

BOROUGH OF NORTH HALEDON
COUNTY OF PASSAIC

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION
(WITH INDEPENDENT AUDITOR'S REPORT THEREIN)
DECEMBER 31, 2013

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BOROUGH OF NORTH HALEDON

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BOROUGH OF NORTH 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 North Haledon
North Haledon, New Jersey 07508

Report on the Financial Statements

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

As described in Note 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$334,760.54 and \$256,879.93 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 of Accounting” paragraph, the financial statements referred to above, with the exception of the Length of Service Awards Program, 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 North Haledon’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2014 on our consideration of the Borough of North Haledon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of North Haledon's internal control over financial reporting and compliance.



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



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

May 7, 2014



Borough of North Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Current Fund:			
Cash	A-4	2,218,027.41	2,028,999.56
Change Fund	A-6	225.00	225.00
Due to State of New Jersey: Ch. 73, P.L. Senior Citizens' and Veterans' Deduction	A-8	<u>2,028.08</u>	<u> </u>
		<u>2,220,280.49</u>	<u>2,029,224.56</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	290,570.94	274,710.25
Tax Title Liens	A-11	243,923.31	66,721.36
Property Acquired for Taxes - Assessed Valuation	A-10	43,900.00	43,900.00
Revenue Accounts Receivable	A-12	162,847.70	166,206.05
Interfund Receivables:			
Payroll Fund	A-13	14,391.37	1,265.16
General Capital Fund	A-13	1,428.57	
Animal Control Trust Fund	A-13	2.79	9.71
Federal and State Grant Fund	A-13		156.21
Public Assistance Fund	A-13	<u> </u>	<u>1,026.54</u>
		<u>757,064.68</u>	<u>553,995.28</u>
Deferred Charges:			
Special Emergency Authorizations	A-14	<u>134,000.00</u>	<u>201,000.00</u>
		<u>134,000.00</u>	<u>201,000.00</u>
		<u>3,111,345.17</u>	<u>2,784,219.84</u>
Federal and State Grant Fund:			
Cash	A-5	47,808.97	66,317.89
Grants Receivable	A-22	344,385.62	83,237.25
Interfund - Other Trust Fund	A-25	1,308.50	
Interfund - Current Fund	A-25	<u>109.05</u>	<u> </u>
		<u>393,612.14</u>	<u>149,555.14</u>
		<u>3,504,957.31</u>	<u>2,933,774.98</u>

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

Borough of North Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Current Fund:			
Appropriation Reserves	A-3/A-15	360,226.03	342,054.26
Interfunds Payable:			
Other Trust Fund	A-13	294,667.07	1,559.44
Federal and State Grant Fund	A-13	109.05	
Encumbrances Payable	A-16	85,489.67	161,249.21
Prepaid Taxes	A-17	170,655.79	116,649.87
Local School Tax Payable	A-18		342,500.00
County Taxes Payable	A-20	6,381.20	
Tax Overpayments	A-21	2,524.00	3,257.00
Accounts Payable	A-21	22,218.93	840.17
Due to State of New Jersey:			
Senior Citizens' and Veterans' Deduction	A-8		27.40
Marriage Surcharge	A-21	275.00	350.00
Building Surcharge	A-21	1,342.00	734.00
Reserve for:			
Revision and Codification of Ordinances	A-21	242.54	242.54
Master Plan	A-21		17,022.89
Outside Liens	A-21	19,553.82	
Watershed Aid	A-21	1,128.00	1,128.00
Tax Appeals	A-21	11,896.45	153.68
L.O.S.A.P.	A-21	10,601.97	100,876.97
Hurricane Sandy Insurance Reimbursement	A-21	44,594.00	
F.E.M.A.	A-21	119,255.94	
		<u>1,151,161.46</u>	<u>1,088,645.43</u>
Reserve for Receivables	Contra	757,064.68	369,422.01
Fund Balance	A-1	<u>1,203,119.03</u>	<u>1,141,579.13</u>
		<u>3,111,345.17</u>	<u>2,599,646.57</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	322,544.11	120,388.75
Unappropriated Reserve for Grants	A-24	21,068.03	20,349.14
Interfund - General Capital Fund	A-25	50,000.00	
Interfund - Other Trust Fund	A-25		8,661.04
Interfund - Current Fund	A-25		156.21
		<u>393,612.14</u>	<u>149,555.14</u>
		<u>3,504,957.31</u>	<u>2,749,201.71</u>

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

Borough of North Haledon, N.J.

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	920,000.00	573,500.00
Miscellaneous Revenue Anticipated	A-2	1,841,333.37	1,398,025.71
Receipts from Delinquent Taxes	A-2	274,655.26	416,943.59
Receipts from Current Taxes	A-2	31,851,792.10	30,052,341.73
Non-Budget Revenue	A-2	138,424.05	193,806.69
Other Credits to Income:			
Interfunds Returned	A-13	2,457.62	21,900.19
Unexpended Balance of Appropriation Reserves	A-15	183,464.81	109,923.27
Canceled FEMA Reserve			123,434.64
Canceled Accounts Payable	A-21	840.17	2,856.02
Total Revenues and Other Income		<u>35,212,967.38</u>	<u>32,892,731.84</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,279,770.24	3,897,199.16
Other Expenses	A-3	5,030,498.19	4,457,717.23
Capital Improvement Fund	A-3	50,000.00	52,000.00
Municipal Debt Service	A-3	1,690,776.29	1,619,845.16
Deferred Charges and Statutory Expenditures - Municipal	A-3	1,012,743.00	970,845.50
Refund of Prior Year Revenue			4,251.61
Interfund Advances	A-13	15,822.73	2,457.62
Local District School Tax	A-18	9,882,486.00	9,586,430.50
Regional High School Tax	A-19	3,273,991.66	3,080,006.99
County Taxes including Added Taxes	A-20	8,995,339.37	8,154,406.20
Total Expenditures		<u>34,231,427.48</u>	<u>31,825,159.97</u>

Borough of North Haledon, N.J.

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Excess (Deficit) Revenue Over Expenditures		981,539.90	1,067,571.87
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		981,539.90	1,067,571.87
Fund Balance, January 1,	A	<u>1,141,579.13</u>	<u>647,507.26</u>
		2,123,119.03	1,715,079.13
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>920,000.00</u>	<u>573,500.00</u>
Fund Balance, December 31,	A	<u><u>1,203,119.03</u></u>	<u><u>1,141,579.13</u></u>

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

Borough of North Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

	<u>Ref</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	920,000.00	920,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	10,000.00	8,800.00	(1,200.00)
Other	A-2	6,300.00	7,840.00	1,540.00
Fees and Permits	A-2	94,000.34	136,352.02	42,351.68
Fines and Costs:				
Municipal Court	A-12	85,000.00	113,286.42	28,286.42
Interest and Costs on Taxes	A-4	40,000.00	64,009.81	24,009.81
Interest on Investments and Deposits	A-12	24,000.00	14,381.77	(9,618.23)
Cat Licenses	A-12	600.00	600.00	
Rent / Buehler Residence	A-12	5,000.00	7,200.00	2,200.00
Exempt Sewer Use Charge	A-12	135,000.00	139,118.20	4,118.20
Energy Receipts Tax	A-12	555,960.00	555,960.24	0.24
Consolidated Municipal Property Tax Relief Aid	A-12	42,603.00	42,603.00	
Watershed Moratorium Aid	A-21	1,128.00	1,128.00	
Uniform Construction Code Fees	A-12	74,634.00	133,859.00	59,225.00
Uniform Fire Safety Act - Local	A-12	7,500.00	6,096.00	(1,404.00)
Cell Tower Lease	A-12	110,000.00	111,781.06	1,781.06
Clean Communities Program	A-22	15,529.50	15,529.50	
Alcohol Education and Rehabilitation Fund	A-22	474.97	474.97	
Recycling Tonnage Grant	A-22	11,342.52	11,342.52	
Municipal Alliance on Alcoholism and Drug Abuse	A-22	11,693.91	11,693.91	
Body Armor Replacement Fund	A-22	1,988.62	1,988.62	
Bullet Proof Vest Program	A-22	918.00	918.00	
Passaic County CDBG	A-22	155,000.00	155,000.00	
Passaic County Open Space		147,500.00	147,500.00	
Passaic County Open Space		15,000.00	15,000.00	
Click It or Ticket	A-22	4,000.00	4,000.00	
Interlocal Services - Street Lighting	A-12	16,000.00	18,199.08	2,199.08
Interlocal Services - Wyckoff Building Inspector	A-12	19,000.00	19,000.00	
Payroll Service Reimbursement		6,000.00	5,500.00	(500.00)
Uniform Fire Safety Act	A-12	12,000.00	12,171.25	171.25
Other Trust Fund Balance	A-12	20,000.00	20,000.00	
General Capital Fund Balance	A-12	10,000.00	10,000.00	
Reserve for Debt Service	A-12	50,000.00	50,000.00	
Total Miscellaneous Revenues	A-1	1,688,172.86	1,841,333.37	153,160.51
Receipts from Delinquent Taxes	A-1/A-2	290,000.00	274,655.26	(15,344.74)
Subtotal General Revenues		2,898,172.86	3,035,988.63	137,815.77
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	9,565,858.00	9,595,664.73	29,806.73
Budget Totals		12,464,030.86	12,631,653.36	167,622.50
Non-Budget Revenue	A-1/A-2		138,424.05	138,424.05
		12,464,030.86	12,770,077.41	306,046.55
Adopted Budget	A-3	12,130,526.39		
Appropriated by N.J.S. 40A:4-87	A-3	333,504.47		
		12,464,030.86		

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

Borough of North Haledon, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2013

Analysis of Realized Revenues

	<u>Ref.</u>		
Revenue from Collections	A-1/A-9		31,851,792.10
Allocated to School and County Taxes	A-9		<u>22,656,127.37</u>
Balance for Support of Municipal Budget Appropriations			9,195,664.73
Add : Appropriation - Reserve for Uncollected Taxes	A-3		<u>400,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u>9,595,664.73</u>
Receipts from Delinquent Taxes:			
Delinquent Taxes	A-2/A-9		<u>274,655.26</u>
Licenses - Other			
Clerk	A-12	4,725.00	
Board of Health	A-12	<u>3,115.00</u>	
	A-2		<u>7,840.00</u>
Fees and Permits - Other:			
Clerk	A-12	3,070.00	
Construction Office - Certificate of Occupancy	A-12	21,100.00	
Cable TV Fees	A-12	<u>112,182.02</u>	
	A-2		<u>136,352.02</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenue Accounts Receivable			
Borough Clerk	A-12	885.87	
Registrar	A-12	2,054.00	
Police Department Fees	A-12	1,774.95	
Planning and Zoning Fees	A-12	14,530.00	
Recycling Revenue	A-12	<u>48,444.66</u>	
			67,689.48
Return Check Fee		256.00	
Administration Costs - Police Outside Service		34,266.16	
DMV Violations		5,555.00	
Sale of Assets		18,766.40	
Senior Citizens & Vets Administrative Payment		1,877.40	
Miscellaneous		<u>10,013.61</u>	
	A-4		<u>70,734.57</u>
	A-2		<u>138,424.05</u>

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

Borough of North Haledon, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 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						
Salaries and Wages		20,000.00	20,000.00	20,000.00		
Administrator		25,652.00	25,652.00	25,652.00		
Governing Body		198,058.00	194,758.00	194,718.68	39.32	
Municipal Clerk's Office		208.00	208.00	208.00		
Ethics Board						
Other Expenses		58,500.00	58,500.00	58,168.28	331.72	
Municipal Clerk's Office		25.00	15.60	15.60		
Ethics Board						
Elections						
Salaries and Wages		1,457.00	1,457.00	1,457.00		
Other Expenses		5,620.00	5,120.00	4,856.31	263.69	
Financial Administration						
Salaries and Wages		146,407.00	143,207.00	142,762.94	444.06	
Other Expenses		29,495.00	27,495.00	27,476.32	18.68	
Audit Services		47,000.00	53,000.00	46,228.50	6,771.50	
Collection of Taxes						
Salaries and Wages		71,489.00	69,989.00	69,967.06	21.94	
Other Expenses		7,875.00	8,775.00	8,747.53	27.47	
Assessment of Taxes						
Salaries and Wages		18,485.00	18,485.00	18,485.00		
Other Expenses		1,700.00	2,200.00	2,180.24	19.76	
Legal Services and Costs						
Other Expenses		80,500.00	120,000.00	119,830.60	169.40	
Engineering Services and Costs						
Other Expenses		75,000.00	75,000.00	69,588.36	5,411.64	
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board						
Salaries and Wages		5,202.00	5,202.00	5,202.00		
Other Expenses		4,820.00	4,820.00	4,491.26	328.74	

Borough of North Haledon, N.J.

