

REPORT OF AUDIT
BOROUGH OF ALLENDALE
COUNTY OF BERGEN
DECEMBER 31, 2018

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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, 2018

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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, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Modified Opinion on Financial Statements

The Borough's notes to the financial statements present its proportionate share of the net OPEB liability and other items and disclosures required by Governmental Auditing Standards Board Statement Number 75 based on the State of New Jersey State Health Benefits Plan Schedule of Employer and Non-Employer Allocations and Schedule of OPEB Accounts by Employer and Non-Employer for the fiscal year ended June 30, 2017. GASB Statement No. 75 requires that the net OPEB liability be measured as of a date no earlier than the end of the employer's prior fiscal year. The information that is disclosed in the notes to the financial statements is more than 12 months prior to the Borough's year end and, therefore, does not meet the requirements of GASB Statement No. 75.

Modified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Modified Opinion on Financial Statements” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions were modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of 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 Honorable Mayor and
Members of the Borough Council
Page 4.

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 May 8, 2019 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.

James Cerullo

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

Ferraioli, Wielkatz, Cerullo & Cova, P.A.

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

May 8, 2019

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	4,713,116.72	9,738,787.45
Change Fund	A-5	400.00	400.00
		4,713,516.72	9,739,187.45
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	260,276.13	363,895.61
Property Acquired for Taxes - Assessed Valuation	A-9	4,900.00	4,900.00
Tax Title Liens	A-10	80,072.36	77,348.11
Revenue Accounts Receivable	A-11	22,112.19	139,361.69
Interfund Receivables:			
Other Trust Fund	A-12	9.59	
Animal Control Trust Fund	A-12	3,244.66	
		370,614.93	585,505.41
		5,084,131.65	10,324,692.86
Federal and State Grant Fund:			
Cash	A-4	107,335.48	129,675.23
Grants Receivable	A-21	15,350.00	15,350.00
Interfund - Current Fund	A-24		21,212.86
		122,685.48	166,238.09
		5,206,817.13	10,490,930.95

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>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13	754,056.77	820,909.10
Due to State of New Jersey: Ch. 73, P.L.			
Senior Citizens and Veterans Deduction	A-7	3,624.51	3,374.51
Interfunds Payable:			
Federal and State Grant Fund	A-12		21,212.86
Other Trust Fund	A-12		39,974.02
General Capital Fund	A-12		520,033.16
Encumbrances Payable	A-14	192,732.30	190,840.07
Accounts Payable	A-15		15,000.00
Prepaid Taxes	A-16	355,258.13	4,571,228.61
Tax Overpayments	A-20	98,396.18	66,147.46
Prepaid Revenue	A-20	8,137.48	
Due to State of New Jersey - DCA	A-20	9,730.00	4,966.00
Due to State of New Jersey - Marriage	A-20		50.00
Due to State of New Jersey - Sales Tax	A-20	199.57	169.92
Reserve for Tax Appeals	A-20	126,970.22	372,882.09
Reserve for Revaluation	A-20	13,530.00	13,530.00
		<u>1,562,635.16</u>	<u>6,640,317.80</u>
Reserve for Receivables	Contra	370,614.93	585,505.41
Fund Balance	A-1	<u>3,150,881.56</u>	<u>3,098,869.65</u>
		<u>5,084,131.65</u>	<u>10,324,692.86</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	109,888.06	136,364.40
Unappropriated Reserves for Grants	A-23	12,797.42	22,915.84
Interfund - Other Trust	A-24		6,957.85
		<u>122,685.48</u>	<u>166,238.09</u>
		<u>5,206,817.13</u>	<u>10,490,930.95</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>2018</u>	<u>2017</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	1,450,000.00	1,000,000.00
Miscellaneous Revenue Anticipated	A-2	3,238,151.16	3,198,535.83
Receipts from Delinquent Taxes	A-2	363,877.56	429,801.82
Receipts from Current Taxes	A-2	38,695,295.38	38,170,909.97
Non-Budget Revenue	A-2	233,077.55	152,114.12
Other Credits to Income:			
Statutory Excess in Animal Control Trust	A-12	3,244.66	
Unexpended Balance of Appropriation Reserves	A-13	571,070.70	661,802.34
Canceled Accounts Payable			3,349.89
Tax Overpayments Canceled	A-20	19.30	9.21
		<u>44,554,736.31</u>	<u>43,616,523.18</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,101,873.00	4,016,844.00
Other Expenses	A-3	6,343,406.84	6,105,512.25
Capital Improvement Fund	A-3	153,500.00	825,000.00
Municipal Debt Service	A-3	2,296,479.98	1,443,996.25
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	958,911.16	868,747.50
Refund of Prior Year's Revenue	A-4	173.25	1,350.00
Interfund Advances	A-12	3,254.25	
Municipal Open Space Tax	A-12	84,803.12	84,379.92
Local District School Tax	A-17	15,637,578.00	15,448,865.00
Regional High School Tax	A-18	9,117,025.00	8,939,972.00
County Taxes including Added Taxes	A-19	4,355,719.80	4,433,077.52
		<u>43,052,724.40</u>	<u>42,167,744.44</u>
Total Expenditures			

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Excess (Deficit) Revenue Over Expenditures		1,502,011.91	1,448,778.74
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		1,502,011.91	1,448,778.74
Fund Balance, January 1,	A	3,098,869.65	2,650,090.91
		4,600,881.56	4,098,869.65
Decreased by:			
Fund Balance Utilized as Budget Revenue		1,450,000.00	1,000,000.00
Fund Balance, December 31,	A	3,150,881.56	3,098,869.65

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, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	1,450,000.00	1,450,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	15,000.00	15,250.00	250.00
Fees and Permits	A-2	57,000.00	66,910.15	9,910.15
Fines and Costs:				
Municipal Court	A-11	35,000.00	44,785.47	9,785.47
Interest and Costs on Taxes	A-4	90,000.00	71,649.04	(18,350.96)
Interest on Investments and Deposits	A-11	70,000.00	163,558.44	93,558.44
Dues & Fees - Crestwood Lake	A-11	310,000.00	288,075.00	(21,925.00)
Ramsey Sewer Charges	A-11	159,000.00	159,701.42	701.42
Allendale Elementary School Contribution to Sewer Use	A-11	20,426.00	20,426.00	
Northern Highlands Reg. H.S. Contribution to Sewer Use	A-11	33,789.00	33,789.00	
Saddle River Sewer Payment	A-11	65,000.00	57,021.34	(7,978.66)
Garbage Collection	A-11	1,900.00	1,524.00	(376.00)
Energy Receipts Tax	A-11	1,068,869.00	1,068,869.00	
Uniform Construction Code Fees	A-11	240,000.00	408,983.00	168,983.00
Public and Private Revenues:				
Clean Communities Program	A-21	13,376.61	13,376.61	
Recycling Tonnage Grant	A-21	7,834.05	7,834.05	
Body Armor Replacement Fund	A-21	1,705.18	1,705.18	
Other Special Items:				
Municipal Open Space share of Deferred Ch. Unfunded	A-11	20,000.00	20,000.00	
Reserve for Debt Service	A-11	542,790.00	542,790.00	
Cable T.V.	A-11	100,000.00	110,514.70	10,514.70
Engineering Fees	A-11	32,000.00	13,350.25	(18,649.75)
Cellular Tower Lease	A-11	100,000.00	116,327.38	16,327.38
Uniform Fire Safety Act	A-11	11,000.00	11,711.13	711.13
Total Miscellaneous Revenues	A-1	2,994,689.84	3,238,151.16	243,461.32
Receipts from Delinquent Taxes	A-1/A-2	200,000.00	363,877.56	163,877.56
Subtotal General Revenues		4,644,689.84	5,052,028.72	407,338.88
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	9,636,377.16	9,925,169.46	288,792.30
Budget Totals		14,281,067.00	14,977,198.18	696,131.18
Non-Budget Revenue	A-1/A-2		233,077.55	233,077.55
		14,281,067.00	15,210,275.73	929,208.73
	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, 2018

