

BOROUGH OF WALLINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015

**BOROUGH OF WALLINGTON
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
	Independent Auditor’s Report	1-3
	Financial Statements	
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis – Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-9
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	10-15
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	16
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	17
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	18
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Operating Fund	19-20
D-1	Comparative Statements of Operations and Changes in Operating Fund Balance – Regulatory Basis - Water Utility Operating Fund	21
D-2	Statement of Revenues – Regulatory Basis – Water Utility Operating Fund	22
D-3	Statement of Expenditures – Regulatory Basis - Water Utility Operating Fund	23
D-4	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Water Utility Capital Fund	24
E	Comparative Balance Sheets – Regulatory Basis - General Fixed Assets Account Group	25
	Notes to Financial Statements	26-67
	Supplementary Schedules	
	<u>Current Fund</u>	
A-4	Statement of Cash - Collector-Treasurer	68
A-5	Statement of Change Fund	69
A-6	Statement of Petty Cash Fund	69
A-7	Statement of Due To State of New Jersey Senior Citizens' and Veterans' Deductions	70
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	71
A-9	Statement of Tax Title Liens	72
A-10	Statement of Revenue Accounts Receivable	72
A-11	Statement of 2014 Appropriation Reserves	73-74
A-12	Statement of Encumbrances Payable	75
A-13	Statement of Prepaid Taxes	75
A-14	Statement of Tax Overpayments	76
A-15	Statement of County Taxes Payable	76
A-16	Statement of School Taxes Payable	76
A-17	Statement of Miscellaneous Fees Payable	77
A-18	Statement of Reserve for Revaluation	77
A-19	Statement of Deferred Charges N.J.S. 40A:4-55.3 Special Emergency Authorizations	78

BOROUGH OF WALLINGTON
TABLE OF CONTENTS
(Continued)

<u>Exhibits</u>		<u>Page</u>
 Supplementary Schedules (Continued)		
 <u>Current Fund (Continued)</u>		
A-20	Statement of Federal and State Grants Receivable	79
A-21	Statement of Appropriated Reserves for Federal and State Grants	80
A-22	Statement of Unappropriated Reserves for Federal and State Grants	81
A-23	Statement of Amount Due to Library – State Aid	82
A-24	Statement of Reserve for Codification of Ordinances	82
A-25	Statement of Deferred Charge – Expenditure of Appropriation Reserves	83
A-26	Statement of Deferred Charge - Overexpenditure of Appropriation	83
 <u>Trust Funds</u>		
B-1	Schedule of Trust Cash - Treasurer	84
B-2	Statement of Reserve for Animal Control Fund Expenditures – Animal Control Fund	85
B-3	Statement of Due to (From) State of New Jersey – Department of Health – Animal Control Fund	85
B-4	Statement of Due to Current Fund – Animal Control Fund	85
B-5	Statement of Other Reserves – Other Trust Fund	86
B-6	Statement of Reserve for Escrow Deposits – Other Trust Fund	86
B-7	Statement of Due To Current Fund – Other Trust Fund	87
B-8	Statement of Reserve for Unemployment Compensation Insurance Claims – Other Trust Fund	87
B-9	Statement of Reserve for Payroll Salaries and Withholdings – Other Trust Fund	88
B-10	Statement of Due to Water Utility Operating Fund – Other Trust Fund	88
 <u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	89
C-3	Analysis of General Capital Cash	90
C-4	Statement of Grants Receivable - General Capital Fund	91
C-5	Statement of Due from Water Utility Capital Fund – General Capital Fund	91
C-6	Statement of Due from Current Fund – General Capital Fund	92
C-7	Statement of Deferred Charges to Future Taxation – Funded – General Capital Fund	92
C-8	Statement of Deferred Charges to Future Taxation – Unfunded – General Capital Fund	93
C-9	Statement of Capital Improvement Fund – General Capital Fund	94
C-10	Statement of Improvement Authorizations	95
C-11	Statement of Reserve for Grants Receivable – General Capital Fund	96
C-12	Statement of Serial Bonds Payable – General Capital Fund	97
C-13	Statement of New Jersey Green Acres Loan Payable – General Capital Fund	98
C-14	Statement of Bond Anticipation Notes Payable – General Capital Fund	99
C-15	Statement of Reserve for Purchase of Fire Equipment – General Capital Fund	100
C-16	Statement of Encumbrances Payable – General Capital Fund	100
C-17	Statement of Bonds and Notes Authorized But Not Issued – General Capital Fund	101

BOROUGH OF WALLINGTON
TABLE OF CONTENTS
(Continued)

Exhibits

Page

Supplementary Schedules (Continued)

