

REPORT OF AUDIT
BOROUGH OF ALLENDALE
COUNTY OF BERGEN
DECEMBER 31, 2017

BOROUGH OF ALLENDALE

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BOROUGH OF ALLENDALE

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Allendale
Allendale, New Jersey 07401

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 Allendale in the County of Bergen, as of December 31, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Allendale 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 Allendale as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

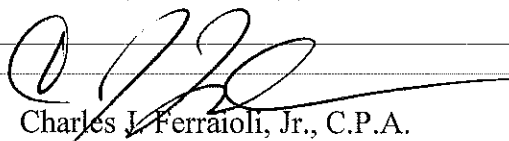
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Allendale's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2018 on our consideration of the Borough of Allendale'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 Allendale's internal control over financial reporting and compliance.



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Certified Public Accountants
Pompton Lakes, New Jersey

April 20, 2018



Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	9,738,787.45	4,822,329.32
Change Fund	A-5	400.00	400.00
		<u>9,739,187.45</u>	<u>4,822,729.32</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	363,895.61	415,542.31
Property Acquired for Taxes - Assessed Valuation	A-9	4,900.00	4,900.00
Tax Title Liens	A-10	77,348.11	90,899.12
Revenue Accounts Receivable	A-11	139,361.69	136,806.53
		<u>585,505.41</u>	<u>648,147.96</u>
Deferred Charges:			
Emergency Authorizations	A-13		14,000,000.00
			<u>14,000,000.00</u>
		<u>10,324,692.86</u>	<u>19,470,877.28</u>
Federal and State Grant Fund:			
Cash	A-4	129,675.23	
Grants Receivable	A-22	15,350.00	15,350.00
Interfund - Current Fund	A-25	21,212.86	121,174.12
		<u>166,238.09</u>	<u>136,524.12</u>
		<u>10,490,930.95</u>	<u>19,607,401.40</u>

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

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	820,909.10	15,142,263.63
Due to State of New Jersey: Ch. 73, P.L.			
Senior Citizens and Veterans Deduction	A-7	3,374.51	3,986.15
Interfunds Payable:			
Federal and State Grant Fund	A-12	21,212.86	121,174.12
Other Trust Fund	A-12	39,974.02	107.31
Other Trust Fund - Open Space	A-12		56.55
General Capital Fund	A-12	520,033.16	
Encumbrances Payable	A-15	190,840.07	151,253.53
Accounts Payable	A-16	15,000.00	3,349.89
Prepaid Taxes	A-17	4,571,228.61	359,783.09
Tax Overpayments	A-21	66,147.46	85,916.04
Due to State of New Jersey - DCA	A-21	4,966.00	3,943.00
Due to State of New Jersey - Marriage	A-21	50.00	200.00
Due to State of New Jersey - Sales Tax	A-21	169.92	105.11
Reserve for Tax Appeals	A-21	372,882.09	286,969.99
Reserve for Revaluation	A-21	13,530.00	13,530.00
		<u>6,640,317.80</u>	<u>16,172,638.41</u>
Reserve for Receivables	Contra	585,505.41	648,147.96
Fund Balance	A-1	<u>3,098,869.65</u>	<u>2,650,090.91</u>
		<u>10,324,692.86</u>	<u>19,470,877.28</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	136,364.40	127,863.29
Unappropriated Reserves for Grants	A-24	22,915.84	1,702.98
Interfund - Other Trust	A-25	6,957.85	6,957.85
		<u>166,238.09</u>	<u>136,524.12</u>
		<u>10,490,930.95</u>	<u>19,607,401.40</u>

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

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	1,000,000.00	1,400,000.00
Miscellaneous Revenue Anticipated	A-2	3,198,535.83	2,419,495.60
Receipts from Delinquent Taxes	A-2	429,801.82	197,462.38
Receipts from Current Taxes	A-2	38,170,909.97	37,889,389.56
Non-Budget Revenue	A-2	152,114.12	207,392.76
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	661,802.34	592,725.16
Canceled Accounts Payable	A-16	3,349.89	
Tax Overpayments Canceled	A-21	9.21	4.19
		<u>43,616,523.18</u>	<u>42,706,469.65</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,016,844.00	3,877,493.00
Other Expenses	A-3	6,105,512.25	6,136,986.77
Capital Improvement Fund	A-3	825,000.00	14,558,417.00
Municipal Debt Service	A-3	1,443,996.25	1,378,746.26
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	868,747.50	871,766.00
Refund of Prior Year's Revenue	A-4	1,350.00	2,605.28
Municipal Open Space Tax	A-12	84,379.92	83,663.63
Local District School Tax	A-18	15,448,865.00	15,801,509.00
Regional High School Tax	A-19	8,939,972.00	8,867,816.00
County Taxes including Added Taxes	A-20	4,433,077.52	4,180,452.88
		<u>42,167,744.44</u>	<u>55,759,455.82</u>
Total Expenditures			

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Excess (Deficit) Revenue Over Expenditures		1,448,778.74	(13,052,986.17)
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			<u>14,000,000.00</u>
Statutory Excess to Fund Balance		1,448,778.74	947,013.83
Fund Balance, January 1,	A	<u>2,650,090.91</u>	<u>3,103,077.08</u>
		4,098,869.65	4,050,090.91
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>1,000,000.00</u>	<u>1,400,000.00</u>
Fund Balance, December 31,	A	<u><u>3,098,869.65</u></u>	<u><u>2,650,090.91</u></u>

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

Borough of Allendale, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>1,000,000.00</u>	<u>1,000,000.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	15,000.00	15,000.00	
Fees and Permits	A-2	55,000.00	58,933.14	3,933.14
Fines and Costs:				
Municipal Court	A-11	45,000.00	37,708.44	(7,291.56)
Interest and Costs on Taxes	A-4	65,000.00	103,877.17	38,877.17
Interest on Investments and Deposits	A-11	35,000.00	71,152.27	36,152.27
Dues & Fees - Crestwood Lake	A-11	310,000.00	311,387.85	1,387.85
Ramsey Sewer Charges	A-11	156,979.52	159,735.28	2,755.76
Allendale Elementary School Contribution to Sewer Use	A-11	19,267.00	19,267.45	0.45
Northern Highlands Reg. H.S. Contribution to Sewer Use	A-11	31,873.00	31,873.36	0.36
Saddle River Sewer Payment	A-11	54,000.00	65,159.34	11,159.34
Garbage Collection	A-11	2,000.00	1,952.00	(48.00)
Energy Receipts Tax	A-11	1,068,869.00	1,068,869.00	
Uniform Construction Code Fees	A-11	200,000.00	281,127.20	81,127.20
Public and Private Revenues:				
Recycling Tonnage Grant	A-22	7,203.27	7,203.27	
Body Armor Replacement Fund	A-22	1,702.98	1,702.98	
Other Special Items:				
COAH Trust for Down Payment	A-11	325,000.00	325,000.00	
Cable T.V.	A-11	100,000.00	105,915.66	5,915.66
General Capital Fund Balance	A-11	375,000.00	375,000.00	
Engineering Fees	A-11	25,000.00	33,687.50	8,687.50
Cellular Tower Lease	A-11	100,000.00	112,939.19	12,939.19
Uniform Fire Safety Act	A-11	<u>11,000.00</u>	<u>11,044.73</u>	<u>44.73</u>
Total Miscellaneous Revenues	A-1	3,002,894.77	3,198,535.83	195,641.06
Receipts from Delinquent Taxes	A-1/A-2	<u>192,000.00</u>	<u>429,801.82</u>	<u>237,801.82</u>
Subtotal General Revenues		<u>4,194,894.77</u>	<u>4,628,337.65</u>	<u>433,442.88</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2/A-8	<u>9,517,205.23</u>	<u>9,716,615.53</u>	<u>199,410.30</u>
Budget Totals		<u>13,712,100.00</u>	<u>14,344,953.18</u>	<u>632,853.18</u>
Non-Budget Revenue	A-1/A-2		<u>152,114.12</u>	<u>152,114.12</u>
		<u>13,712,100.00</u>	<u>14,497,067.30</u>	<u>784,967.30</u>
	A-3			

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

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

Current Fund

Year Ended December 31, 2017

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	38,170,909.97
Allocated to School and County Taxes	A-8	<u>28,906,294.44</u>
Balance for Support of Municipal Budget Appropriations		9,264,615.53
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>452,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>9,716,615.53</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	413,537.24
Tax Title Liens	A-10	<u>16,264.58</u>
	A-2	<u><u>429,801.82</u></u>
Fees and Permits - Other:		
Clerk	A-11	11,700.00
Parking	A-11	33,304.40
Planning Board	A-11	150.00
Board of Adjustment	A-11	1,100.00
Board of Health	A-11	<u>12,678.74</u>
	A-2	<u><u>58,933.14</u></u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Sewer Connections		10,349.60
Senior Citizens Ground Lease		13,397.44
Police Administration Fees		33,646.11
Senior Citizens & Vets Admin Fee		652.77
PILOT Payment		22,000.00
Police Department Fees		<u>1,127.44</u>
Duplicate Tax Bills		150.00
DMV Inspections		2,250.00
Address Lists		260.00
Raffles		800.00
Sale of Assets		5,920.00
Insurance Dividend		11,121.01
Miscellaneous Refunds & Reimbursements		22,458.47
FEMA		25,606.82
Alarm Registration		<u>2,374.46</u>
	A-2, A-4	<u><u>152,114.12</u></u>

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

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<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		61,102.00	61,102.00	52,344.15	8,757.85	
Other Expenses		60,000.00	60,000.00	50,095.05	9,904.95	
Mayor and Council						
Salaries and Wages		21,000.00				
Other Expenses		5,800.00	9,800.00	8,133.00	1,667.00	
Borough Clerk						
Salaries and Wages		121,761.00	121,761.00	121,760.08	0.92	
Other Expenses		34,400.00	34,400.00	18,851.00	15,549.00	
Financial Administration						
Salaries and Wages		145,317.00	145,317.00	145,316.08	0.92	
Other Expenses		30,200.00	30,200.00	23,931.92	6,268.08	
Annual Audit		32,000.00	32,000.00	17,355.00	14,645.00	
Collection of Taxes						
Salaries and Wages		61,439.00	61,439.00	60,319.25	1,119.75	
Other Expenses		11,700.00	11,700.00	7,934.00	3,766.00	
Assessment of Taxes						
Salaries and Wages		45,375.00	45,375.00	45,373.92	1.08	
Other Expenses		24,400.00	24,400.00	11,539.21	12,860.79	
Legal Services and Costs						
Other Expenses		170,000.00	170,000.00	93,464.95	76,535.05	
Engineering Services and Costs						
Salaries and Wages		34,890.00	34,890.00	31,190.03	3,699.97	
Other Expenses		78,000.00	78,000.00	61,504.72	16,495.28	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<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>						
Planning Board						
Salaries and Wages		13,621.00	13,621.00	8,494.90	5,126.10	
Other Expenses		56,700.00	56,700.00	37,214.96	19,485.04	
Insurance:						
Other Insurance - Premiums		172,100.00	172,100.00	133,711.68	38,388.32	
Workers' Compensation Insurance		160,000.00	150,000.00	95,021.85	54,978.15	
Employee Group Insurance		925,692.00	938,992.00	935,272.41	3,719.59	
Health Benefit Waiver		11,000.00	11,000.00	9,662.72	1,337.28	
Unemployment Insurance		20,000.00	20,000.00	20,000.00		
Public Safety:						
Police						
Salaries and Wages		2,214,683.00	2,214,683.00	2,193,213.08	21,469.92	
Other Expenses		178,000.00	178,000.00	176,065.52	1,934.48	
Emergency Management Services						
Salaries and Wages		3,570.00	3,570.00	3,569.80	0.20	
Other Expenses		3,700.00	3,700.00	187.81	3,512.19	
First Aid Squad Contribution		32,000.00	32,000.00	32,000.00		
Fire						
Other Expenses		97,000.00	114,000.00	78,150.26	35,849.74	
Fire Certification						
Other Expenses		500.00	500.00	493.17	6.83	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Fire Official						
Salaries and Wages		12,475.00	12,475.00	6,197.35	6,277.65	
Other Expenses		2,800.00	2,800.00	2,489.68	310.32	
Municipal Prosecutor						
Salaries and Wages		5,312.00	5,313.00	5,312.05	0.95	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<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>						
Municipal Court						
Salaries and Wages		13,911.00	13,912.00	13,911.03	0.97	
Other Expenses		6,500.00	6,500.00	2,441.95	4,058.05	
Public Defender						
Other Expenses		2,000.00	2,000.00	300.00	1,700.00	
Public Works:						
Road Repairs and Maintenance						
Salaries and Wages		858,638.00	858,638.00	791,982.29	66,655.71	
Other Expenses		110,000.00	110,000.00	109,325.28	674.72	
Snow Removal						
Other Expenses		82,500.00	82,500.00	78,714.46	3,785.54	
Shade Tree Commission						
Other Expenses		41,500.00	41,500.00	38,645.15	2,854.85	
Sewer System						
Salaries and Wages		12,485.00	12,485.00		12,485.00	
Other Expenses		28,000.00	28,000.00	17,104.55	10,895.45	
Garbage and Trash Removal						
Other Expenses		425,000.00	439,000.00	425,000.00	14,000.00	
Recycling						
Salaries and Wages		2,000.00	2,000.00	2,000.00		
Other Expenses		150,000.00	150,000.00	135,328.78	14,671.22	
Public Buildings and Grounds						
Other Expenses		105,000.00	105,000.00	92,074.83	12,925.17	
Health and Welfare:						
Board of Health						
Salaries and Wages		48,039.00	48,039.00	48,038.12	0.88	
Other Expenses		27,770.00	27,770.00	27,160.68	609.32	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<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>						
Senior Citizens		5,000.00	5,000.00	3,769.72	1,230.28	
Other Expenses						
Animal Control		10,800.00	10,800.00	10,060.00	740.00	
Other Expenses						
Aid to Health Care Facilities (N.J.S.A. 44:5-2)		6,000.00	6,000.00	6,000.00		
Other Expenses						
Municipal Alliance		7,000.00	7,000.00	3,063.75	3,936.25	
Other Expenses						
Parks and Recreation		69,500.00	69,500.00	65,066.04	4,433.96	
Parks and Playgrounds						
Other Expenses						
Crestwood Lake Public Swimming and Recreation Facility		142,800.00	138,000.00	124,707.04	13,292.96	
Salaries and Wages						
Other Expenses						
Code Enforcement and Administration:		104,000.00	90,000.00	82,714.61	7,285.39	
Construction Code Official						
Salaries and Wages - Construction Official		118,663.00	118,663.00	116,181.74	2,481.26	
Other Expenses		10,600.00	10,600.00	10,600.00		
Plumbing Inspector		11,361.00	11,361.00	11,360.96	0.04	
Salaries and Wages						
Electrical Inspector		13,104.00	13,204.00	13,188.00	16.00	
Salaries and Wages						
Fire Subcode Official		11,361.00	11,361.00	11,360.96	0.04	
Salaries and Wages						
Zoning Officer/Property Maint.		15,384.00	17,384.00	17,168.02	215.98	
Salaries and Wages						
Other Expenses		3,000.00	3,000.00	2,062.91	937.09	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	<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>						
Unclassified:						
Salary and Wage Adjustment		60,000.00	52,251.00		52,251.00	
Radio Equipment Maintenance - All Departments		7,000.00	7,000.00	5,940.00	1,060.00	
Gasoline		100,000.00	100,000.00	43,031.56	56,968.44	
Utilities		349,000.00	350,500.00	274,931.85	75,568.15	
Contingent		25,000.00	25,000.00		25,000.00	
Total Operations within "CAPS"		<u>7,829,453.00</u>	<u>7,823,806.00</u>	<u>7,069,403.88</u>	<u>754,402.12</u>	
Detail:						
Salaries and Wages	A-1	4,048,291.00	4,016,844.00	3,822,988.85	193,855.15	
Other Expenses	A-1	3,781,162.00	3,806,962.00	3,246,415.03	560,546.97	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		160,282.00	160,722.00	160,722.00		
Police and Firemen's Retirement System		384,675.00	384,882.00	384,881.21	0.79	
Social Security System (O.A.S.I.)		309,037.50	309,037.50	259,054.01	49,983.49	
Long Term Disability Assessment		1,106.00	1,106.00	1,104.85	1.15	
Defined Contribution Retirement Plan		8,000.00	13,000.00	8,720.32	4,279.68	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>863,100.50</u>	<u>868,747.50</u>	<u>814,482.39</u>	<u>54,265.11</u>	
Total General Appropriations for Municipal Purposes within "CAPS"		<u>8,692,553.50</u>	<u>8,692,553.50</u>	<u>7,883,886.27</u>	<u>808,667.23</u>	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

