>127,073.06</u>
Decreased by:		
Cash Disbursements Record		97,201.00
		<u>97,201.00</u>
Balance - July 31, 2014		\$ <u><u>29,872.06</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 - July 31, 2014</u>			
Balance on Deposit per Statement of:			
Valley National Bank - Checking	248.71	18,824.90	19,073.61
Valley National Bank Welfare Director Petty Cash		21,701.76	21,701.76
	<u>248.71</u>	<u>40,526.66</u>	<u>40,775.37</u>
Add: Bank Charge			0.00
Less: Outstanding Checks		<u>10,903.31</u>	<u>10,903.31</u>
Balance - July 31, 2014	<u><u>248.71</u></u>	<u><u>29,623.35</u></u>	<u><u>29,872.06</u></u>

Borough of Haledon , N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2013

Balance - December 31, 2012		\$	<u>42,520.47</u>
Increased by Receipts:			
Cash Receipts Record			<u>112,091.90</u>
			<u>112,091.90</u>
			<u>154,612.37</u>
Decreased by Disbursements:			
Cash Disbursements Record			<u>125,733.82</u>
			<u>125,733.82</u>
Balance - December 31, 2013		\$	<u><u>28,878.55</u></u>

<u>Reconciliation - December 31, 2013</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	248.36	34,798.85	35,047.21
Valley National Bank			
Welfare Director Petty Cash		5,107.65	5,107.65
	<u>248.36</u>	<u>39,906.50</u>	<u>40,154.86</u>
Add: Deposit in Transit/Bank Charge		147.69	147.69
Less: Outstanding Checks		<u>11,424.00</u>	<u>11,424.00</u>
Balance - December 31, 2013	<u><u>248.36</u></u>	<u><u>28,630.19</u></u>	<u><u>28,878.55</u></u>

Borough of Haledon , N.J.
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2013

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
State Aid Payments	\$ 105,900.00		105,900.00
Less: Refunds to the State			
Net State Aid Payments	<u>105,900.00</u>		<u>105,900.00</u>
Interest Earned	32.04	0.63	31.41
Refund State Matched Assistance			
Petty Cash Interest Earned	36.92		36.92
Supplemental Security Income			
State/Municipal Refund	6,122.94		6,122.94
Client Refund			
Total Revenues (P.A.T.F.)	<u>112,091.90</u>	<u>0.63</u>	<u>112,091.27</u>
Intra-Fund Transfers			
Inter-Fund Transfers - Current Fund			
Total Receipts	<u>\$ 112,091.90</u>	<u>0.63</u>	<u>112,091.27</u>

Exhibit E-5

Schedule of Expenditures - Cash Basis
Public Assistance Fund
Year Ended December 31, 2013

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Reported:			
Current Year Assistance (State Matching):			
Maintenance Payments	\$ 45,664.00		45,664.00
Burial	2,770.00		2,770.00
Other:			
Emergency Assistance - Utilities	1,890.82		1,890.82
Emergency Assistance - Rent	4,987.00		4,987.00
Emergency Assistance - Relocation Costs	1,300.00		1,300.00
Emergency Assistance - House Furnishings	350.00		350.00
Work Related Expenses	1,312.00		1,312.00
Temporary Rental Assistance	67,460.00		67,460.00
Total Payments Reported	<u>125,733.82</u>		<u>125,733.82</u>
Payments for Eligible Assistance Not Reported			
Total P.A.T.F. Eligible Payments	<u>125,733.82</u>		<u>125,733.82</u>
Inter-Fund Transfers - Current Fund			
Intra-Fund Transfers			
SSI Payments:			
Reimbursement to Clients			
Total Disbursements (P.A.T.F.)	<u>\$ 125,733.82</u>		<u>125,733.82</u>

Borough of Haledon , N.J.
Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	E	\$ 46,490.32
Increased by:		
Receipts		<u>112,091.27</u>
		158,581.59
Decreased by:		
Disbursements		<u>125,733.82</u>
Balance - December 31, 2013	E	\$ <u><u>32,847.77</u></u>
<u>Analysis of Balance:</u>		
Account #1		26,445.21
Account #2		<u>6,402.56</u>
		<u><u>32,847.77</u></u>