Water Utility Fund

D-5	Statement of Cash - Treasurer	102
D-6	Statement of Cash – Water Collector	102
D-7	Analysis of Water Utility Capital Cash	103
D-8	Statement of Change Fund - Water Utility Operating Fund	104
D-9	Statement of Consumer Accounts Receivable – Water Utility Operating Fund	104
D-10	Statement of Water Utility Liens Receivable – Water Utility Operating Fund	105
D-11	Statement of Due from Water Utility Operating Fund – Water Utility Capital Fund	106
D-12	Statement of Fixed Capital – Water Utility Capital Fund	106
D-13	Statement of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	107
D-14	Statement of 2014 Appropriation Reserves – Water Utility Operating Fund	108
D-15	Statement of Equipment Reserves – Water Utility Operating Fund	109
D-16	Statement of Due from General Capital Fund – Water Utility Operating Fund	109
D-17	Statement of Due to Current Fund – Water Utility Operating Fund	109
D-18	Statement of Improvement Authorizations - Water Utility Capital Fund	110
D-19	Statement of Capital Improvement Fund – Water Utility Capital Fund	111
D-20	Statement of Reserve for Amortization – Water Utility Capital Fund	111
D-21	Statement of Deferred Reserve for Amortization - Water Utility Capital Fund	112
D-22	Statement of Accrued Interest on Bonds and Notes – Water Utility Operating Fund	113
D-23	Statement of Encumbrances Payable – Water Utility Operating Fund	114
D-24	Statement of Serial Bonds Payable – Water Utility Capital Fund	115
D-25	Statement of Bond Anticipation Notes Payable – Water Utility Capital Fund	116
D-26	Statement of Grants Receivable – Water Utility Capital Fund	117
D-27	Statement of Encumbrances Payable – Water Utility Capital Fund	117
D-28	Statement of Deferred Charges – Operating Deficit – Water Utility Operating Fund	118
D-29	Statement of Overexpenditure of Ordinance Appropriation – Water Utility Capital Fund	118
D-30	Statement of Bonds and Notes Authorized But Not Issued – Water Utility Capital Fund	119

Part II – Government Auditing Standards

Report on Internal Control Over Financial Reporting and on Compliance and and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	120-121
Schedule of Expenditures of Federal Awards	122
Schedule of Expenditures of State Financial Assistance	123
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	124-125
Schedule of Findings and Responses	126-131
Summary Schedule of Prior Year Audit Findings	132

BOROUGH OF WALLINGTON
TABLE OF CONTENTS
(Continued)

	<u>Page</u>
<u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>	
Comparative Statement of Operations and Changes in Fund Balance - Current Fund	133
Comparative Statement of Operations and Changes in Fund Balance Water Utility Operating Fund	134
Comparative Schedule of Tax Rate Information	135
Comparison of Tax Levies and Collection Currently	135
Delinquent Taxes and Tax Title Liens	136
Comparison of Water Utility Billings	136
Comparative Schedule of Fund Balances	136
Officials in Office and Surety Bonds as of December 31, 2015	137
General Comments	138-140
Suggestions to Management	140
Recommendations	141-142

BOROUGH OF WALLINGTON

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Wallington
Wallington, New Jersey

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 Wallington, as of December 31, 2015 and 2014, and the related statements 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, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Wallington on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 financial reporting requirements of the State of New Jersey for municipal government entities.

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 Wallington as of December 31, 2015 and 2014, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 46 percent and 51 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Wallington as of December 31, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Wallington as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Wallington.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

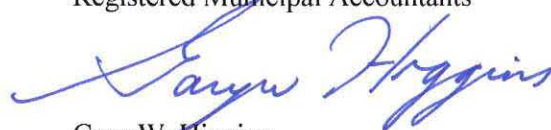
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 5, 2016 on our consideration of the Borough of Wallington'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 Wallington's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
July 5, 2016

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash - Collector - Treasurer	A-4	\$ 3,687,845	\$ 2,614,795
Cash - Change Fund	A-5	100	100
Cash - Petty Cash	A-6	100	100
Federal and State Grants Receivable	A-20	<u>34,365</u>	<u>34,365</u>
		<u>3,722,410</u>	<u>2,649,360</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	547,158	545,936
Tax Title Liens Receivable	A-9	372,091	342,596
Due from Other Trust Fund	B-7	353,927	163,599
Due From Animal Control Fund	B-4	17,826	14,691
Due from Water Utility Operating Fund	D-17	327,542	195,772
Revenue Accounts Receivable	A-10	<u>13,530</u>	<u>17,952</u>
		<u>1,632,074</u>	<u>1,280,546</u>
Deferred Charges:			
Special Emergency Authorizations	A-19	4,600	9,200
Overexpenditure of Appropriation Reserves	A-25		53,041
Overexpenditure of Appropriations	A-26	<u>31,728</u>	<u>-</u>
		<u>36,328</u>	<u>62,241</u>
Total Assets		<u>\$ 5,390,812</u>	<u>\$ 3,992,147</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 515,350	\$ 274,601
Encumbrances Payable	A-12	390,083	83,742
Reserve for Revaluation	A-18	2,770	2,770
Reserve for Codification of Ordinances	A-24	10,925	10,925
Appropriated Reserves for Federal and State Grants	A-21	302,848	274,057
Unappropriated Reserves for Federal and State Grants	A-22	26,172	38,978
Prepaid Taxes	A-13	106,374	77,805
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-7	188	4,892
County Taxes Payable	A-15	1,679	
Miscellaneous Fees Payable	A-17	2,009	4,559
Due to General Capital Fund	C-6	804,279	773,186
Amount Due to Library - State Aid	A-23	14,850	9,893
Tax Overpayments	A-14	<u>26,604</u>	<u>24,976</u>
		2,204,131	1,580,384
Reserve for Receivables	A	1,632,074	1,280,546
Fund Balance	A-1	<u>1,554,607</u>	<u>1,131,217</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,390,812</u>	<u>\$ 3,992,147</u>