<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>
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)		580,340.00	580,340.00	580,340.00		
Other Expense		100,000.00	100,000.00	100,000.00		
Reserve for Tax Appeals						
Northwest Bergen County Sewerage Authority Share of Costs		1,566,304.00	1,566,304.00	1,566,304.00		
Share of Costs						
Borough of Waldwick - Well-Baby		1,000.00	1,000.00	165.00	835.00	
Other Expenses						
Borough of Hohokus - Municipal Court		42,000.00	42,000.00	30,593.13	11,406.87	
Other Expenses						
Public and Private Programs Offset by Revenues						
Recycling Tonnage Grant		7,203.27	7,203.27	7,203.27		
Body Armor Replacement Fund		1,702.98	1,702.98	1,702.98		
Total Operations - Excluded from "CAPS"		<u>2,298,550.25</u>	<u>2,298,550.25</u>	<u>2,286,308.38</u>	<u>12,241.87</u>	
Detail:						
Other Expenses	A-1	2,298,550.25	2,298,550.25	2,286,308.38	12,241.87	
Capital Improvements:						
Capital Improvement Fund		735,000.00	735,000.00	735,000.00		
Reserve for Fire Truck		90,000.00	90,000.00	90,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>825,000.00</u>	<u>825,000.00</u>	<u>825,000.00</u>		

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2017

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Municipal Debt Service:						
Payment of Bond Principal		1,245,000.00	1,245,000.00	1,245,000.00		
Interest on Bonds		198,996.25	198,996.25	198,996.25		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,443,996.25	1,443,996.25	1,443,996.25		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		4,567,546.50	4,567,546.50	4,555,304.63	12,241.87	
Subtotal General Appropriations		13,260,100.00	13,260,100.00	12,439,190.90	820,909.10	
Reserve for Uncollected Taxes		452,000.00	452,000.00	452,000.00		
Total General Appropriations		13,712,100.00	13,712,100.00	12,891,190.90	820,909.10	
A-2						
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			452,000.00		
Cash Disbursed	A-4			12,139,444.58		
Encumbrances Payable	A-15			190,840.07		
Reserve for Tax Appeals	A-21			100,000.00		
Reserve for Federal and State Grants	A-23			8,906.25		
				12,891,190.90		
					820,909.10	
						A

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

Borough of Allendale, N.J.

Exhibit B

Page 1 of 2

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Animal Control Trust Fund:			
Cash	B-1	8,579.60	6,161.54
Due from State Department of Health	B-3	<u>0.60</u>	<u>2.80</u>
		<u>8,580.20</u>	<u>6,164.34</u>
Other Trust Funds:			
Cash	B-1	997,151.10	1,319,106.19
Interfund - Federal and State Grant Fund	B-5	6,957.85	6,957.85
Interfund - Current Fund - Open Space Trust	B-6		56.55
Interfund - Current Fund - Other Trust	B-6	<u>39,974.02</u>	<u>107.31</u>
		<u>1,044,082.97</u>	<u>1,326,227.90</u>
Payroll Fund			
Cash	B-9	<u>51,803.75</u>	<u>20,685.97</u>
		<u>51,803.75</u>	<u>20,685.97</u>
		<u><u>1,104,466.92</u></u>	<u><u>1,353,078.21</u></u>

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

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-2	7,266.20	5,127.34
Prepaid Licenses	B-4	<u>1,314.00</u>	<u>1,037.00</u>
		<u>8,580.20</u>	<u>6,164.34</u>
Other Trust Fund:			
Reserve for Open Space	B-7	85,375.57	84,238.53
Various Reserves	B-8	<u>958,707.40</u>	<u>1,241,989.37</u>
		<u>1,044,082.97</u>	<u>1,326,227.90</u>
Payroll Fund			
Payroll Deductions Payable	B-9	<u>51,803.75</u>	<u>20,685.97</u>
		<u>51,803.75</u>	<u>20,685.97</u>
		<u><u>1,104,466.92</u></u>	<u><u>1,353,078.21</u></u>

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

Borough of Allendale , N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	C-2/C-3	1,540,408.64	682,495.76
Various Receivables	C-4	362,115.49	321,724.70
Deferred Charges to Future Taxation:			
Funded	C-5	8,260,000.00	9,505,000.00
Unfunded	C-6	15,977,240.00	1,735,490.00
Interfund - Current Fund	C-12	<u>520,033.16</u>	<u> </u>
		<u>26,659,797.29</u>	<u>12,244,710.46</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-7	8,260,000.00	9,505,000.00
Bond Anticipation Notes	C-8	15,917,000.00	1,195,250.00
Improvement Authorizations:			
Funded	C-9	431,572.25	611,104.67
Unfunded	C-9	1,021,947.79	373,960.70
Capital Improvement Fund	C-10	3,111.98	3,111.98
Reserve for:			
Municipal Improvements	C-11	45,000.00	45,000.00
Debt Service	C-11	612,827.89	82,794.73
Fire Truck	C-11	222,000.00	
Fund Balance	C-1	<u>146,337.38</u>	<u>428,488.38</u>
		<u>26,659,797.29</u>	<u>12,244,710.46</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2017 of \$60,240.00
per Exhibit C-13.

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

Borough of Allendale, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance - January 1,	C	428,488.38	87,228.76
Increased by:			
Funded Improvement			
Authorizations Canceled		216,259.62	
Canceled Reserves		125,000.00	
Premium on Sale of			
Bond Anticipation Notes	C-1	<u>92,849.00</u>	
		<u>92,849.00</u>	<u>341,259.62</u>
		521,337.38	428,488.38
Decreased by:			
Anticipated as Revenue	C-2	<u>375,000.00</u>	
Balance - December 31,	C/C-3	<u><u>146,337.38</u></u>	<u><u>428,488.38</u></u>

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

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

<u>Assets</u>	<u>Ref</u>	<u>2017</u>	<u>2016</u>
Operating Fund:			
Cash	D-5	460,223.19	548,063.66
Interfund - Water Capital Fund	D-15	<u> </u>	<u>5,273.99</u>
		<u>460,223.19</u>	<u>553,337.65</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-8	<u>402,751.47</u>	<u>23,291.67</u>
		<u>402,751.47</u>	<u>23,291.67</u>
 Total Operating Fund		 <u>862,974.66</u>	 <u>576,629.32</u>
Capital Fund:			
Cash	D-5/D-7	1,369,208.43	1,618,563.18
Fixed Capital	D-9	7,665,932.58	7,466,982.44
Fixed Capital Authorized and Uncompleted	D-10	<u>2,343,401.57</u>	<u>2,542,351.71</u>
 Total Capital Fund		 <u>11,378,542.58</u>	 <u>11,627,897.33</u>
 Total Assets		 <u><u>12,241,517.24</u></u>	 <u><u>12,204,526.65</u></u>

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

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4/D-11	143,664.14	233,432.26
Encumbrances Payable	D-12	18,067.75	48,849.33
Accrued Interest on Bonds	D-13	29,727.00	32,948.76
Accrued Interest on Notes	D-14	2,256.42	2,256.42
Reserve for:			
Meter Deposits	D-16	15,325.00	15,325.00
Valve Replacement	D-16	512.75	512.75
		<u>209,553.06</u>	<u>333,324.52</u>
Reserve for Receivables	Contra	402,751.47	23,291.67
Fund Balance	D-1	<u>250,670.13</u>	<u>220,013.13</u>
Total Operating Fund		<u>862,974.66</u>	<u>576,629.32</u>
Capital Fund:			
Bond Anticipation Notes	D-17	350,000.00	
Water Serial Bonds Payable	D-18	3,211,000.00	3,601,000.00
Improvement Authorizations:			
Funded	D-19	553,005.18	1,346,866.25
Unfunded	D-19	299,016.41	314,804.10
Capital Improvement Fund	D-20	3.13	3.13
Reserve for Amortization	D-21	5,914,684.15	5,438,684.15
Reserve for Deferred Amortization	D-22	531,100.00	617,100.00
Interfund - Water Operating	D-23		5,273.99
Reserve for Capital Infrastructure	D-24	502,088.92	289,763.92
Fund Balance	D-2	<u>17,644.79</u>	<u>14,401.79</u>
Total Capital Fund		<u>11,378,542.58</u>	<u>11,627,897.33</u>
Total Liabilities, Reserves and Fund Balances		<u>12,241,517.24</u>	<u>12,204,526.65</u>

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

There was Authorized but not Issued Debt at December 31, 2017 of \$2,550.00 per Exhibit D-25.

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

Borough of Allendale, N.J.

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

Water Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	139,000.00	161,000.00
Rents	D-3	1,642,087.65	1,665,898.09
Miscellaneous	D-3	62,623.35	83,030.20
Facilities Charge	D-3	235,690.15	173,848.68
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	<u>131,580.85</u>	<u>45,162.82</u>
Total Income		<u>2,210,982.00</u>	<u>2,128,939.79</u>
Expenditures:			
Operating	D-4	1,349,422.00	1,392,925.00
Capital Improvements	D-4	212,325.00	206,500.00
Debt Service	D-4	477,178.00	465,675.00
Deferred Charges and Statutory Expenditures	D-4	<u>2,400.00</u>	<u>2,400.00</u>
Total Expenditures		<u>2,041,325.00</u>	<u>2,067,500.00</u>
Excess / (Deficit) in Revenue		169,657.00	61,439.79
Deficit in Revenue			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years		<u> </u>	<u> </u>
Statutory Excess to Surplus		169,657.00	61,439.79
Fund Balance - January 1,	D	<u>220,013.13</u>	<u>319,573.34</u>
		389,670.13	381,013.13
Decreased by:			
Utilized as Anticipated Revenue		<u>139,000.00</u>	<u>161,000.00</u>
Fund Balance - December 31,	D	<u><u>250,670.13</u></u>	<u><u>220,013.13</u></u>

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

Borough of Allendale, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	2017	2016
Balance - January 1,	D	14,401.79	14,401.79
Increased by:			
Premium on Sale of Bond Anticipation Notes	D-5	<u>3,243.00</u>	<u> </u>
Balance - December 31,	D/D-7	<u><u>17,644.79</u></u>	<u><u>14,401.79</u></u>

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	139,000.00	139,000.00	
Rents	D-1/D-8	1,665,000.00	1,642,087.65	(22,912.35)
Facilities Charge	D-1/D-8	212,325.00	235,690.15	23,365.15
Miscellaneous	D-1	50,000.00	62,623.35	12,623.35
Additional Water Rents	D-1/D-9	<u>35,000.00</u>	<u> </u>	<u>(35,000.00)</u>
Budget Totals	D-4	<u><u>2,101,325.00</u></u>	<u><u>2,079,401.15</u></u>	<u><u>(21,923.85)</u></u>

Analysis Realized Revenues

Miscellaneous:

Interest on Investments	D-5	14,088.65
Installations/Miscellaneous	D-8	<u>48,534.70</u>
		<u><u>62,623.35</u></u>