Schedule of Interfund - Current Fund

Public Assistance Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	E	\$ (3,969.85)
Increased by:		
Receipts		<u>0.63</u>
Balance - December 31, 2013	E	\$ <u><u>(3,969.22)</u></u>
<u>Analysis of Balance:</u>		
Account #1	Due To	314.13
Account #2	Due From	<u>(4,283.35)</u>
		<u><u>(3,969.22)</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, 2013

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Ferraioli, Wielkotz, 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, 2013 and the related notes to the financial statements, and have issued our report thereon dated August 12, 2014, 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.



Honorable Mayor and
Members of the Borough Council
Page 2.

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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of 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
Pompton Lakes, New Jersey



August 12, 2014

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:

Belmont Avenue Gateway Project
Bird Netting

Community Enhancement Haledon Ave.
Southside Avenue Rd. Improvements

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 3, 2013 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 19, 2013, 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>
2013	3
2012	1
2011	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, 2013, 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.

There were four employees receiving health benefits that were not contributing to the cost of the benefits.

Employee health benefit contributions were calculated using 26 pay periods for the year. However, contributions were only deducted from 24 pay periods.

There were several employees who were eligible to be enrolled in the Defined Contribution Retirement Plan but were not enrolled.

There were several instances where Water Utility Payroll was charged to Social Security Budget line item instead of the Salary and Wage line item and vice versa.

IRS Form 1099

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

IRS Form 1099 was not issued to several vendors that were required to receive them.

IRS Form 1099 Interest was not issued for interest paid on tax lien redemptions.

Outside Offices

Several electrical permit fees included in our testing of construction code fees were calculated incorrectly.

Building Department deposits were not supported by any daily cash receipts reports.

The payment to the State for the May Dog License Report was not made.

Building Department and Police Department deposits are not being made within 48 hours as required by statute.

Other

One County Board Judgment tax adjustment was not calculated correctly resulting in an overadjustment of \$1,083.58.

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

Revenue collections from the outside departments were not recorded correctly in the Current Fund Revenue/Receipts Journal.

During our test of expenditures, it was noted that two purchases were made prior to requisition approval and that one invoice was overpaid by \$705.16.

Several Borough officials did not file annual financial disclosure statements.

*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.

There are no formal procedures for collection of escrow fees for paying police outside duty fees which results in payment for police outside duty prior to collecting funds from contractors.

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 all employee's receiving health benefits contribute towards the cost of the insurance as required by law.
4. That employee health benefit contributions be made over 26 pays.
5. That all employees eligible to be enrolled in the Defined Contribution Retirement Plan be enrolled.
6. That payroll charges for the Water Utility be charged to the correct budgetary line item.
- *7. That IRS Form 1099 Miscellaneous be prepared for all recipients of Rental Assistance Payments and for all other vendors required to receive them.
8. That IRS Form 1099 Interest be issued for interest paid on Tax Lien redemptions.
9. That all Building Department deposits be supported by daily cash receipt reports.
10. That Electrical permit fees be calculated in accordance with the Borough's fee ordinance.
11. That payment for the May 2013 monthly Dog License Reports be made.
12. That the Building and Police Department deposits be made within 48 hours of receipt as required by statute.
- *13. That the tax receipt postings to the general ledger and cash receipts journal be reconciled to the monthly tax account status reports.
14. That tax account adjustments for County Tax Board Judgments be calculated correctly.
15. That purchases not be made until requisition is approved.
16. That greater care be taken to insure that payments to vendors agree to invoiced amount.
17. That all Borough Officials file the Annual Financial Disclosure Statement.
- *18. That the various grants receivable as and appropriated reserves for grants as detailed on Exhibit's A-23 and A-24 be reviewed for collectibility and or proper disposition.
- *19. That an effort be made to liquidate all interfunds.
20. That the Borough adopt an ordinance to establish procedures for collection of escrow fees for outside police duty costs.

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



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