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	38,695,295.38
Allocated to School and County Taxes	A-8	<u>29,195,125.92</u>
Balance for Support of Municipal Budget Appropriations		9,500,169.46
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>425,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>9,925,169.46</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	<u>363,877.56</u>
	A-2	<u>363,877.56</u>
Fees and Permits - Other:		
Clerk	A-11	11,070.00
Parking	A-11	37,650.99
Planning Board	A-11	600.00
Board of Adjustment	A-11	5,750.00
Board of Health	A-11	<u>11,839.16</u>
	A-2	<u>66,910.15</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Sewer Connections		2,100.00
Senior Citizens Ground Lease		13,480.17
Police Administration Fees		12,176.99
Rental Income		35,903.99
Public Assistance Close Out		3,109.95
Senior Citizens & Vets Admin Fee		650.00
PILOT Payment		20,900.00
Police Department Fees		1,387.51
Duplicate Tax Bills		121.00
DMV Inspections		350.00
Address Lists		250.00
Raffles		740.00
Sale of Assets		50.00
Insurance Dividend		11,488.97
Miscellaneous Refunds & Reimbursements		45,062.92
FEMA		80,076.05
Alarm Registration		<u>5,230.00</u>
	A-2, A-4	<u>233,077.55</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, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
Administrative and Executive						
Salaries and Wages		48,270.00	48,270.00	37,360.34	10,909.66	
Other Expenses		90,000.00	90,000.00	56,319.64	33,680.36	
Mayor and Council						
Other Expenses		8,000.00	8,000.00	4,032.24	3,967.76	
Borough Clerk						
Salaries and Wages		130,438.00	130,438.00	129,260.98	1,177.02	
Other Expenses		28,950.00	28,950.00	21,730.77	7,219.23	
Financial Administration						
Salaries and Wages		143,285.00	143,285.00	140,173.10	3,111.90	
Other Expenses		29,750.00	29,750.00	23,303.29	6,446.71	
Annual Audit		33,500.00	33,500.00	17,323.75	16,176.25	
Collection of Taxes						
Salaries and Wages		62,670.00	62,670.00	62,458.81	211.19	
Other Expenses		10,500.00	10,500.00	9,989.79	510.21	
Assessment of Taxes						
Salaries and Wages		46,282.00	46,282.00	46,281.01	0.99	
Other Expenses		24,400.00	24,400.00	9,697.23	14,702.77	
Legal Services and Costs						
Other Expenses		150,000.00	150,000.00	103,256.58	46,743.42	
Engineering Services and Costs						
Salaries and Wages		35,180.00	8,680.00	6,926.78	1,753.22	
Other Expenses		98,000.00	98,000.00	65,845.41	32,154.59	
Planning Board						
Salaries and Wages		26,126.00	26,326.00	26,287.65	38.35	
Other Expenses		32,800.00	32,600.00	24,138.98	8,461.02	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Insurance:						
Other Insurance - Premiums		184,150.00	184,150.00	142,774.87	41,375.13	
Workers' Compensation Insurance		156,000.00	141,000.00	92,008.20	48,991.80	
Employee Group Insurance		916,606.00	951,606.00	940,375.59	11,230.41	
Health Benefit Waiver		15,000.00	15,000.00	14,395.65	604.35	
Unemployment Insurance		20,000.00	20,000.00	20,000.00		
Public Safety:						
Police						
Salaries and Wages		2,308,997.00	2,348,997.00	2,316,724.20	32,272.80	
Other Expenses		193,594.00	193,594.00	190,981.74	2,612.26	
Emergency Management Services						
Salaries and Wages		3,645.00	3,645.00	3,641.00	4.00	
Other Expenses		3,700.00	3,700.00	101.00	3,599.00	
First Aid Squad Contribution		33,000.00	33,000.00	33,000.00		
Fire						
Other Expenses		100,500.00	105,500.00	102,805.93	2,694.07	
Fire Certification						
Other Expenses		500.00	500.00	500.00		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Fire Official						
Salaries and Wages		13,725.00	13,725.00	5,061.43	8,663.57	
Other Expenses		2,800.00	2,800.00	2,783.75	16.25	
Municipal Prosecutor						
Salaries and Wages		5,420.00	5,420.00	5,417.91	2.09	
Municipal Court						
Salaries and Wages		14,190.00	14,190.00	14,188.99	1.01	
Other Expenses		6,500.00	6,500.00	4,817.37	1,682.63	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Public Defender						
Other Expenses		2,000.00	2,000.00	779.00	1,221.00	
Public Works:						
Road Repairs and Maintenance						
Salaries and Wages		893,298.00	888,298.00	822,629.29	65,668.71	
Other Expenses		132,000.00	132,000.00	131,223.49	776.51	
Snow Removal						
Other Expenses		132,500.00	132,500.00	101,894.99	30,605.01	
Shade Tree Commission						
Other Expenses		41,000.00	41,000.00	34,059.13	6,940.87	
Sewer System						
Other Expenses		24,500.00	24,500.00	7,784.16	16,715.84	
Garbage and Trash Removal						
Other Expenses		445,000.00	445,000.00	444,690.62	309.38	
Recycling						
Other Expenses		148,000.00	148,000.00	142,380.00	5,620.00	
Public Buildings and Grounds						
Other Expenses		124,500.00	124,500.00	103,324.34	21,175.66	
Health and Welfare:						
Board of Health						
Salaries and Wages		49,000.00	49,000.00	48,999.08	0.92	
Other Expenses		28,481.00	28,481.00	28,039.30	441.70	
Senior Citizens						
Other Expenses		5,000.00	5,000.00	4,642.80	357.20	
Animal Control						
Other Expenses		10,800.00	10,800.00	9,005.00	1,795.00	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Aid to Health Care Facilities (N.J.S.A. 44:5-2)						
Other Expenses		6,000.00	6,000.00	6,000.00		
Municipal Alliance						
Other Expenses		7,000.00	7,000.00	1,553.48	5,446.52	
Parks and Recreation						
Parks and Playgrounds						
Other Expenses		49,500.00	49,500.00	40,404.45	9,095.55	
Crestwood Lake Public Swimming and Recreation Facility						
Salaries and Wages		145,656.00	128,656.00	128,634.54	21.46	
Other Expenses		104,200.00	99,200.00	98,566.26	633.74	
Code Enforcement and Administration:						
Construction Code Official						
Salaries and Wages - Construction Official		95,842.00	106,342.00	105,769.15	572.85	
Other Expenses		10,600.00	10,600.00	10,041.78	558.22	
Plumbing Inspector						
Salaries and Wages		11,589.00	11,589.00	11,366.04	222.96	
Electrical Inspector						
Salaries and Wages		13,367.00	14,067.00	13,880.14	186.86	
Fire Subcode Official						
Salaries and Wages		11,589.00	11,589.00	11,587.94	1.06	
Zoning Officer/Property Maint.						
Salaries and Wages		21,104.00	23,404.00	23,102.56	301.44	
Other Expenses		3,000.00	3,000.00	1,960.41	1,039.59	
Unclassified:						
Salary and Wage Adjustment		60,000.00	17,000.00		17,000.00	
Radio Equipment Maintenance - All Departments		7,000.00	7,000.00	5,940.00	1,060.00	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Gasoline		100,000.00	100,000.00	59,150.70	40,849.30	
Utilities		347,000.00	365,000.00	262,465.05	102,534.95	
Contingent		25,000.00	25,000.00		25,000.00	
Total Operations within "CAPS"		<u>8,031,004.00</u>	<u>8,031,004.00</u>	<u>7,333,837.68</u>	<u>697,166.32</u>	
Detail:						
Salaries and Wages	A-1	4,139,673.00	4,101,873.00	3,959,750.94	142,122.06	
Other Expenses	A-1	3,891,331.00	3,929,131.00	3,374,086.74	555,044.26	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		175,000.00	175,000.00	174,702.40	297.60	
Police and Firemen's Retirement System		432,571.00	432,571.00	432,571.00		
Social Security System (O.A.S.I.)		316,000.16	316,000.16	275,730.14	40,270.02	
Long Term Disability Assessment		3,700.00	3,700.00	3,694.70	5.30	
Defined Contribution Retirement Plan		10,000.00	10,000.00	7,275.82	2,724.18	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>937,271.16</u>	<u>937,271.16</u>	<u>893,974.06</u>	<u>43,297.10</u>	
Total General Appropriations for Municipal Purposes within "CAPS"		<u>8,968,275.16</u>	<u>8,968,275.16</u>	<u>8,227,811.74</u>	<u>740,463.42</u>	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<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)		586,893.00	586,893.00	586,893.00		
Other Expense		100,000.00	100,000.00	100,000.00		
Reserve for Tax Appeals						
Northwest Bergen County Sewerage Authority Share of Costs		1,660,467.00	1,660,467.00	1,660,467.00		
Share of Costs						
Borough of Waldwick - Well-Baby		1,000.00	1,000.00	125.00	875.00	
Other Expenses						
Borough of Hohokus - Municipal Court		43,000.00	43,000.00	30,835.27	12,164.73	
Other Expenses						
Public and Private Programs Offset by Revenues						
Clean Communities Program		13,376.61	13,376.61	13,376.61		
Recycling Tonnage Grant		7,834.05	7,834.05	7,834.05		
Body Armor Replacement Fund		1,705.18	1,705.18	1,705.18		
Total Operations - Excluded from "CAPS"		<u>2,414,275.84</u>	<u>2,414,275.84</u>	<u>2,401,236.11</u>	<u>13,039.73</u>	
Detail:						
Other Expenses	A-1	2,414,275.84	2,414,275.84	2,401,236.11	13,039.73	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Capital Improvements:						
Capital Improvement Fund		44,235.00	44,235.00	42,700.00		1,535.00
Police Equipment		7,800.00	7,800.00	7,246.38	553.62	
Reserve for Fire Truck		103,000.00	103,000.00	103,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	155,035.00	155,035.00	152,946.38	553.62	1,535.00
Municipal Debt Service:						
Payment of Bond Principal		1,275,000.00	1,275,000.00	1,275,000.00		
Payment of Bond Anticipation Notes		542,790.00	542,790.00	542,790.00		
Interest on Bonds		179,928.00	179,928.00	179,927.50		0.50
Interest on Notes		298,763.00	298,763.00	298,762.48		0.52
Total Municipal Debt Service-Excluded from "CAPS"	A-1	2,296,481.00	2,296,481.00	2,296,479.98		1.02
Deferred Charges:						
Deferred Charges to Future Taxation Unfunded:						
Ord. 07-13 & 15-04		22,000.00	22,000.00	21,640.00		360.00
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	22,000.00	22,000.00	21,640.00		360.00
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		4,887,791.84	4,887,791.84	4,872,302.47	13,593.35	1,896.02

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<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>
Subtotal General Appropriations		13,856,067.00	13,856,067.00	13,100,114.21	754,056.77	1,896.02
Reserve for Uncollected Taxes		425,000.00	425,000.00	425,000.00		
Total General Appropriations		14,281,067.00	14,281,067.00	13,525,114.21	754,056.77	1,896.02

A-2

Analysis of Paid or Charged

Reserve for Uncollected Taxes	A-2	425,000.00
Cash Disbursed	A-4	12,784,466.07
Encumbrances Payable	A-14	192,732.30
Reserve for Tax Appeals	A-20	100,000.00
Reserve for Federal and State Grants	A-22	22,915.84
		<u>13,525,114.21</u>

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

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Animal Control Trust Fund:			
Cash	B-1	10,864.86	8,579.60
Due from State Department of Health	B-3	0.60	0.60
		10,865.46	8,580.20
Other Trust Funds:			
Cash	B-1	909,823.04	997,151.10
Interfund - Federal and State Grant Fund	B-5		6,957.85
Interfund - Current Fund - Other Trust	B-6		39,974.02
		909,823.04	1,044,082.97
Payroll Fund			
Cash	B-9	53,467.01	51,803.75
		53,467.01	51,803.75
		974,155.51	1,104,466.92

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

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-2	7,620.80	7,266.20
Prepaid Licenses	B-4		1,314.00
Interfund - Current Fund	B-6	<u>3,244.66</u>	
		<u>10,865.46</u>	<u>8,580.20</u>
Other Trust Fund:			
Interfund - Current Fund	B-6	9.59	
Reserve for Open Space	B-7	85,376.02	85,375.57
Various Reserves	B-8	<u>824,437.43</u>	<u>958,707.40</u>
		<u>909,823.04</u>	<u>1,044,082.97</u>
Payroll Fund			
Payroll Deductions Payable	B-9	<u>53,467.01</u>	<u>51,803.75</u>
		<u>53,467.01</u>	<u>51,803.75</u>
		<u>974,155.51</u>	<u>1,104,466.92</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>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	C-2/C-3	1,162,969.73	1,540,408.64
Various Receivables	C-4	422,618.34	362,115.49
Deferred Charges to Future Taxation:			
Funded	C-5	6,985,000.00	8,260,000.00
Unfunded	C-6	16,205,810.00	15,977,240.00
Interfund - Current Fund	C-12	<u>520,033.16</u>	<u>520,033.16</u>
		<u>24,776,398.07</u>	<u>26,659,797.29</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-7	6,985,000.00	8,260,000.00
Bond Anticipation Notes	C-8	15,325,210.00	15,917,000.00
Improvement Authorizations:			
Funded	C-9	421,218.95	431,572.25
Unfunded	C-9	851,462.87	1,021,947.79
Capital Improvement Fund	C-10	3,111.98	3,111.98
Reserve for:			
Municipal Improvements	C-11	43,800.00	45,000.00
Debt Service	C-11	939,621.89	612,827.89
Fire Truck	C-11	222,000.00	222,000.00
Fund Balance	C-1	<u>206,972.38</u>	<u>146,337.38</u>
		<u>24,776,398.07</u>	<u>26,659,797.29</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2018 of \$880,600.00 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>2018</u>	<u>2017</u>
Balance - January 1,	C	146,337.38	428,488.38
Increased by:			
Premium on Sale of			
Bond Anticipation Notes	C-1	<u>60,635.00</u>	<u>92,849.00</u>
		206,972.38	521,337.38
Decreased by:			
Anticipated as Revenue		<u> </u>	<u>375,000.00</u>
Balance - December 31,	C/C-3	<u><u>206,972.38</u></u>	<u><u>146,337.38</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>2018</u>	<u>2017</u>
Operating Fund:			
Cash	D-5	439,124.95	460,223.19
		<u>439,124.95</u>	<u>460,223.19</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-8	333,339.57	402,751.47
		<u>333,339.57</u>	<u>402,751.47</u>
Total Operating Fund		<u>772,464.52</u>	<u>862,974.66</u>
Capital Fund:			
Cash	D-5/D-7	1,221,036.42	1,369,208.43
Fixed Capital	D-9	7,820,976.39	7,665,932.58
Fixed Capital Authorized and Uncompleted	D-10	2,513,357.76	2,343,401.57
Total Capital Fund		<u>11,555,370.57</u>	<u>11,378,542.58</u>
Total Assets		<u><u>12,327,835.09</u></u>	<u><u>12,241,517.24</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>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4/D-11	133,284.99	143,664.14
Encumbrances Payable	D-12	9,463.00	18,067.75
Accrued Interest on Bonds	D-13	29,727.24	29,727.00
Accrued Interest on Notes	D-14	2,256.42	2,256.42
Reserve for:			
Meter Deposits	D-15	15,325.00	15,325.00
Valve Replacement	D-15	512.75	512.75
		<u>190,569.40</u>	<u>209,553.06</u>
Reserve for Receivables	Contra	333,339.57	402,751.47
Fund Balance	D-1	<u>248,555.55</u>	<u>250,670.13</u>
Total Operating Fund		<u>772,464.52</u>	<u>862,974.66</u>
Capital Fund:			
Bond Anticipation Notes	D-16	350,000.00	350,000.00
Water Serial Bonds Payable	D-17	2,826,000.00	3,211,000.00
Improvement Authorizations:			
Funded	D-18	292,148.41	553,005.18
Unfunded	D-18	514,333.17	299,016.41
Capital Improvement Fund	D-19	3.13	3.13
Reserve for Amortization	D-20	6,362,684.15	5,914,684.15
Reserve for Deferred Amortization	D-21	468,100.00	531,100.00
Reserve for Capital Infrastructure	D-22	722,088.92	502,088.92
Fund Balance	D-2	<u>20,012.79</u>	<u>17,644.79</u>
Total Capital Fund		<u>11,555,370.57</u>	<u>11,378,542.58</u>
Total Liabilities, Reserves and Fund Balances		<u>12,327,835.09</u>	<u>12,241,517.24</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, 2018 of \$327,550.00 per Exhibit D-23.