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

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2017

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:						
Salaries and Wages		31,062.00	31,062.00	28,210.85	2,851.15	
Other Expenses		878,360.00	878,360.00	777,189.40	101,170.60	
Purchase of Water		<u>500,000.00</u>	<u>500,000.00</u>	<u>401,065.28</u>	<u>38,934.72</u>	<u>60,000.00</u>
Total Operating	D-1	<u>1,409,422.00</u>	<u>1,409,422.00</u>	<u>1,206,465.53</u>	<u>142,956.47</u>	<u>60,000.00</u>
Capital Improvements:						
Capital Infrastructure		<u>212,325.00</u>	<u>212,325.00</u>	<u>212,325.00</u>		
Total Capital Improvements	D-1	<u>212,325.00</u>	<u>212,325.00</u>	<u>212,325.00</u>		
Debt Service:						
Payment of Bond Principal		390,000.00	390,000.00	390,000.00		
Interest on Bonds		<u>87,178.00</u>	<u>87,178.00</u>	<u>87,178.00</u>		
Total Debt Service	D-1	<u>477,178.00</u>	<u>477,178.00</u>	<u>477,178.00</u>		
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)		<u>2,400.00</u>	<u>2,400.00</u>	<u>1,692.33</u>	<u>707.67</u>	
Total Deferred Charges and Statutory Expenditures	D-1	<u>2,400.00</u>	<u>2,400.00</u>	<u>1,692.33</u>	<u>707.67</u>	
		<u>2,101,325.00</u>	<u>2,101,325.00</u>	<u>1,897,660.86</u>	<u>143,664.14</u>	<u>60,000.00</u>
			D-3		D	D-1
Cash Disbursed	D-5			1,792,415.11		
Encumbrances	D-12			18,067.75		
Interest on Bonds	D-13			<u>87,178.00</u>		
				<u>1,897,660.86</u>		

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

Exhibit E

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31,

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	<u>3,109.95</u>	<u>3,109.95</u>
		<u>3,109.95</u>	<u>3,109.95</u>
<u>Liabilities</u>			
Reserve for Public Assistance		<u>3,109.95</u>	<u>3,109.95</u>
		<u>3,109.95</u>	<u>3,109.95</u>

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

Exhibit F

Borough of Allendale, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2017</u>	<u>2016</u>
<u>General Fixed Assets:</u>		
Land	26,187,001.96	26,187,001.96
Buildings	19,725,912.25	5,975,912.25
Improvements Other Than Buildings	1,863,444.66	1,718,276.80
Machinery and Equipment	<u>9,002,922.55</u>	<u>8,690,735.55</u>
	<u>56,779,281.42</u>	<u>42,571,926.56</u>
Investment in Fixed Assets	<u>56,779,281.42</u>	<u>42,571,926.56</u>

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

BOROUGH OF ALLENDALE, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, 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 ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

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

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

The Borough has the following funds and account groups:

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

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

Assessment Trust Fund - This fund deals with the handling of special assessment levies against property for the cost of an improvement, the whole, or a part of, which costs are levied against the property receiving the benefit.

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 Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 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.

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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 January 1, 2002, the Borough transferred administration of the General Assistance Program to the Bergen County Board of Social Services. The funds remaining in the Public Assistance Fund are to be used to assist certain residents who do not qualify for the general assistance program.

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

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

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

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

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

General Capital Fund
Public Assistance Fund

Trust Fund
Water Capital Fund

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017, 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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

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

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

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

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 fair value which approximates 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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

General Fixed Assets - The Borough of Allendale 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.

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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements

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

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

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

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2016. The Borough does not believe this Statement will have any effect on future financial statements.

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

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

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

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related*

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

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

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

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

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

C. Basic Financial Statements

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2017, \$-0- of the Borough's bank balance of \$15,424,512.44 was exposed to custodial credit risk.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

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

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3. MUNICIPAL DEBT

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

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$9,505,000.00	\$	\$1,245,000.00	\$8,260,000.00	\$1,275,000.00
Water Utility	<u>3,601,000.00</u>	<u> </u>	<u>390,000.00</u>	<u>3,211,000.00</u>	<u>385,000.00</u>
	<u>\$13,106,000.00</u>	<u>\$0.00</u>	<u>\$1,635,000.00</u>	<u>\$11,471,000.00</u>	<u>\$1,660,000.00</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 ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued</u>			
General Bonds and Notes	\$24,177,000.00	\$10,700,250.00	\$11,937,750.00
Water Utility - Bonds and Notes	<u>3,561,000.00</u>	<u>3,601,000.00</u>	<u>3,961,000.00</u>
Total Issued	27,738,000.00	14,301,250.00	15,898,750.00
Less: Funds Temporarily Held to Pay			
Bonds and Notes:			
Cash on Hand	<u>612,827.89</u>	<u>82,794.73</u>	<u>82,794.73</u>
Net Debt Issued	<u>27,125,172.11</u>	<u>14,218,455.27</u>	<u>15,815,955.27</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	60,240.00	540,240.00	60,240.00
Water Utility - Bonds and Notes	<u>2,550.00</u>	<u>352,550.00</u>	<u>2,550.00</u>
Total Authorized But Not Issued	<u>62,790.00</u>	<u>892,790.00</u>	<u>62,790.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$27,187,962.11</u>	<u>\$15,111,245.27</u>	<u>\$15,878,745.27</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.364%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$3,010,000.00	\$3,010,000.00	\$0.00
Regional School District Debt	2,976,285.86	2,976,285.86	0.00
Water Utility Debt	3,563,550.00	3,563,550.00	0.00
General Debt	<u>24,237,240.00</u>	<u>612,827.89</u>	<u>23,624,412.11</u>
	<u>\$33,787,075.86</u>	<u>\$10,162,663.75</u>	<u>\$23,624,412.11</u>

Net Debt \$23,624,412.11 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,731,933,078.00 equals 1.364%.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 ½% of Equalized Valuation Basis (Municipal)	\$60,617,657.73
Net Debt	<u>23,624,412.11</u>
Remaining Borrowing Power	<u>\$36,993,245.62</u>

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

Cash receipts from fees, rents or other charges for year		\$2,079,401.15
Deductions:		
Operating and Maintenance Cost	\$1,351,822.00	
Debt Service per Water Account	<u>477,178.00</u>	
Total Deductions		<u>1,829,000.00</u>
Excess in Revenue		<u>\$250,401.15</u>

Footnote:

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>Debt Outstanding</u>
Paid by Current Fund:	
General Serial Bonds - General Improvement Refunding Bonds of 2015 with interest rates of 1.00% to 1.50% issued May 7, 2015, due through July 1, 2020	\$1,815,000.00
General Serial Bonds - General Improvement Bonds of 2015 with interest rates of 1.00% to 2.00% issued May 7, 2015, due through May 1, 2025	3,085,000.00
General Serial Bonds - General Improvement Bonds of 2010 with interest rates of 3.00% to 3.15% issued February 15, 2010, due through February 15, 2022	<u>3,360,000.00</u>
	<u>8,260,000.00</u>
Paid by Water Utility Operating Fund:	
Water Serial Bonds - Water Utility Bonds of 2015 with interest rates of 1.00% to 3.00% issued May 7, 2015, due through May 1, 2030	\$985,000.00
Water Serial Bonds - Water Utility Refunding Bonds of 2012 with interest rates of 2.00% to 4.00% issued October 25, 2012, due through July 15, 2023	<u>1,345,000.00</u>
Water Serial Bonds - Water Utility Bonds of 2010 with interest rates of 3.00% to 3.6% issued February 15, 2010, due through February 15, 2026	<u>881,000.00</u>
	<u>3,211,000.00</u>
	<u>\$11,471,000.00</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Capital and Water Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough and/or Water Utility Revenues.

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

Water Capital	<u>\$2,550.00</u>
General Capital	<u>\$60,240.00</u>

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

General			
Calendar	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$1,275,000.00	\$179,927.50	\$1,454,927.50
2019	1,320,000.00	155,990.00	1,475,990.00
2020	1,355,000.00	127,940.00	1,482,940.00
2021	1,525,000.00	88,927.50	1,613,927.50
2022	1,510,000.00	46,838.75	1,556,838.75
2023-2025	<u>1,275,000.00</u>	<u>38,250.00</u>	<u>1,313,250.00</u>
	<u>\$8,260,000.00</u>	<u>\$637,873.75</u>	<u>\$8,897,873.75</u>
Water Utility			
Calendar	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$385,000.00	\$82,849.75	\$467,849.75
2019	365,000.00	69,849.75	434,849.75
2020	330,000.00	62,849.75	392,849.75
2021	325,000.00	56,249.75	381,249.75
2022	270,000.00	49,642.25	319,642.25
2023-2027	1,351,000.00	116,459.13	1,467,459.13
2028-2030	<u>185,000.00</u>	<u>6,675.00</u>	<u>191,675.00</u>
	<u>\$3,211,000.00</u>	<u>\$444,575.38</u>	<u>\$3,655,575.38</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 4. BOND ANTICIPATION NOTES

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

On December 31, 2017, the Borough had \$15,917,000.00 in outstanding general capital bond anticipation notes, \$1,122,000.00 maturing on January 26, 2018 at an interest rate of 1.43%, \$13,650,000.00 maturing on April 25, 2018 at an interest rate of 2.00% and \$1,145,000.00 maturing on September 26, 2018 at an interest rate of 2.25%.

The Borough also had \$350,000.00 in outstanding water capital bond anticipation notes maturing on September 26, 2018 at an interest rate of 2.25%.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies LLC	\$0.00	\$15,145,000.00	\$	\$15,145,000.00
Lakeland Bank	<u>1,195,250.00</u>	<u>1,122,000.00</u>	<u>1,195,250.00</u>	<u>1,122,000.00</u>
	<u>\$1,195,250.00</u>	<u>\$16,267,000.00</u>	<u>\$1,195,250.00</u>	<u>\$16,267,000.00</u>

NOTE 5. LOCAL AND REGIONAL HIGH SCHOOL TAXES

Local and regional high school taxes have been raised on a calendar year basis and there is no deferred liability at December 31, 2017.

NOTE 6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the Borough had no deferred charges.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60^a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

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

Benefits Provided, (continued)

a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Defined Contribution Retirement Program

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2017	\$178,234.00	\$384,675.00	\$8,720.32
2016	185,462.00	390,440.00	5,296.29
2015	198,027.00	334,245.00	13,396.74

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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

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

Public Employees Retirement System (PERS)

At December 31, 2017, the Borough had a liability of \$4,930,967.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Borough's proportion was .0211825821 percent, which was an increase/(decrease) of .0011188872 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$178,234.00. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$116,107.00	
Changes of assumptions	993,420.00	\$989,778.00
Net difference between projected and actual earnings on pension plan investments	33,577.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>199,425.00</u>	<u>713,416.00</u>
Total	<u>\$1,342,529.00</u>	<u>\$1,703,194.00</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

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

Year ended June 30:	
2018	\$116,080.00
2019	175,167.00
2020	106,142.00
2021	(141,170.00)
2022	(102,894.00)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Borough's Proportion	.0211825821%	.0200636949%

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

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

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

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

Mortality Rates

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2017		
	1% Decrease 4.00%	At Current Discount Rate 5.00%	1% Increase 6.00%
Borough's proportionate share of the pension liability	\$6,117,199	\$4,903,967	\$3,942,688

Pension Plan Fiduciary Net Position

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

Police and Firemen's Retirement System (PFRS)

At December 31, 2017, the Borough had a liability of \$7,545,673.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Borough's proportion was .0488770597 percent, which was an increase of .0016973898 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Borough recognized pension expense of \$384,675.00. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$48,952.00	\$44,287.00
Changes of assumptions	930,466.00	1,235,761.00
Net difference between projected and actual earnings on pension plan investments	143,989.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>489,104.00</u>	<u>243,885.00</u>
Total	<u>\$1,612,511.00</u>	<u>\$1,523,933.00</u>

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

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

Year ended June 30:

2018	\$91,818.00
2019	248,671.00
2020	51.00
2021	(344,627.00)
2022	(152,553.00)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.59, 5.58, 5.53 and 6.17 years for 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$2,941,952,753	\$4,547,316,543
Collective deferred inflows of resources	3,262,432,093	688,197,590
Collective net pension liability	17,167,260,198	20,706,699,056
Borough's Proportion	.0488770597%	.0471796699%

Actuarial Assumptions

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

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

Actuarial Assumptions, (continued)

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

Mortality Rates

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 7. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, (continued)

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

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

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

	June 30, 2017		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>5.14%</u>	<u>6.14%</u>	<u>7.14%</u>
Borough's proportionate share of the pension liability	\$11,055,639	\$7,545,673	\$6,201,427

Pension Plan Fiduciary Net Position

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

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits to employees hired prior to June 1, 2012 in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

The Borough of Allendale contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within a state administered pension system who was hired prior to June 1, 2012 shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough of on a monthly basis. The rates charges by the system for the year ended December 31, 2017 were as follows:

The Borough of Allendale's contributions to SHBP for post-retirement benefits for the year ended December 31, 2017 was \$323,739.60 which equaled the required contributions for the year.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 9. FUND BALANCES

Fund balances as of December 31, 2017 and 2016 that have been anticipated as revenue in the 2018 and 2017 budgets were as follows:

	<u>2018</u>	<u>2017</u>
Current Fund	\$1,450,000.00	\$1,000,000.00
Water Operating Fund	110,000.00	139,000.00

NOTE 10. FIXED ASSETS

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

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Land	\$26,187,001.96	\$	\$	\$26,187,001.96
Land Improvements	1,718,276.80	145,167.86		1,863,444.66
Buildings	5,975,912.25	13,750,000.00		19,725,912.25
Machinery and Equipment	<u>8,690,735.55</u>	<u>312,187.00</u>		<u>9,002,922.55</u>
	<u>\$42,571,926.56</u>	<u>\$14,207,354.86</u>	<u>\$0.00</u>	<u>\$56,779,281.42</u>

NOTE 11. ACCRUED SICK AND VACATION BENEFITS

The Borough does not permit employees to accrue unused sick and vacation time.