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 657,894	\$ 563,049
Miscellaneous Revenues	A-2	1,723,274	1,794,895
Receipts from Delinquent Taxes	A-2	463,790	441,506
Receipts from Current Taxes	A-2	25,315,976	24,040,474
Non-Budget Revenues	A-2	1,266,264	170,950
Other Credits to Income:			
Interfunds Liquidated	A	150,884	
Unexpended Balance of Appropriation Reserves	A-11	<u>89,347</u>	<u>100,334</u>
Total Income		<u>29,667,429</u>	<u>27,111,208</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,761,844	3,579,999
Other Expenses	A-3	4,994,310	4,867,500
Municipal Debt Service	A-3	839,536	809,266
Deferred Charges and Statutory			
Expenditures	A-3	953,295	1,078,850
Judgments	A-3	33,722	11,278
Local District School Tax	A-16	14,895,129	14,054,766
County Tax	A-15	2,275,687	2,199,823
County Share of Added and Omitted Taxes	A-15	2,354	944
County Open Space Tax	A-15	24,052	24,194
Prior Year Tax Appeals Granted	A-4	94,489	77,223
Refund of Prior Year Revenue	A-4	58,851	5,634
Interfunds Established	A	<u>684,604</u>	<u>201,289</u>
Total Expenditures		<u>28,617,873</u>	<u>26,910,766</u>
Excess of Revenues over Expenditures		1,049,556	200,442
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	<u>31,728</u>	<u>-</u>
Statutory Excess to Fund Balance		1,081,284	200,442
FUND BALANCE, JANUARY 1	A	<u>1,131,217</u>	<u>1,493,824</u>
		2,212,501	1,694,266
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>657,894</u>	<u>563,049</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,554,607</u>	<u>\$ 1,131,217</u>

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Reference	2015 <u>Anticipated</u> Budget	2015 <u>Realized</u>	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 657,894	\$ 657,894	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-10	16,100	15,934	\$ (166)
Other	A-2	9,700	9,635	(65)
Fees and Permits				
Other	A-2	17,000	16,851	(149)
Fines and Costs				
Municipal Court	A-10	180,000	178,769	(1,231)
Interest and Costs on Taxes	A-10	117,000	93,950	(23,050)
Interest on Investments and Deposits	A-2	11,000	11,437	437
Energy Receipts Tax	A-10	591,750	602,475	10,725
Consolidated Municipal Property Tax Relief	A-10	81,704	70,979	(10,725)
Uniform Construction Code Fees	A-10	105,000	103,262	(1,738)
State and Federal Revenues Offset with Appropriations				
Reserve for Recycling Tonnage Grant	A-22	14,690	14,690	
Reserve for Clean Communities Program	A-22	16,386	16,386	
Reserve for Municipal Alliance on Alcoholism and Drug Abuse	A-22	3,377	3,377	
Reserve for Body Armor Grant	A-22	2,187	2,187	
Reserve for Municipal Recycling Grant	A-22	125	125	
Reserve for Alcohol Education & Rehabilitation	A-22	236	236	
Reserve for Drunk Driving Enforcement Fund	A-22	1,977	1,977	
Other Special Items				
Uniform Safety Act	A-10	13,500	12,824	(676)
Bergen County Open Space Trust Fund -				
HS Athletic Field Improvements	A-10	24,750	24,750	-
Reserve Due from Other Trust Fund	B-7	12,715	12,715	-
Reserve Due from Water Operating Fund	D-17	195,772	195,772	-
Contribution from Board of Education	A-10	125,000	125,000	-
Cell Tower Rental Fee	A-10	48,000	79,960	31,960
CATV Franchise Fee	A-10	129,983	129,983	-
Total Miscellaneous Revenues	A-1	1,717,952	1,723,274	5,322
Receipts from Delinquent Taxes	A-2	515,000	463,790	(51,210)