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>		10,000.00	10,000.00	10,000.00		
Preparation of Master Plan						
Board of Adjustment						
Salaries and Wages		3,476.00	3,476.00	3,476.00		
Other Expenses		3,300.00	2,800.00	2,772.42	27.58	
Land Use Administrator						
Salaries and Wages		1,272.00	1,272.00	1,272.00		
Insurance:						
Other Insurance Premiums		343,869.00	333,256.00	333,249.89	6.11	
Workers' Compensation Insurance		172,562.00	172,562.00	172,562.00		
Group Insurance Plan for Employees		1,086,966.12	1,086,966.12	1,066,120.22	20,845.90	
Public Safety:						
Police						
Salaries and Wages		2,416,318.32	2,401,318.32	2,389,265.63	12,052.69	
Other Expenses		69,465.00	69,465.00	61,681.85	7,783.15	
Purchase of Police Cars		56,286.00	51,286.00	50,153.92	1,132.08	
Uniform Allowance		5,271.00	2,259.96	2,259.96		
Emergency Management Services						
Salaries and Wages		3,004.00	3,004.00	3,004.00		
Other Expenses		1,000.00	1,000.00	1,000.00		
Volunteer Ambulance Squad						
Other Expenses - Maintenance		16,747.00	11,747.00	11,132.49	614.51	
Fire						
Other Expenses		56,182.00	56,248.07	56,153.07	95.00	
Rent for Fire Department		9,141.42	5,064.41	5,064.41		
Fire Alarm System						
Other Expenses		100.00	100.00		100.00	
Fire Prevention Bureau - Life Hazard Use						
Salaries and Wages		6,933.00	6,933.00	6,933.00		
Other Expenses		900.00	900.00	830.00	70.00	
Fire Prevention Bureau - Uniform Fire Safety Code						
Salaries and Wages		3,700.00	2,700.00	2,625.00	75.00	

Borough of North Haledon, N.J.

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 Prosecutor		16,136.00	16,136.00	16,136.00		
Salaries and Wages						
Municipal Court:						
Salaries and Wages		83,579.00	101,579.00	101,445.14	133.86	
Other Expenses		6,450.00	7,450.00	7,348.27	101.73	
Public Defender						
Salaries and Wages		2,424.00	2,424.00	500.00	1,924.00	
Public Works						
Road Repairs and Maintenance						
Salaries and Wages		829,269.00	810,009.00	794,025.67	15,983.33	
Other Expenses		159,810.00	169,810.00	169,729.82	80.18	
Snow Removal						
Other Expenses		30,000.00	30,500.00	30,211.33	288.67	
Garbage and Trash Removal						
Other Expenses		222,520.00	222,520.00	222,520.00		
Solid Waste Disposal Costs		276,000.00	258,600.00	199,468.46	59,131.54	
Recycling Program						
Salaries and Wages		55,061.00	51,769.99	49,218.00	2,551.99	
Other Expenses		77,500.00	77,600.00	77,569.57	30.43	
Public Buildings and Grounds						
Other Expenses		44,660.00	47,660.00	47,540.84	119.16	
Buehler Property Maintenance						
Other Expenses		200.00	200.00	186.24	13.76	
Sewer System						
Salaries and Wages		168,718.00	164,896.93	158,168.10	6,728.83	
Other Expenses		81,000.00	81,000.00	74,490.01	6,509.99	
Health and Human Services:						
Board of Health						
Salaries and Wages		39,483.00	39,483.00	39,483.00		
Contractual		9,648.00	9,648.00	9,648.00		
Other Expenses		8,781.00	6,781.00	5,738.33	1,042.67	

Borough of North Haledon, N.J.

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>
Dog Regulation		6,000.00	6,000.00	6,000.00		
Other Expenses						
Parks and Recreation						
Recreation						
Other Expenses		18,000.00	18,706.20	18,706.20		
Senior Citizens' Transportation						
Other Expenses		5,500.00	5,500.00	5,500.00		
Sub-Code Officials						
Building Inspector						
Salaries and Wages		126,573.00	145,573.00	145,573.00		
Other Expenses		2,810.00	2,810.00	2,786.67	23.33	
Zoning Enforcement Officer						
Salaries and Wages		1,272.00	1,272.00	1,272.00		
Other Expenses		100.00	100.00		100.00	
Fire Inspector						
Salaries and Wages		10,279.00	10,279.00	10,279.00		
Electrical Inspector						
Salaries and Wages		19,687.00	19,687.00	19,687.00		
Unclassified:						
Celebration of Public Events						
Other Expenses		41,700.00	46,700.00	44,155.61	2,544.39	
Costs of Registration of Bonds - Other Expenses		3,200.00	3,200.00	3,195.00	5.00	
Manchester Regional H.S. Feasibility Study		19,500.00	8,500.00	8,392.40	107.60	
Electricity		128,000.00	128,000.00	117,125.09	10,874.91	
Street Lighting		94,000.00	83,400.00	82,852.99	547.01	
Telephone		50,000.00	57,000.00	56,995.08	4.92	
Fire Hydrant		78,000.00	68,270.21	56,256.00	12,014.21	
Water		16,000.00	16,000.00	14,796.35	1,203.65	
Water Testing		500.00	540.00	540.00		
Fuel Oil		50,000.00	50,000.00	44,449.02	5,550.98	
Gasoline		65,000.00	81,500.00	81,443.78	56.22	

Borough of North Haledon, N.J.

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
Contingent		100.00	100.00		100.00	
Total Operations within "CAPS"		7,911,445.86	7,907,445.81	7,723,023.51	184,422.30	
Detail:						
Salaries and Wages	A-1	4,274,142.32	4,260,770.24	4,220,815.22	39,955.02	
Other Expenses	A-1	3,637,303.54	3,646,675.57	3,502,208.29	144,467.28	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		232,583.00	234,083.00	233,416.19	666.81	
Social Security System (O.A.S.I.)		190,000.00	192,500.00	192,341.47	158.53	
Police and Firemen's Retirement System of NJ		519,160.00	519,160.00	519,160.00		
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	941,743.00	945,743.00	944,917.66	825.34	
Total General Appropriations for Municipal Purposes within "CAPS"		8,853,188.86	8,853,188.81	8,667,941.17	185,247.64	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		443,358.00	443,358.00	443,358.00		
Emergency Services Volunteer Length of Service Award Program		117,665.00	117,665.00	17,550.00	100,115.00	
Preparation of COAH Application Plan (P.L. 1985, C.222)		5,000.00	5,000.00	1,719.61	3,280.39	
Passaic Valley Sewerage Commission Share of Costs		370,769.10	370,769.10	370,769.10		
Reserve for Tax Appeals		15,000.00	15,000.00	15,000.00		
Increase in Insurance P.L. 2007, c.62						
Group Insurance Plan for Employees		52,583.00	52,583.00		52,583.00	
Interlocal Municipal Service Agreements						
County of Passaic - Street Lighting		16,000.00	16,000.00	16,000.00		
Township of Wyckoff - Building Inspector		19,000.00	19,000.00		19,000.00	

Borough of North Haledon, N.J.

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>						
Public and Private Programs Offset by Revenues		15,529.50	15,529.50	15,529.50		
Clean Communities Program		11,693.91	11,693.91	11,693.91		
Municipal Alliance on Alcoholism and Drug Abuse		155,000.00	155,000.00	155,000.00		
Passaic County CDBG		15,000.00	15,000.00	15,000.00		
Passaic County Open Space Grant		147,500.00	147,500.00	147,500.00		
Passaic County Open Space Trust		474.97	474.97	474.97		
Alcohol Education and Rehabilitation Program		11,342.52	11,342.52	11,342.52		
Recycling Tonnage Grant		918.00	918.00	918.00		
Bullet Proof Vest Program		4,000.00	4,000.00	4,000.00		
Click It or Ticket		1,988.62	1,988.62	1,988.62		
Body Armor Replacement Fund						
		<u>1,402,822.62</u>	<u>1,402,822.62</u>	<u>1,227,844.23</u>	<u>174,978.39</u>	
Total Operations - Excluded from "CAPS"						
Detail:						
Salaries & Wages	A-1	19,000.00	19,000.00		19,000.00	
Other Expenses	A-1	1,383,822.62	1,383,822.62	1,227,844.23	155,978.39	
Capital Improvements:						
Capital Improvement Fund		50,000.00	50,000.00	50,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>		
Municipal Debt Service:						
Payment of Bond Principal		1,265,000.00	1,265,000.00	1,265,000.00		
Payment of Bond Anticipation Notes		60,400.00	60,400.00	60,400.00		
Interest on Bonds		316,119.38	316,119.43	316,119.43		
Interest on Notes		49,500.00	49,500.00	49,256.86		243.14
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>1,691,019.38</u>	<u>1,691,019.43</u>	<u>1,690,776.29</u>		<u>243.14</u>

Borough of North Haledon, N.J.

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>
Deferred Charges:						
Special Emergency Authorizations - 5 Years		67,000.00	67,000.00	67,000.00		
Total Deferred Charges-Municipal-Excluded from "CAP A-1		67,000.00	67,000.00	67,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		3,210,842.00	3,210,842.05	3,035,620.52	174,978.39	243.14
Subtotal General Appropriations		12,064,030.86	12,064,030.86	11,703,561.69	360,226.03	243.14
Reserve for Uncollected Taxes		400,000.00	400,000.00	400,000.00		
Total General Appropriations		12,464,030.86	12,464,030.86	12,103,561.69	360,226.03	243.14
Adopted Budget	A-2		12,130,526.39			
Appropriated by (N.J.S. 40A:4-87)	A-2		333,504.47			
			12,464,030.86			
					A	
Analysis of Paid or Charged						
Reserve for Uncollected Taxes	A-2			400,000.00		
Cash Disbursed	A-4			11,172,624.50		
Deferred Charges						
Special Emergency	A-14			67,000.00		
Encumbrances Payable	A-16			85,489.67		
Reserve for Tax Appeals	A-21			15,000.00		
Reserve for Federal and State Grants	A-23			363,447.52		
				12,103,561.69		

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

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Borough of North Haledon, N.J.