NOTE 12. TAXES COLLECTED IN ADVANCE

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

	Balance <u>Dec 31, 2017</u>	Balance <u>Dec 31, 2016</u>
Prepaid Taxes	<u>\$4,571,228.61</u>	<u>\$359,783.09</u>
Cash Liability for Taxes Collected in Advance	<u>\$4,571,228.61</u>	<u>\$359,783.09</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 13. DUE TO/FROM OTHER FUNDS

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

\$520,033.16	Due to General Capital Fund from Current Fund for General Capital receipts deposited in Current Fund.
39,974.02	Due to Other Trust Fund from Current Fund for Other Trust Fund receipts deposited in Current Fund.
6,957.85	Due to Other Trust Fund from Federal and State Grant Fund for grant expenditures paid by Other Trust Fund.
<u>21,212.86</u>	Due to Federal and State Grant Fund from Current Fund for grant receipts deposited in Current Fund.
<u>\$588,177.89</u>	

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

NOTE 14. LEASES

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

NOTE 15. RISK MANAGEMENT

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

The Borough of Allendale is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Borough of Allendale is a member of the Bergen County Municipal 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 and workers' compensation insurance coverage up to \$100,000 for member municipalities. The Borough of Allendale 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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(continued)

NOTE 15. RISK MANAGEMENT, (continued)

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.

The Borough of Allendale is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides insurance coverage for claims in excess of \$100,000 for general liability, automobile liability and workers' compensation. The MEL also provides insurance coverage for the following: employment practices liability, non-owned aircraft, public officials liability, directors and officers liability and Faithful Performance and Employee Dishonesty Blanket Bond (\$1,000,000 limit).

The JIF's members are also members of the New Jersey Municipal Environmental Risk Management Fund which provides commercial insurance coverage for environmental impairment liability.

The JIF provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

Financial statements for the Funds are available at the office of the Funds' Executive Director, Public Entity Risk Management Administration, Inc.

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

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Borough Counsel that the Borough is involved in several legal suits that are either covered by insurance or not material to the financial statements.

NOTE 17. BOROUGH WATER UTILITY

Commencing on August 1, 2013, the Borough contracted United Water Operations Inc. (SUEZ) to operate, maintain and manage the Borough's Water Utility.

NOTE 18. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through April 20, 2018, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>2.288</u>	<u>2.291</u>	<u>2.245</u>

Apportionment of Tax Rate:

Municipal	.532	.522	.522
County	.263	.251	.243
Local School	.921	.948	.925
Regional High School	.532	.532	.516
Municipal Open Space	.005	.005	.005
Library	.035	.033	.034

Assessed Valuations

2017	\$1,678,990,500.00		
2016		\$1,668,424,800.00	
2015			\$1,663,899,200.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2017	\$38,611,956.18	\$38,170,909.97	98.86%
2016	38,334,695.10	37,889,389.56	98.84
2015	37,430,131.87	37,207,739.38	99.41

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$77,348.11	\$363,895.61	\$441,243.72	1.14%
2016	90,899.12	415,542.31	506,441.43	1.31
2015	71,917.41	228,988.12	300,905.53	.80

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

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

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

<u>Year</u>	<u>Amount</u>
2017	\$4,900.00
2016	4,900.00
2015	4,900.00

COMPARISON OF WATER LEVIES

<u>Year</u>	<u>Water Charges</u>	<u>Collections*</u>
2017	\$2,021,547.45	\$1,642,087.65
2016	1,654,559.26	1,665,898.09
2015	1,687,480.90	1,682,190.38

* Includes collections of prior year charges.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2017	\$3,098,869.65	\$1,450,000.00
	2016	2,650,090.91	1,000,000.00
	2015	3,103,077.08	1,400,000.00
<hr/>			
Water Utility Operating Fund	2017	\$250,670.13	110,000.00
	2016	220,013.13	139,000.00
	2015	319,573.34	161,000.00

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>
Elizabeth White	Mayor	
Jacqueline McSwiggan	Councilwoman (President)	
Ari Bernstein	Councilman	
Elizabeth Homan	Councilwoman	
Steven Sasso	Councilman	
James Strauch	Councilman	
Amy Wilczynski	Councilwoman	
M. Alissa Mayer	Chief Finance Officer/Water Collector	
Harold Laufeld	Tax Collector	
Anne Dodd	Borough Clerk	
Raymond Wiss	Attorney	
Michael Vreeland	Engineer	
Ronald Kistner	Director of Operations/Administrative Officer	
Harry D. Norton, Jr.	Magistrate	
Rosemarie Novelli	Court Administrator	
Angela M. Mattiace	Assessor	
George Scherb	Police Chief	
Ferraioli, Wielkotz, Cerullo & Cuva, P.A.	Auditor	

*Employees and officials were covered under the Bergen County Municipal Joint Insurance Fund.

Borough of Allendale
Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program Federal and State Grant Fund	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2016	Receipts/ Revenues	Expended	Audit Adjustments	Balance Dec. 31, 2016	Cumulative Expenditures
U.S. Department of HUD: Pass Through County of Bergen: Community Development Block Grant	14.218		2012	33,150.00						17,800.00
Total Federal and State Grant Fund										
<u>Current Fund</u>										
U.S. Department of Homeland Security Pass Through NJ Department of Law & Public Safety: Public Assistance Grant Program	97.036	066-1200-100-A92	2013	242,662.75		25,606.82	25,606.82			242,662.75
Total Current Fund										
<u>General Capital Fund</u>										
U.S. Department of HUD: Pass Through County of Bergen: Community Development Block Grant	14.218		2017 2016	30,000.00 30,000.00		4,400.00 30,000.00	4,400.00 30,000.00			4,400.00 30,000.00
Total General Capital Fund										
U.S. Department of Transportation: Pass Through NJ Department of Transportation: Highway Planning and Construction	20.205	078-6300-480	2008	146,497.32	(1,079.20)				(1,079.20)	146,497.32
Total General Capital Fund										
Total Federal Awards										

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

Borough of Allendale

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2017

Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/Revenues	Expended	Balance Dec. 31, 2017	MEMO Cumulative Expenditures	
State Grantor/Pass-Through Grantor/Program Federal and State Grant Fund NJ Department of Environmental Protection: Clean Communities Recycling Tonnage Grant Green Communities NJ Division of Highway Traffic Safety: Drunk Driving Enforcement Fund	2017	13,376.61		13,376.61		13,376.61		
	2016	15,745.29	15,745.29			15,745.29		
	2015	13,770.39	13,770.39			13,770.39		
	2014	11,331.12	11,331.12			11,331.12		
	2013	12,081.72	12,081.72			12,081.72		
	2012	10,290.37	10,290.37			10,290.37		
	2011	10,469.21	1,310.53			1,310.53	9,158.68	
			64,529.42		13,376.61		77,906.03	
	2018				7,834.05		7,834.05	
	2017		7,203.27		7,203.27		7,203.27	
	2016		7,468.37	7,468.37			7,468.37	
2015		9,134.26	9,134.26			9,134.26		
2014		9,967.09	9,967.09			9,967.09		
2013		11,737.77	11,737.77			11,737.77		
2012		25,312.84	129.07			129.07	25,183.77	
			38,436.56	15,037.32		53,473.88		
2010		2,000.00	2,000.00			2,000.00		
2015		4,252.50	1,898.55		405.14	1,493.41	2,759.09	

Borough of Allendale

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2017

Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2017	Receipts/ Revenues	Expended	Balance Dec. 31, 2017	MEMO Cumulative Expenditures
<u>NJ Division of State Police</u>							
SLA HEOP Grant		2,405.72	2,405.72			2,405.72	
<u>NJ Department of Law and Public Safety:</u>							
Body Armor Replacement	2018			1,705.18		1,705.18	
	2017	1,702.98	1,702.98			1,702.98	
	2016	1,678.72	954.04			954.04	724.68
			2,657.02	1,705.18		4,362.20	
Total Federal and State Grant Fund			111,927.27	30,119.11	405.14	141,641.24	
<u>General Capital Fund</u>							
<u>NJ Department of Transportation:</u>							
Highway Planning and Construction	2017	155,500.00					125,962.34
	2016	149,000.00		111,750.00	125,962.34	(14,212.34)	149,000.00
	2015	149,000.00	(43,697.52)	37,959.21		(5,738.31)	204,146.44
	2015	220,000.00	(39,146.44)			(39,146.44)	
			(82,843.96)	149,709.21	125,962.34	(59,097.09)	
Total General Capital Fund			(82,843.96)	149,709.21	125,962.34	(59,097.09)	
Total State Awards			29,083.31	179,828.32	126,367.48	82,544.15	

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

Borough of Allendale, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2016	A	4,822,329.32	
Increased by Receipts:			
Interest and Costs on Taxes	A-2	103,877.17	
Miscellaneous Revenue Not Anticipated	A-2	152,114.12	
Petty Cash	A-6	800.00	
Due From State - Senior Citizen and Veteran Deductions	A-7	32,638.36	
Taxes Receivable	A-8	38,191,414.12	
Tax Title Liens	A-10	16,264.58	
Revenue Accounts Receivable	A-11	3,085,752.41	
Interfunds	A-12	581,246.02	
Prepaid Taxes	A-17	4,571,228.61	
Various Cash Liabilities and Reserves	A-21	321,467.39	
Interfunds	A-25	<u>47,056,802.78</u>	<u>130,720.18</u>
		51,879,132.10	130,720.18
Decreased by Disbursements:			
Refund Prior Year Revenue	A-1	1,350.00	
Current Year Budget Appropriations	A-3	12,139,444.58	
Petty Cash	A-6	800.00	
Interfunds	A-12	205,743.88	
Appropriation Reserves	A-14	616,714.82	
Local District School Taxes	A-18	15,448,865.00	
Regional High School Taxes	A-19	8,939,972.00	
County Taxes Payable	A-20	4,433,077.52	
Various Cash Liabilities and Reserves	A-21	354,376.85	
Appropriated Reserves for Grants	A-23		405.14
Interfunds	A-25	<u>42,140,344.65</u>	<u>639.81</u>
		<u>9,738,787.45</u>	<u>1,044.95</u>
Balance - December 31, 2017	A	<u>9,738,787.45</u>	<u>129,675.23</u>

Exhibit A-5

Borough of Allendale, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u>400.00</u>
Balance - December 31, 2017	A	<u>400.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		150.00
Board of Health		50.00
Clerk		100.00
Municipal Court		<u>100.00</u>
		<u>400.00</u>

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	<u>800.00</u>
Decreased by:		
Returned to Treasurer	A-4	<u>800.00</u>

Borough of Allendale, N.J.

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

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	3,986.15
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		32,750.00
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>500.00</u>
	A-8	<u>33,250.00</u>
		29,263.85
Increased by:		
Cash Receipts	A-4	<u>32,638.36</u>
Balance - December 31, 2017	A	<u><u>3,374.51</u></u>

Borough of Allendale, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2017

Year	Balance, Dec. 31, 2016	Levy	Added Taxes	Collected 2017	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2017
prior	415,542.31			413,537.24			2,005.07	
2017		38,415,302.84	196,653.34	37,777,876.88	33,250.00	2,713.57	74,437.03	363,895.61
	<u>415,542.31</u>	<u>38,415,302.84</u>	<u>196,653.34</u>	<u>38,191,414.12</u>	<u>33,250.00</u>	<u>2,713.57</u>	<u>76,442.10</u>	<u>363,895.61</u>
	A		A-2/A-17	A-2/A-4	A-2/A-7	A-10		A
Analysis of Tax Levy								
Ref.								
Tax yield:								
General Purpose Tax						38,415,302.84		
Added Tax (R.S. 54:4-63.1 et seq.)						196,653.34		
						<u>38,611,956.18</u>		
Tax Levy:								
Municipal Open Space Tax			83,950.00					
Added Municipal Open Space Tax			429.92			84,379.92		
Local District School Tax						15,448,865.00		
Regional High School Tax						8,939,972.00		
County Tax				4,410,524.74				
Added County Taxes				22,552.78		4,433,077.52		
						<u>28,906,294.44</u>		
Local Tax for Municipal Purposes				9,517,205.23				
Additional Taxes				188,456.51		9,705,661.74		
						<u>38,611,956.18</u>		

Exhibit A-9

Borough of Allendale, N.J.