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>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	110,000.00	139,000.00
Rents	D-3	1,640,000.00	1,642,087.65
Miscellaneous	D-3	68,510.41	62,623.35
Additional Rents	D-3	4,427.77	
Facilities Charge	D-3	238,159.62	235,690.15
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	<u>81,787.62</u>	<u>131,580.85</u>
Total Income		<u>2,142,885.42</u>	<u>2,210,982.00</u>
Expenditures:			
Operating	D-4	1,336,975.00	1,349,422.00
Capital Improvements	D-4	220,000.00	212,325.00
Debt Service	D-4	475,725.00	477,178.00
Deferred Charges and Statutory Expenditures	D-4	<u>2,300.00</u>	<u>2,400.00</u>
Total Expenditures		<u>2,035,000.00</u>	<u>2,041,325.00</u>
Excess / (Deficit) in Revenue		107,885.42	169,657.00
Deficit in Revenue			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years			
Statutory Excess to Surplus		107,885.42	169,657.00
Fund Balance - January 1,	D	<u>250,670.13</u>	<u>220,013.13</u>
		358,555.55	389,670.13
Decreased by:			
Utilized as Anticipated Revenue		<u>110,000.00</u>	<u>139,000.00</u>
Fund Balance - December 31,	D	<u><u>248,555.55</u></u>	<u><u>250,670.13</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, 2018

	<u>Ref.</u>	2018	2017
Balance - January 1,	D	17,644.79	14,401.79
Increased by:			
Premium on Sale of Bond Anticipation Notes	D-5	<u>2,368.00</u>	<u>3,243.00</u>
Balance - December 31,	D/D-7	<u><u>20,012.79</u></u>	<u><u>17,644.79</u></u>

Exhibit D-3

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	Excess (<u>Deficit</u>)
Operating Surplus Anticipated	D-1	110,000.00	110,000.00	
Rents	D-1/D-8	1,640,000.00	1,640,000.00	
Facilities Charge	D-1/D-8	220,000.00	238,159.62	18,159.62
Miscellaneous	D-1	50,000.00	68,510.41	18,510.41
Additional Water Rents	D-1/D-9	<u>30,000.00</u>	<u>4,427.77</u>	<u>(25,572.23)</u>
Budget Totals	D-4	<u><u>2,050,000.00</u></u>	<u><u>2,061,097.80</u></u>	<u><u>11,097.80</u></u>
 <u>Analysis Realized Revenues</u>				
Miscellaneous:				
Interest on Investments	D-5		27,352.77	
Installations/Miscellaneous	D-8		<u>41,157.64</u>	
			<u><u>68,510.41</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, 2018

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:						
Salaries and Wages		17,278.00	17,278.00	11,345.87	5,932.13	
Other Expenses		849,697.00	849,697.00	808,795.87	40,901.13	
Purchase of Water		<u>485,000.00</u>	<u>485,000.00</u>	<u>385,136.16</u>	<u>84,863.84</u>	<u>15,000.00</u>
Total Operating	D-1	<u>1,351,975.00</u>	<u>1,351,975.00</u>	<u>1,205,277.90</u>	<u>131,697.10</u>	<u>15,000.00</u>
Capital Improvements:						
Capital Infrastructure		<u>220,000.00</u>	<u>220,000.00</u>	<u>220,000.00</u>		
Total Capital Improvements	D-1	<u>220,000.00</u>	<u>220,000.00</u>	<u>220,000.00</u>		
Debt Service:						
Payment of Bond Principal		385,000.00	385,000.00	385,000.00		
Interest on Bonds		82,850.00	82,850.00	82,850.00		
Interest on Notes		<u>7,875.00</u>	<u>7,875.00</u>	<u>7,875.00</u>		
Total Debt Service	D-1	<u>475,725.00</u>	<u>475,725.00</u>	<u>475,725.00</u>		
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)		<u>2,300.00</u>	<u>2,300.00</u>	<u>712.11</u>	<u>1,587.89</u>	
Total Deferred Charges and Statutory Expenditures	D-1	<u>2,300.00</u>	<u>2,300.00</u>	<u>712.11</u>	<u>1,587.89</u>	
		<u>2,050,000.00</u>	<u>2,050,000.00</u>	<u>1,901,715.01</u>	<u>133,284.99</u>	<u>15,000.00</u>
			D-3		D	D-1
Cash Disbursed	D-5			1,801,527.01		
Encumbrances	D-12			9,463.00		
Interest on Bonds	D-13			82,850.00		
Interest on Notes	D-14			<u>7,875.00</u>		
				<u>1,901,715.01</u>		

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

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Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	<u>0.00</u>	<u>3,109.95</u>
		<u>0.00</u>	<u>3,109.95</u>
<u>Liabilities</u>			
Reserve for Public Assistance		<u>0.00</u>	<u>3,109.95</u>
		<u>0.00</u>	<u>3,109.95</u>

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

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Borough of Allendale, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets:</u>		
Land	26,187,001.96	26,187,001.96
Buildings	19,725,912.52	19,725,912.52
Improvements Other Than Buildings	1,923,178.66	1,863,444.66
Machinery and Equipment	<u>9,538,028.86</u>	<u>9,002,922.55</u>
	<u>57,374,122.00</u>	<u>56,779,281.69</u>
Investment in Fixed Assets	<u>57,374,122.00</u>	<u>56,779,281.69</u>

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

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BOROUGH OF ALLENDALE, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Borough of 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, 2018 AND 2017
(continued)

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

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

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

The Borough has the following funds and account groups:

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

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

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

Animal Control 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.

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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

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

Basis of Accounting

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

Basis of Accounting, (continued)

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund 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	Trust Fund
Public Assistance Fund	Water Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2018, several budget transfers were approved by the governing body.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. 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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

Basis of Accounting, (continued)

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at 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.

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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

Basis of Accounting, (continued)

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 or notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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

Basis of Accounting, (continued)

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, 2018, \$-0- of the Borough's bank balance of \$10,116,118.44 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

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

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, 2018 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$8,260,000.00	\$	\$1,275,000.00	\$6,985,000.00	\$1,320,000.00
Water Utility	<u>3,211,000.00</u>	<u> </u>	<u>385,000.00</u>	<u>2,826,000.00</u>	<u>365,000.00</u>
	<u>\$11,471,000.00</u>	<u>\$0.00</u>	<u>\$1,660,000.00</u>	<u>\$9,811,000.00</u>	<u>\$1,685,000.00</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, 2018 AND 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued</u>			
General Bonds and Notes	\$22,310,210.00	\$24,177,000.00	\$10,700,250.00
Water Utility - Bonds and Notes	<u>3,176,000.00</u>	<u>3,561,000.00</u>	<u>3,601,000.00</u>
Total Issued	25,486,210.00	27,738,000.00	14,301,250.00
Less: Funds Temporarily Held to Pay			
Bonds and Notes:			
Cash on Hand	<u>939,621.89</u>	<u>612,827.89</u>	<u>82,794.73</u>
Net Debt Issued	<u>24,546,588.11</u>	<u>27,125,172.11</u>	<u>14,218,455.27</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	880,600.00	60,240.00	540,240.00
Water Utility - Bonds and Notes	<u>327,550.00</u>	<u>2,550.00</u>	<u>352,550.00</u>
Total Authorized But Not Issued	<u>1,208,150.00</u>	<u>62,790.00</u>	<u>892,790.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$25,754,738.11</u>	<u>\$27,187,962.11</u>	<u>\$15,111,245.27</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 1.266%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$2,692,000.00	\$2,692,000.00	\$0.00
Regional School District Debt	2,735,914.85	2,735,914.85	0.00
Water Utility Debt	3,503,550.00	3,503,550.00	0.00
General Debt	<u>23,190,810.00</u>	<u>939,621.89</u>	<u>22,251,188.11</u>
	<u>\$32,122,274.85</u>	<u>\$9,871,086.74</u>	<u>\$22,251,188.11</u>

Net Debt \$22,251,188.11 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,758,008,695.33 equals 1.266%.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

3 ½% of Equalized Valuation Basis (Municipal)	\$61,530,304.34
Net Debt	<u>22,251,188.11</u>
Remaining Borrowing Power	<u>\$39,279,116.23</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	\$2,061,097.80
Deductions:	
Operating and Maintenance Cost	\$1,339,275.00
Debt Service per Water Account	<u>475,725.00</u>
Total Deductions	<u>1,815,000.00</u>
Excess in Revenue	<u>\$246,097.80</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, 2018 AND 2017
 (continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<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	\$1,015,000.00
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	2,785,000.00
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>3,185,000.00</u>
	<u>6,985,000.00</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	905,000.00
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	1,050,000.00
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>871,000.00</u>
	<u>2,826,000.00</u>
	<u>\$9,811,000.00</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
 (continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

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

Water Capital	<u>\$327,550.00</u>
General Capital	<u>\$880,600.00</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>
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	425,000.00	21,250.00	446,250.00
2024-2025	<u>850,000.00</u>	<u>17,000.00</u>	<u>867,000.00</u>
	<u>\$6,985,000.00</u>	<u>\$457,946.25</u>	<u>\$7,442,946.25</u>

Water Utility			
Calendar	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	325,000.00	42,222.25	367,222.25
2024-2028	1,106,000.00	78,586.88	1,184,586.88
2029-2030	<u>105,000.00</u>	<u>2,325.00</u>	<u>107,325.00</u>
	<u>\$2,826,000.00</u>	<u>\$361,725.63</u>	<u>\$3,187,725.63</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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, 2018, the Borough had \$15,325,210.00 in outstanding general capital bond anticipation notes, \$1,073,000.00 maturing on January 25, 2019 at an interest rate of 2.50%, \$4,285,000.00 maturing on April 26, 2019 at an interest rate of 3.00% and \$1,062,210.00 maturing on September 26, 2019 at an interest rate of 3.00%.

The Borough also had \$350,000.00 in outstanding water capital bond anticipation notes maturing on September 26, 2019 at an interest rate of 3.00%.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies LLC	\$15,145,000.00	\$	\$15,145,000.00	\$0.00
Lakeland Bank	1,122,000.00		1,122,000.00	0.00
Oppenheimer & Co.		6,770,210.00		6,770,210.00
TD Bank		8,905,000.00		8,905,000.00
	<u>\$16,267,000.00</u>	<u>\$15,675,210.00</u>	<u>\$16,267,000.00</u>	<u>\$15,675,210.00</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, 2018.