Exhibit B

Page 1 of 2

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Animal Control Trust Fund:			
Cash	B-2	419.33	1,772.35
Cash - Change Fund		20.00	20.00
		439.33	1,792.35
Other Trust Funds:			
Cash	B-2	225,849.25	477,171.43
Interfund - Federal & State Grant Fund	B-5		8,661.04
Interfund - Current Fund	B-5	294,667.07	1,559.44
		520,516.32	487,391.91
Payroll Fund			
Cash	B-2	28,947.56	9,970.19
		28,947.56	9,970.19
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash in Plan	B-2	334,760.54	162,579.93
Contributions Receivable	B-8		94,300.00
		334,760.54	256,879.93
		884,663.75	756,034.38

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

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-3	436.54	1,782.64
Interfund - Current Fund	B-5	<u>2.79</u>	<u>9.71</u>
		<u>439.33</u>	<u>1,792.35</u>
Other Trust Fund:			
Interfund - Public Assistance Fund	B-5	14,579.62	1,059.45
Interfund - Federal & State Grant Fund	B-5	1,308.50	
Various Deposits and Reserves	B-6	485,344.10	447,048.36
Fund Balance	B-1	<u>19,284.10</u>	<u>39,284.10</u>
		<u>520,516.32</u>	<u>487,391.91</u>
Payroll Fund:			
Interfund - Current Fund	B-5	14,391.37	1,265.16
Payroll Deductions Payable	B-7	<u>14,556.19</u>	<u>8,705.03</u>
		<u>28,947.56</u>	<u>9,970.19</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-9	<u>334,760.54</u>	<u>256,879.93</u>
		<u>884,663.75</u>	<u>756,034.38</u>

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

Borough of North Haledon, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

Other Trust Fund

December 31,

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Balance - December 31, 2012	B	39,284.10	89,284.10
Decreased by:			
Appropriated to Budget Revenue	B-2	<u>20,000.00</u>	<u>50,000.00</u>
Balance - December 31, 2013	B	<u>19,284.10</u>	<u>39,284.10</u>

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

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Borough of North Haledon, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash	C-2/C-3	241,480.26	19,865.67
Due from State of New Jersey - Department of Transportation	C-4	618,405.80	537,613.29
Deferred Charges to Future Taxation:			
Funded	C-5	8,308,000.00	9,573,000.00
Unfunded	C-6	5,328,664.96	4,439,064.96
Interfund - Federal and State Grant Fund	C-12	50,000.00	
		<u>14,546,551.02</u>	<u>14,569,543.92</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	8,308,000.00	9,573,000.00
Bond Anticipation Notes	C-8	4,368,236.00	3,302,136.00
Improvement Authorizations:			
Funded	C-9	229,222.48	114,387.06
Unfunded	C-9	1,478,824.78	1,420,285.67
Capital Improvement Fund	C-10	145.39	145.39
Reserve for:			
Buehler Pathway	C-11	12,779.50	12,779.50
Roadway Repairs	C-11	4,880.42	4,880.42
Technical Enhancements	C-11	96.53	96.53
Water Improvements	C-11	293.46	293.46
Debt Service	C-11	72,000.00	122,000.00
Library Improvements	C-11	39,000.00	
Interfund - Current Fund	C-12	1,428.57	
Fund Balance	C-1	31,643.89	19,539.89
		<u>14,546,551.02</u>	<u>14,569,543.92</u>

Footnote: There were \$960,428.96 of Bonds and Notes Authorized But Not Issued on December 31, 2013 as shown on Exhibit C-13

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

Borough of North Haledon, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Balance - January 1,	C	19,539.89	12,682.89
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-2	22,104.00	18,857.00
Funded Improvement Authorizations Canceled		<u>22,104.00</u>	<u>140,097.90</u>
		41,643.89	158,954.90
Decreased by:			
Anticipated as 2013 Revenue	C-2	10,000.00	12,000.00
Appropriated to Finance Improvement Auth.		<u>10,000.00</u>	<u>140,097.90</u>
		31,643.89	152,097.90
Balance - December 31,	C, C-3	<u><u>31,643.89</u></u>	<u><u>19,539.89</u></u>

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

Exhibit E

Borough of North Haledon, N.J.

Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31, 2013

With Comparative Figures for 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash - Public Assistance	E-1		14,546.71
Interfund - Other Trust Fund		<u>14,579.62</u>	<u>1,059.45</u>
		<u>14,579.62</u>	<u>15,606.16</u>
<u>Liabilities</u>			
Interfund - Current Fund			1,026.54
Reserve for Public Assistance		<u>14,579.62</u>	<u>14,579.62</u>
		<u>14,579.62</u>	<u>15,606.16</u>

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

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

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash	G-1	<u>89,111.31</u>	<u>84,492.41</u>
 <u>Liabilities and Reserves</u>			
Reserve for Recreation	G-2	<u>89,111.31</u>	<u>84,492.41</u>

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

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Borough of North Haledon , N.J.

Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2013</u>	<u>2012</u>
<u>General Fixed Assets:</u>		
Land	6,665,848.90	6,665,848.90
Buildings	1,242,461.00	1,242,461.00
Improvements Other Than Buildings	447,684.00	447,684.00
Machinery and Equipment	<u>6,211,427.14</u>	<u>6,174,958.42</u>
	<u>14,567,421.04</u>	<u>14,530,952.32</u>
Investment in Fixed Assets	<u>14,567,421.04</u>	<u>14,530,952.32</u>

See accompanying notes to financial statements.

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BOROUGH OF NORTH 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 generally accepted accounting principles (GAAP).

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

A. Reporting Entity

The Borough of North Haledon (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

BOROUGH OF NORTH HALEDON, N.J.
Notes to Financial Statements
Years Ended December 31, 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 and account groups:

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

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

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

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

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

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

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

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

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

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

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

Basis of Accounting, (continued)

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

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

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

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

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

BOROUGH OF NORTH 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)

appropriations at the line item level. During 2013, the Borough Council increased the original budget by \$335,504.47. The increase was funded by additional aid allotted the Borough. In addition, several budget transfers were approved by the governing body.

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

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

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

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

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

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

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

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

Basis of Accounting, (continued)

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1(a).

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2013, \$-0- of the Borough's bank balance of \$4,338,095.34 was exposed to custodial credit risk.

BOROUGH OF NORTH 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) limit the length of time for most investments to 397 days.

Credit Risk

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

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2013 and 2012 amounted to \$334,760.54 and \$162,579.93, respectively.

BOROUGH OF NORTH 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)

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

	<u>2013</u>	<u>2012</u>
Fixed Income	\$106,314.76	\$54,702.42
Growth and Income	68,906.77	39,413.03
Index Funds	121,398.05	46,364.19
All Others	<u>38,140.96</u>	<u>22,100.29</u>
Total	<u>\$334,760.54</u>	<u>\$162,579.93</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>
Deferred Pension Obligation	\$220,868.00	\$	\$11,390.00	\$209,478.00	\$12,709.00
Bonds Payable - General Obligation Debt	9,573,000.00		1,265,000.00	8,308,000.00	1,390,000.00
Compensated Absences Payable	<u>1,099,989.87</u>	<u>120,741.63</u>	<u>219,337.47</u>	<u>1,001,394.03</u>	<u> </u>
	<u>\$10,893,857.87</u>	<u>\$120,741.63</u>	<u>\$1,495,727.47</u>	<u>\$9,518,872.03</u>	<u>\$1,402,709.00</u>

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

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

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Issued - general bonds and notes	<u>\$12,676,236.00</u>	<u>\$12,875,136.00</u>	<u>\$13,071,116.00</u>
Total Issued	12,676,236.00	12,875,136.00	13,071,116.00
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
General	<u>72,000.00</u>	<u>122,000.00</u>	<u>4,135.72</u>
Net Debt Issued	12,604,236.00	12,753,136.00	13,066,980.28
<u>Authorized But Not Issued</u>			
General Bonds and Notes	<u>960,428.96</u>	<u>1,136,928.96</u>	<u>1,009,428.96</u>
Net bonds and notes issued and authorized but not issued	<u>\$13,564,664.96</u>	<u>\$13,890,064.96</u>	<u>\$14,076,409.24</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of 1.016%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$19,665,000.00	\$19,665,000.00	\$0.00
General Debt	<u>13,636,664.96</u>	<u>72,000.00</u>	<u>13,564,664.96</u>
	<u>\$33,301,664.96</u>	<u>\$19,737,000.00</u>	<u>\$13,564,664.96</u>

Net Debt \$13,564,664.96 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,335,237,799.67 = 1.016%.

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

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 ½% of Equalized Valuation Basis (Municipal)	\$46,733,322.99
Net Debt	<u>13,564,664.96</u>
Remaining Borrowing Power	<u>\$33,168,658.03</u>

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

The Borough's long term debt consisted of the following at December 31, 2013:

Paid by Current Fund:

	<u>Amount Outstanding</u>
General Serial Bonds of 1990 with an interest rate of 7.125% issued March 1, 1990, due through March 1, 2015	\$450,000.00
Refunding Bonds of 1998 with an interest rate of 3.80% to 5.00% issued April 15, 1998, due through May 1, 2017	930,000.00
General Serial Bonds of 2005 with an interest rate of 3% to 3.35% issued February 15, 2005, due through February 2015	1,850,000.00
General Serial Bonds of 2009 with an interest rate of 2.0% to 3.25% issued January 15, 2009, due through January 15, 2022	<u>5,078,000.00</u>
	<u>\$8,308,000.00</u>

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

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

NOTE 3. MUNICIPAL DEBT, (continued)

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

Calendar <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$1,390,000.00	\$260,406.88	\$1,650,406.88
2015	1,435,000.00	201,225.63	1,636,225.63
2016	985,000.00	155,910.00	1,140,910.00
2017	970,000.00	125,316.25	1,095,316.25
2018	750,000.00	98,722.50	848,722.50
2019-2022	<u>2,778,000.00</u>	<u>167,403.75</u>	<u>2,945,403.75</u>
	<u>\$8,308,000.00</u>	<u>\$1,008,985.01</u>	<u>\$9,316,985.01</u>

At December 31, 2013, the Borough had authorized but not issued debt of \$960,428.96.

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 \$4,368,236.00 in outstanding bond anticipation notes maturing on March 28, 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:				
Jefferies & Company	<u>\$3,302,136.00</u>	<u>\$4,368,236.00</u>	<u>\$3,302,136.00</u>	<u>\$4,368,236.00</u>

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

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, there were no deferred charges on the balance sheets of the various funds.

NOTE 6. LOCAL DISTRICT SCHOOL TAXES

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

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

	Local District School Taxes		Regional High School Taxes	
	Balance December 31, <u>2013</u>	Balance December 31, <u>2012</u>	Balance December 31, <u>2013</u>	Balance December 31, <u>2012</u>
Balance of Tax	\$5,022,912.50	\$5,202,073.50	\$1,807,481.50	\$1,466,510.16
Deferred	<u>5,022,912.50</u>	<u>4,859,573.50</u>	<u>1,807,481.50</u>	<u>1,466,510.16</u>
Tax Payable	<u>\$0.00</u>	<u>\$342,500.00</u>	<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.

BOROUGH OF NORTH 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)

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.

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.

BOROUGH OF NORTH 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 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.

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.

BOROUGH OF NORTH 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), (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information 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.

Significant Legislation

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

The Borough of North Haledon opted for this deferral in the amount of \$231,199.00.

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.

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

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2013	\$230,983.00	\$519,160.00
2012	242,036.00	470,087.00
2011	229,382.00	482,728.00

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 waiver 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.

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

NOTE 7. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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

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

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

The Borough's contribution to the plan for each year were as follows:

Year ended <u>December 31,</u>	
2013	<u>\$2,433.19</u>

NOTE 8. FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 were as follows:

Current Fund	<u>\$950,000.00</u>
--------------	---------------------

NOTE 9. FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2013.

	<u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2013</u>
Land	\$6,665,848.90	\$	\$	\$6,665,848.90
Improvements	447,684.00			447,684.00
Buildings	1,242,461.00			1,242,461.00
Machinery and Equipment	<u>6,174,958.42</u>	<u>160,842.72</u>	<u>124,374.00</u>	<u>6,211,427.14</u>
	<u>\$14,530,952.32</u>	<u>\$160,842.72</u>	<u>\$124,374.00</u>	<u>\$14,567,421.04</u>

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

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,001,394.03. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's Budget in the year in which it is used.