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

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	<u>4,900.00</u>
Balance - December 31, 2017	A	<u>4,900.00</u>

Exhibit A-10

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	90,899.12
Increased by:		
Interest and Costs Accrued by Sale		
Transfers from Taxes Receivable	A-8	<u>2,713.57</u>
		<u>93,612.69</u>
Decreased by:		
Collections	A-2, A-4	<u>16,264.58</u>
Balance - December 31, 2017	A	<u>77,348.11</u>

Borough of Allendale, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2017

	Ref.	Balance Dec. 31, 2016	Accrued	Collected	Balance Dec. 31, 2017
Clerk:					
Licenses:					
Alcoholic beverages	A-2		15,000.00	15,000.00	
Fees and Permits	A-2		11,700.00	11,700.00	
Planning Board					
Fees and Permits	A-2		150.00	150.00	
Board of Adjustment					
Fees and Permits	A-2		1,100.00	1,100.00	
Board of Health:					
Fees and Permits	A-2	5,406.00	14,298.90	12,678.74	7,026.16
Parking					
Fees and Permits	A-2		33,304.40	33,304.40	
Municipal Court :					
Fines and Costs	A-2	2,368.50	37,780.78	37,708.44	2,440.84
Uniform Construction Code:					
Fees and Permits - Building	A-2		281,127.20	281,127.20	
Garbage Collection	A-2		1,952.00	1,952.00	
Energy Receipts Taxes	A-2		1,068,869.00	1,068,869.00	
Interest on Investments and Deposits	A-2		71,152.27	71,152.27	
Engineering Fees	A-2		33,687.50	33,687.50	
COAH Trust for Down Payment	A-2		325,000.00	325,000.00	
Cable T.V.	A-2	105,915.66	110,514.70	105,915.66	110,514.70
Cellular Tower Lease	A-2	3,727.36	113,051.01	112,939.19	3,839.18
Uniform Fire Safety Act	A-2		11,044.73	11,044.73	
Dues & Fees - Crestwood Lake	A-2		311,387.85	311,387.85	
Assessment Trust Fund Balance	A-2		375,000.00	375,000.00	
Ramsey Sewer Charges	A-2	2,755.76	156,979.52	159,735.28	
Saddle River Sewer Payment	A-2	16,633.25	64,066.90	65,159.34	15,540.81
Allendale El. School Contribution to Sewer Use	A-2		19,267.45	19,267.45	
North. High. Reg. HS Contribution to Sewer Use	A-2		31,873.36	31,873.36	
		<u>136,806.53</u>	<u>3,088,307.57</u>	<u>3,085,752.41</u>	<u>139,361.69</u>
		A		A-4	A

Borough of Allendale, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To)</u>			<u>Due From/(To)</u>
		<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Dec. 31, 2016</u>			<u>Dec. 31, 2017</u>
Other Trust Fund	A	(107.31)	40,000.00	133.29	(39,974.02)
Other Trust Fund - Open Space	A	(56.55)	84,379.92	84,436.47	
General Capital Fund	A		520,033.16		(520,033.16)
Federal and State Grant Fund	A	(121,174.12)	21,212.86	121,174.12	(21,212.86)
		<u>(121,337.98)</u>	<u>665,625.94</u>	<u>205,743.88</u>	<u>(581,220.04)</u>
<u>Analysis</u>					
Due From Current Fund	A	<u>(121,337.98)</u>			<u>(581,220.04)</u>
		<u>(121,337.98)</u>			<u>(581,220.04)</u>
Municipal Open Space Tax	A-1		84,379.92		
Disbursed	A-4			205,743.88	
Received	A-4		<u>581,246.02</u>		
			<u>665,625.94</u>	<u>205,743.88</u>	

Borough of Allendale, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Reduced in <u>2017</u>	Balance, Dec. 31, <u>2017</u>
Emergency Authorization	14,000,000.00	14,000,000.00	
	<hr/>	<hr/>	<hr/>
	<u>14,000,000.00</u>	<u>14,000,000.00</u>	<u> </u>
	A	A-14	A

Borough of Allendale, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, 2016	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":					
Administrative and Executive	11,269.04	11,269.04	1,443.81		9,825.23
Borough Clerk	4,949.72	4,949.72			4,949.72
Financial Administration	0.26	0.26			0.26
Collection of Taxes	1,209.48	1,209.48			1,209.48
Assessment of Taxes	0.08	0.08			0.08
Engineering	4,090.07	4,090.07	1,797.09		2,292.98
Planning Board	3,625.00	3,625.00	125.00		3,500.00
Police	7,535.70	32,535.70	29,405.88		3,129.82
Uniform Fire Safety Act - Fire Official	4,566.00	4,566.00	1,016.43		3,549.57
Municipal Prosecutor	1.94	1.94			1.94
Municipal Court	520.96	520.96			520.96
Road Repairs and Maintenance	60,684.94	60,684.94	12,127.69		48,557.25
Sewer System	11,990.20	11,990.20			11,990.20
Recycling	1,000.04	1,000.04			1,000.04
Board of Health	5,389.13	5,389.13			5,389.13
Crestwood Lake Swimming & Rec. Facility	7,548.42	7,548.42			7,548.42
Construction Code Official	4,905.15	4,905.15	2,628.63		2,276.52
Plumbing Inspector	0.12	0.12			0.12
Electric Inspector		1.00	0.12		0.88
Fire Subcode Official	0.12	0.12			0.12
Zoning Officer/Property Maintenance	10,857.04	10,857.04	440.00		10,417.04
Salary and Wage Adjustment	40,000.00	14,999.00			14,999.00
Total Salaries and Wages Within "CAPS"	180,143.41	180,143.41	48,984.65		131,158.76
Other Expenses Within "CAPS":					
Administrative and Executive	16,136.74	21,699.46	3,864.49		17,834.97
Mayor and Council	5,809.67	6,660.31	920.63		5,739.68
Borough Clerk	7,528.61	7,617.49	2,868.88		4,748.61
Financial Administration	7,493.87	7,864.87	2,398.26		5,466.61
Annual Audit	12,940.00	12,940.00	10,375.00		2,565.00
Collection of Taxes	2,896.35	2,981.35	288.04		2,693.31
Assessment of Taxes	3,525.10	19,052.93	7,027.83		12,025.10
Legal Services and Costs	20,122.53	20,122.53	6,564.65		13,557.88
Engineering	12,831.20	19,422.90	14,526.00		4,896.90
Planning Board	4,513.12	9,221.22	1,768.23		7,452.99
Insurance					
Other Insurance Premiums	35,777.16	36,277.16	35,909.16		368.00
Workers' Compensation Insurance	64,864.30	64,364.30	43,112.48		21,251.82
Group Insurance Plan for Employees	35,044.65	34,044.65	1,258.80		32,785.85
Health Benefit Waiver	6.29	6.29			6.29
Unemployment Insurance	20,000.00	20,000.00			20,000.00
Police	1,063.88	18,817.36	18,160.96		656.40
Emergency Management Services	987.37	3,681.37	2,694.00		987.37
Fire	3,344.21	13,828.62	13,719.94		108.68

Borough of Allendale, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, 2016	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance <u>Lapsed</u>
Fire Certification	53.99	500.00	446.01		53.99
Uniform Fire Safety Act - Fire Official	478.62	975.86	839.91		135.95
Municipal Court	4,986.15	4,986.15	350.00		4,636.15
Public Defender	675.00	675.00	600.00		75.00
Road Repairs and Maintenance	11,221.58	33,333.38	22,828.51		10,504.87
Snow Removal	80,277.72	89,602.82	50,727.67		38,875.15
Shade Tree	4,030.65	6,285.65	2,255.00		4,030.65
Sewer System	687.18	15,242.18	5,076.25		10,165.93
Garbage and Trash Removal	37,606.90	37,606.90	34,691.59		2,915.31
Recycling	19,787.10	20,267.10	12,180.00		8,087.10
Public Buildings and Grounds	12,883.24	24,758.82	13,877.89		10,880.93
Board of Health	2,027.17	2,027.17	12.38		2,014.79
Aid to Health Care Facilities		6,000.00	6,000.00		
Senior Citizens	2,250.64	2,250.64	2,101.56		149.08
Animal Control	1,830.00	2,580.00	750.00		1,830.00
Municipal Alliance	3,885.00	3,885.00	2,209.08		1,675.92
Parks and Playgrounds	661.04	6,659.96	6,081.80		578.16
Crestwood Lake Swimming & Rec. Facility	19,432.73	25,135.47	7,139.74		17,995.73
Construction Official	563.07	1,425.68	1,113.45		312.23
Zoning Officer/Property Maintenance	2,797.01	2,797.01			2,797.01
Radio Equipment Maintenance	942.60	1,932.60	990.00		942.60
Gasoline	74,568.36	79,712.57	8,705.67		71,006.90
Utilities	103,759.39	103,759.39	30,921.61		72,837.78
Contingent	25,000.00	25,000.00			25,000.00
Total Other expenses Within "CAPS"	665,290.19	816,002.16	375,355.47		440,646.69
Deferred Charges and Statutory Expenditures Within "CAPS":					
Public Employees' Retirement System	0.38	0.38			0.38
Defined Contribution Retirement Plan	14,703.71	14,703.71	6,578.70		8,125.01
Social Security (O.A.S.I.)	38,068.21	38,068.21	3,711.54		34,356.67
Total Deferred Charges and Statutory Expenditures Within "CAPS"	52,772.30	52,772.30	10,290.24		42,482.06
Total Reserves Within "CAPS"	898,205.90	1,048,917.87	434,630.36		614,287.51
Other Expenses Excluded From "CAPS":					
P.L.2007 c.62 Employee Group Insurance	13,174.00	13,174.00			13,174.00
Borough of Waldwick - Well Baby	775.00	775.00			775.00
Borough of Hohokus - Municipal Court	13,108.73	13,108.73	10,867.90		2,240.83
Total Other Expenses Excluded from "CAPS"	27,057.73	27,057.73	10,867.90		16,189.83

Borough of Allendale, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, 2016	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance <u>Lapsed</u>
Capital Improvements					
Reserve for Fire Truck	132,000.00	132,000.00	132,000.00		
Improvements to Various Roads		541.56	541.56		
Fire Department Generator	50,000.00	50,000.00	38,675.00		11,325.00
Police Equipment	20,000.00	20,000.00			20,000.00
AVAC Emergency Response Vehicle	15,000.00	15,000.00	15,000.00		
Purchase of Property	<u>14,000,000.00</u>	<u>14,000,000.00</u>		<u>14,000,000.00</u>	
Total Capital Improve. Excluded from "CAPS"	<u>14,217,000.00</u>	<u>14,217,541.56</u>	<u>186,216.56</u>	<u>14,000,000.00</u>	<u>31,325.00</u>
Total Reserves Excluded from "CAPS"	<u>14,244,057.73</u>	<u>14,244,599.29</u>	<u>197,084.46</u>	<u>14,000,000.00</u>	<u>47,514.83</u>
Total Reserves	<u>15,142,263.63</u>	<u>15,293,517.16</u>	<u>631,714.82</u>	<u>14,000,000.00</u>	<u>661,802.34</u>
	A			A-13	A-1
Appropriation Reserves	<u>Ref.</u>	15,142,263.63			
Transfer from Reserve for Encumbrances	above A-15	<u>151,253.53</u>			
		<u>15,293,517.16</u>			
Cash Disbursed	<u>Ref.</u>		616,714.82		
Accounts Payable	A-4 A-16		<u>15,000.00</u>		
			<u>631,714.82</u>		

Borough of Allendale, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	151,253.53
Increased by:		
Transfer from Current Appropriations	A-3	<u>190,840.07</u>
		342,093.60
Decreased by:		
Transferred to Appropriation Reserves	A-14	<u>151,253.53</u>
Balance - December 31, 2017	A	<u><u>190,840.07</u></u>

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	3,349.89
Increased by:		
Transfer from Appropriation Reserves	A-14	<u>15,000.00</u>
		18,349.89
Decreased by:		
Canceled	A-1	<u>3,349.89</u>
Balance - December 31, 2017	A	<u><u>15,000.00</u></u>

Borough of Allendale, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	A	359,783.09
Increased by:		
Receipts - Prepaid 2018 Taxes	A-4	<u>4,571,228.61</u>
		4,931,011.70
Decreased by:		
Applied to 2017 Taxes	A-8	<u>359,783.09</u>
Balance - December 31, 2017	A	<u><u>4,571,228.61</u></u>

Borough of Allendale, N.J.
Schedule of Local District School Tax
Current Fund
Year Ended December 31, 2017

Ref.

Increased by:		
Levy Calendar Year , 2017	A-1/A-8	<u>15,448,865.00</u>
Decreased by:		
Payments	A-4	<u>15,448,865.00</u>

Schedule of Regional High School Tax
Current Fund
Year Ended December 31, 2017

Ref.

Increased by:		
Levy Calendar Year , 2017	A-1/A-8	<u>8,939,972.00</u>
Decreased by:		
Payments	A-4	<u>8,939,972.00</u>

Borough of Allendale, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2017

Ref.

Increased by:

Levy	A-1/A-8	4,410,524.74	
Added and Omitted Taxes	A-1/A-8	<u>22,552.78</u>	
			4,433,077.52

Decreased by:

Payments	A-4		<u>4,433,077.52</u>
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Balance - December 31, 2017	A		<u><u> </u></u>
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Borough of Allendale, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2017

<u>Liabilities and Reserves</u>	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2017</u>
<u>Liabilities:</u>				
Tax Overpayments	85,916.04	121,133.28	140,901.86	66,147.46
Outside Liens		181,435.54	181,435.54	
Due to State of NJ - DCA	3,943.00	16,411.00	15,388.00	4,966.00
Due to State of NJ - Marriage	200.00	350.00	500.00	50.00
Due to State of NJ - Sales Tax	105.11	2,137.57	2,072.76	169.92
<u>Reserves</u>				
Tax Appeals	286,969.99	100,000.00	14,087.90	372,882.09
Revaluation	13,530.00			13,530.00
	<u>390,664.14</u>	<u>421,467.39</u>	<u>354,386.06</u>	<u>457,745.47</u>
	A			A
	<u>Ref.</u>			
Tax Overpayments Canceled	A-1		9.21	
2017 Budget Appropriation	A-3	100,000.00		
Receipts	A-4	321,467.39		
Disbursed	A-4		354,376.85	
		<u>421,467.39</u>	<u>354,386.06</u>	

Borough of Allendale, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, <u>2016</u>	Budget <u>Revenue</u>	<u>Received</u>	Balance, Dec. 31, <u>2017</u>
Federal Grants:				
Community Development Block Grant	15,350.00			15,350.00
	<u>15,350.00</u>			<u>15,350.00</u>
State Grants:				
Recycling Tonnage Grant		7,203.27	7,203.27	
Body Armor Replacement Fund		1,702.98	1,702.98	
		<u>8,906.25</u>	<u>8,906.25</u>	
	<u>15,350.00</u>	<u>8,906.25</u>	<u>8,906.25</u>	<u>15,350.00</u>
	A	A-2		A
Transferred from Unappropriated Reserves			1,702.98	
Interfund - Current Fund			<u>7,203.27</u>	
			<u>8,906.25</u>	

Ref.