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, 2018, the Borough had no deferred charges.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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, 2018 AND 2017
(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 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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:

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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>
2018	\$196,234.00	\$432,571.00	\$7,275.82
2017	178,234.00	384,675.00	8,720.32
2016	185,462.00	390,440.00	5,296.29

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
 (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, 2018, the Borough had a liability of \$4,184,576.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was .02125830 percent, which was an increase/(decrease) of .0000702479 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$196,234.00. At December 31, 2018, 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	\$79,800.00	\$21,577.00
Changes of assumptions	689,549.00	1,338,005.00
Net difference between projected and actual earnings on pension plan investments		39,252.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>167,941.00</u>	<u>455,402.00</u>
Total	<u>\$937,290.00</u>	<u>\$1,854,236.00</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$29,043
2020	(40,211)
2021	(288,343)
2022	(249,940)
2023	(80,034)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	.02125830%	.0211825821%

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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 collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Borough's proportionate share of the pension liability	\$5,474,151	\$4,184,576	\$3,281,003

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, 2018 AND 2017
(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, 2018, the Borough had a liability of \$6,910,094.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was .0510661650 percent, which was an increase of .0021891053 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$432,571.00. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$70,301.00	\$28,596.00
Changes of assumptions	593,139.00	1,770,938.00
Net difference between projected and actual earnings on pension plan investments		37,804.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>618,236.00</u>	<u>145,427.00</u>
Total	<u>\$1,281,676.00</u>	<u>\$1,982,765.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$59,428
2020	(200,327)
2021	(560,443)
2022	(359,766)
2023	(112,790)

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
 (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)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Borough's Proportion	.0510661650%	.0488770597%

Actuarial Assumptions

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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)

Mortality Rates

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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, 2018 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Borough's proportionate share of the pension liability	\$5,658,151	\$6,910,094	\$10,504,532

Special Funding Situation - PFRS

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(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)

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$938,622 and \$845,179, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$111,178 and \$103,384, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$55,589 and \$42,263, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employees Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provides they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Total OPEB Liability

The information below is eighteen months prior to December 31, 2018. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

At December 31, 2017 the Borough had a liability of \$11,480,819 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2017 the Borough's proportion was 0.056235 percent.

For the year ended December 31, 2017, the Borough's OPEB expense was \$653,666. At December 31, 2017, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$1,274,273
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	1,967	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u> </u>	<u>923,621</u>
Total	<u>\$1,967</u>	<u>\$2,197,894</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year ended June 30:	
2018	\$(180,513)
2019	(180,513)
2020	(180,513)
2021	(180,513)
2022	(181,005)
Thereafter	<u>(369,249)</u>
Total	<u>\$(1,272,306)</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

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 8.04 years for 2017.

Actual Assumptions and Other Inputs

The total OPEB 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. The total OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65 - 8.98%
Thereafter	2.65 - 9.98%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

100% of active members are considered to participate in the Plan upon retirement.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were 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>2.58%</u>	<u>3.58%</u>	<u>4.58%</u>
Borough's proportionate share of Net OPEB liability	\$13,541,968	\$11,480,819	\$9,845,332

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
 (continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of Net OPEB liability	\$9,540,896	\$11,480,819	\$14,006,823

Special Funding Situation PFRS With State Health Local Government Retired Employees Plan

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

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

At December 31, 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$4,685,871 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$335,349.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
 (continued)

NOTE 9. FUND BALANCES

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

	<u>2019</u>	<u>2018</u>
Current Fund	\$1,475,000.00	\$1,450,000.00
Water Operating Fund	95,000.00	110,000.00

NOTE 10. FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2018:

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$26,187,001.96	\$	\$	\$26,187,001.96
Land Improvements	1,863,444.66	59,734.00		1,923,178.66
Buildings	19,725,912.52			19,725,912.52
Machinery and Equipment	<u>9,002,922.55</u>	<u>880,148.74</u>	<u>345,042.43</u>	<u>9,538,028.86</u>
	<u>\$56,779,281.69</u>	<u>\$939,882.74</u>	<u>\$345,042.43</u>	<u>\$57,374,122.00</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, 2018</u>	Balance <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$355,258.13</u>	<u>\$4,571,228.61</u>
Cash Liability for Taxes Collected in Advance	<u>\$355,258.13</u>	<u>\$4,571,228.61</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 13. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2018 consist of the following:

\$9.59	Due to Current Fund from Other Trust Fund for Current Fund receipts deposited in Other Trust Fund.
<u>3,244.66</u>	Due to Current Fund from Animal Control Trust Fund for statutory excess in Animal Control Trust.
<u>\$3,254.25</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 2018 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 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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

NOTE 15. RISK MANAGEMENT, (continued)

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 May 8, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>2.297</u>	<u>2.288</u>	<u>2.291</u>

Apportionment of Tax Rate:

Municipal	.535	.532	.522
County	.257	.263	.251
Local School	.925	.921	.948
Regional High School	.540	.532	.532
Municipal Open Space	.005	.005	.005
Library	.035	.035	.033

Assessed Valuations

2018	\$1,690,023,800.00		
2017		\$1,678,990,500.00	
2016			\$1,668,424,800.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2018	\$38,958,532.36	\$38,695,295.38	99.32%
2017	38,611,956.18	38,170,909.97	98.86
2016	38,334,695.10	37,889,389.56	98.84

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2018	\$80,072.36	\$260,276.13	\$340,348.49	.87%
2017	77,348.11	363,895.61	441,243.72	1.14
2016	90,899.12	415,542.31	506,441.43	1.31

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

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

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

<u>Year</u>	<u>Amount</u>
2018	\$4,900.00
2017	4,900.00
2016	4,900.00

COMPARISON OF WATER LEVIES

<u>Year</u>	<u>Water Charges</u>	<u>Collections*</u>
2018	\$1,575,015.87	\$1,644,427.77
2017	2,021,547.45	1,642,087.65
2016	1,654,559.26	1,665,898.09

* 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	2018	\$3,150,881.56	\$1,475,000.00
	2017	3,098,869.65	1,450,000.00
	2016	2,650,090.91	1,000,000.00
Water Utility Operating Fund	2018	\$248,555.55	\$95,000.00
	2017	250,670.13	110,000.00
	2016	220,013.13	139,000.00

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

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

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

<u>Year</u>	<u>Amount</u>
2018	\$4,900.00
2017	4,900.00
2016	4,900.00

COMPARISON OF WATER LEVIES

<u>Year</u>	<u>Water Charges</u>	<u>Collections*</u>
2018	\$1,575,015.87	\$1,644,427.77
2017	2,021,547.45	1,642,087.65
2016	1,654,559.26	1,665,898.09

* 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	2018	\$3,150,881.56	\$1,475,000.00
	2017	3,098,869.65	1,450,000.00
	2016	2,650,090.91	1,000,000.00
Water Utility Operating Fund	2018	\$248,555.55	\$95,000.00
	2017	250,670.13	110,000.00
	2016	220,013.13	139,000.00

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	
Ari Bernstein	Councilman (President)	
Elizabeth Homan	Councilwoman	
Edward O'Connell	Councilman	
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.

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Borough of Allendale

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

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, 2018	Receipts/Revenues	Expended	Balance Dec. 31, 2018	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	2018	80,076.05		80,076.05	80,076.05		80,076.05
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	30,000.00					4,400.00
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

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Borough of Allendale

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/Revenues	Expended	Balance Dec. 31, 2018	MEMO Cumulative Expenditures
Federal and State Grant Fund								
<u>NJ Department of Environmental Protection:</u>								
Clean Communities	4900-765-004	2018	12,797.42		12,797.42		12,797.42	
		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		982.50	328.03	10,141.18
				77,906.03	12,797.42	982.50	89,720.95	
Recycling Tonnage Grant								
	4910-100-224	2018	7,834.05	7,834.05			7,834.05	
		2017	7,203.27	7,203.27		7,203.27		7,203.27
		2016	7,468.37	7,468.37		7,468.37		7,468.37
		2015	9,134.26	9,134.26		9,134.26		9,134.26
		2014	9,967.09	9,967.09		9,967.09		9,967.09
		2013	11,737.77	11,737.77		11,737.77		11,737.77
		2012	25,312.84	129.07		129.07		25,312.84
				53,473.88		45,639.83	7,834.05	
Green Communities								
	4870-100-042-6110	2010	2,000.00	2,000.00			2,000.00	
NJ Division of Highway Traffic Safety:								
Drunk Driving Enforcement Fund	6400-100-078	2015	4,252.50	1,493.41		999.85	493.56	3,758.94

Borough of Allendale

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/Revenues	Expended	Balance Dec. 31, 2018	MEMO Cumulative Expenditures
NJ Division of State Police SLA HEOP Grant			2,405.72	2,405.72			2,405.72	
NJ Department of Law and Public Safety:								
Body Armor Replacement	066-1020-718-001	2018	1,705.18	1,705.18			1,705.18	
		2017	1,702.98	1,702.98	815.96		887.02	815.96
		2016	1,678.72	954.04	954.04			1,678.72
				4,362.20	1,770.00		2,592.20	
Total Federal and State Grant Fund				141,641.24	12,797.42	49,392.18	105,046.48	
General Capital Fund								
NJ Department of Transportation: Highway Planning and Construction		2018	220,000.00					
		2017	155,500.00		107,767.29	152,173.26	(44,405.97)	152,173.26
		2016	149,000.00	(14,212.34)	30,367.45	16,155.11		142,117.45
		2015	149,000.00	(5,738.31)			(5,738.31)	149,000.00
		2015	220,000.00	(39,146.44)	54,862.41	15,715.97		219,862.41
				(59,097.09)	192,997.15	184,044.34	(50,144.28)	
Total General Capital Fund				(59,097.09)	192,997.15	184,044.34	(50,144.28)	
Total State Awards				82,544.15	205,794.57	233,436.52	54,902.20	

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, 2018

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2017	A	9,738,787.45	129,675.23
Increased by Receipts:			
Interest and Costs on Taxes	A-2	71,649.04	
Miscellaneous Revenue Not Anticipated	A-2	233,077.55	
Petty Cash	A-6	800.00	
Due From State - Senior Citizen and Veteran Deductions	A-7	32,500.00	
Taxes Receivable	A-8	34,455,694.33	
Revenue Accounts Receivable	A-11	3,143,586.28	
Interfunds	A-12	25.98	
Prepaid Taxes	A-16	355,258.13	
Various Cash Liabilities and Reserves	A-20	256,231.28	
Unappropriated Reserves for Grants	A-23		12,797.42
Interfunds	A-24		22,877.98
		<u>38,548,822.59</u>	<u>35,675.40</u>
		48,287,610.04	165,350.63
Decreased by Disbursements:			
Refund Prior Year Revenue	A-1	173.25	
Current Year Budget Appropriations	A-3	12,784,466.07	
Petty Cash	A-6	800.00	
Interfunds	A-12	666,058.73	
Appropriation Reserves	A-13	440,678.47	
Accounts Payable	A-15	15,000.00	
Local District School Taxes	A-17	15,637,578.00	
Regional High School Taxes	A-18	9,117,025.00	
County Taxes Payable	A-19	4,355,719.80	
Various Cash Liabilities and Reserves	A-20	556,994.00	
Appropriated Reserves for Grants	A-22		49,392.18
Interfunds	A-24		8,622.97
		<u>43,574,493.32</u>	<u>58,015.15</u>
Balance - December 31, 2018	A	<u><u>4,713,116.72</u></u>	<u><u>107,335.48</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u>400.00</u>
Balance - December 31, 2018	A	<u>400.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		150.00
Board of Health		50.00
Clerk		100.00
Municipal Court		<u>100.00</u>
		<u>400.00</u>

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

	<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, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	3,374.51
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		32,000.00
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>250.00</u>
	A-8	<u>32,250.00</u>
		28,875.49
Increased by:		
Cash Receipts	A-4	<u>32,500.00</u>
Balance - December 31, 2018	A	<u><u>3,624.51</u></u>

Borough of Allendale, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

Year	Balance, Dec. 31, 2017	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2018
				2017	2018				
prior	363,895.61			363,877.56				18.05	
2018		38,819,847.54	138,684.82	4,571,228.61	34,091,816.77	32,250.00	2,724.25	236.60	260,276.13
	363,895.61	38,819,847.54	138,684.82	4,571,228.61	34,455,694.33	32,250.00	2,724.25	254.65	260,276.13
	A			A-2/A-16	A-2/A-4	A-2/A-7	A-10		A

Analysis of Tax Levy

Ref.