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Reference</u>	<u>2015 Anticipated Budget</u>	<u>2015 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax For Municipal Purposes Including				
Reserve for Uncollected Taxes		\$ 8,286,807	\$ 8,617,886	\$ 331,079
Minimum Library Tax		<u>320,868</u>	<u>320,868</u>	<u>-</u>
 Total Amount to be Raised by Taxes for Support of Municipal Budget	 A-2	 <u>8,607,675</u>	 <u>8,938,754</u>	 <u>331,079</u>
 Total General Revenue	 A-3	 <u>\$ 11,498,521</u>	 11,783,712	 <u>\$ 285,191</u>
 Non-Budget Revenue	 A-1,A-2		 <u>1,266,264</u>	
			<u>\$ 13,049,976</u>	

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 25,315,976
Allocated to		
School and County Taxes	A-15,A-16	<u>17,197,222</u>
		8,118,754
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>820,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 8,938,754</u>
Analysis of Delinquent Taxes		
Taxes Receivable	A-8	<u>\$ 463,790</u>
	A-2	<u>\$ 463,790</u>
Licenses - Other		
Borough Clerk	A-10	\$ 2,890
Registrar of Vital Statistics	A-10	270
Board of Health	A-10	<u>6,475</u>
	A-2	<u>\$ 9,635</u>
Fees and Permits - Other		
Borough Clerk	A-10	\$ 6,006
Registrar of Vital Statistics	A-10	15
Fire Prevention	A-10	1,180
Planning and Zoning Boards	A-10	375
Board of Health	A-10	4,670
Police	A-10	<u>4,605</u>
	A-2	<u>\$ 16,851</u>
Interest on Investments		
Revenue Accounts Receivable	A-10	\$ 8,221
Due from Animal Control Fund	B-4	57
Due from Other Trust Fund	B-7	2,453
Due from General Capital Fund	C-6	<u>706</u>
	A-2	<u>\$ 11,437</u>
Non-Budget Revenue		
Sale of Land		\$ 745,000
Police Outside Duty Fees		500,000
Statutory Excess - Animal Control Fund		3,135
Administrative Fee - Senior Citizen & Veterans		1,500
Other Miscellaneous		<u>16,629</u>
	A-2	<u>\$ 1,266,264</u>
Non-Budget Revenues		
Cash Receipts	A-4	\$ 763,129
Due from Other Trust Fund - Police Outside Duty Fees	B-7	500,000
Due from Animal Control Fund - Statutory Excess	B-4	<u>3,135</u>
	A-2	<u>\$ 1,266,264</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>		<u>2015 Expended</u>			
	<u>Appropriated</u>		<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>			<u>Overexpended</u>
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT						
Mayor and Council						
Salaries and Wages	\$ 20,100	\$ 20,100	\$ 20,099	\$ 1		
Municipal Clerk/Elections						
Salaries and Wages	156,267	182,767	181,606	1,161		
Other Expenses	60,000	55,000	50,399	4,601		
Financial Administration						
Salaries and Wages	26,651	28,354	28,321	33		
Other Expenses	47,000	47,000	39,398	7,602		
Audit Services	12,000	12,000	10,000	2,000		
Revenue Administration						
Salaries and Wages	48,021	56,821	56,679	142		
Other Expenses	13,000	13,000	11,899	1,101		
Assessment Administration						
Salaries and Wages	13,675	14,710	14,704	6		
Other Expenses	20,000	20,000	1,222	18,778		
Legal Service and Costs						
Salaries and Wages	4,350	4,350	4,327	23		
Other Expenses	110,000	170,000	166,953	3,047		
Engineering Services and Costs						
Salaries and Wages	450	450	231	219		
Other Expenses	16,000	16,000	9,606	6,394		
Planning Board						
Salaries and Wages	3,569	3,570	3,569	1		
Other Expenses	7,800	7,800	6,018	1,782		
Zoning Board of Adjustment						
Salaries and Wages	1,560	1,560	1,560			
Other Expenses	6,000	6,000	5,783	217		
Insurance						
Unemployment Insurance	1,000	1,000		1,000		
Employee Group Insurance	1,678,875	1,465,936	1,329,319	136,617		
Health Benefit Waiver	10,000	10,000		10,000		
Liability	11,500	13,500	13,180	320		
Liability (South Bergen JIF)	210,716	204,716	204,503	213		
Worker's Compensation (South Bergen JIF)	204,834	201,834	200,888	946		
PUBLIC SAFETY FUNCTIONS						
Police						
Salaries and Wages	2,950,000	2,950,000	2,874,997	75,003		
Other Expenses	165,000	165,000	161,705	3,295		
Fire						
Other Expenses	205,000	215,000	222,893		\$ 7,893	
Emergency Management Services						
Other Expenses	1,000	1,000		1,000		
Uniform Fire Safety						
Salaries and Wages	14,280	14,580	14,566	14		
Other Expenses	1,000	1,000		1,000		
Fire Prevention Bureau						
Other Expenses	9,000	9,000	9,000			