A-24

A-25

Borough of Allendale, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	Transfer From 2017 Budget	<u>Expended</u>	Balance, Dec. 31, 2017
Local Grants:				
Bergen Cty JIF - Police Accreditation Grant	2,289.00			2,289.00
	<u>2,289.00</u>			<u>2,289.00</u>
Federal Grants				
Community Development Block Grant	15,350.00			15,350.00
	<u>15,350.00</u>			<u>15,350.00</u>
State Grants:				
Drunk Driving Enforcement Fund	1,898.55		405.14	1,493.41
Recycling Grant	38,436.56	7,203.27		45,639.83
NJ SLA HEOP Grant	2,405.72			2,405.72
Clean Communities Grant	64,529.42			64,529.42
Body Armor Replacement Fund	954.04	1,702.98		2,657.02
Green Communities Challenge Grant	2,000.00			2,000.00
	<u>110,224.29</u>	<u>8,906.25</u>	<u>405.14</u>	<u>118,725.40</u>
	<u>127,863.29</u>	<u>8,906.25</u>	<u>405.14</u>	<u>136,364.40</u>
	A	A-3	A-4	A

Borough of Allendale, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, <u>2016</u>	Transfer To 2017 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2017</u>
State Grants:				
Body Armor Replacement Fund	1,702.98	1,702.98	1,705.18	1,705.18
Recycling Tonnage Grant			7,834.05	7,834.05
Clean Communities			13,376.61	13,376.61
	<u>1,702.98</u>	<u>1,702.98</u>	<u>22,915.84</u>	<u>22,915.84</u>
	A	A-22	A-25	A

Borough of Allendale, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To)</u>			<u>Due From/(To)</u>
		<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Dec. 31, 2016</u>			<u>Dec. 31, 2017</u>
Other Trust	A	(6,957.85)			(6,957.85)
Current Fund	A	<u>121,174.12</u>	<u>30,758.92</u>	<u>130,720.18</u>	<u>21,212.86</u>
		<u>114,216.27</u>	<u>30,758.92</u>	<u>130,720.18</u>	<u>14,255.01</u>
	<u>Ref.</u>				
	Cash Receipts	A-4		130,720.18	
	Cash Disbursements	A-4	639.81		
	Federal and State Grants Receivable	A-22	7,203.27		
	Unappropriated Reserves for Grants	A-24	<u>22,915.84</u>		
			<u>30,758.92</u>	<u>130,720.18</u>	

Borough of Allendale, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2016	B	<u>6,161.54</u>	<u>1,319,106.19</u>
Increased by Receipts:			
Dog License Fees - Borough Share	B-2	2,437.60	
Late Fees Collected	B-2	513.80	
Cat License Fees	B-2	127.00	
Dog License Fees - State Share	B-3	380.40	
Prepaid Licenses	B-4	1,314.00	
Interfunds - Current Fund	B-6		189.84
Open Space Trust	B-7		84,490.22
Other Trust Funds	B-8		<u>508,023.94</u>
Total Receipts		<u>4,772.80</u>	<u>592,704.00</u>
		<u>10,934.34</u>	<u>1,911,810.19</u>
Decreased by Disbursements:			
Reserve for Dog Expenditures	B-2	1,834.34	
State Share - Dog Licenses	B-3	520.40	
Interfunds - Current Fund	B-6		40,000.00
Open Space Trust	B-7		83,353.18
Other Trust Funds	B-8		<u>791,305.91</u>
Total Disbursements		<u>2,354.74</u>	<u>914,659.09</u>
Balance - December 31, 2017	B	<u><u>8,579.60</u></u>	<u><u>997,151.10</u></u>

Borough of Allendale, N.J.

Reserve for Dog Fund Expenditures

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	5,127.34
Increased by:		
Dog License Fees	B-1	2,437.60
2017 Prepaid Dog Licenses	B-4	844.80
Late Fees, Replacement Tags & Misc.	B-1	513.80
Cat License Fees	B-1	127.00
2017 Prepaid Cat Licenses	B-4	50.00
		<u>3,973.20</u>
		9,100.54
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	<u>1,834.34</u>
Balance - December 31, 2017	B	<u><u>7,266.20</u></u>

License Fees Collected

<u>Year</u>	
2016	4,338.40
2015	<u>3,050.40</u>
	<u><u>7,388.80</u></u>

Borough of Allendale, N.J.

Schedule of Due to/from State Department of Health

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	B		(2.80)
Increased by:			
State Fees Collected	B-1	380.40	
2017 Prepaid Dog Licenses	B-4	<u>142.20</u>	
			522.60
Decreased by:			
Paid to State	B-1		<u>520.40</u>
Balance - December 31, 2017	B		<u><u>(0.60)</u></u>

Prepaid Licenses

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	B		1,037.00
Increased by:			
Cash Receipts	B-1		<u>1,314.00</u>
			2,351.00
Decreased by:			
Applied to Reserves - Dog Licenses	B-2	844.80	
Applied to Reserves - Cat Licenses	B-2	50.00	
Applied to Due to State of NJ	B-3	<u>142.20</u>	
			<u>1,037.00</u>
Balance - December 31, 2017	B		<u><u>1,314.00</u></u>

Exhibit B-5

Borough of Allendale, N.J.

Schedule of Interfund - Other Trust Fund

Trust Funds

Year Ended December 31, 2017

	Due from/(to) Balance <u>Dec. 31, 2016</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Federal and State Grant Fund	6,957.85	6,957.85
	<hr/>	<hr/>
	<u>6,957.85</u>	<u>6,957.85</u>
	B	B

Borough of Allendale, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2017

	Due from/(to) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Other Trust Fund	107.31	40,000.00	133.29	39,974.02
Open Space Trust	56.55		56.55	
	<u>163.86</u>	<u>40,000.00</u>	<u>189.84</u>	<u>39,974.02</u>
	B			B
	<u>Ref.</u>			
Cash Receipts - Other Trust Fund	B-1		189.84	
Cash Disbursements-Other Trust Fund	B-1	<u>40,000.00</u>		
		<u>40,000.00</u>	<u>189.84</u>	

Borough of Allendale, N.J.

Reserve for Open Space Trust

Trust Funds

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	B	84,238.53
Increased by:		
2017 Tax Levy		83,950.00
2017 Added Taxes		429.92
Interest Earned		<u>110.30</u>
	B-1	<u>84,490.22</u>
		168,728.75
Decreased by:		
Cash Disbursements	B-1	<u>83,353.18</u>
Balance - December 31, 2017	B	<u><u>85,375.57</u></u>

Borough of Allendale, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Reserve for:				
Developers Escrow	109,425.12	82,404.80		191,829.92
Municipal Court - P.O.A.A.	496.10	114.00		610.10
Recycling	112,620.17	37,838.67	50,586.43	99,872.41
Escrow Deposits	190,367.96	58,337.94	88,463.15	160,242.75
Vacant Property Escrow	2,500.00	7,000.00	500.00	9,000.00
Housing Trust	406,797.84	80,142.34	413,802.92	73,137.26
Municipal Alliance Donations	4,476.01			4,476.01
Police Bequests	2,335.80			2,335.80
Rental Deposits	5,200.00	13,970.00	2,970.00	16,200.00
ATT Tower	11,269.42	94.49		11,363.91
Improvement and Beautification	32,538.84	12,126.70	11,980.75	32,684.79
Reserve for Unemployment	57,749.33	26,351.81	17,455.35	66,645.79
9/11 Memorial	28,914.17	486.09	6,240.00	23,160.26
Police Donations	8,689.36	1,250.00	590.00	9,349.36
Orchard Commons Donation	4,548.34		60.00	4,488.34
Tax Sale Premiums	214,000.00	117,500.00	172,000.00	159,500.00
CERT Donations	1,085.46		793.74	291.72
Flex Spending	1,592.39	3,120.00	3,129.90	1,582.49
Crestwood Cruisers	5,283.06	8,166.95	4,919.18	8,530.83
Crestwood Donations		5,074.52		5,074.52
Storm Recovery	42,000.00	40,000.00	6,750.00	75,250.00
Police Outside Duty		14,045.63	11,064.49	2,981.14
Video Equipment Surcharge	100.00			100.00
	<u>1,241,989.37</u>	<u>508,023.94</u>	<u>791,305.91</u>	<u>958,707.40</u>
	B	B-1	B-1	B

Borough of Allendale, N.J.
Statement of Cash Reconciliation
Payroll Fund
Year Ended December 31, 2017

Ref.

Balance on Deposit per Statement of: Lakeland Bank		53,121.46
Add: Deposits in Transit		456.70
Less: Outstanding Checks per List on File		1,774.41
		51,803.75
Balance - December 31, 2017	B	51,803.75
 <u>Analysis of Balance - December 31, 2017</u>		
Federal Withholding		3.10
Social Security		525.90
Unemployment		(3.17)
P.F.R.S.		17,283.63
P.E.R.S.		17,398.32
D.C.R.P.		0.01
Dues		0.01
Vision		29.80
Health Benefits		15,077.51
Miscellaneous		0.02
AFLAC		1,488.62
		1,488.62
Payroll Deductions Payable	B	51,803.75

Exhibit C-2

Borough of Allendale , N.J.

Schedule of General Capital Cash

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2016	C		682,495.76
Increased by Receipts:			
General Capital Fund Balance	C-1	92,849.00	
Various Receivables	C-4	184,109.21	
Deferred Charges Unfunded	C-6	73,250.00	
Bond Anticipation Notes	C-8	15,917,000.00	
Capital Improvement Fund	C-10	735,000.00	
Various Reserves	C-11	<u>752,033.16</u>	
			<u>17,754,241.37</u>
			18,436,737.13
Decreased by Disbursements:			
Anticipated as 2017 Revenue	C-1	375,000.00	
Bond Anticipation Notes	C-8	1,195,250.00	
Improvement Authorizations	C-9	14,806,045.33	
Interfunds	C-12	<u>520,033.16</u>	
			<u>16,896,328.49</u>
Balance - December 31, 2017	C		<u><u>1,540,408.64</u></u>

Borough of Allendale , N.J.
Analysis of General Capital Cash
Year Ended December 31, 2017

	<u>Ref.</u>	
Fund Balance	C-1	146,337.38
Various Receivables	C-4	(362,115.49)
Capital Improvement Fund	C-10	3,111.98
Various Reserves	C-11	879,827.89

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
07-13	Acquisition of Real Property	(50,130.15)
09-09	Various Improvements	36,502.54
12-05	Various Improvements	10,867.40
13-09	Various Improvements	3,377.38
13-15	Various Road Improvements	25,958.34
14-03	Various Improvements	33,381.18
15-04	Various Improvements	123,754.56
15-18	Engineering for Capital Projects	11,600.00
16-04	Various Improvements	129,759.12
17-02	Acquisition of Real Property	466,537.67
17-05	Various Improvements	601,672.00

1,540,408.64

C

Borough of Allendale, N.J.

Schedule of Various Receivables

Year Ended December 31, 2017

	<u>Balance, Dec. 31, 2016</u>	<u>Grants Approved</u>	<u>Cash Received</u>	<u>Balance, Dec. 31, 2017</u>
NJ DOT Grant - Ord. #08-09	1,079.20			1,079.20
NJ DOT Grant - Ord. #15-04 - West Allendale Ave	43,697.52		37,959.21	5,738.31
NJ DOT Grant - Ord. #15-04 - Boroline Rd	55,000.00			55,000.00
NJ DOT Grant - Ord. #16-04 - West Allendale/W. Maple	149,000.00		111,750.00	37,250.00
NJ DOT Grant - Ord. #17-05 - Donny Brook Dr		155,500.00		155,500.00
Borough of Ramsey - Ord. #13-09	3,947.98			3,947.98
Bergen County Open Space - Ord. #16-04	39,000.00			39,000.00
Bergen County Open Space - Ord. #17-05		39,000.00		39,000.00
CDBG - Ord. #16-04	30,000.00		30,000.00	
CDBG - Ord. #17-05		30,000.00	4,400.00	25,600.00
	<u>321,724.70</u>	<u>224,500.00</u>	<u>184,109.21</u>	<u>362,115.49</u>
	C	C-9	C-2	C/C-3

Borough of Allendale , N.J.