Tax yield:
General Purpose Tax
Added Tax (R.S. 54:4-63.1 et seq.)

38,819,847.54
138,684.82

38,958,532.36

Tax Levy:
Municipal Open Space Tax
Added Municipal Open Space Tax

84,501.00
302.12

84,803.12

Local District School Tax
Regional High School Tax
County Tax
Added County Taxes

15,637,578.00
9,117,025.00

4,340,175.56
15,544.24

4,355,719.80

Local Tax for Municipal Purposes
Additional Taxes

29,195,125.92
9,636,377.16
127,029.28

9,763,406.44

38,958,532.36

Borough of Allendale, N.J.

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u><u>4,900.00</u></u>
Balance - December 31, 2018	A	<u><u>4,900.00</u></u>

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	77,348.11
Increased by:		
Transfers from Taxes Receivable	A-8	<u><u>2,724.25</u></u>
Balance - December 31, 2018	A	<u><u>80,072.36</u></u>

Borough of Allendale, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2018</u>
Clerk:					
Licenses:					
Alcoholic beverages	A-2		15,250.00	15,250.00	
Fees and Permits	A-2		11,070.00	11,070.00	
Planning Board					
Fees and Permits	A-2		600.00	600.00	
Board of Adjustment					
Fees and Permits	A-2		5,750.00	5,750.00	
Board of Health:					
Fees and Permits	A-2	7,026.16	10,663.00	11,839.16	5,850.00
Parking					
Fees and Permits	A-2		37,650.99	37,650.99	
Municipal Court :					
Fines and Costs	A-2	2,440.84	44,806.47	44,785.47	2,461.84
Uniform Construction Code:					
Fees and Permits - Building	A-2		408,983.00	408,983.00	
Garbage Collection	A-2		1,524.00	1,524.00	
Energy Receipts Taxes	A-2		1,068,869.00	1,068,869.00	
Interest on Investments and Deposits	A-2		163,558.44	163,558.44	
Engineering Fees	A-2		13,350.25	13,350.25	
Municipal Open Space share of Def. Ch. Unfunded	A-2		20,000.00	20,000.00	
Reserve for Debt Service	A-2		542,790.00	542,790.00	
Cable T.V.	A-2	110,514.70		110,514.70	
Cellular Tower Lease	A-2	3,839.18	112,488.20	116,327.38	
Uniform Fire Safety Act	A-2		11,711.13	11,711.13	
Dues & Fees - Crestwood Lake	A-2		288,075.00	288,075.00	
Ramsey Sewer Charges	A-2		159,701.42	159,701.42	
Saddle River Sewer Payment	A-2	15,540.81	55,280.88	57,021.34	13,800.35
Allendale El. School Contribution to Sewer Use	A-2		20,426.00	20,426.00	
North. High. Reg. HS Contribution to Sewer Use	A-2		33,789.00	33,789.00	
		<u>139,361.69</u>	<u>3,026,336.78</u>	<u>3,143,586.28</u>	<u>22,112.19</u>
		A		A-4	A

Borough of Allendale, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2018

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To) Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Due From/(To) Balance Dec. 31, 2018</u>
Other Trust Fund	A	(39,974.02)	25.98	40,009.59	9.59
Other Trust Fund - Open Space	A		84,803.12	84,803.12	
General Capital Fund	A	(520,033.16)		520,033.16	
Federal and State Grant Fund	A	(21,212.86)		21,212.86	
Animal Control Trust Fund	A		3,244.66		3,244.66
		<u>(581,220.04)</u>	<u>88,073.76</u>	<u>666,058.73</u>	<u>3,254.25</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1				3,254.25
Due From Current Fund	A	<u>(581,220.04)</u>			
		<u>(581,220.04)</u>			<u>3,254.25</u>
Municipal Open Space Tax	A-1		84,803.12		
Statutory Excess in Animal Trust	A-1		3,244.66		
Disbursed	A-4			666,058.73	
Received	A-4		25.98		
			<u>88,073.76</u>	<u>666,058.73</u>	

Borough of Allendale, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	8,757.85	8,757.85	2,024.29	6,733.56
Borough Clerk	0.92	0.92		0.92
Financial Administration	0.92	2,100.92	2,041.58	59.34
Collection of Taxes	1,119.75	1,119.75		1,119.75
Assessment of Taxes	1.08	1.08		1.08
Engineering	3,699.97	3,699.97	1,956.59	1,743.38
Planning Board	5,126.10	5,126.10	375.00	4,751.10
Police	21,469.92	51,469.92	44,278.84	7,191.08
Emergency Management Services	0.20	0.20		0.20
Uniform Fire Safety Act - Fire Official	6,277.65	6,277.65	1,151.75	5,125.90
Municipal Prosecutor	0.95	0.95		0.95
Municipal Court	0.97	0.97		0.97
Road Repairs and Maintenance	66,655.71	66,655.71	12,048.14	54,607.57
Sewer System	12,485.00	12,485.00		12,485.00
Board of Health	0.88	0.88		0.88
Crestwood Lake Swimming & Rec. Facility	13,292.96	13,292.96		13,292.96
Construction Code Official	2,481.26	3,331.26	3,322.63	8.63
Plumbing Inspector	0.04	0.04		0.04
Electric Inspector	16.00	16.00		16.00
Fire Subcode Official	0.04	0.04		0.04
Zoning Officer/Property Maintenance	215.98	865.98	821.10	44.88
Salary and Wage Adjustment	52,251.00	18,651.00		18,651.00
Total Salaries and Wages Within "CAPS"	193,855.15	193,855.15	68,019.92	125,835.23
Other Expenses Within "CAPS":				
Administrative and Executive	9,904.95	11,260.73	1,780.32	9,480.41
Mayor and Council	1,667.00	1,965.00	413.00	1,552.00
Borough Clerk	15,549.00	15,578.61	245.77	15,332.84
Financial Administration	6,268.08	6,547.31	2,724.36	3,822.95
Annual Audit	14,645.00	14,645.00	12,800.00	1,845.00
Collection of Taxes	3,766.00	3,896.00	362.20	3,533.80
Assessment of Taxes	12,860.79	13,257.36	5,396.57	7,860.79
Legal Services and Costs	76,535.05	76,535.05	4,503.72	72,031.33
Engineering	16,495.28	23,234.79	11,802.01	11,432.78
Planning Board	19,485.04	24,725.04	770.53	23,954.51
Insurance				
Other Insurance Premiums	38,388.32	38,388.32	37,398.23	990.09
Workers' Compensation Insurance	54,978.15	54,978.15	43,558.29	11,419.86
Group Insurance Plan for Employees	3,719.59	3,719.59	2,744.70	974.89
Health Benefit Waiver	1,337.28	1,337.28		1,337.28
Police	1,934.48	46,340.07	45,735.72	604.35
Emergency Management Services	3,512.19	3,512.19		3,512.19
Fire	35,849.74	45,975.06	30,715.91	15,259.15
Fire Certification	6.83	6.83		6.83
Uniform Fire Safety Act - Fire Official	310.32	956.56	758.23	198.33
Municipal Court	4,058.05	4,058.05		4,058.05
Public Defender	1,700.00	1,700.00		1,700.00
Road Repairs and Maintenance	674.72	15,292.73	5,048.92	10,243.81

Borough of Allendale, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Snow Removal	3,785.54	27,901.05	26,030.75	1,870.30
Shade Tree	2,854.85	13,522.85	4,668.00	8,854.85
Sewer System	10,895.45	19,025.45	6,922.00	12,103.45
Garbage and Trash Removal	14,000.00	39,184.79	34,710.37	4,474.42
Recycling	14,671.22	25,111.22	10,680.00	14,431.22
Public Buildings and Grounds	12,925.17	25,978.62	14,718.82	11,259.80
Board of Health	609.32	1,739.35	101.48	1,637.87
Senior Citizens	1,230.28	1,230.28	660.00	570.28
Animal Control	740.00	2,590.00	1,810.00	780.00
Municipal Alliance	3,936.25	3,936.25	2,076.04	1,860.21
Parks and Playgrounds	4,433.96	13,695.96	8,912.00	4,783.96
Crestwood Lake Swimming & Rec. Facility	7,285.39	7,534.74	407.88	7,126.86
Construction Official		1,325.85	1,325.85	
Zoning Officer/Property Maintenance	937.09	937.09		937.09
Radio Equipment Maintenance	1,060.00	1,060.00		1,060.00
Gasoline	56,968.44	58,035.94	4,307.76	53,728.18
Utilities	75,568.15	75,667.88	33,645.39	42,022.49
Contingent	25,000.00	25,000.00		25,000.00
Total Other expenses Within "CAPS"	<u>560,546.97</u>	<u>751,387.04</u>	<u>357,734.82</u>	<u>393,652.22</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Police and Firemen's Retirement System	0.79	0.79		0.79
Social Security (O.A.S.I.)	49,983.49	49,983.49	4,538.31	45,445.18
Defined Contribution Retirement Plan	4,279.68	4,279.68		4,279.68
Long Term Disability Assessment	1.15	1.15		1.15
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>54,265.11</u>	<u>54,265.11</u>	<u>4,538.31</u>	<u>49,726.80</u>
Total Reserves Within "CAPS"	<u>808,667.23</u>	<u>999,507.30</u>	<u>430,293.05</u>	<u>569,214.25</u>
Other Expenses Excluded From "CAPS":				
Borough of Waldwick - Well Baby	835.00	835.00	80.00	755.00
Borough of Hohokus - Municipal Court	11,406.87	11,406.87	10,305.42	1,101.45
Total Other Expenses Excluded from "CAPS"	<u>12,241.87</u>	<u>12,241.87</u>	<u>10,385.42</u>	<u>1,856.45</u>
Total Reserves Excluded from "CAPS"	<u>12,241.87</u>	<u>12,241.87</u>	<u>10,385.42</u>	<u>1,856.45</u>
Total Reserves	<u>820,909.10</u>	<u>1,011,749.17</u>	<u>440,678.47</u>	<u>571,070.70</u>
	A		A-4	A-1
Appropriation Reserves	Ref.	820,909.10		
Transfer from Reserve for Encumbrances	above	190,840.07		
	A-14	<u>1,011,749.17</u>		

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

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	190,840.07
Increased by:		
Transfer from Current Appropriations	A-3	<u>192,732.30</u>
		383,572.37
Decreased by:		
Transferred to Appropriation Reserves	A-13	<u>190,840.07</u>
Balance - December 31, 2018	A	<u><u>192,732.30</u></u>

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	15,000.00
Decreased by:		
Disbursements	A-4	<u>15,000.00</u>
Balance - December 31, 2018	A	<u><u> </u></u>

Borough of Allendale, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	4,571,228.61
Increased by:		
Receipts - Prepaid 2019 Taxes	A-4	<u>355,258.13</u>
		4,926,486.74
Decreased by:		
Applied to 2018 Taxes	A-8	<u>4,571,228.61</u>
Balance - December 31, 2018	A	<u><u>355,258.13</u></u>