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		2015 Expended			
	<u>Appropriated</u>		<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>			<u>Overexpended</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)						
PUBLIC SAFETY FUNCTIONS (Cont'd)						
Municipal Prosecutor						
Salaries and Wages	\$ 9,880	\$ 9,880	\$ 9,880			
Public Defender						
Other Expenses	5,000	5,000	4,950	\$ 50		
PUBLIC WORK FUNCTIONS						
Streets and Roads Maintenance						
Salaries and Wages	152,763	170,263	170,219	44		
Other Expenses	60,000	75,000	74,362	638		
Shade Tree						
Other Expenses	4,700	4,700	4,700	-		
Solid Waste Collection (Garbage and Trash, Recycling)						
Salaries and Wages	5,000	5,000	5,000	-		
Other Expenses	475,000	535,000	558,835			\$ 23,835
Buildings and Grounds						
Other Expenses	65,000	65,000	53,486	11,514		
Municipal Services Act						
HEALTH AND HUMAN SERVICES						
Board of Health						
Salaries and Wages	102,144	114,644	114,075	569		
Other Expenses	29,000	29,000	28,980	20		
Animal Control Services						
Other Expenses	8,300	8,300	8,161	139		
PARK AND RECREATION FUNCTIONS						
Board of Recreation Commissioners (R.S. 40-17.1)						
Salaries and Wages	33,280	33,280	30,402	2,878		
Other Expenses	43,000	43,000	42,877	123		
Senior Citizens						
Other Expenses	5,000	5,000	2,630	2,370		
Maintenance of Parks						
Other Expenses	21,000	21,000	17,705	3,295		
Celebration of Public Events						
Other Expenses	4,000	4,000	3,732	268		
UNIFORM CONSTRUCTION CODE						
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)						
Construction Code Official						
Salaries and Wages	62,960	65,960	65,523	437		
Other Expenses	3,500	3,500	831	2,669		
Other Code Enforcement and Functions						
Rent Leveling Board						
Salaries and Wages	1,560	1,560		1,560		

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 <u>Appropriated</u>		2015 Expended			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Overexpended</u>
OPERATIONS - WITHIN "CAPS" (Continued)						
UTILITIES						
Electricity	\$ 85,000	\$ 85,000	\$ 76,497	\$ 8,503		
Street Lighting	84,000	84,000	81,890	2,110		
Communications	40,000	40,000	40,000	-		
Sewerage Processing and Disposal	35,000	35,000	9,433	25,567		
Other Expenses						
Gasoline	75,000	75,000	39,253	35,747		
Salary and Wage Adjustment	15,000	15,000		15,000		
Municipal Court						
Salaries and Wages	68,995	68,995	68,826	169		
Other Expenses	8,000	10,000	9,676	324	-	-
Total Operations Within "CAPS"	7,530,730	7,524,130	7,165,348	390,510	-	\$ 31,728
Detail:						
Salaries and Wages	3,690,505	3,761,844	3,664,584	97,260		
Other Expenses	3,840,225	3,762,286	3,500,764	293,250	-	31,728
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Deficit in Other Reserves						
Uniform Fire Safety Act Penalties	5,736	5,736	5,736	-		
Prior Years Bills - Fin's Marine Inc	220	220	220	-		
Overexpenditure of Appropriation Reserves	53,041	53,041	53,041	-		
Social Security System (O.A.S.I.)	129,000	135,100	134,634	466		
Public Employees' Retirement System	83,317	83,317	83,317	-		
Police and Firemen's Retirement System	621,968	621,968	621,968	-		
Police and Firemen's Retirement System - ERIP	34,546	34,546	34,546	-		
Public Employees' Retirement System - ERIP	14,767	14,767	14,767	-	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	942,595	948,695	948,229	466	-	-
Total General Appropriations for Municipal Purposes Within "CAPS"	8,473,325	8,472,825	8,113,577	390,976	-	31,728