NOTE 11. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2013 consist of the following:

\$109.05	Due to Federal and State Grant Fund from Current Fund for Grant Fund receipts deposited in Current Fund.
1,428.57	Due to Current Fund from General Capital Fund for interest earned on deposits.
2.79	Due to Current Fund from Animal Control Trust Fund for interest earned on deposits.
14,391.37	Due to Current Fund from Payroll Fund for Payroll expenditures paid by Current Fund.
294,667.07	Due to Other Trust Fund from Current Fund for short term loan.
1,308.50	Due to Federal and State Grant Fund from Other Trust Fund for Other Trust Fund expenditures paid by Grant Fund.
14,579.62	Due to Public Assistance Trust Fund from Other Trust Fund for Public Assistance cash deposited in Other Trust Fund.
<u>50,000.00</u>	Due to General Capital Fund from Federal and State Grant Fund for deposit error.
<u>\$376,486.97</u>	

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

NOTE 12. LEASES

The Borough is leasing several vehicles under two and five year leases. The balance remaining at December 31, 2013 was \$19,182.32. The lease has a bargain purchase option at the end of the lease term for \$1, where the title changes from the lessor to the Borough.

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

NOTE 12. LEASES, (continued)

Principal and interest payments are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	<u>\$19,784.79</u>	<u>\$19,182.32</u>	<u>\$602.47</u>

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 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 North Haledon is a member of the North Jersey Intergovernmental Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability, property and workers' compensation insurance coverage for member municipalities. The Borough of North Haledon pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be issued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

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

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

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

NOTE 14. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2013</u>	<u>Balance</u> <u>Dec 31, 2012</u>
Prepaid Taxes	<u>\$170,655.79</u>	<u>\$116,649.87</u>
Cash Liability for Taxes Collected in Advance	<u>\$170,655.79</u>	<u>\$116,649.87</u>

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

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

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

The amount of the contribution for 2013 was not known at time of audit.

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

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

NOTE 16. CONTINGENT LIABILITIES

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

NOTE 17. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through May 7, 2014, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

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COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2013	\$1,203,119.03	\$950,000.00
	2012	1,141,579.13	920,000.00
	2011	647,507.26	573,500.00
	2010	824,907.13	662,000.00
	2009	618,079.27	557,975.00

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012*</u>	<u>2011</u>
<u>Tax Rate:</u>	<u>2.73</u>	<u>2.569</u>	<u>6.661</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.7734	.757597	1.90672
County	.7616	.689573	1.84805
Local School	.8511	.8222	2.1368
Regional High School	.3063	.26053	.66295
Library	.0376	.0391	.10648
<u>Assessed Valuation:</u>			
2013	\$1,180,451,289		
2012		\$1,182,210,880	
2011			\$442,425,880.00

*Revaluation in 2012

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2013	\$32,249,152.06	\$31,851,792.10	98.77%
2012	30,380,057.21	30,052,341.73	98.92
2011	29,496,858.73	29,134,428.89	98.77

DELINQUENT TAXES AND TITLE LIENS

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

<u>December 31</u> <u>Year</u>	<u>Amount of</u> <u>Tax Title</u> <u>Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2013	\$243,923.31	\$290,570.94	\$534,494.25	1.66%
2012	66,721.36	274,710.25	341,431.61	1.12
2011	251,294.63	231,189.25	482,483.88	1.64

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2013 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2013	\$43,900.00
2012	43,900.00
2011	43,900.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Randy George	Mayor	
Raymond Melone	Councilman - President	
Robert A. Dyer	Councilman	
Bruce Iacobelli	Councilman	
Rocco Luisi	Councilman	
Donna Puglisi	Councilwoman	
Elaine Vuoncino	Councilwoman	
Renate Elatab	Borough Clerk/Administrator	\$5,000
Laura Leibowitz	Chief Financial Officer	100,000
Maureen Kurzynski	Tax Collector	160,000
	Tax Search Officer	
Timothy Henderson	Tax Assessor	
Karen Lomascola	Court Administrator	12,000
David Stanziale	Prosecutor	
John Meola	Magistrate	28,000
Karen Vitale	Deputy Court Clerk to 7/31/13	12,000
Susan Inturrssi	Deputy Court Clerk from 8/1/13	
Robert Bracco	Chief of Police	
Michael DeMarco	Attorney	
Ferraioli, Wielkocz, Cerullo & Cuva	Auditors	
Boswell McClave	Engineers	

The bonds were written by Western Surety Company and were properly executed.

Additionally, there is Public Employees Faithful Performance Bond, issued by the Travelers Indemnity Company, which covers all employees (except persons required by law to furnish an individual bond) in the amount of \$100,000.00 each.

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Schedule A

Borough of North Haledon

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2013

Federal Grantor Department	Program Title	Federal Account Number	Program Amount	Balance Jan. 1, 2013	Receipts/Revenues	Expended	Balance Dec. 31, 2013	Cumulative Expenditures
Department of Law & Public Safety	Domestic Violence Response Team	16.588	3,000.00	1,807.59			1,807.59	1,192.41
	Obey the Signs	20.600	3,975.00	175.00			175.00	3,800.00
	Click It or Ticket	20.602	4,000.00 4,000.00	4,000.00 4,000.00		400.00 4,000.00	3,600.00	400.00 4,000.00
Department of Homeland Security	Assistance to Firefighters Grant	97.044	30,762.00	4,176.90			4,176.90	26,585.10
	Local Domestic Preparedness Equipment Grant	97.067	100,913.00	(46,637.61)			(46,637.61)	94,378.61
	Public Assistance Grant Program	97.036	195,592.19		120,772.74	195,592.19	(74,819.45)	195,592.19
Department of Justice	Bullet Proof Vest Partnership Program	16.607	1,005.95 918.00	918.00	1,005.95		1,005.95 918.00	
	Pandemic Influenza Preparedness Grant	93.069	3,977.13 20.00	2,790.21 20.00			2,790.21 20.00	1,186.92
Department of Environmental Protection	Municipal Stormwater Regulation	66.605	4,234.00	(1,621.31)			(1,621.31)	3,738.31
	Community Development Block Grant	14.218	155,000.00		56,351.63	56,351.63		56,351.63
				(30,371.22)	178,130.32	256,343.82	(108,584.72)	387,225.17

(1) Pass-Thru Grant - County of Passaic

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

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Borough of North Haledon

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2012

State Grantor Department	Program Title	State Account Number	Program Amount	Balance Jan. 1, 2012	Receipts/Revenues	Expended	Balance Dec. 31, 2012	Cumulative Expenditures
Department of Environmental Protection and Energy	Clean Communities Grant	4900-765-042-6020	15,529.50	2,849.91	15,529.50	9,091.11	6,438.39	9,091.11
			13,226.94			2,849.91		13,226.94
Department of the Treasury	Recycling Grant	4900-753-042-4900	10,747.77		10,747.77		10,747.77	
			11,342.52	11,342.52		8,604.38	8,604.38	
			12,682.77	12,682.77		12,682.77	12,682.77	
			11,136.51	2,113.24		2,113.24		11,136.51
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-100-078-6400	3,459.22	57.15			57.15	3,402.07
					474.97		474.97	
Department of Transportation (2)	N.J. Transportation Trust Fund	6320-480-078-6010	200,000.00			17,314.38	(17,314.38)	17,314.38
			200,000.00			200,000.00	(200,000.00)	200,000.00
			210,000.00	(119,207.49)	119,207.49			210,000.00
			233,000.00	(79,763.94)		(79,763.94)	233,000.00	
			370,000.00	(138,641.86)		(138,641.86)	370,000.00	

Borough of North Haledon

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2012

State Grantor Department of Community Affairs	Program Title	State Account Number	Program Amount	Balance Jan. 1, 2012	Receipts/ Revenues	Expended	Balance Dec. 31, 2012	Cumulative Expenditures
	Special Legislative Grant		10,000.00	511.20			511.20	9,488.80
	SLA HEOP Grant		2,405.72	2,405.72			2,405.72	
	Statewide Livable Communities		75,000.00	(27,810.00)			(27,810.00)	74,861.75
NJ Division of Criminal Justice	Body Armor Replacement Fund	1020-718-066-6120	2,440.81		2,440.81		2,440.81	
			1,988.62	1,988.62			1,988.62	
			2,033.73	2,033.73			2,033.73	
			3,968.25	102.38			102.38	3,865.87
Passaic County (1)	Municipal Drug Alliance		6,873.50		6,873.50		6,873.50	
			11,693.91		9,593.91			9,593.91
			2,100.00	2,100.00		2,100.00		2,100.00
				(251,241.43)	164,867.95	264,349.70	(350,723.18)	1,188,979.99

- (1) Pass-Thru Grant - County of Passaic
- (2) Accounted for in General Capital Fund

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 04-04

Borough of North 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	2,028,999.56
Increased by Receipts:		
Interest and Costs on Taxes	A-2	64,009.81
Miscellaneous Revenue Not Anticipated	A-2	70,734.57
Petty Cash	A-7	400.00
Due From State - Senior Citizen and Veteran Deductions	A-8	93,869.94
Taxes Receivable	A-9	31,913,872.07
Revenue Accounts Receivable	A-12	1,480,437.52
Interfunds	A-13	297,296.59
Prepaid Taxes	A-17	170,655.79
Various Cash Liabilities and Reserves	A-21	<u>313,488.29</u>
		<u>34,404,764.58</u>
		36,433,764.14
Decreased by Disbursements:		
Current Year Budget Appropriations	A-3	11,172,624.50
Petty Cash	A-7	400.00
Interfunds	A-13	17,445.02
Appropriation Reserves	A-15	297,619.73
Local District School Taxes	A-18	10,224,986.00
Regional High School Taxes	A-19	3,273,991.66
County Taxes Payable	A-20	8,988,958.17
Various Cash Liabilities and Reserves	A-21	<u>239,711.65</u>
		<u>34,215,736.73</u>
Balance - December 31, 2013	A	<u><u>2,218,027.41</u></u>

Borough of North 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	A		66,317.89
Increased by Receipts:			
Grants Receivable	A-22	81,950.01	
Unappropriated Reserve for Grants	A-24	<u>21,068.03</u>	
			<u>153,112.56</u>
			219,430.45
Decreased by Disbursements:			
Appropriated Reserve for Grants	A-23	161,292.16	
Interfunds	A-25	<u>10,329.32</u>	
			<u>171,621.48</u>
Balance - December 31, 2013	A		<u><u>47,808.97</u></u>

Borough of North Haledon, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	<u>225.00</u>
Balance - December 31, 2013	A	<u>225.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		150.00
Board of Health		25.00
Municipal Court		<u>50.00</u>
		<u>225.00</u>

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2013

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

Borough of North Haledon, N.J.

Schedule of Amount Due To/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 Due to	A	27.40
Increased by:		
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		1,324.58
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		96,500.00
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>750.00</u>
	A-9	<u>95,925.42</u>
		95,898.02
Cash Receipts	A-4	<u>93,869.94</u>
Balance - December 31, 2013 Due from	A	<u><u>2,028.08</u></u>

Borough of North Haledon, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Year	Current Fund							Balance, Dec. 31, 2013
	Year Ended December 31, 2013							
	Balance, Dec. 31, 2012	Levy	Added Taxes	Collected 2013	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	
Prior	274,710.25			275,557.24	(901.98)			54.99
2013		32,226,320.19	22,831.87	116,649.87	31,638,314.83	96,827.40	13,947.57	290,515.95
	<u>274,710.25</u>	<u>32,226,320.19</u>	<u>22,831.87</u>	<u>31,913,872.07</u>	<u>95,925.42</u>	<u>92,896.44</u>	<u>13,947.57</u>	<u>290,570.94</u>
	A		A-2/A-17	A-2/A-4	A-2/A-8	A-11		A
Analysis of Tax Levy								
Tax yield:								
General Purpose Tax								
Added Tax (R.S. 54:4-63.1 et seq.)								
								32,226,320.19
								22,831.87
								<u>32,249,152.06</u>
Tax Levy:								
Local District School Tax								
Regional High School Tax								
County Tax								
Added County Taxes								
								10,045,825.00
								3,614,963.00
								8,988,958.17
								<u>6,381.20</u>
								8,995,339.37
Local Tax for Municipal Purposes								
Additional Taxes								
								22,656,127.37
								9,565,858.00
								<u>27,166.69</u>
								9,593,024.69
								<u>32,249,152.06</u>

Borough of North Haledon, N.J.