Borough of Allendale, N.J.
 Schedule of Local District School Tax
 Current Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year , 2018	A-1/A-8	<u><u>15,637,578.00</u></u>
Decreased by:		
Payments	A-4	<u><u>15,637,578.00</u></u>

Schedule of Regional High School Tax
 Current Fund
 Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year , 2018	A-1/A-8	<u><u>9,117,025.00</u></u>
Decreased by:		
Payments	A-4	<u><u>9,117,025.00</u></u>

Borough of Allendale, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Increased by:			
Levy	A-1/A-8	4,340,175.56	
Added and Omitted Taxes	A-1/A-8	<u>15,544.24</u>	
			4,355,719.80
Decreased by:			
Payments	A-4		<u>4,355,719.80</u>
Balance - December 31, 2018	A		<u><u> </u></u>

Borough of Allendale, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2018

<u>Liabilities and Reserves</u>	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2018</u>
<u>Liabilities:</u>				
Tax Overpayments	66,147.46	147,765.02	115,516.30	98,396.18
Outside Liens		70,322.50	70,322.50	
Prepaid Revenue		8,137.48		8,137.48
Due to State of NJ - DCA	4,966.00	27,267.00	22,503.00	9,730.00
Due to State of NJ - Marriage	50.00	425.00	475.00	
Due to State of NJ - Sales Tax	169.92	2,314.28	2,284.63	199.57
<u>Reserves</u>				
Tax Appeals	372,882.09	100,000.00	345,911.87	126,970.22
Revaluation	13,530.00			13,530.00
	<u>457,745.47</u>	<u>356,231.28</u>	<u>557,013.30</u>	<u>256,963.45</u>
	A			A
	<u>Ref.</u>			
Tax Overpayments Canceled	A-1		19.30	
2018 Budget Appropriation	A-3	100,000.00		
Receipts	A-4	256,231.28		
Disbursed	A-4		556,994.00	
		<u>356,231.28</u>	<u>557,013.30</u>	

Borough of Allendale, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, 2017	Budget Revenue	<u>Received</u>	Balance, Dec. 31, 2018
Federal Grants:				
Community Development Block Grant	15,350.00			15,350.00
	<u>15,350.00</u>			<u>15,350.00</u>
State Grants:				
Clean Communities Grant		13,376.61	13,376.61	
Recycling Tonnage Grant		7,834.05	7,834.05	
Body Armor Replacement Fund		1,705.18	1,705.18	
		<u>22,915.84</u>	<u>22,915.84</u>	
	<u>15,350.00</u>	<u>22,915.84</u>	<u>22,915.84</u>	<u>15,350.00</u>
	A	A-2	A-23	A

Borough of Allendale, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, <u>2017</u>	Transfer From 2018 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, <u>2018</u>
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	1,493.41		999.85	493.56
Recycling Grant	45,639.83	7,834.05	45,639.83	7,834.05
NJ SLA HEOP Grant	2,405.72			2,405.72
Clean Communities Grant	64,529.42	13,376.61	982.50	76,923.53
Body Armor Replacement Fund	2,657.02	1,705.18	1,770.00	2,592.20
Green Communities Challenge Grant	2,000.00			2,000.00
	<u>118,725.40</u>	<u>22,915.84</u>	<u>49,392.18</u>	<u>92,249.06</u>
	<u>136,364.40</u>	<u>22,915.84</u>	<u>49,392.18</u>	<u>109,888.06</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, 2018

<u>Grant</u>	Balance, Dec. 31, <u>2017</u>	Transfer To 2018 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2018</u>
State Grants:				
Body Armor Replacement Fund	1,705.18	1,705.18		
Recycling Tonnage Grant	7,834.05	7,834.05		
Clean Communities	<u>13,376.61</u>	<u>13,376.61</u>	<u>12,797.42</u>	<u>12,797.42</u>
	<u>22,915.84</u>	<u>22,915.84</u>	<u>12,797.42</u>	<u>12,797.42</u>
	A	A-21	A-4	A

Borough of Allendale, N.J.
 Schedule of Interfunds
 Federal and State Grant Fund
 Year Ended December 31, 2018

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2018</u>
Other Trust	A	(6,957.85)		6,957.85	
Current Fund	A	<u>21,212.86</u>	<u>1,665.12</u>	<u>22,877.98</u>	<u> </u>
		<u>14,255.01</u>	<u>1,665.12</u>	<u>29,835.83</u>	<u> </u>
	<u>Ref.</u>				
Cash Receipts	A-4			22,877.98	
Cash Disbursements	A-4		<u>1,665.12</u>	<u>6,957.85</u>	
			<u>1,665.12</u>	<u>29,835.83</u>	

Borough of Allendale, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2017	B	<u>8,579.60</u>	<u>997,151.10</u>
Increased by Receipts:			
Dog License Fees - Borough Share	B-2	3,564.00	
Late Fees Collected	B-2	793.80	
Cat License Fees	B-2	135.00	
Dog License Fees - State Share	B-3	540.00	
Interfund - Federal & State Grant Fun	B-5		6,957.85
Interfunds - Current Fund	B-6		40,020.54
Open Space Trust	B-7		85,000.48
Other Trust Funds	B-8		<u>256,492.69</u>
Total Receipts		<u>5,032.80</u>	<u>388,471.56</u>
		<u>13,612.40</u>	<u>1,385,622.66</u>
Decreased by Disbursements:			
Reserve for Dog Expenditures	B-2	2,026.34	
State Share - Dog Licenses	B-3	721.20	
Interfunds - Current Fund	B-6		36.93
Open Space Trust	B-7		85,000.03
Other Trust Funds	B-8		<u>390,762.66</u>
Total Disbursements		<u>2,747.54</u>	<u>475,799.62</u>
Balance - December 31, 2018	B	<u><u>10,864.86</u></u>	<u><u>909,823.04</u></u>

Borough of Allendale, N.J.

Reserve for Dog Fund Expenditures

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	B		7,266.20
Increased by:			
Dog License Fees	B-1	3,564.00	
2018 Prepaid Dog Licenses	B-4	1,108.80	
Late Fees, Replacement Tags & Misc.	B-1	793.80	
Cat License Fees	B-1	135.00	
2018 Prepaid Cat Licenses	B-4	<u>24.00</u>	
			<u>5,625.60</u>
			12,891.80
Decreased by:			
Expenditures R.S. 4:19-1511	B-1	2,026.34	
Statutory Excess Due to Current	B-6	<u>3,244.66</u>	
			<u>5,271.00</u>
Balance - December 31, 2018	B		<u><u>7,620.80</u></u>

License Fees Collected

<u>Year</u>	
2017	3,282.40
2016	<u>4,338.40</u>
	<u><u>7,620.80</u></u>

Borough of Allendale, N.J.

Schedule of Due to/from State Department of Health

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	B		(0.60)
Increased by:			
State Fees Collected	B-1	540.00	
2018 Prepaid Dog Licenses	B-4	<u>181.20</u>	
			721.20
Decreased by:			
Paid to State	B-1		<u>721.20</u>
Balance - December 31, 2018	B		<u><u>(0.60)</u></u>

Prepaid Licenses

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	B		1,314.00
Decreased by:			
Applied to Reserves - Dog Licenses	B-2	1,108.80	
Applied to Reserves - Cat Licenses	B-2	24.00	
Applied to Due to State of NJ	B-3	<u>181.20</u>	
			<u>1,314.00</u>
Balance - December 31, 2018	B		<u><u>1,314.00</u></u>

Borough of Allendale, N.J.

Schedule of Interfund - Other Trust Fund

Trust Funds

Year Ended December 31, 2018

	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Federal and State Grant Fund	6,957.85	6,957.85	
	<u>6,957.85</u>	<u>6,957.85</u>	
	B	B-1	B

Borough of Allendale, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2018

	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Animal Control Trust Fund		3,244.66		(3,244.66)
Other Trust Fund	39,974.02	36.93	40,020.54	(9.59)
	<u>39,974.02</u>	<u>3,281.59</u>	<u>40,020.54</u>	<u>(3,254.25)</u>
	B			B
	<u>Ref.</u>			
Cash Receipts - Other Trust Fund	B-1		40,020.54	
Statutory Excess in Animal Control Trust	B-2	3,244.66		
Cash Disbursements-Other Trust Fund	B-1	<u>36.93</u>		
		<u>3,281.59</u>	<u>40,020.54</u>	

Borough of Allendale, N.J.

Reserve for Open Space Trust

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	85,375.57
Increased by:		
2018 Tax Levy		84,501.00
2018 Added Taxes		302.12
Interest Earned		<u>197.36</u>
	B-1	<u>85,000.48</u>
		170,376.05
Decreased by:		
Cash Disbursements	B-1	<u>85,000.03</u>
Balance - December 31, 2018	B	<u><u>85,376.02</u></u>

Borough of Allendale, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Reserve for:				
Developers Escrow	191,829.92	25,324.26	112,356.00	104,798.18
Municipal Court - P.O.A.A.	610.10	132.00	674.10	68.00
Recycling	99,872.41	11,471.20	18,447.93	92,895.68
Escrow Deposits	160,242.75	63,366.00	38,596.50	185,012.25
Vacant Property Escrow	9,000.00	6,000.00		15,000.00
Housing Trust	73,137.26	87,405.67	62,770.18	97,772.75
Municipal Alliance Donations	4,476.01			4,476.01
Police Bequests	2,335.80		2,335.80	
Rental Deposits	16,200.00		12,000.00	4,200.00
ATT Tower	11,363.91	186.95		11,550.86
Improvement and Beautification	32,684.79	3,364.01	7,991.20	28,057.60
Reserve for Unemployment	66,645.79	27,157.47	13,261.24	80,542.02
9/11 Memorial	23,160.26	283.43	3,150.98	20,292.71
Police Donations	9,349.36	11,725.00	3,295.89	17,778.47
Orchard Commons Donation	4,488.34			4,488.34
Tax Sale Premiums	159,500.00		42,000.00	117,500.00
CERT Donations	291.72			291.72
Flex Spending	1,582.49	3,399.84	3,307.32	1,675.01
Crestwood Cruisers	8,530.83	7,012.54	4,526.17	11,017.20
Crestwood Donations	5,074.52		5,074.52	
Storm Recovery	75,250.00		52,845.96	22,404.04
Police Outside Duty	2,981.14	9,664.32	8,128.87	4,516.59
Video Equipment Surcharge	100.00			100.00
	<u>958,707.40</u>	<u>256,492.69</u>	<u>390,762.66</u>	<u>824,437.43</u>
	B	B-1	B-1	B

Borough of Allendale, N.J.

Statement of Cash Reconciliation

Payroll Fund

Year Ended December 31, 2018

Ref.

Balance on Deposit per Statement of: Lakeland Bank		59,368.59
Less: Outstanding Checks per List on File		5,901.58
		<hr/>
Balance - December 31, 2018	B	<u><u>53,467.01</u></u>

Analysis of Balance - December 31, 2018

Federal Withholding		3.10
Social Security		525.93
Unemployment		(1.48)
P.F.R.S.		18,668.17
P.E.R.S.		17,431.64
D.C.R.P.		0.01
Dues		0.01
Vision		64.84
Health Benefits		15,269.38
Miscellaneous		0.03
AFLAC		<u>1,505.38</u>
Payroll Deductions Payable	B	<u><u>53,467.01</u></u>

Borough of Allendale , N.J.
 Schedule of General Capital Cash
 Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	C		1,540,408.64
Increased by Receipts:			
General Capital Fund Balance	C-1	60,635.00	
Various Receivables	C-4	192,997.15	
Deferred Charges Unfunded	C-6	613,430.00	
Bond Anticipation Notes	C-8	15,325,210.00	
Capital Improvement Fund	C-10	42,700.00	
Various Reserves	C-11	869,584.00	
Interfunds	C-12	<u>546,154.47</u>	
			<u>17,650,710.62</u>
			19,191,119.26
Decreased by Disbursements:			
Bond Anticipation Notes	C-8	15,917,000.00	
Improvement Authorizations	C-9	1,319,038.22	
Various Reserves	C-11	765,990.00	
Interfunds	C-12	<u>26,121.31</u>	
			<u>18,028,149.53</u>
Balance - December 31, 2018	C		<u><u>1,162,969.73</u></u>

Borough of Allendale , N.J.