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 <u>Appropriated</u>		2015 <u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Overexpended</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
Passaic Valley Sewerage Commission	\$ 653,501	\$ 654,001	\$ 653,626	\$ 375		
East Rutherford Sewer Fees	6,500	6,500		6,500		
Recycling Tax Appropriation	11,800	11,800		11,800		
Maintenance of Free Public Library	320,868	320,868	320,868	-		
Employee Group Health Insurance	53,449	53,449	53,449	-		
Interlocal Services Agreement (County of Bergen)-911	8,700	8,700	8,501	199		
Anticipated Deficit in Water Operating Fund	127,542	127,542			\$ 127,542	
Length of Service Award Program (LOSAP)	106,000	106,000	500	105,500	-	-
Total Other Operations Excluded from "CAPS"	1,288,360	1,288,860	1,036,944	124,374	127,542	-
Public and Private Programs Offset by Revenues						
Reserve for Clean Communities Program	16,386	16,386	16,386	-		
Reserve for Alcohol Education and Rehabilitation	236	236	236	-		
Reserve for Body Armor Replacement Program	2,187	2,187	2,187	-		
Reserve for Recycling Tonnage Grant	14,690	14,690	14,690	-		
Reserve for Municipal Alliance on Alcoholism	3,377	3,377	3,377	-		
Reserve for Municipal Recycling Grant	125	125	125	-		
Reserve for Drunk Driving Enforcement Fund	1,977	1,977	1,977	-	-	-
Total Public and Private Programs Offset by Revenues	38,978	38,978	38,978	-	-	-
Total Operations Excluded from "CAPS"	1,327,338	1,327,838	1,075,922	124,374	127,542	-
Detail:						
Other Expenses	1,327,338	1,327,838	1,075,922	124,374	127,542	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	405,000	405,000	405,000	-		
Payment of Bond Anticipation Notes	132,718	132,718	132,718	-		
Interest on Bonds	270,421	270,421	270,421	-		
Interest on Notes	18,276	18,276	18,276	-		
Green Trust Loan Program:						
Loan Repayments of Principal and Interest	13,121	13,121	13,121	-	-	-
Total Municipal Debt Service Excluded from "CAPS"	839,536	839,536	839,536	-	-	-

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> <u>Appropriated</u>		<u>2015 Expended</u>			
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>	<u>Overexpended</u>
DEFERRED CHARGES						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55.1 & 40A:4-55.13)	\$ 4,600	\$ 4,600	\$ 4,600	-	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	4,600	4,600	4,600	-	-	-
Judgements	33,722	33,722	33,722	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,205,196	2,205,696	1,953,780	\$ 124,374	\$ 127,542	-
Subtotal General Appropriations	10,678,521	10,678,521	10,067,357	515,350	127,542	\$ 31,728
Reserve for Uncollected Taxes	820,000	820,000	820,000	-	-	-
Total General Appropriations	\$ 11,498,521	\$ 11,498,521	\$ 10,887,357	\$ 515,350	\$ 127,542	\$ 31,728
<u>Reference</u>	A-2	A-2		A		A-28

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Reference</u>	<u>Paid or Charged</u>
Cash Disbursed	A-4	\$ 9,265,100
Encumbrances Payable	A-12	390,083
Deferred Charges:		
Special Emergency Appropriations	A-19	4,600
Overexpenditure of Appropriation Reserves	A-25	53,041
Due to General Capital Fund		
Expenditures Paid by General Capital Fund	C-6	150,994
Transferred to Appropriated Grant Reserves	A-21	38,978
Due to Other Trust Fund - Deficits in Miscellaneous Reserves	B-7	5,736
Due to Other Trust Fund - Expenditures paid by Other Trust Fund	B-9	158,825
Reserve for Uncollected Taxes	A-2	<u>820,000</u>
		<u>\$ 10,887,357</u>

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 22,972	\$ 19,974
Due from State of New Jersey - Department of Health	B-3	<u>-</u>	<u>7</u>
Total Assets		<u>22,972</u>	<u>19,981</u>
OTHER TRUST FUND			
Cash	B-1	<u>1,135,893</u>	<u>874,893</u>
LENGTH OF SERVICE AWARDS PROGRAM(LOSAP) FUND (UNAUDITED)			
Investments	B	884,014	822,425
Intergovernmental Receivable	B	<u>103,699</u>	<u>97,016</u>
		<u>987,713</u>	<u>919,441</u>
Total Assets		<u>\$ 2,146,578</u>	<u>\$ 1,814,315</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey - Department of Health	B-3	\$ 1	
Due to Current Fund	B-4	17,826	\$ 14,691
Reserve for Animal Control Expenditures	B-2	<u>5,145</u>	<u>5,290</u>
		<u>22,972</u>	<u>19,981</u>
OTHER TRUST FUND			
Reserve for Escrow Deposits	B-6	3,850	3,850
Payroll Deductions Payable	B-9	121,533	121,461
Due to Current Fund	B-7	353,927	163,599
Other Reserves	B-5	614,067	547,199
Due to Water Utility Operating Fund	B-10	14,805	16,512
Reserve for Unemployment Compensation Ins. Claims	B-8	<u>27,711</u>	<u>22,272</u>
		<u>1,135,893</u>	<u>874,893</u>
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>987,713</u>	<u>919,441</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,146,578</u>	<u>\$ 1,814,315</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	C-2,C-3	\$ 640,828	\$ 102,506
Due from Current Fund	C-6	804,279	773,186
Due from Water Utility Capital Fund	C-5	1,468,896	1,621,923
Grants Receivable	C-4	623,112	346,180
Deferred Charges to Future Taxation:			
Funded	C-7	7,167,308	7,583,554
Unfunded	C-8	<u>3,777,329</u>	<u>3,105,047</u>
 Total Assets		 <u>\$ 14,481,752</u>	 <u>\$ 13,532,396</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-12	\$ 7,082,000	\$ 7,487,000
Bond Anticipation Notes Payable	C-14	3,289,870	2,947,785
Green Acres Loan Payable	C-13	85,308	96,554
Improvement Authorizations			
Funded	C-10	517,240	602,039
Unfunded	C-10	1,338,460	1,017,126
Reserve for Grants Receivable	C-11	575,718	245,218
Due to Water Utility Operating Fund	D-16	1,217,802	1,058,393
Capital Improvement Fund	C-9	19,702	39,702
Encumbrances Payable	C-16	292,847	
Reserve for Purchase of Fire Equipment	C-15	11,595	11,595
Fund Balance	C-1	<u>51,210</u>	<u>26,984</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 14,481,752</u>	 <u>\$ 13,532,396</u>