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

Current Fund

Year Ended December 31, 2013

Balance - December 31, 2012	<u>Ref.</u> A	<u>43,900.00</u>
Balance - December 31, 2013	A	<u>43,900.00</u>

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	66,721.36
Increased by:		
Transfers from Taxes Receivable	A-9	92,896.44
Audit Adjustment		79,141.70
Interest and Costs Accrued by Sale		<u>5,163.81</u>
		<u>177,201.95</u>
Balance - December 31, 2013	A	<u>243,923.31</u>

Borough of North Haledon, N.J.

Schedule of Revenue Accounts Receivable

		Current Fund			Balance
		Year Ended December 31, 2013			Dec. 31, 2013
	Ref.	Balance Dec. 31, 2012	Accrued	Collected	
Clerk:					
Licenses:					
Alcoholic beverages	A-2		8,800.00	8,800.00	
Other	A-2		4,725.00	4,725.00	
Fees and Permits	A-2		3,070.00	3,070.00	
Miscellaneous Revenue not Anticipated	A-2		885.87	885.87	
Board of Health:					
Licenses	A-2		3,115.00	3,115.00	
Fire Prevention Fees	A-2		6,096.00	6,096.00	
Registrar:					
Miscellaneous Revenue not Anticipated	A-2		2,054.00	2,054.00	
Police Department:					
Miscellaneous Revenue not Anticipated	A-2		1,774.95	1,774.95	
Planning and Zoning Board					
Miscellaneous Revenue not Anticipated	A-2		14,530.00	14,530.00	
Municipal Court :					
Fines and Costs	A-2	8,523.48	118,087.10	113,286.42	13,324.16
Uniform Construction Code:					
Fees and Permits - Building	A-2		133,859.00	133,859.00	
Fees and Permits - Other	A-2		21,100.00	21,100.00	
Recycling					
Miscellaneous Revenue not Anticipated	A-2		48,444.66	48,444.66	
Cat Licenses	A-2		600.00	600.00	

Borough of North 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
Energy Receipts Taxes	A-2		555,960.24	555,960.24	
Consolidated Municipal Property Tax Relief Aid	A-2		42,603.00	42,603.00	
Cable T. V. Franchise Fee	A-2	112,182.02	115,021.14	112,182.02	115,021.14
Fees and Permits	A-2	30.07	14,398.02	14,381.77	46.32
Interest on Investments and Deposits	A-2	600.00	7,200.00	7,200.00	600.00
Rents from Buehler Residence					
Interlocal Services Act (Ch. 208,P.L. 1973)					
County of Passaic - Street Lighting	A-2	6,066.36	12,132.72	18,199.08	
Wyckoff Building Inspector	A-2		19,000.00	19,000.00	
Payroll Service Reimbursement			5,500.00	5,500.00	
Uniform Fire Safety Code	A-2		12,171.25	12,171.25	
Other Trust Fund Balance	A-2		20,000.00	20,000.00	
General Capital Fund Balance	A-2		10,000.00	10,000.00	
Reserve for Debt Service	A-2		50,000.00	50,000.00	
Cell Tower Lease	A-2	9,369.72	112,267.55	111,781.06	9,856.21
Exempt Sewer Charges	A-2	29,434.40	133,683.67	139,118.20	23,999.87
		<u>166,206.05</u>	<u>1,477,079.17</u>	<u>1,480,437.52</u>	<u>162,847.70</u>
		A	A	A-4	A

Borough of North Haledon, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2013

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To)</u> <u>Balance</u>			<u>Due From/(To)</u> <u>Balance</u>
		<u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2013</u>
Dog License Trust Fund	A	9.71	2.79	9.71	2.79
Payroll Fund	A	1,265.16	14,391.37	1,265.16	14,391.37
Other Trust Fund	A	(1,559.44)	294,682.76	1,575.13	(294,667.07)
General Capital Fund	A		1,428.57		1,428.57
Federal and State Grant Fund	A	156.21	47.16	312.42	(109.05)
Public Assistance Fund	A	1,026.54		1,026.54	
		<u>898.18</u>	<u>310,552.65</u>	<u>4,188.96</u>	<u>(278,953.39)</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	2,457.62			15,822.73
Due From Current Fund	A	(1,559.44)			(294,776.12)
		<u>898.18</u>			<u>(278,953.39)</u>
Disbursed	A-4		15,869.89	1,575.13	
Received	A-4		294,682.76	2,613.83	
			<u>310,552.65</u>	<u>4,188.96</u>	

Borough of North Haledon, N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-55 - Special Emergency

Current Fund

Year Ended December 31, 2013

<u>Date</u>	<u>Purpose</u>	<u>Amount</u>	<u>1/5 of Net</u>	<u>Balance,</u>	<u>Reduced</u>	<u>Balance,</u>
<u>Authorized</u>		<u>Authorized</u>	<u>Amount</u>	<u>Dec. 31,</u>	<u>in 2013</u>	<u>Dec. 31,</u>
				<u>2012</u>		<u>2013</u>
12/08/10	Updating of Tax Maps and Master Plan and Revaluation of Real Property	335,000.00	67,000.00	201,000.00	67,000.00	134,000.00
		<u>335,000.00</u>	<u>67,000.00</u>	<u>201,000.00</u>	<u>67,000.00</u>	<u>134,000.00</u>
				<u>A</u>	<u>A-3</u>	<u>A</u>

Borough of North 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>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Municipal Clerk's Office	1,614.57	1,274.57		1,274.57
Financial Administration	4,934.61	274.14		274.14
Collection of Taxes	1,156.19	1,156.19		1,156.19
Assessment of Taxes	0.36	0.36		0.36
Fire Prevention - Uniform Fire Safety	145.00	145.00		145.00
Municipal Prosecutor	0.04	0.04		0.04
Municipal Court	495.03	495.03		495.03
Public Defender	2,376.00	2,376.00	1,050.00	1,326.00
Recycling Program	2,475.51	1,325.48		1,325.48
Sewer System	0.03	0.03		0.03
Board of Health	0.02	0.02		0.02
Building Inspector	1,583.33	1,583.33		1,583.33
Total Salaries and Wages Within "CAPS"	14,780.69	8,630.19	1,050.00	7,580.19
Other Expenses Within "CAPS":				
Municipal Clerk's Office	5,485.48	1,557.81	827.71	730.10
Ethics Board	4.47	4.47		4.47
Elections	595.47	5,595.47		5,595.47
Financial Administration	210.18	939.48	728.80	210.68
Annual Audit	6,520.00	6,520.00	6,500.00	20.00
Collection of Taxes	1,410.73	910.09	30.00	880.09
Assessment of Taxes	146.03	259.43	113.40	146.03
Legal Services and Costs	1,394.03	35,926.10	35,815.19	110.91
Engineering Services and Costs	9,993.75	38,376.20	21,639.00	16,737.20
Planning Board	85.26	85.26		85.26
Board of Adjustment	379.76	3,379.76	3,335.50	44.26
Insurance:				
Other Insurance Premiums	9,505.22	10,800.22	1,295.00	9,505.22
Group Insurance Plan for Employees	1,861.26	1,861.26		1,861.26
Police		57,130.36	54,607.10	2,523.26
Purchase of Police Cars	331.60	19,881.56	19,572.42	309.14

Borough of North 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>
Uniform Allowance	31.67	110.67	109.98	0.69
Emergency Management	300.86	1,883.50	1,361.75	521.75
Volunteer Ambulance Squad	4,613.58	11,236.18	8,248.20	2,987.98
Fire	1,505.15	11,814.22	11,589.07	225.15
Rent for Fire Department	4,001.00			
Fire Alarm System	192.00	192.00		192.00
Municipal Court		275.00	274.25	0.75
Road Repairs and Maintenance	39,698.52	58,068.45	14,422.92	43,645.53
Snow Removal	26,640.00	27,480.00	3,360.00	24,120.00
Garbage and Trash Removal	3,710.84	3,710.84	3,710.84	
Solid Waste Disposal Costs	70,197.03	58,998.03	30,875.23	28,122.80
Recycling Program	1,402.70	1,887.20	484.50	1,402.70
Public Buildings and Grounds	3,669.21	6,202.21	1,734.47	4,467.74
Buehler Property Maintenance	10.16	10.16		10.16
Sewer System	8,723.25	16,003.99	2,993.37	13,010.62
Board of Health	3.06	247.06	222.96	24.10
Recreation	14.90	14.90		14.90
Senior Citizens' Transportation	150.00	150.00		150.00
Building Inspector	45.67	45.67		45.67
Zoning Enforcement Officer	100.00	100.00		100.00
Celebration of Public Events	5,629.15	5,629.15		5,629.15
Costs of Registration of Bonds	5.00	5.00		5.00
Electricity	7,816.89	18,876.89	18,876.69	0.20
Street Lighting	7,467.61	9,667.61	9,602.56	65.05
Telephone	4,807.03	4,807.03	2,647.99	2,159.04
Fire Hydrant	27,911.75	15,911.75	15,684.50	227.25
Water	3,959.53	3,959.53		3,959.53
Water Testing	185.00	185.00		185.00
Fuel Oil	16,068.15	6,068.15	636.75	5,431.40
Gasoline	2,349.61	2,349.61	2,228.11	121.50
Contingent	100.00	100.00		100.00
Total Other expenses Within "CAPS"	<u>279,232.56</u>	<u>449,217.27</u>	<u>273,528.26</u>	<u>175,689.01</u>

Borough of North Haledon, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2013

	Balance, Dec. 31, 2012	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Deferred Charges and Statutory Expenditures Within "CAPS":				
Prior Years Bills		2,415.00	2,415.00	
Social Security System	5,355.68	355.68		355.68
Public Employees' Retirement System	204.60	204.60	595.40	(390.80)
	<u>5,560.28</u>	<u>2,975.28</u>	<u>3,010.40</u>	<u>(35.12)</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>5,560.28</u>	<u>2,975.28</u>	<u>3,010.40</u>	<u>(35.12)</u>
Total Reserves Within "CAPS"	<u>299,573.53</u>	<u>460,822.74</u>	<u>277,588.66</u>	<u>183,234.08</u>
Other Expenses Excluded From "CAPS":				
Emergency Services Length of Service	42,250.00	42,250.00	42,250.00	
Passaic Valley Sewerage Commission	130.73	130.73		130.73
Reserve for Tax Appeals	100.00	100.00		100.00
	<u>42,480.73</u>	<u>42,480.73</u>	<u>42,250.00</u>	<u>230.73</u>
Total Other Expenses Excluded from "CAPS"	<u>42,480.73</u>	<u>42,480.73</u>	<u>42,250.00</u>	<u>230.73</u>
Total Reserves Excluded from "CAPS"	<u>42,480.73</u>	<u>42,480.73</u>	<u>42,250.00</u>	<u>230.73</u>
Total Reserves	<u>342,054.26</u>	<u>503,303.47</u>	<u>319,838.66</u>	<u>183,464.81</u>
	A			A-1
	Ref.			
Appropriation Reserves	above	342,054.26		
Transfer from Reserve for Encumbrances	A-16	161,249.21		
		<u>503,303.47</u>		
Cash Disbursements	A-4		297,619.73	
Accounts Payable	A-21		22,218.93	
			<u>319,838.66</u>	