Analysis of General Capital Cash

Year Ended December 31, 2018

	<u>Ref.</u>	
Fund Balance	C-1	206,972.38
Various Receivables	C-4	(422,618.34)
Capital Improvement Fund	C-10	3,111.98
Various Reserves	C-11	983,421.89

Improvement Authorizations:

Ordinance

Number

Improvement Description

07-13	Acquisition of Real Property	(30,983.97)
09-09	Various Improvements	36,502.54
12-05	Various Improvements	10,867.40
13-15	Various Road Improvements	18,190.84
14-03	Various Improvements	25,561.18
15-04	Various Improvements	86,380.24
15-18	Engineering for Capital Projects	11,600.00
16-04	Various Improvements	106,050.39
17-02	Acquisition of Real Property	396,911.91
17-05	Various Improvements	148,095.62
18-09	Various Improvements	(417,094.33)

1,162,969.73

C

Borough of Allendale, N.J.

Schedule of Various Receivables

Year Ended December 31, 2018

	<u>Balance, Dec. 31, 2017</u>	<u>Grants Approved</u>	<u>Cash Received</u>	<u>Balance, Dec. 31, 2018</u>
NJ DOT Grant - Ord. #08-09	1,079.20			1,079.20
NJ DOT Grant - Ord. #15-04 - West Allendale Ave	5,738.31			5,738.31
NJ DOT Grant - Ord. #15-04 - Boroline Rd	55,000.00		54,862.41	137.59
NJ DOT Grant - Ord. #16-04 - West Allendale/W. Maple	37,250.00		30,367.45	6,882.55
NJ DOT Grant - Ord. #17-05 - Donny Brook Dr	155,500.00		107,767.29	47,732.71
NJ DOT Grant - Ord. #18-09 - Downtown/DeMercurio		220,000.00		220,000.00
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
Bergen County Open Space - Ord. #18-09		33,500.00		33,500.00
CDBG - Ord. #17-05	25,600.00			25,600.00
	<u>362,115.49</u>	<u>253,500.00</u>	<u>192,997.15</u>	<u>422,618.34</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, 2018

Balance - December 31, 2017	<u>Ref.</u> C	8,260,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-7	<u>1,275,000.00</u>
Balance - December 31, 2018	C	<u><u>6,985,000.00</u></u>

Borough of Allendale, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance, Dec. 31, 2017	2018 Authorizations	Cash Receipt Dec. 31, 2018	Balance, Dec. 31, 2018	Analysis of Balance - Dec. 31, 2018		
						Expended	Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
07-13	Acquisition of Real Property	1,180,600.00		69,000.00	1,111,600.00	1,073,000.00	30,983.97	7,616.03
15-04	Various Improvements	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		460,000.00	13,190,000.00	13,190,000.00		
17-05	Various Improvements	665,000.00		82,790.00	582,210.00	582,210.00		
18-09	Various Improvements		842,000.00		842,000.00		615,149.90	226,850.10
		<u>15,977,240.00</u>	<u>842,000.00</u>	<u>613,430.00</u>	<u>16,205,810.00</u>	<u>15,325,210.00</u>	<u>646,133.87</u>	<u>234,466.13</u>
		C	C-9, C-13	C-2	C			
	Improvement Authorizations Unfunded						C-9	851,462.87
	Less: Unexpended Proceeds of Bond Anticipation Notes						16-04	103,660.39
	Ordinance Number						17-02	396,911.91
							17-05	116,424.44
								<u>616,996.74</u>
								<u>234,466.13</u>

Borough of Allendale, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Paid	Balance Dec. 31, 2018
			Date	Amount				
General Improvements	02/15/10	4,165,000.00	02/15/19	450,000.00	3 to 3.15%	3,360,000.00	175,000.00	3,185,000.00
			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	07/01/19	540,000.00	1 to 1.50%	1,815,000.00	800,000.00	1,015,000.00
			07/01/20	475,000.00				
General Improvements	5/7/2015	3,580,000.00	5/1/2019-20	330,000.00	1 to 2%	3,085,000.00	300,000.00	2,785,000.00
			5/1/2021-25	425,000.00				
						<u>8,260,000.00</u>	<u>1,275,000.00</u>	<u>6,985,000.00</u>
						<u>C</u>	<u>C-5</u>	<u>C</u>

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

General Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2018</u>
07-13	Acquisition of Real Property	02/26/09	01/26/18	01/25/19	2.50%	1,122,000.00	1,073,000.00	1,122,000.00	1,073,000.00
17-02	Acquisition of Real Property	04/26/17	04/26/18	04/26/19	3.00%	4,285,000.00	4,285,000.00	4,285,000.00	4,285,000.00
17-02	Acquisition of Real Property	04/26/17	04/26/18	04/26/19	2.64%	9,365,000.00	8,905,000.00	9,365,000.00	8,905,000.00
16-04	Various Improvements	09/26/17	09/26/18	09/26/19	3.00%	480,000.00	480,000.00	480,000.00	480,000.00
17-05	Various Improvements	09/26/17	09/26/18	09/26/19	3.00%	665,000.00	582,210.00	665,000.00	582,210.00
						15,917,000.00	15,325,210.00	15,917,000.00	15,325,210.00
						C	C-2	C-2	C,C-6
						<u>Ref.</u>			
						Receipts	15,325,210.00		
						Disbursed		15,374,210.00	
						Paid by Budget Appropriation		542,790.00	
							15,325,210.00	15,917,000.00	15,917,000.00

Borough of Allendale, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2017		2018 Authorizations	Paid or Charged	Balance, Dec. 31, 2018	
				Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>									
07-13	Acquisition of Real Property	08/09/07	4,763,000.00				853.82		7,616.03
09-09	Various Improvements	03/26/09						36,502.54	
	a Road and Curb Improvements		572,300.00	36,502.54					
12-05	Various Improvements	03/22/12						10,867.40	
	f Public Improvements		181,000.00	10,867.40					
13-09	Various Improvements	04/11/13	410,960.00	3,377.38			3,377.38		
	a 2012 Road & Sidewalk Program		195,000.00	25,958.34			7,767.50		18,190.84
13-15	Various Road Improvements	08/08/13							
14-03	Various Improvements	03/13/14	575,000.00	561.18				561.18	
	c Acquisition of Pumper Fire Engine		28,000.00	7,820.00			7,820.00		
	e Purchase of Equipment - Police		25,000.00	25,000.00				25,000.00	
	f Improvements to Sidewalks								
15-04	Various Improvements	03/12/15	299,780.00	12,126.20			2,155.00	9,971.20	
	a 2015 Road Improvement Program		174,000.00	14,223.31				14,223.31	
	b Resurfacing West Allendale Ave		241,000.00	36,853.56			29,123.47	7,730.09	
	c Resurfacing of Boroline Road		46,220.00	1,691.99			1,281.16	410.83	
	d Purchase of Equipment - Police		25,000.00	9,775.00				9,775.00	
	f Various Drainage Improvements		61,000.00	15,104.85			6,404.74	8,700.11	
	h Public Improvements		50,000.00	52.61			49.95	2.66	
	j Purchase of Equipment - Fire		102,000.00	3,459.80				3,459.80	
	k Purchase of DPW Equipment		47,000.00	107.24				107.24	
	l Purchase of DPW Equipment		20,000.00	17,000.00				17,000.00	
	m Improvements to Sidewalks		15,000.00	13,360.00				15,000.00	
	n Installation of ADA Ramps		35,000.00	11,600.00				11,600.00	
15-18	Engineering for Capital Projects	05/14/15							1,640.00

Borough of Allendale, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2017		2018 Authorizations	Paid or Charged	Balance, Dec. 31, 2018	
				Funded	Unfunded			Funded	Unfunded
16-04	Various Improvements	03/10/16							
a	2016 Road Improvement Program		76,700.00	26,640.36		13,430.42	13,209.94		
b	Resurfacing West Allendale Ave		169,000.00	19,040.00		4,046.15	18,711.51		
d	Purchase of Equipment - Police		60,300.00	192.36			192.36		
e	Various Park Improvements		148,000.00	15,070.64		3,705.00	11,365.64		
f	Various Drainage Improvements		15,000.00	3,000.00			3,000.00		
g	Fiber Communications Project-Phase I		30,000.00	28,570.00			28,570.00		
h	Installation of Garage Doors		26,000.00	9,563.70			9,563.70		
i	Acquisition of Technology Equipment		10,000.00	2,477.21		2,477.21			
j	Purchase of Equipment - Fire		90,000.00	57.19		49.95	7.24		
l	Improvements to Sidewalks		20,000.00	19,040.00			19,040.00		
17-02	Acquisition of Real Property	01/26/17	14,350,000.00	466,537.67		69,625.76	396,911.91		
17-05	Various Improvements	03/23/17							
a	2017 Road Improvement Program		214,025.00	84,801.00		47,584.06	37,216.94		
b	Resurfacing Donny Brook Dr		179,100.00	22,475.00	141,125.00	160,273.26	3,326.74		
c	Acquisition of Technology Equipment		40,000.00	38,000.00	1,016.05	27,108.10	11,907.95		
d	Police Communications Improvements		177,000.00	167,082.20		166,860.31	221.89		
e	Crestwood Park Improvements		118,000.00	46,650.00	37,882.14	6,210.96	46,650.00		
f	Purchase of Equipment - Fire		45,000.00	21,318.11		21,309.19	8.92		
g	Purchase of DPW Equipment		123,375.00	16,591.50		14,859.00	1,732.50		
h	Acquisition of Technology Equipment		28,000.00	24,731.00		9,371.50	15,359.50		

Borough of Allendale , N.J.

Schedule of Capital Improvement Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	3,111.98
Increased by:		
Budget Appropriation	C-2	<u>42,700.00</u>
		45,811.98
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>42,700.00</u>
Balance - December 31, 2018	C/C-3	<u><u>3,111.98</u></u>

Borough of Allendale , N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2018</u>
Municipal Improvements	45,000.00		1,200.00	43,800.00
Debt Service	612,827.89	869,584.00	542,790.00	939,621.89
Fire Truck	222,000.00		222,000.00	
	<u>879,827.89</u>	<u>869,584.00</u>	<u>765,990.00</u>	<u>983,421.89</u>
	C	C-2	C-2	C

Borough of Allendale, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2018

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		<u>Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u>
		<u>Dec. 31, 2017</u>			<u>Dec. 31, 2018</u>
Current Fund	C	520,033.16	26,121.31	546,154.47	
		<u>520,033.16</u>	<u>26,121.31</u>	<u>546,154.47</u>	
Cash Disbursements	C-2		26,121.31		
Cash Receipts	C-2			546,154.47	
			<u>26,121.31</u>	<u>546,154.47</u>	

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

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2018</u>
07-13	Acquisition of Real Property	58,600.00		20,000.00	38,600.00
15-04	Various Improvements	1,640.00		1,640.00	
18-09	Various Improvements		842,000.00		842,000.00
		<u>60,240.00</u>	<u>842,000.00</u>	<u>21,640.00</u>	<u>880,600.00</u>
			C-6		Footnote C

Borough of Allendale, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2017	D	<u>460,223.19</u>	<u>1,369,208.43</u>
Increased by Receipts:			
Premium on Sale of Notes	D-2		2,368.00
Interest on Deposits	D-3	27,352.77	
Collector	D-6	1,923,745.03	
Bond Anticipation Notes	D-16		350,000.00
Reserve for Capital Infrastructure	D-22		<u>220,000.00</u>
		<u>1,951,097.80</u>	<u>572,368.00</u>
		<u>2,411,320.99</u>	<u>1,941,576.43</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	1,801,527.01	
Appropriation Reserves	D-11	79,944.27	
Accrued Interest on Bonds	D-13	82,849.76	
Accrued Interest on Notes	D-14	7,875.00	
Bond Anticipation Notes	D-16		350,000.00
Improvement Authorizations	D-18		<u>370,540.01</u>
		<u>1,972,196.04</u>	<u>720,540.01</u>
Balance - December 31, 2018	D	<u><u>439,124.95</u></u>	<u><u>1,221,036.42</u></u>

Borough of Allendale, N.J.