There were bonds and notes authorized but not issued at December 31, 2015 and 2014 of \$487,459 and \$171,193 respectively (Exhibit C-17).

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Fund Balance, January 1	C	\$ 26,984	\$ 26,984
Increased By:			
Due from Current Fund -Receipt on Fully Funded Ordinance	C-6	<u>24,226</u>	<u>-</u>
Fund Balance, December 31	C	<u>\$ 51,210</u>	<u>\$ 26,984</u>

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash - Treasurer	D-5	\$ 2,063,745	\$ 1,874,624
Change Fund - Collector	D-8	100	100
Due from General Capital Fund	D-16	1,217,802	1,058,393
Due from Other Trust Fund	B-10	<u>14,805</u>	<u>16,512</u>
		<u>3,296,452</u>	<u>2,949,629</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-9	235,150	202,546
Water Utility Liens Receivable	D-10	<u>10,670</u>	<u>10,670</u>
		<u>245,820</u>	<u>213,216</u>
Deferred Charges			
Operating Deficit	D-28	<u>-</u>	<u>201,792</u>
Total Assets		<u>\$ 3,542,272</u>	<u>\$ 3,364,637</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	D-3,D-14	\$ 265,166	\$ 102,541
Encumbrances Payable	D-23	70,991	18,682
Accrued Interest on Bonds and Loans	D-22	9,888	8,786
Due to Water Utility Capital Fund	D-11	2,397,918	2,397,909
Due to Current Fund	D-17	327,542	195,772
Equipment Reserves	D-15	<u>3,862</u>	<u>3,862</u>
		3,075,367	2,727,552
Reserve for Receivables	D	245,820	213,216
Fund Balance	D-1	<u>221,085</u>	<u>423,869</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,542,272</u>	<u>\$ 3,364,637</u>

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash	D-5,D-7	\$ 13,864	\$ 50,873
Fixed Capital	D-12	6,168,332	5,392,963
Fixed Capital Authorized and Uncompleted	D-13	2,955,000	3,435,000
Due from Water Utility Operating Fund	D-11	2,397,918	2,397,909
Overexpenditure of Ordinance Appropriation	D-29	80,369	
Grants Receivable	D-26	<u>40,200</u>	<u>40,200</u>
Total Assets		<u>\$ 11,655,683</u>	<u>\$ 11,316,945</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	D-24	\$ 193,000	\$ 253,000
Bond Anticipation Note Payable	D-25	5,025,130	4,182,215
Improvement Authorizations - Funded	D-18	24,776	75,221
Improvement Authorizations - Unfunded	D-18	423,949	860,726
Reserve for			
Amortization	D-20	3,445,444	3,282,290
Deferred Amortization	D-21	379,300	369,000
Grants Receivable	D-26	40,200	40,200
Due to General Capital Fund	C-5	1,468,896	1,621,923
Capital Improvement Fund	D-19	54,059	186,787
Encumbrances Payable	D-27	<u>600,929</u>	<u>445,583</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,655,683</u>	<u>\$ 11,316,945</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2015 and 2014 of \$80,458 and \$741,458 respectively (Exhibit D-30).