Borough of North Haledon, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	161,249.21
Increased by:		
Transfer from Current Appropriations	A-3	<u>85,489.67</u>
		246,738.88
Decreased by:		
Transfer to Appropriation Reserves	A-15	<u>161,249.21</u>
Balance - December 31, 2013	A	<u><u>85,489.67</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	A	116,649.87
Increased by:		
Receipts - Prepaid 2014 Taxes	A-4	<u>170,655.79</u>
		287,305.66
Decreased by:		
Applied to 2013 Taxes	A-9	<u>116,649.87</u>
Balance - December 31, 2013	A	<u><u>170,655.79</u></u>

Borough of North Haledon, N.J.
Schedule of Local District School Tax
Current Fund
Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012			
School Tax Payable	A	342,500.00	
School Tax Deferred		<u>4,859,573.50</u>	5,202,073.50
Increased by:			
Levy School Year - July 1, 2013 to June 30, 2014	A-9		<u>10,045,825.00</u>
			15,247,898.50
Decreased by:			
Payments	A-4		<u>10,224,986.00</u>
Balance - December 31, 2013			
School Tax Payable	A		
School Tax Deferred		<u>5,022,912.50</u>	<u>5,022,912.50</u>
2013 Liability for Local District School Tax:			
Tax Paid			10,224,986.00
Tax Payable			<u>10,224,986.00</u>
Less: Tax Payable 12/31/2012			<u>342,500.00</u>
Amount Charged to 2013 Operations	A-1		<u>9,882,486.00</u>

Borough of North Haledon, N.J.
Schedule of Regional High School Tax
Current Fund
Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012		
School Tax Deferred		1,466,510.16
Increased by:		
Levy School Year - July 1, 2013		
to June 30, 2014	A-9	3,614,963.00
		5,081,473.16
Decreased by:		
Payments	A-4	3,273,991.66
		3,273,991.66
Balance - December 31, 2013		
School Tax Deferred		1,807,481.50
2013 Liability for Regional High		
School District Tax:		
Tax Paid		3,273,991.66
Amount Charged to 2013 Operations	A-1	3,273,991.66

Borough of North Haledon, N.J.
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	A		
Increased by:			
Levy	A-1/A-9	8,988,958.17	
Added and Omitted Taxes	A-1/A-9	6,381.20	
			8,995,339.37
			8,995,339.37
Decreased by:			
Payments	A-4		8,988,958.17
Balance - December 31, 2013	A		6,381.20

Borough of North Haledon, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2013

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2012	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2013
<u>Liabilities:</u>				
Tax Overpayments	3,257.00	119,400.53	120,133.53	2,524.00
Outside Liens		19,553.82		19,553.82
Due to State of NJ Marriage Surcharge	350.00	1,025.00	1,100.00	275.00
Due to State of NJ Building Surcharge	734.00	8,531.00	7,923.00	1,342.00
Accounts Payable	840.17	22,218.93	840.17	22,218.93
<u>Reserves for:</u>				
Watershed Moratorium	1,128.00	1,128.00	1,128.00	1,128.00
Revision and Codification of Ordinances	242.54			242.54
Master Plan & Tax Map / Revaluation	17,022.89		17,022.89	
L.O.S.A.P.	100,876.97		90,275.00	10,601.97
F.E.M.A.		119,255.94		119,255.94
Hurricane Sandy Insurance Reimbursement		44,594.00		44,594.00
Tax Appeals	153.68	15,000.00	3,257.23	11,896.45
	<u>124,605.25</u>	<u>350,707.22</u>	<u>241,679.82</u>	<u>233,632.65</u>
	A			A
		<u>Ref.</u>		
Canceled Accounts Payable		A-1	840.17	
2013 Anticipated Revenue		A-2	1,128.00	
Transfer from Current Year Appropriations		A-3	15,000.00	
Receipts		A-4	313,488.29	
Disbursed		A-4		239,711.65
Transfer from Appropriation Reserves		A-15	22,218.93	
			<u>350,707.22</u>	<u>241,679.82</u>

Borough of North Haledon, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Grant</u>	Balance, Dec. 31, 2012	Budget <u>Revenue</u>	<u>Received</u>	Balance, Dec. 31, 2013
Local Grants:				
Passaic County Open Space Trust		147,500.00		147,500.00
Passaic County Open Space Trust		15,000.00		15,000.00
		<u>162,500.00</u>		<u>162,500.00</u>
Federal Grants:				
Municipal Stormwater Regulation Program Grant	2,117.00			2,117.00
Passaic County CDBG		155,000.00	56,351.63	98,648.37
Bullet Proof Vest Program		918.00	918.00	
Click It or Ticket		4,000.00	4,000.00	
Statewide Local Domestic Prepare. Equip Grant	53,172.00			53,172.00
	<u>55,289.00</u>	<u>159,918.00</u>	<u>61,269.63</u>	<u>153,937.37</u>
State Grants:				
Municipal Alliance on Alcoholism and Drug Abuse		11,693.91	11,693.91	
Recycling Tonnage Grant		11,342.52	11,342.52	
Alcohol Rehab Grant		474.97	474.97	
Clean Communities Grant		15,529.50	15,529.50	
Body Armor Replacement Fund		1,988.62	1,988.62	
Statewide Livable Communities Grant - DPW	27,948.25			27,948.25
	<u>27,948.25</u>	<u>41,029.52</u>	<u>41,029.52</u>	<u>27,948.25</u>
	<u>83,237.25</u>	<u>363,447.52</u>	<u>102,299.15</u>	<u>344,385.62</u>
	A	A-2		A
		<u>Ref.</u>		
Transfer from Unappropriated Reserve for Grants		A-24	20,349.14	
Receipts		A-5	<u>81,950.01</u>	
			<u>102,299.15</u>	

Borough of North Haledon, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Grant</u>	Balance, Dec. 31, 2012	Transfer From 2013 Budget	<u>Expended</u>	Balance, Dec. 31, 2013
Local Share:				
Passaic County Open Space Trust		147,500.00	53,505.21	93,994.79
Passaic County Open Space Trust		15,000.00		15,000.00
Homeland Security - Fire Dept. Grant	1,500.00			1,500.00
	<u>1,500.00</u>	<u>162,500.00</u>	<u>53,505.21</u>	<u>110,494.79</u>
Federal Grants:				
Municipal Stormwater Regulation Program Grant	495.69			495.69
Passaic County CDBG		155,000.00	56,351.63	98,648.37
Pandemic Flu	2,810.21			2,810.21
Statewide Local Domestic Prepare. Equip Grant	6,534.39			6,534.39
Domestic Violence Awareness	1,807.59			1,807.59
Obey the Signs or Pay the Fines	175.00			175.00
Click It or Ticket	4,000.00	4,000.00	4,400.00	3,600.00
Bullet Proof Vest Program		918.00		918.00
Homeland Security - Fire Dept. Grant	4,176.90			4,176.90
	<u>19,999.78</u>	<u>159,918.00</u>	<u>60,751.63</u>	<u>119,166.15</u>
State Grants:				
Drunk Driving Enforcement Fund	57.15			57.15
Clean Communities Grant	2,849.91	15,529.50	11,941.02	6,438.39
Municipal Alliance on Alcoholism and Drug Abus		11,693.91	11,693.91	
Recycling Grant	14,796.01	11,342.52	23,400.39	2,738.14
Body Armor Replacement Fund	2,136.11	1,988.62		4,124.73
Special Legislative Grant - ADA Improvements	75,000.00			75,000.00
Special Legislative Grant - Bike Path	511.20			511.20
Law & Public Safety SLA HEOP Grant	2,405.72			2,405.72
Statewide Livable Communities Grant - DPW	138.25			138.25
Alcohol Rehab Grant	994.62	474.97		1,469.59
	<u>98,888.97</u>	<u>41,029.52</u>	<u>47,035.32</u>	<u>92,883.17</u>
	<u>120,388.75</u>	<u>363,447.52</u>	<u>161,292.16</u>	<u>322,544.11</u>
	A	A-3	A-5	A

Borough of North Haledon, N.J.
Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Transfer</u> <u>To 2013</u> <u>Budget</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Federal Grants:				
Click It or Ticket	4,000.00	4,000.00		
Bulletproof Vests	918.00	918.00	1,005.95	1,005.95
	<u>4,918.00</u>	<u>4,918.00</u>	<u>1,005.95</u>	<u>1,005.95</u>
State Grants:				
Body Armor Replacement Fund	1,988.62	1,988.62	2,440.81	2,440.81
Recycling Tonnage	11,342.52	11,342.52	10,747.77	10,747.77
Municipal Alliance	2,100.00	2,100.00	6,873.50	6,873.50
	<u>15,431.14</u>	<u>15,431.14</u>	<u>20,062.08</u>	<u>20,062.08</u>
	<u>20,349.14</u>	<u>20,349.14</u>	<u>21,068.03</u>	<u>21,068.03</u>
	A	A-22	A-5	A

Borough of North Haledon, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2013

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		Balance	Increased	Decreased	Balance
		<u>Dec. 31, 2012</u>			<u>Dec. 31, 2013</u>
Other Trust	A	(8,661.04)		9,969.54	1,308.50
General Capital Fund	A		50,000.00		(50,000.00)
Current Fund	A	<u>(156.21)</u>	<u>94.52</u>	<u>359.78</u>	<u>109.05</u>
		<u>(8,817.25)</u>	<u>50,094.52</u>	<u>10,329.32</u>	<u>(48,582.45)</u>
		<u>Ref.</u>			
		Cash Receipts	A-5	50,094.52	
		Cash Disbursements	A-5		10,329.32
				<u>50,094.52</u>	<u>10,329.32</u>

Borough of North Haledon, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	<u>Dog License Fund</u>	<u>Other Trust Funds</u>	<u>Payroll Fund</u>	<u>L.O.S.A.P.</u>
Balance - December 31, 2012	B	<u>1,772.35</u>	<u>477,171.43</u>	<u>9,970.19</u>	<u>162,579.93</u>
Increase by Receipts:					
Dog License Fees - Borough Share	B-3	6,177.60			
Penalties Collected	B-3	430.00			
Budget Appropriation	B-3	6,000.00			
Dog License Fees - State Share	B-4	1,130.40			
Interfund - Current Fund	B-5	4.23	195,923.87	13,324.89	
Other Trust Funds	B-6		365,432.56		
Payroll Deductions Payable	B-7			5,633,580.79	
Contributions Receivable	B-8				150,075.00
Net Assets Available for Benefits	B-9				40,407.81
Total Receipts		<u>13,742.23</u>	<u>561,356.43</u>	<u>5,646,905.68</u>	<u>190,482.81</u>
		<u>15,514.58</u>	<u>1,038,527.86</u>	<u>5,656,875.87</u>	<u>353,062.74</u>
Decreased by Disbursements:					
Fund Balance	B-1		20,000.00		
Reserve for Dog Expenditures	B-3	13,953.70			
State Share - Dog Licenses	B-4	1,130.40			
Interfund - Current Fund	B-5	11.15	465,541.79	198.68	
Other Trust Funds	B-6		327,136.82		
Payroll Deductions Payable	B-7			5,627,729.63	
Net Assets Available for Benefits	B-9				18,302.20
Total Disbursements		<u>15,095.25</u>	<u>812,678.61</u>	<u>5,627,928.31</u>	<u>18,302.20</u>
Balance - December 31, 2013	B	<u>419.33</u>	<u>225,849.25</u>	<u>28,947.56</u>	<u>334,760.54</u>

Borough of North Haledon, N.J.