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

General Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	9,505,000.00
Decreased by:		
Serial Bonds Paid by Current Year Budget Appropriations	C-7	<u>1,245,000.00</u>
Balance - December 31, 2017	C	<u><u>8,260,000.00</u></u>

Borough of Allendale, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2017

Analysis of Balance - Dec. 31, 2017

Ordinance Number	Improvement Description	Balance, Dec. 31, 2016	2017 Authorizations	Cash Receipt Dec. 31, 2017	Balance, Dec. 31, 2017	Financed by		Unexpended Improvement Authorization
						Bond Anticipation Notes	Expended	
07-13	Acquisition of Real Property	1,253,850.00		73,250.00	1,180,600.00	1,122,000.00	50,130.15	8,469.85
15-04	Various Improvements	1,640.00			1,640.00			1,640.00
16-04	Various Improvements	480,000.00			480,000.00	480,000.00		
17-02	Acquisition of Real Property		13,650,000.00		13,650,000.00	13,650,000.00		
17-05	Various Improvements		665,000.00		665,000.00	665,000.00		
		<u>1,735,490.00</u>	<u>14,315,000.00</u>	<u>73,250.00</u>	<u>15,977,240.00</u>	<u>15,917,000.00</u>	<u>50,130.15</u>	<u>10,109.85</u>
		C	C-9, C-13	C-2	C			C-9
	Improvement Authorizations Unfunded					C-9		1,021,947.79
	Less: Unexpended Proceeds of							
	Bond Anticipation Notes					16-04	123,651.46	
	Ordinance Number					17-02	466,537.67	
						17-05	421,648.81	
								<u>1,011,837.94</u>
								<u>10,109.85</u>

Borough of Allendale, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017	Interest Rate	Balance Dec. 31, 2016	Paid	Balance Dec. 31, 2017
General Improvements	02/15/10	4,165,000.00	02/15/18 175,000.00	3 to 3.15%			
			02/15/19 450,000.00				
			02/15/20 550,000.00				
			02/15/21 1,100,000.00				
			02/15/22 1,085,000.00				
Refunding Bonds	5/7/2015	3,015,000.00	07/01/18 800,000.00	1 to 1.50%		825,000.00	1,815,000.00
			07/01/19 540,000.00				
			07/01/20 475,000.00				
General Improvements	5/7/2015	3,580,000.00	05/01/18 300,000.00	1 to 2%		270,000.00	3,085,000.00
			5/1/2019-20 330,000.00				
			5/1/2021-25 425,000.00				
					<u>9,505,000.00</u>	<u>1,245,000.00</u>	<u>8,260,000.00</u>
					C	C-5	C

Borough of Allendale, N.J.
Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2016	2017		Balance, Dec. 31, 2017	
							Increased	Decreased		
07-13	Acquisition of Real Property	08/22/08	01/27/17	01/26/18	1.43%	25,250.00		25,250.00	1,122,000.00	
07-13	Acquisition of Real Property	02/26/09	01/27/17	01/26/18	1.43%	1,170,000.00		1,170,000.00	4,285,000.00	
17-02	Acquisition of Real Property	04/26/17	04/26/17	04/26/18	2.00%				9,365,000.00	
17-02	Acquisition of Real Property	04/26/17	04/26/17	04/26/18	2.00%				480,000.00	
16-04	Various Improvements	09/26/17	09/26/17	09/26/18	2.25%				665,000.00	
17-05	Various Improvements	09/26/17	09/26/17	09/26/18	2.25%				665,000.00	
						<u>1,195,250.00</u>	C	<u>15,917,000.00</u>	C-2	<u>15,917,000.00</u>
									C-2	C,C-6

Borough of Allendale, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance, Dec. 31, 2017	
				Funded	Unfunded			Funded	Unfunded
	General Improvements:								
07-13	Acquisition of Real Property	08/09/07	4,763,000.00		9,287.33		817.48		8,469.85
09-09	Various Improvements	03/26/09							
	a Road and Curb Improvements		572,300.00	36,502.54				36,502.54	
12-05	Various Improvements	03/22/12							
	e Purchase of Sewer Dept. Equipment		7,000.00	5,256.80			5,256.80		
	f Public Improvements		181,000.00	17,017.40			6,150.00	10,867.40	
13-09	Various Improvements	04/11/13							
	a 2012 Road & Sidewalk Program		410,960.00	3,377.38			378.94	3,377.38	
	e Purchase of Equipment - Police		22,862.00	378.94					
13-15	Various Road Improvements	08/08/13	195,000.00	25,958.34				25,958.34	
14-03	Various Improvements	03/13/14							
	a 2014 Road & Sidewalk Program		45,000.00	39,251.12			39,251.12		
	c Acquisition of Pumper Fire Engine		575,000.00	561.18				561.18	
	e Purchase of Equipment - Police		28,000.00	7,820.00				7,820.00	
	f Improvements to Sidewalks		25,000.00	25,000.00				25,000.00	
15-04	Various Improvements	03/12/15							
	a 2015 Road Improvement Program		299,780.00	67,273.27			55,147.07	12,126.20	
	b Resurfacing West Allendale Ave		174,000.00	17,288.35			3,065.04	14,223.31	
	c Resurfacing of Boroline Road		241,000.00	36,853.56				36,853.56	
	d Purchase of Equipment - Police		46,220.00	4,332.69			2,640.70	1,691.99	
	e Various Park Improvements		13,000.00	2,240.00			2,240.00		
	f Various Drainage Improvements		25,000.00	25,000.00			15,225.00	9,775.00	
	h Public Improvements		61,000.00	34,115.94			19,011.09	15,104.85	
	i Acquisition of Technology Equipment		15,000.00	787.95			787.95	0.00	
	j Purchase of Equipment - Fire		50,000.00	278.06			225.45	52.61	
	k Purchase of DPW Equipment		102,000.00	8,777.80			5,318.00	3,459.80	
	l Purchase of DPW Equipment		47,000.00	12,030.44			11,923.20	107.24	
	m Improvements to Sidewalks		20,000.00	17,000.00				17,000.00	
	n Installation of ADA Ramps		15,000.00	13,360.00				13,360.00	1,640.00
15-18	Engineering for Capital Projects	05/14/15	35,000.00	12,096.28			496.28	11,600.00	

Borough of Allendale, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance, Dec. 31, 2017	
				Funded	Unfunded			Funded	Unfunded
16-04	Various Improvements	03/10/16	76,700.00	1,746.94	73,040.00		48,146.58	3,717.66	26,640.36
a	2016 Road Improvement Program		169,000.00	135,060.00	19,040.00		131,342.34		19,040.00
b	Resurfacing West Allendale Ave		60,300.00		11,117.76		10,925.40		192.36
d	Purchase of Equipment - Police		148,000.00	55,969.69	75,230.00		116,129.05		15,070.64
e	Various Park Improvements		15,000.00	720.00	14,280.00		12,000.00		3,000.00
f	Various Drainage Improvements		30,000.00	1,430.00	28,570.00			1,430.00	28,570.00
g	Fiber Communications Project-Phase I		26,000.00		9,563.70				9,563.70
h	Installation of Garage Doors		10,000.00		6,843.02		4,365.81		2,477.21
i	Acquisition of Technology Equipment		90,000.00		63,968.89		63,911.70		57.19
j	Purchase of Equipment - Fire		45,000.00	2,660.00	42,340.00		45,000.00		
k	Purchase of DPW Equipment		20,000.00	960.00	19,040.00			960.00	19,040.00
l	Improvements to Sidewalks	01/26/17	14,350,000.00			14,350,000.00	13,883,462.33		466,537.67
17-02	Acquisition of Real Property	03/23/17							
17-05	Various Improvements		214,025.00			214,025.00	129,224.00		84,801.00
a	2017 Road Improvement Program		179,100.00			179,100.00	15,500.00	141,125.00	22,475.00
b	Resurfacing Donny Brook Dr		40,000.00			40,000.00	983.95	1,016.05	38,000.00
c	Acquisition of Technology Equipment		177,000.00			177,000.00	9,917.80		167,082.20
d	Police Communications Improvements		118,000.00			118,000.00	33,467.86	37,882.14	46,650.00
e	Crestwood Park Improvements		45,000.00			45,000.00	23,681.89		21,318.11
f	Purchase of Equipment - Fire		123,375.00			123,375.00	106,783.50		16,591.50
g	Purchase of DPW Equipment		28,000.00			28,000.00	3,269.00		24,731.00
h	Acquisition of Technology Equipment								
				<u>611,104.67</u>	<u>373,960.70</u>	<u>15,274,500.00</u>	<u>14,806,045.33</u>	<u>431,572.25</u>	<u>1,021,947.79</u>
				<u>C</u>	<u>C</u>	<u>C-2</u>	<u>C</u>	<u>C</u>	<u>C</u>

Ref.	Grants Approved
C-4	224,500.00
C-6	14,315,000.00
C-10	735,000.00
	<u>15,274,500.00</u>

Deferred Charges to Future Taxation - Unfunded
Capital Improvement Fund

Borough of Allendale , N.J.

Schedule of Capital Improvement Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	C	3,111.98
Increased by:		
Budget Appropriation	C-2	<u>735,000.00</u>
		738,111.98
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>735,000.00</u>
Balance - December 31, 2017	C/C-3	<u><u>3,111.98</u></u>

Exhibit C-11

Borough of Allendale , N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Municipal Improvements	45,000.00		45,000.00
Debt Service	82,794.73	530,033.16	612,827.89
Fire Truck		222,000.00	222,000.00
	<hr/>	<hr/>	<hr/>
	<u>127,794.73</u>	<u>752,033.16</u>	<u>879,827.89</u>
	C	C-2	C

Exhibit C-12

Borough of Allendale , N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	Due From/(To) Balance <u>Dec. 31, 2017</u>
Current Fund	C		520,033.16	520,033.16
			<u>520,033.16</u>	<u>520,033.16</u>
Cash Disbursements	C-2		<u>520,033.16</u>	
			<u>520,033.16</u>	

Borough of Allendale, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2017</u>
07-13	Acquisition of Real Property	58,600.00			58,600.00
15-04	Various Improvements	1,640.00			1,640.00
16-04	Various Improvements	480,000.00		480,000.00	
17-02	Acquisition of Real Property		13,650,000.00	13,650,000.00	
17-05	Various Improvements		665,000.00	665,000.00	
		<u>540,240.00</u>	<u>14,315,000.00</u>	<u>14,795,000.00</u>	<u>60,240.00</u>
			C-6		Footnote C

Borough of Allendale, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2016	D	<u>548,063.66</u>	<u>1,618,563.18</u>
Increased by Receipts:			
Premium on Sale of Notes	D-2		3,243.00
Interest on Deposits	D-3	14,088.65	
Collector	D-6	1,926,312.50	
Interfund - Water Capital Fund	D-15	5,273.99	
Bond Anticipation Notes	D-17		350,000.00
Reserve for Capital Infrastructure	D-24		<u>212,325.00</u>
		<u>1,945,675.14</u>	<u>565,568.00</u>
		<u>2,493,738.80</u>	<u>2,184,131.18</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	1,792,415.11	
Appropriation Reserves	D-11	150,700.74	
Accrued Interest on Bonds	D-13	90,399.76	
Improvement Authorizations	D-19		809,648.76
Interfund - Water Operating Fund	D-23		<u>5,273.99</u>
		<u>2,033,515.61</u>	<u>814,922.75</u>
Balance - December 31, 2017	D	<u><u>460,223.19</u></u>	<u><u>1,369,208.43</u></u>

Borough of Allendale, N.J.

Schedule of Water Utility Collector Cash

Water Utility Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Increased by Receipts:		
Consumer Accounts Receivable	D-8	<u>1,926,312.50</u>
Decreased by Disbursements:		
Payment to Treasurer	D-5	<u>1,926,312.50</u>

Schedule of Water Utility Capital Cash

Water Utility Fund

Year Ended December 31, 2017

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Fund Balance	D-2	17,644.79
Capital Improvement Fund	D-20	3.13
Reserve for Capital Infrastructure	D-24	502,088.92
<u>Improvement Authorizations</u>		
<u>Ordinance</u>		
<u>Number</u>		
09-10 Various Public Improvements:		40,299.84
10-05 Various Public Improvements:		6,206.44
12-06 Various Public Improvements:		23,382.92
14-06 Various Public Improvements:		67,006.01
15-05 Various Public Improvements:		261,093.39
16-05 Various Public Improvements:		296,466.41
17-13 Various Public Improvements:		<u>155,016.58</u>
	D	<u>1,369,208.43</u>

Exhibit D-8

Borough of Allendale, N.J.

Schedule of Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Water Rents	23,291.67	2,021,547.45	1,642,087.65	402,751.47
Facilities Charge		235,690.15	235,690.15	
Installations		48,534.70	48,534.70	
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>23,291.67</u>	<u>2,305,772.30</u>	<u>1,926,312.50</u>	<u>402,751.47</u>
	D		D-3/D-6	D

Borough of Allendale, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2017

<u>Description</u>	Balance	<u>Additions</u>	Balance
	<u>Dec. 31, 2016</u>	<u>Ordinances</u>	<u>Dec. 31, 2017</u>
Springs and Wells	312,272.22		312,272.22
Pumping Station Land	8,341.13		8,341.13
Pumping Station Equipment	35,451.13		35,451.13
Electric Power Pumping Equipment	48,447.71		48,447.71
Chemical Treatment Plant	9,070.29	30,950.14	40,020.43
Storage Reservoir Land	14,794.59		14,794.59
Storage Reservoirs and Tanks	533,000.08		533,000.08
Distribution Mains and Accessories	511,887.56		511,887.56
Meters and Meter Boxes	134,791.88		134,791.88
Fire Hydrants	152,180.59		152,180.59
Structure and Improvements	352,859.31		352,859.31
Office Furniture and Fixtures	6,892.69		6,892.69
Transportation Equipment	176,702.90		176,702.90
General Equipment	580,166.35		580,166.35
Water Study	38,911.53		38,911.53
Construction of Water System Improvements	69,753.44		69,753.44
Reconstruction of Water Storage Tank	300,000.00		300,000.00
Repairs to Well #11	10,472.00		10,472.00
Lowry Air Stripper - Well #15	10,758.36		10,758.36
Repairs to Well # 15	57,959.25		57,959.25
Well #17 Transmitter	3,390.00		3,390.00
Office Equipment	1,096.50		1,096.50
Study of Mahaw Interconnection	14,000.00		14,000.00
Dehumidifiers for Wells	518.00		518.00
New Street Wells	852.74		852.74
Repairs to Well #4	5,710.58		5,710.58
Improvement of Wells #2 and #4	36,817.20		36,817.20
Communication Equipment	51,148.48		51,148.48
Construction of Water Main	463,780.12		463,780.12
Remediation of Wells #2, #4 and #15	993,153.00		993,153.00
Various Improvements	2,280,241.09		2,280,241.09
Computer Mapping	4,930.00		4,930.00
Water Line Improvements	246,631.72		246,631.72
Pump at Fairhaven Water Tank		168,000.00	168,000.00
	<u>7,466,982.44</u>	<u>198,950.14</u>	<u>7,665,932.58</u>
	D	D-10	D

Borough of Allendale, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Operating Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance, Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Costs to Fixed Capital</u>	<u>Balance, Dec. 31, 2017</u>
09-10	Various Public Improvements	03/26/09	581,550.00	567,351.71	(31,000.00)		536,351.71
	Acquisition of Equipment						
10-05	Various Public Improvements	02/11/10	33,800.00	33,800.00			33,800.00
	Acquisition of Equipment						
	Acquisition of Equipment		9,200.00	9,200.00			9,200.00
11-02	Various Public Improvements	03/10/11	168,000.00	168,000.00		168,000.00	
	Pump at Fairhaven Water Tank						
12-06	Various Public Improvements	03/22/12	106,000.00	106,000.00	(75,049.86)	30,950.14	
	Upgrade New Street Treatment Plant						
	Acquisition of Equipment		44,000.00	44,000.00			44,000.00
14-06	Various Improvements	04/24/14	714,000.00	714,000.00	(48,993.95)		665,006.05
	Ramsey Tank & New Street Treatment Plant						
	Various Improvements		71,000.00	71,000.00			71,000.00
15-05	Various Improvements	03/12/15	50,000.00	50,000.00			50,000.00
	Acquisition of Equipment						
	Various Improvements		105,000.00	105,000.00			105,000.00
	Various Improvements		324,000.00	324,000.00			324,000.00
16-05	Various Improvements	03/10/16	330,000.00	330,000.00			330,000.00
	Various Improvements		20,000.00	20,000.00			20,000.00
	Replacement of Hydrants						
17-13	Improvements to Water Mains	09/28/17	155,043.81		155,043.81		155,043.81
				<u>2,542,351.71</u>		<u>198,950.14</u>	<u>2,343,401.57</u>
				D	D-19	D-9	D

Borough of Allendale, N.J.