Schedule of Water Utility Collector Cash

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by Receipts:		
Consumer Accounts Receivable	D-8	<u>1,923,745.03</u>
Decreased by Disbursements:		
Payment to Treasurer	D-5	<u>1,923,745.03</u>

Exhibit D-7

Schedule of Water Utility Capital Cash

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	Balance <u>Dec. 31, 2018</u>
Fund Balance	D-2	20,012.79
Capital Improvement Fund	D-19	3.13
Reserve for Capital Infrastructure	D-22	722,088.92
<u>Improvement Authorizations</u>		
Ordinance		
<u>Number</u>		
09-10 Various Public Improvements:		1,959.84
10-05 Various Public Improvements:		6,206.44
12-06 Various Public Improvements:		23,382.92
14-06 Various Public Improvements:		65,266.39
15-05 Various Public Improvements:		195,332.82
16-05 Various Public Improvements:		187,532.00
18-10 Various Public Improvements:		<u>(748.83)</u>
	D	<u>1,221,036.42</u>

Borough of Allendale, N.J.

Schedule of Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Water Rents	402,751.47	1,575,015.87	1,644,427.77	333,339.57
Facilities Charge		238,159.62	238,159.62	
Installations		41,157.64	41,157.64	
	<u>402,751.47</u>	<u>1,854,333.13</u>	<u>1,923,745.03</u>	<u>333,339.57</u>
	D		D-3/D-6	D

Borough of Allendale, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2018

Description	Balance	Additions	Balance
	Dec. 31, 2017	Ordinances	Dec. 31, 2018
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	40,020.43		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
Improvements to Water Mains		155,043.81	155,043.81
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>7,665,932.58</u>	<u>155,043.81</u>	<u>7,820,976.39</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, 2018

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance,	2018	Costs to	Balance,
				Dec. 31, 2017	Authorizations	Fixed Capital	Dec. 31, 2018
09-10	Various Public Improvements	03/26/09	581,550.00	536,351.71			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
12-06	Various Public Improvements	03/22/12	44,000.00	44,000.00			44,000.00
	Acquisition of Equipment						
14-06	Various Improvements	04/24/14	714,000.00	665,006.05			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						
	Replacement of Hydrants		20,000.00	20,000.00			20,000.00
17-13	Improvements to Water Mains	09/28/17	155,043.81	155,043.81		155,043.81	
18-10	Various Improvements	04/12/18	325,000.00		325,000.00		325,000.00
				2,343,401.57		2,513,357.76	
				D		D	
				325,000.00		155,043.81	
				D-18		D-9	

Borough of Allendale, N.J.

Schedule of 2017 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance After Transfers and Encumbrances	Paid	Balance Lapsed
Operating:				
Salaries and Wages	2,851.15	2,851.15	1,068.38	1,782.77
Other Expenses	101,170.60	113,038.35	33,692.45	79,345.90
Purchase of Water	38,934.72	45,134.72	45,102.02	32.70
Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>707.67</u>	<u>707.67</u>	<u>81.42</u>	<u>626.25</u>
	<u>143,664.14</u>	<u>161,731.89</u>	<u>79,944.27</u>	<u>81,787.62</u>
	D		D-5	D-1
	<u>Ref.</u>			
Appropriation Reserves	above	143,664.14		
Transfer from Reserve for Encumbrances	D-12	<u>18,067.75</u>		
		<u>161,731.89</u>		

Schedule of Encumbrances Payable

Water Utility Operating Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> D	18,067.75
Increased by:		
Transfer from Water Appropriations	D-4	<u>9,463.00</u>
		27,530.75
Decreased by:		
Transferred to Appropriation Reserves	D-11	<u>18,067.75</u>
Balance - December 31, 2018	D	<u>9,463.00</u>

Borough of Allendale, N.J.

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	29,727.00
Increased by:		
Budget Appropriation for Interest on Bonds	D-4	<u>82,850.00</u>
		112,577.00
Decreased by:		
Interest Paid	D-5	<u>82,849.76</u>
Balance - December 31, 2018	D	<u><u>29,727.24</u></u>

Schedule of Accrued Interest on Notes

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	2,256.42
Increased by:		
Budget Appropriation for Interest on Notes	D-4	<u>7,875.00</u>
		10,131.42
Decreased by:		
Interest Paid	D-5	<u>7,875.00</u>
Balance - December 31, 2018	D	<u><u>2,256.42</u></u>

Borough of Allendale, N.J.

Schedule of Various Liabilities and Reserves

Water Utility Operating Fund

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2018</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, 2018

<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>Balance, Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2018</u>
16-05	Various Improvements	09/26/17	09/26/18	09/26/19	3.00%	350,000.00	350,000.00	350,000.00	350,000.00
						<u>350,000.00</u>	<u>350,000.00</u>	<u>350,000.00</u>	<u>350,000.00</u>
						D	D-5	D-5	D

Borough of Allendale, N.J.

Schedule of Water Serial Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Paid	Balance, Dec. 31, 2018
			Date	Amount			
Water Bonds of 2010	02/15/10	946,000.00	2/15/19-22	10,000.00	3% to 3.6%	10,000.00	871,000.00
			02/15/23	125,000.00			
			02/15/24	225,000.00			
			02/15/25	250,000.00			
			02/15/26	231,000.00			
Refunding Bonds of 2012	10/25/12	2,620,000.00	07/15/19	275,000.00	2% to 4%	295,000.00	1,050,000.00
			07/15/20	240,000.00			
			07/15/21	235,000.00			
			07/15/22	180,000.00			
			07/15/23	120,000.00			
Water Bonds of 2015	05/01/15	1,075,000.00	05/01/19-29	80,000.00	1% to 3%	80,000.00	905,000.00
			05/01/30	25,000.00			
						3,211,000.00	2,826,000.00
						D	D
						D-20	D

Borough of Allendale, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Balance Dec. 31, 2018	
				Funded	Unfunded			Funded	Unfunded
09-10	Various Public Improvements Acquisition of Equipment	03/26/09	581,550.00	40,299.84			38,340.00	1,959.84	
10-05	Various Public Improvements Acquisition of Equipment	02/11/10	33,800.00	3,776.44				3,776.44	
	Acquisition of Equipment		9,200.00	2,430.00				2,430.00	
12-06	Various Public Improvements Acquisition of Equipment	03/22/12	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	54,331.01			1,739.62	54,331.01	
	Various Improvements		71,000.00	12,675.00				10,935.38	
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	57,053.64			38,399.12	18,654.52	
	Various Improvements		324,000.00	181,432.75	2,550.00		27,361.45	154,071.30	2,550.00
16-05	Various Improvements	03/10/16	330,000.00		283,397.91		108,934.41		174,463.50
	Various Improvements		20,000.00		13,068.50				13,068.50
17-13	Replacement of Hydrants						155,016.58		
18-10	Improvements of Water Mains		155,043.81	155,016.58					
	Various Water System Improve.	04/12/18	325,000.00		325,000.00		748.83		324,251.17
				553,005.18	299,016.41	325,000.00	370,540.01	292,148.41	514,333.17
				D	D	D-10	D-5	D	D

Borough of Allendale, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	<u>3.13</u>
Balance - December 31, 2018	D	<u>3.13</u>

Borough of Allendale, N.J.

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	D		5,914,684.15
Increased by:			
Transfer from Deferred Reserve for Amortization	D-21	63,000.00	
Serial Bonds Payable	D-17	<u>385,000.00</u>	
			<u>448,000.00</u>
Balance - December 31, 2018	D		<u>6,362,684.15</u>

Borough of Allendale, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2017</u>	<u>To Reserve for Amortization</u>	
				<u>Fixed Capital</u>	<u>Balance, Dec. 31, 2018</u>
10-05	Various Public Improvements Acquisition of Equipment	02/11/10	1,650.00		1,650.00
	Acquisition of Equipment		450.00		450.00
12-06	Various Public Improvements Acquisition of Equipment	03/22/12	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	09/28/17	63,000.00	63,000.00	
			<u>531,100.00</u>	<u>63,000.00</u>	<u>468,100.00</u>
			D	D-20	D

Borough of Allendale, N.J.

Schedule of Reserve for Capital Infrastructure

Water Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	502,088.92
Increased by:		
Cash Receipts	D-5	<u>220,000.00</u>
Balance - December 31, 2018	D	<u><u>722,088.92</u></u>

Borough of Allendale, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2017</u>	<u>2018 Authorizations</u>	<u>Balance, Dec. 31, 2018</u>
15-05	Various Public Improvements	2,550.00		2,550.00
18-10	Various Water System Improve.		325,000.00	325,000.00
		<u>2,550.00</u>	<u>325,000.00</u>	<u>327,550.00</u>

Footnote D

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

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2017	E	3,109.95	3,109.95	
Increased by Receipts:				
Other Receipts		<u>9.38</u>	<u>9.38</u>	
		3,119.33	3,119.33	
Decreased by Disbursements:				
Other Disbursements		<u>3,119.33</u>	<u>3,119.33</u>	
Balance - December 31, 2018	E	<u><u> </u></u>	<u><u> </u></u>	<u><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, 2018

Ref.

N/A

Borough of Allendale, N.J.
Schedule of Public Assistance
Cash and Reconciliation
Year Ended December 31, 2018

Balance - December 31, 2017	3,109.95
Increased by Receipts:	
Cash Receipts Record	9.38
	3,119.33
Decreased by Disbursements:	
Cash Disbursements Record	3,119.33
Balance - December 31, 2018	3,119.33

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

Exhibit E-4

Borough of Allendale, N.J.

Schedule of Public Assistance Revenues

Year Ended December 31, 2018

N/A

Exhibit E-5

Schedule of Public Assistance Expenditures

Year Ended December 31, 2018

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, 2018

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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, 2018 and the related notes to the financial statements, and have issued our report thereon dated May 8, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for not meeting the disclosure requirements of GASB Statement No. 75.

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.



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.

James Cerullo

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

Ferraioli, Wielkatz, Cerullo & Cova, P.A.

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



May 8, 2019

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:

Platform Truck	Firehouse Parking Lot Resurfacing
Donnybrook Drive Resurfacing	2018 Road Resurfacing Program

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 4, 2018 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 Borough did not have a tax sale in 2018.

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>
2018	4
2017	4
2016	5

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, 2018, 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, 2018, 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.

Refunds and nonsufficient funds checks are not being entered into the Community Pass Program for recreation fees.

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.

In some instances, purchases were made prior to proper approval.

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.

Other

The Analysis of General Capital Fund cash includes a cash deficit for an ordinance over 5 years old. No recommendation is being made as this deficit is being funded in subsequent year budgets.

RECOMMENDATIONS

1. That refunds and nonsufficient funds checks be entered into the Community Pass Program for recreation fees.
2. That all purchases be made only after proper approval.

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,

James Cerullo

James Cerullo, C.P.A.
Registered Municipal Accountant
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