Reserve for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	1,782.64
Increased by:		
Dog License Fees	B-2	6,177.60
Penalties	B-2	430.00
Budget Appropriation	B-2	<u>6,000.00</u>
		<u>12,607.60</u>
		14,390.24
Decreased by:		
Expenditures R.S. 4:19-1511	B-2	<u>13,953.70</u>
Balance - December 31, 2013	B	<u><u>436.54</u></u>

License Fees Collected

<u>Year</u>	
2012	6,060.60
2011	<u>6,208.80</u>
	<u><u>12,269.40</u></u>

Borough of North Haledon, N.J.
Schedule of Due to State Department of Health

Trust Funds

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012		
Increased by:		
State Fees Collected	B-2	1,130.40
Decreased by:		
Paid to State	B-2	<u>1,130.40</u>
Balance - December 31, 2013	B	<u><u>0.00</u></u>

Borough of North Haledon, N.J.

Schedule of Interfunds

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>
Animal Control Trust - Current Fund	9.71	4.23	11.15	2.79
Other Trust Fund:				
Federal & State Grant Fund	(8,661.04)		9,969.54	1,308.50
Current Fund	(1,559.44)	464,506.32	171,398.69	(294,667.07)
Public Assistance	1,059.45	14,555.64	1,035.47	14,579.62
Payroll Trust - Current Fund	1,265.16	13,324.89	198.68	14,391.37
	<u>(7,886.16)</u>	<u>492,391.08</u>	<u>182,613.53</u>	<u>(264,384.79)</u>
	B			B
	<u>Ref.</u>			
Receipts - Dog License Trust	B-2	4.23		
Receipts - Other Trust	B-2	14,555.64	181,368.23	
Receipts - Payroll Fund	B-2	13,324.89		
Disbursements - Dog License Trust	B-2		11.15	
Disbursements - Other Trust	B-2	464,506.32	1,035.47	
Disbursements - Payroll Fund	B-2		198.68	
		<u>492,391.08</u>	<u>182,613.53</u>	

Borough of North Haledon, N.J.

Schedule of Other Trust Funds

Trust Funds

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>
Developers Deposits	83,663.75	26.98	26.98	83,663.75
Developers Escrow	40,639.99		500.00	40,139.99
Escrow Funds - Construction Code	129,682.37	27,250.15	17,568.65	139,363.87
Reserve for Revision of Tax Map	1,926.97			1,926.97
Reserve for Unemployment	27,086.86	5,779.36	2,894.26	29,971.96
Reserve for Municipal Alliance Funds	17,698.33	4,515.73	2,891.50	19,322.56
Reserve for Senior Citizens' Activities	8,175.00	8,340.00	15,068.20	1,446.80
Reserve for India Quarry	1,258.79			1,258.79
Reserve for P.O.A.A.	91.09	144.00		235.09
Reserve for North Haledon Day	2,431.81	8,887.00	4,950.00	6,368.81
Reserve for Summer Camp	1,031.18			1,031.18
Reserve for Divert Donations	501.90			501.90
Reserve for Fire Prevention	5,913.32			5,913.32
Reserve for Future Liabilities	10,882.48			10,882.48
Reserve for Calendar	10,311.00	12,320.00	14,300.00	8,331.00
Reserve for Sewer Connections	36,926.70	13,525.00		50,451.70
Reserve for Tax Sale Premiums	51,100.00	132,400.00	115,100.00	68,400.00
Reserve for Doantions	0.02	500.00		500.02
Reserve for Police Outside Duty	17,726.80	151,744.34	153,837.23	15,633.91
	<u>447,048.36</u>	<u>365,432.56</u>	<u>327,136.82</u>	<u>485,344.10</u>
	B	B-2	B-2	B

Borough of North Haledon, N.J.

Schedule of Payroll Deductions

Payroll Fund

Year Ended December 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Federal Withholding		682,848.06	682,848.06	
Social Security / Medicare		417,848.40	417,848.40	
State Withholding		179,295.98	179,295.98	
Unemployment Insurance		25,767.47	25,064.13	703.34
Dues		14,375.08	14,375.08	
Public Employee's Retirement System	3,912.37	389,812.53	385,918.60	7,806.30
P.E.R.S. Contributory Insurance	190.56	9,904.84	9,718.51	376.89
Police and Firemen's Retirement System	3,753.09	807,486.52	805,969.47	5,270.14
D.C.R.P.		4,460.88	4,460.88	
Garnishment		11,908.86	11,908.86	
Insurance	825.98	53,451.10	54,277.08	
Flex Spending	23.03	5,430.98	5,054.49	399.52
Deferred Compensation		65,770.00	65,770.00	
Net Payroll		<u>2,965,220.09</u>	<u>2,965,220.09</u>	
	<u>8,705.03</u>	<u>5,633,580.79</u>	<u>5,627,729.63</u>	<u>14,556.19</u>
	B	B-2	B-2	B

Borough of North Haledon, N.J.

Statement of Contributions Receivable

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	B	94,300.00
Increased by:		
Additional Borough Contributions		55,775.00
Borough Contributions	B-9	<u>55,775.00</u>
		150,075.00
Decreased by:		
Cash Receipts	B-2	<u>150,075.00</u>
Balance - December 31, 2013	B	<u><u> </u></u>

Borough of North Haledon, N.J.

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

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	B		256,879.93
Increased by:			
Borough Contributions	B-8	55,775.00	
Gain or (Loss)	B-2	<u>40,407.81</u>	
			<u>96,182.81</u>
			353,062.74
Decreased by:			
Withdrawals		17,127.99	
Administrative Charges		<u>1,174.21</u>	
	B-2		<u>18,302.20</u>
Balance - December 31, 2013	B		<u><u>334,760.54</u></u>

Borough of North Haledon, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>		
Balance - December 31, 2012	C		19,865.67
Increased by Receipts:			
Premium on Sale of BANs	C-1	22,104.00	
Various Receivables	C-4	119,207.49	
Deferred Charges Unfunded	C-6	60,400.00	
Bond Anticipation Notes	C-8	4,368,236.00	
Improvement Authorizations	C-9	25,200.00	
Budget Appropriations:			
Capital Improvement Fund	C-10	50,000.00	
Various Reserves	C-11	39,000.00	
Interfunds	C-12	<u>61,926.73</u>	
			<u>4,746,074.22</u>
			4,765,939.89
Decreased by Disbursements:			
Appropriated to Budget Revenue	C-1	10,000.00	
Bond Anticipation Notes	C-8	3,302,136.00	
Improvement Authorizations	C-9	1,051,825.47	
Various Reserves	C-11	50,000.00	
Interfunds	C-12	<u>110,498.16</u>	
			<u>4,524,459.63</u>
Balance - December 31, 2013	C		<u><u>241,480.26</u></u>

Borough of North Haledon, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2013

	<u>Ref.</u>	
Fund Balance	C-1	31,643.89
Various Receivables	C-4	(618,405.80)
Capital Improvement Fund	C-10	145.39
Various Reserves	C-11	129,049.91
Interfund - Current Fund	C-12	1,428.57
Interfund - Grant Fund	C-12	(50,000.00)

Improvement Authorizations:

Ordinance

Number

Improvement Description

1997-18	Improvement to Molly Ann Pump Station	(4,751.45)
2007-18	Construction of DPW Garage	766.95
2007-21	Acquisition of Real Property	3,818.49
2008-17	Various Improvements	223,339.49
2009-19	Various Improvements	918.12
2010-11	Various Improvements	2,893.49
2011-09	Acquisition of Fire Chief's Vehicle	19.21
2011-12	Various Improvements	41,711.86
2012-07	Various Improvements	465,963.38
2013-06	Various Improvements	12,915.18
2013-11	Improvements to Buildings	23.58

241,480.26

C

Borough of North Haledon, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2013

	Balance <u>Dec. 31, 2012</u>	Grants <u>Approved</u>	Cash <u>Received</u>	Balance <u>Dec. 31, 2013</u>
<u>State of New Jersey Department of Transportation</u>				
Ord. 2007-06 - Improvement to Linda Vista Ave	138,641.86			138,641.86
Ord. 2008-17 - Improvement to Linda Vista Ave	79,763.94			79,763.94
Ord. 2011-12 - Improvement to Graham Ave	119,207.49		119,207.49	
Ord. 2012-07 - Improvement to Anherth Rd	200,000.00	200,000.00		200,000.00
Ord. 2013-06 - Improvement to Anherth Rd II				200,000.00
	<u>537,613.29</u>	<u>200,000.00</u>	<u>119,207.49</u>	<u>618,405.80</u>
	C	C-9	C-2	C/C-3

Borough of North 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	9,573,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-7	<u>1,265,000.00</u>
Balance - December 31, 2013	C	<u><u>8,308,000.00</u></u>

Borough of North Haledon, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Analysis of Balance - Dec. 31, 2013				Unexpended Improvement Authorization
		Balance Dec. 31, 2012	2013 Authorizations	Budget Appropriation	Balance Dec. 31, 2013	
	General Improvements:					
1996-10	Improvement to Squaw Brook Rd	4,280.37			4,280.37	4,280.37
1997-18	Improv. to Molly Ann Pump Station	6,148.59			6,148.59	1,397.14
2008-17	Various Improvements	477,870.00		20,630.00	457,240.00	
2009-19	Various Improvements	850,266.00		39,770.00	810,496.00	
2010-11	Various Improvements	975,000.00			975,000.00	
2011-12	Various Improvements	999,000.00			999,000.00	
2012-07	Various Improvements	1,126,500.00			1,126,500.00	
2013-06	Various Improvements		950,000.00		950,000.00	749,692.17
		<u>4,439,064.96</u>	<u>950,000.00</u>	<u>60,400.00</u>	<u>5,328,664.96</u>	<u>205,059.28</u>
		C	C-9, C-13	C-2	C	

Improvement Authorizations Unfunded		C-9	1,478,824.78
Less: Unexpended Proceeds of Bond			
Anticipation Notes - Ord. #			
2008-17		223,339.49	
2009-19		918.12	
2010-11		2,893.49	
2011-12		40,101.86	
2012-07		456,202.14	
		<u>723,455.10</u>	
			<u>755,369.68</u>

Borough of North Haledon, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2013

Maturities of

Bonds Outstanding,

December 31, 2013

Purpose	Date of Issue	Original Issue	Date	Amount	Interest Rate	Balance	
						Dec. 31, 2012	Dec. 31, 2013
General Bonds	03/01/90	3,915,000.00	3/1/2014-15	225,000.00	7.125%	675,000.00	450,000.00
Refunding Bonds	04/15/98	3,950,000.00	05/01/14	240,000.00	4.1%-5.0%	1,175,000.00	930,000.00
			05/01/15-16	235,000.00			
			05/01/17	220,000.00			
General Bonds	02/15/05	3,220,000.00	02/15/14	900,000.00	3.0%-3.35%	2,620,000.00	1,850,000.00
			02/15/15	950,000.00			
General Bonds	01/15/09	5,153,000.00	01/15/14-15	25,000.00	2.0%-3.25%	5,103,000.00	5,078,000.00
			01/15/16-21	750,000.00			
			01/15/22	528,000.00			
						<u>9,573,000.00</u>	<u>8,308,000.00</u>
						C	C
						<u>1,265,000.00</u>	<u>8,308,000.00</u>
						C-5	C