Schedule of 2016 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Balance, Dec. 31, 2016</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	3,574.12	5,223.16	2,751.31	2,471.85
Other Expenses	83,168.76	93,908.57	12,144.26	81,764.31
Purchase of Water	112,451.01	148,911.49	135,790.23	13,121.26
Capital Infrastructure	33,500.00	33,500.00		33,500.00
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>738.37</u>	<u>738.37</u>	<u>14.94</u>	<u>723.43</u>
	<u>233,432.26</u>	<u>282,281.59</u>	<u>150,700.74</u>	<u>131,580.85</u>
	D		D-5	D-1
	<u>Ref.</u>			
Appropriation Reserves	above	233,432.26		
Transfer from Reserve for Encumbrances	D-12	<u>48,849.33</u>		
		<u>282,281.59</u>		

Schedule of Encumbrances Payable

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	48,849.33
Increased by:		
Transfer from Water Appropriations	D-4	<u>18,067.75</u>
		66,917.08
Decreased by:		
Transferred to Appropriation Reserves	D-11	<u>48,849.33</u>
Balance - December 31, 2017	D	<u>18,067.75</u>

Exhibit D-13

Borough of Allendale, N.J.

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	32,948.76
Increased by:		
Budget Appropriation for Interest on Bonds	D-4	<u>87,178.00</u>
		120,126.76
Decreased by:		
Interest Paid	D-5	<u>90,399.76</u>
Balance - December 31, 2017	D	<u><u>29,727.00</u></u>

Exhibit D-14

Schedule of Accrued Interest on Notes

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	<u><u>2,256.42</u></u>
<hr/>		
Balance - December 31, 2017	D	<u><u>2,256.42</u></u>

Exhibit D-15

Borough of Allendale, N.J.

Schedule of Due from Water Capital Fund

Water Utility Operating Fund

Year Ended December 31, 2017

Balance - December 31, 2016	<u>Ref.</u> D	5,273.99
Decreased by:		
Cash Receipts	D-5	<u>5,273.99</u>
Balance - December 31, 2017	D	<u><u> </u></u>

Exhibit D-16

Borough of Allendale, N.J.

Schedule of Various Liabilities and Reserves

Water Utility Operating Fund

Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Reserve for:		
Meter Deposits	15,325.00	15,325.00
Valve Replacement	512.75	512.75
	<hr/>	<hr/>
	<u>15,837.75</u>	<u>15,837.75</u>
	D	D

Borough of Allendale, N.J.

Schedule of Water Capital Bond Anticipation Notes

Water Utility Capital Fund

Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance, Dec. 31, 2017</u>
16-05	Various Improvements	09/26/17	09/26/17	09/26/18	2.25%	350,000.00	350,000.00
						<u>350,000.00</u>	<u>350,000.00</u>
						D-5	D

Borough of Allendale, N.J.

Schedule of Water Serial Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2016	Paid	Balance, Dec. 31, 2017
			Date	Amount				
Water Bonds of 2010	02/15/10	946,000.00	2/15/18-22	10,000.00				
			02/15/23	125,000.00				
			02/15/24	225,000.00				
			02/15/25	250,000.00				
			02/15/26	231,000.00	3% to 3.6%	891,000.00	10,000.00	881,000.00
Refunding Bonds of 2012		2,620,000.00	07/15/18	295,000.00				
			07/15/19	275,000.00				
			07/15/20	240,000.00				
			07/15/21	235,000.00				
			07/15/22	180,000.00				
			07/15/23	120,000.00	2% to 4%	1,675,000.00	330,000.00	1,345,000.00
Water Bonds of 2015	05/01/15	1,075,000.00	05/01/18-29	80,000.00				
			05/01/30	25,000.00	1% to 3%	1,035,000.00	50,000.00	985,000.00
						<u>3,601,000.00</u>	<u>390,000.00</u>	<u>3,211,000.00</u>
						D	D-21	D

Borough of Allendale, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2016		Reappropriate	Paid or Charged	Balance Dec. 31, 2017	
				Funded	Unfunded			Funded	Unfunded
09-10	Various Public Improvements Acquisition of Equipment	03/26/09	581,550.00	79,228.84		(31,000.00)	7,929.00	40,299.84	
10-05	Various Public Improvements Acquisition of Equipment	02/11/10	33,800.00	18,447.79			14,671.35	3,776.44	
	Acquisition of Equipment		9,200.00	2,430.00				2,430.00	
11-02	Various Public Improvements Pump at Fairhaven Water Tank	03/10/11	168,000.00	102,541.32			102,541.32		
12-06	Various Public Improvements Upgrade New St. Treatment Plant	03/22/12	106,000.00	75,049.86		(75,049.86)			
	Acquisition of Equipment		44,000.00	23,382.92				23,382.92	
14-06	Various Public Improvements Ramsey Tank & New Street Treatment Plant	04/24/14	714,000.00	657,531.02		(48,993.95)	554,206.06	54,331.01	
	Various Improvements		71,000.00	12,675.00				12,675.00	
15-05	Various Public Improvements Acquisition of Equipment	03/12/15	50,000.00	22,607.00				22,607.00	
	Various Improvements		105,000.00	102,388.62			45,334.98	57,053.64	
	Various Improvements		324,000.00	250,583.88			69,151.13	181,432.75	2,550.00
16-05	Various Improvements	03/10/16	330,000.00	299,185.60			15,787.69		283,397.91
	Various Improvements		20,000.00	13,068.50					13,068.50
17-13	Replacement of Hydrants Improvements of Water Mains		155,043.81			155,043.81	27.23	155,016.58	
				<u>1,346,866.25</u>	<u>314,804.10</u>	<u>D-10</u>	<u>809,648.76</u>	<u>553,005.18</u>	<u>299,016.41</u>
				D	D	D-5	D	D	D

Exhibit D-20

Borough of Allendale, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	<u>3.13</u>
Balance - December 31, 2017	D	<u>3.13</u>

Exhibit D-21

Borough of Allendale, N.J.

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	5,438,684.15
Increased by:		
Transfer from Deferred Reserve for Amortization	D-22	86,000.00
Serial Bonds Payable	D-18	<u>390,000.00</u>
		<u>476,000.00</u>
Balance - December 31, 2017	D	<u>5,914,684.15</u>

Borough of Allendale, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31, 2016	Fixed Capital Authorized	To Reserve for Amortization	
					Fixed Capital	Balance, Dec. 31, 2017
10-05	Various Public Improvements Acquisition of Equipment	02/11/10	1,650.00		1,650.00	
	Acquisition of Equipment		450.00		450.00	
11-02	Various Public Improvements Pump at Fairhaven Water Tank	03/10/11	86,000.00			86,000.00
12-06	Various Public Improvements Upgrade New St. Treatment Plant	03/22/12	63,000.00	(63,000.00)		
	Acquisition of Equipment		44,000.00			44,000.00
14-06	Various Public Improvements Ramsey Tank & New Street Treatment Plant	04/24/14	252,000.00			252,000.00
	Various Improvements		71,000.00			71,000.00
15-05	Various Public Improvements Acquisition of Equipment	03/12/15	50,000.00			50,000.00
	Various Improvements		49,000.00			49,000.00
17-13	Improvements to Water Mains			63,000.00		63,000.00
			<u>617,100.00</u>		<u>86,000.00</u>	<u>531,100.00</u>
			D		D-21	D

Borough of Allendale, N.J.

Schedule of Interfunds

Water Capital Fund

Year Ended December 31, 2017

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31,2016</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31,2017</u>
Water Operating Fund	D	(5,273.99)	5,273.99	
		<u>(5,273.99)</u>	<u>5,273.99</u>	
Disbursed	D-5		<u>5,273.99</u>	
			<u>5,273.99</u>	

Borough of Allendale, N.J.

Schedule of Reserve for Capital Infrastructure

Water Utility Capital Fund

Year Ended December 31, 2017

	<u>Ref.</u>	
Balance - December 31, 2016	D	289,763.92
Increased by:		
Cash Receipts	D-5	<u>212,325.00</u>
Balance - December 31, 2017	D	<u><u>502,088.92</u></u>

Borough of Allendale, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance, Dec. 31, 2016	Decreased	Balance, Dec. 31, 2017
15-05	Various Public Improvements	2,550.00		2,550.00
16-05	Various Public Improvements	350,000.00	350,000.00	
		<u>352,550.00</u>	<u>350,000.00</u>	<u>2,550.00</u>

Footnote D

Exhibit E-1

Borough of Allendale, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2017

	<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, 2016	E	<u>3,109.95</u>	<u>3,109.95</u>	<u> </u>
Balance - December 31, 2017	E	<u>3,109.95</u>	<u>3,109.95</u>	<u> </u>

Borough of Allendale, N.J.

Schedule of Public Assistance Cash and Reconciliation

Per N.J.S. 40A:5-5

Year Ended December 31, 2017

	<u>Ref.</u>		
Balance - December 31, 2017	E-1		<u>3,109.95</u>
Balance - March 29, 2018			<u>3,109.95</u>
<u>Reconciliation - March 29, 2018</u>	<u>P.A.T.F.</u> <u>Account #1</u>	<u>P.A.T.F.</u> <u>Account #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: Bank of America	3,109.95		3,109.95
Less: Outstanding Checks	<u> </u>	<u> </u>	<u>0.00</u>
Balance - March 29, 2018	<u>3,109.95</u>	<u>0.00</u>	<u>3,109.95</u>

Exhibit E-3

Borough of Allendale, N.J.

Schedule of Public Assistance

Cash and Reconciliation

Year Ended December 31, 2017

Balance - December 31, 2016			<u>3,109.95</u>
Balance - December 31, 2017			<u>3,109.95</u>
<u>Reconciliation - December 31, 2017</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: Bank of America	3,109.95		3,109.95
Less: Outstanding Checks	_____	_____	_____
Balance, December 31, 2017	<u>3,109.95</u>	<u>_____</u>	<u>3,109.95</u>

Exhibit E-4

Borough of Allendale, N.J.

Schedule of Public Assistance Revenues

Year Ended December 31, 2017

N/A

Exhibit E-5

Schedule of Public Assistance Expenditures

Year Ended December 31, 2017

N/A

BOROUGH OF ALLENDALE

PART II

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Borough Council
Borough of Allendale
County of Bergen, New Jersey

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 Allendale in the County of Bergen as of and for the year ended December 31, 2017 and the related notes to the financial statements, and have issued our report thereon dated April 20, 2018, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

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

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

Honorable Mayor and
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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 Allendale in the accompany comments and recommendations section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Allendale'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 Allendale 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 Allendale's 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 Allendale's 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



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Certified Public Accountants
Pompton Lakes, New Jersey

April 20, 2018

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

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

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

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations." The Borough increased the bid threshold to \$36,000.00 and \$40,000.00, respectively, as allowed by law for having a qualified purchasing agent.

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

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

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

West Allendale Avenue and West Maple Avenue Improvements

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

GENERAL COMMENTS, (continued)

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, Assessments and Water Charges

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

The governing body on January 5, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments and water charges:

RESOLVED, that interest will be charged at the rate of eight percent (8%) per annum on the first \$1,500.00 of all delinquent taxes, assessments and Borough charges and eighteen percent (18%) of any amounts over \$1,500.00 delinquency, except that no interest will be charged on taxes for the current quarter if the said taxes are paid within the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED that the interest rates shall revert to the percentages as aforesaid from the first day of any current quarter unless taxes for the same quarter are paid during the first ten days of such quarter.

BE IT FURTHER RESOLVED that a certified copy of this resolution be transmitted to the Collector of Taxes forthwith.

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 December 5, 2017 and was complete.

GENERAL COMMENTS, (continued)

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

<u>Year</u>	<u>Number of Liens</u>
2017	4
2016	5
2015	4

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. In addition, we used analytical review procedures to satisfy the validity of the receivables.

The results of the test, which was made as of December 31, 2017, are not yet known, but a separate report will be rendered if any irregularities were developed.

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

School Taxes Payable

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

Revenue

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

Fees charged for building permits were not always in agreement with the Borough's fee schedule.

Expenditures

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

RECOMMENDATIONS

1. That all fees charged for building permits be in agreement with the Borough's fee schedule.


STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all items, except those marked with an "*".


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

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

Very truly yours,



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
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