Borough of North Haledon, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2012		2013 Authorizations	Paid or Charged	Balance Dec. 31, 2013	
				Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>									
1996-10	Improvement to Squaw Brook Rd	02/21/96	95,000.00	4,280.37				4,280.37	
1997-18	Improvement to Molly Ann Pump Station	12/10/97	156,000.00	1,397.14				1,397.14	
2007-6	Various Improvements	04/18/07	1,366,000.00						
	Sewer Pump, Holding Tanks			1,033.31			1,033.31		
	Improvement to Linda Vista Ave			0.08			0.08		
2007-18	Construction of DPW Garage	08/15/07	1,088,000.00	766.95			766.95		
2007-21	Acquisition of Real Property	11/17/07	375,000.00	3,818.49			3,818.49		
2008-17	Various Improvements	09/17/08	755,850.00						
	Acquisition of Sewer Dept. Equipment			551.87			551.87		
	Various Improvements			246,513.04			35,375.10	211,137.94	
	Acquisition of Police Dept. Equipment			24,500.00			25,000.00	750.00	
	Computer Equipment Upgrade			1,250.00			1,640.00	11,451.55	
2009-19	Various Improvements	07/15/09	1,140,017.00						
	Sanitary Sewer System Improvements			4,745.41			4,745.41		
	Acquisition of DPW Equipment			4,956.94			4,184.28	772.66	
	Acquisition of Office Equipment			410.46			265.00	145.46	
2010-11	Various Improvements		1,255,000.00						
	Acquisition of DPW Equipment			249.57				249.57	
	Recreation Improvements			9.59				9.59	
	Improvement of Graham Avenue			49,712.20			48,754.37	957.83	
	Acquisition of Ambulance			1,179.78				1,179.78	
	Acquisition of Police Dept. Equipment			0.91				0.91	
	Acquisition of Emergency Mgmt Equip			495.81				495.81	
	Acquisition of Office Equipment			3,194.25			3,194.25		
2011-09	Acquisition of Fire Chief's Vehicle		39,181.23	19.21					19.21

Borough of North Haledon, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2012		2013 Authorizations	Paid or Charged	Balance Dec. 31, 2013	
				Funded	Unfunded			Funded	Unfunded
2011-12	Various Improvements		1,260,000.00						
	Acquisition of Fire Dept. Equipment			37.00			18,560.60		37.00
	Acquisition of DPW Equipment			18,560.60			15,000.00		
	Installation of Tank Aerator			720.00					
	Fencing at Field #1			6,172.16					6,172.16
	Improvement of Graham Avenue			99.60			99.60		
	Acquisition of NH Ambulance Inc. Equip.			720.00				720.00	
	Acquisition of Police Dept. Equipment			942.50			9,239.80		14,280.00
	Acquisition of Emergency Mgmt Equip			890.00				890.00	15,502.70
	Acquisition of Technology Equipment			17,099.25			17,099.25		4,110.00
2012-07	Various Improvements		1,383,000.00						
	Acquisition of Fire Dept. Equipment			118.00					118.00
	Sanitary Sewer System Improvements			22,338.00			12,590.37		9,747.63
	Improvements to Borough Property			38,029.14			6,324.75		31,704.39
	Improvement of Anibert Road			435,721.15			398,697.76		37,023.39
	Acquisition of NH Ambulance Inc. Equip.			689.05					689.05
	Acquisition of DPW Equipment			4,770.00			90,314.65		9,685.35
	Acquisition of Police Dept. Equipment			250.00			3,870.00		1,130.00
	Police Radio System Equipment			14,745.00			5,233.76	9,511.24	333,330.00
	Acquisition of Technology Equipment			2,082.83			1,865.50		217.33
	Acquisition of Emergency Mgmt Equip			250.00				250.00	4,750.00
	Recreation Improvements			1,480.00			3,193.00		27,807.00
2012-08	Various Improvements		140,097.90				50,000.00		
2012-13	Library Improvements		190,000.00				32,731.52		

Borough of North Haledon, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2013

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2012		2013 Authorizations	Paid or Charged	Balance Dec. 31, 2013	
				Funded	Unfunded			Funded	Unfunded
			1,200,000.00						
2013-06	Various Improvements				70,000.00	59,966.22			10,033.78
	Acquisition of Fire Dept. Equipment				250,000.00	5,262.61		6,737.39	238,000.00
	Acquisition of Sewer Dept. Equipment				25,000.00	1,339.18			23,660.82
	Improvements to Borough Property				540,000.00	17,064.38		199,135.62	323,800.00
	Improvement of Anherst Road II				15,000.00			750.00	14,250.00
	Acquisition of NH Ambulance Inc. Equip.				60,000.00	54,893.36			5,106.64
	Acquisition of DPW Equipment				38,000.00			1,900.00	36,100.00
	Acquisition of Police Dept. SUV				72,000.00			3,500.00	68,500.00
	Acquisition of Police Dept. Equipment				20,000.00	15,745.35			4,254.65
	Acquisition of Technology Equipment				60,000.00	59,627.00		1,200.00	373.00
	Acquisition of Various Equipment				25,000.00				23,800.00
	Acquisition of Emergency Mgmt Equip				25,000.00	23,186.72			1,813.28
	Acquisition of Recreation Equipment				25,200.00	25,176.42		23.58	
2013-11	Improvements to Buildings		25,200.00						
				114,387.06	1,420,285.67	1,051,825.47	229,222.48	1,478,824.78	
				C	C	C-2	C	C	C
				Ref.					
	Outside Contribution				25,200.00				
	Due from State of New Jersey - D.O.T.				200,000.00				
	Deferred Charges to Future Taxation - Unfunded				950,000.00				
	Capital Improvement Fund				50,000.00				
					1,225,200.00				

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

	<u>Ref.</u>	
Balance - December 31, 2012	C	145.39
Increased by:		
Budget Appropriation	C-2	<u>50,000.00</u>
		50,145.39
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>50,000.00</u>
Balance - December 31, 2013	C/C-3	<u><u>145.39</u></u>

Borough of North Haledon, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2013

	Balance <u>Dec. 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2013</u>
Buehler Pathway	12,779.50			12,779.50
Roadway Repairs	4,880.42			4,880.42
Technical Enhancements	96.53			96.53
Water Improvements	293.46			293.46
Debt Service	122,000.00		50,000.00	72,000.00
Library Improvements		39,000.00		39,000.00
	<u>140,049.91</u>	<u>39,000.00</u>	<u>50,000.00</u>	<u>129,049.91</u>
	C	C-2	C-2	C

Borough of North Haledon, N.J.

Schedule of Interfunds

General Capital

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>
Current Fund		61,926.73	60,498.16	1,428.57
Federal and State Grant Fund		50,000.00		(50,000.00)
		<u>111,926.73</u>	<u>60,498.16</u>	<u>(48,571.43)</u>
	<u>C</u>			<u>C</u>

	<u>Ref.</u>		
Receipts	C-2	61,926.73	
Disbursements	C-2	<u>50,000.00</u>	<u>60,498.16</u>
		<u>111,926.73</u>	<u>60,498.16</u>

Borough of North 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 Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2013</u>
	<u>General improvements:</u>				
1996-2/					
1996-10	Improvement to Squaw Brook Rd	4,280.37			4,280.37
1997-18	Improv. to Molly Ann Pump Station	6,148.59			6,148.59
2012-07	Various Improvements	1,126,500.00		1,126,500.00	950,000.00
2013-06	Various Improvements		950,000.00		
		<u>1,136,928.96</u>	<u>950,000.00</u>	<u>1,126,500.00</u>	<u>960,428.96</u>
			<u>C-6</u>		<u>Footnote C</u>

Borough of North 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	<u>14,546.71</u>	<u>14,546.71</u>	<u> </u>
Decreased by Disbursements:				
Interfund - Current Fund		1,026.54	1,026.54	
Interfund - Other Trust Fund		<u>13,520.17</u>	<u>13,520.17</u>	<u> </u>
		<u>14,546.71</u>	<u>14,546.71</u>	<u> </u>
Balance - December 31, 2013	E	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

Borough of North Haledon, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2013

N/A

Borough of North Haledon, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2013

Balance - December 31, 2012	14,546.71
Decreased by Disbursements:	
Interfunds	<u>14,546.71</u>
Balance - December 31, 2013	<u><u> </u></u>

<u>Reconciliation - December 31, 2013</u>	<u>P.A.T.F. I</u> <u>Account</u>	<u>P.A.T.F. II</u> <u>Account</u>	<u>Total</u>
Balance on Deposit per Statement of: TD Banknorth	_____	_____	_____
Balance, December 31, 2013	<u> </u>	<u> </u>	<u> </u>

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

N/A

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

	Total	P.A.T.F. Account #1	P.A.T.F. Account #2
Bank Charges			
Interfund Transfer	14,546.71	14,546.71	
	14,546.71	14,546.71	
 Total Disbursements (P.A.T.F.)	 14,546.71	 14,546.71	

Exhibit G-1

Borough of North Haledon , N.J.

Statement of Cash

Board of Recreation Commission

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	G	84,492.41
Increased by :		
Interest Earned		8.19
Cash Receipts		<u>90,501.00</u>
	G-2	90,509.19
		<u>175,001.60</u>
Decreased by :		
Cash Disbursements	G-2	<u>85,890.29</u>
Balance - December 31, 2013	G	<u><u>89,111.31</u></u>

Exhibit G-2

Schedule of Reserve for Recreation

Board of Recreation Commission

Year Ended December 31, 2013

	<u>Ref.</u>	
Balance - December 31, 2012	G	84,492.41
Increased by:		
Receipts	G-1	<u>90,509.19</u>
		<u>175,001.60</u>
Decreased by:		
Disbursements	G-1	<u>85,890.29</u>
Balance - December 31, 2013	G	<u><u>89,111.31</u></u>

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BOROUGH OF NORTH HALEDON

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PART II

LETTER ON COMPLIANCE AND ON INTERNAL CONTROL

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 North Haledon
North Haledon, New Jersey 07508

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of North Haledon in the County of Passaic as of and for the year ended December 31, 2013 and the related notes to the financial statements, and have issued our report thereon dated May 7, 2014, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

FWCC

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of North Haledon's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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



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



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

May 7, 2014



GENERAL COMMENTS

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 bid threshold was increased to \$36,000 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:

Police Department Accreditation
4 Wheel Drive DPW Truck
Leaf Vacuum
Ahnert Ave Reconstruction

Diesel Fuel and Gasoline
2013 Road Improvement Program
ADA Improvements - American Legion Building
Firefighter Personal Escape System

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. No violations were disclosed.

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 1, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on April 24, 2013.

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

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

<u>Year</u>	<u>Number of Liens</u>
2013	13
2012	12
2011	11

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

In one instance, an outside lien holder was paid when redemption was made, without a resolution being adopted in the minutes.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

The result of the test, which was made for the year ending December 31, 2013, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition, analytical review procedures were utilized.

SCHOOL TAXES PAYABLE

The amount due to the local and regional school district, as of December 31, 2013, were verified by the school secretary.

REVENUE

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

In some cases, building permits were not charged in accordance with the Borough's fee schedule.

EXPENDITURES

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

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

Payments for payroll deductions made by the Borough's third-party payroll provider were not verified.

OTHER

There are old receivable balances in General Capital that need to be collected.

There are numerous old grant receivable and grant reserve balances that should be collected, spent or cancelled.

Financial Disclosure forms were not filed by all officials required to file them.

RECREATION COMMISSION

Cash receipts were not always deposited within 48 hours.

1099 forms were issued late to vendors.

RECOMMENDATIONS

1. That all outside lien redemptions be adopted by resolution in the minutes.
- 2.* That building permits be charged in accordance with the Borough's fee schedule.
3. That payments made by the Borough's third-party payroll provider be verified.
- 4.* That old receivable balances in General Capital Fund be reviewed and proper action be taken.
- 5.* That old grant receivable and reserve balances be reviewed and proper action be taken.
6. That Financial Disclosure forms be filed by all officials required to file them.

RECOMMENDATIONS - RECREATION COMMISSION

1. That cash receipts be deposited within 48 hours.
2. That 1099 forms be issued to vendors no later than January 31st.

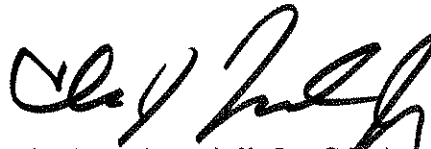
STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS

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

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

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

Very truly yours,



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



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