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-2	\$ 222,000	\$ 100,000
Rents	D-2	2,011,276	1,805,192
Fire Hydrant Service	D-2	47,807	41,948
Miscellaneous Revenue Anticipated	D-2	5,763	2,974
Water Capital Fund Balance	D-2		972
Capital Improvement Fund	D-19	122,428	
Other Credits to Income:			
Cancellation of Prior Year Accrued Interest	D-1		4,585
Unexpended Balance of Appropriation Reserves	D-14	<u>327</u>	<u>-</u>
Total Revenues		<u>2,409,601</u>	<u>1,955,671</u>
EXPENDITURES			
Operating			
Salaries and Wages	D-3	440,907	440,000
Other Expenses	D-3	1,538,373	1,535,667
Deferred Charges and Statutory Expenditures	D-3	292,292	67,000
Debt Service	D-3	<u>118,813</u>	<u>123,072</u>
Total Expenditures		<u>2,390,385</u>	<u>2,165,739</u>
Deficit in Current Year Operations	D-28		<u>\$ (210,068)</u>
Statutory Excess to Fund Balance		19,216	
FUND BALANCE, JANUARY 1	D	<u>423,869</u>	<u>\$ 523,869</u>
		443,085	523,869
Decreased by:			
Utilized by Water Operating Budget	D-1	<u>222,000</u>	<u>100,000</u>
FUND BALANCE, DECEMBER 31	D	<u>\$ 221,085</u>	<u>\$ 423,869</u>

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Reference</u>	2015 Anticipated <u>Budget</u>	2015 <u>Realized</u>	Excess or (<u>Deficit</u>)
Fund Balance Anticipated	D-1	\$ 222,000	\$ 222,000	
Rents	D-1,D-6	1,805,000	1,805,000	
Additional Water Rents	D-1,D-6	72,200	206,276	\$ 134,076
Capital Improvement Fund	D-1,D-19	122,428	122,428	
Fire Hydrant Service	D-1,D-5	41,900	47,807	5,907
Miscellaneous Charges	D-1,D-2	2,930	5,763	2,833
Deficit (General Budget)	D-1,D-2	<u>127,542</u>	<u>-</u>	<u>(127,542)</u>
		<u>\$ 2,394,000</u>	<u>\$ 2,409,274</u>	<u>\$ 15,274</u>

<u>Reference</u>	D-3	D-1
------------------	-----	-----

Analysis of Miscellaneous Charges

Reference

Interest Earnings Received in Water Utility Capital Fund	D-11	\$ 65
Miscellaneous Cash Receipts	D-5	<u>5,698</u>
	D-2	<u>\$ 5,763</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 <u>Appropriated</u>		<u>2015 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries	\$ 440,907	\$ 440,907	\$ 411,711	\$ 29,196	
Other Expenses	1,538,373	1,538,373	1,311,055	227,318	
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Charges:					
Contribution to:					
Public Employee Retirement System	50,000	50,000	50,000		
Social Security System (O.A.S.I.)	25,500	25,500	16,848	8,652	
Prior Year Bills - Passiac Valley Water- 2014	15,000	15,000	15,000		
DEBT SERVICE					
Payment of Bond Principal	60,000	60,000	60,000		
Payment of Note Principal	22,785	22,785	22,785		
Interest on Bonds	9,620	9,620	9,620		
Interest on Notes	30,023	30,023	26,408		\$ 3,615
Deficit in Operations of Prior Years	<u>201,792</u>	<u>201,792</u>	<u>201,792</u>	<u>-</u>	<u>-</u>
Total Water Utility Appropriations	<u>\$ 2,394,000</u>	<u>\$ 2,394,000</u>	<u>\$ 2,125,219</u>	<u>\$ 265,166</u>	<u>\$ 3,615</u>

Reference D-2 D-2 D

	<u>Reference</u>	<u>Paid or Charged</u>
Cash Disbursements	D-5	\$ 1,725,559
Encumbrances Payable	D-23	70,991
Paid by Other Trust Fund	B-10	16,512
Due to General Capital Fund	D-16	22,785
Due to Current Fund	D-17	51,000
Deferred Charges	D-28	201,792
Accrued Interest	D-22	36,580
		<u>\$ 2,125,219</u>

**BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Fund Balance, January 1	D	\$ -	\$ 972
Decreased By:			
Anticipated as Revenue in the Water Operating Fund	D-4	<u>-</u>	<u>972</u>
Fund Balance, December 31	D	<u>\$ -</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
General Fixed Assets		
Land	\$ 6,838,518	\$ 6,838,518
Buildings and Building Improvements	1,677,892	1,677,892
Vehicles and Machinery and Equipment	<u>5,523,200</u>	<u>5,232,126</u>
	<u>\$ 14,039,610</u>	<u>\$ 13,748,536</u>
 LIABILITIES		
Investment in General Fixed Assets	<u>\$ 14,039,610</u>	<u>\$ 13,748,536</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Wallington (the "Borough") was incorporated in 1896 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. 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 requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

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 municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Wallington have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements 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 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.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Length of Service Award Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the water utility fund. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2014 balances to conform to the December 31, 2015 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Wallington follows a modified accrual basis of accounting. 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 or permitted for municipalities by the Division ("regulatory basis of accounting") 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:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - 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 December 31, 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 standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. 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 tax 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 (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - 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 as soon as all eligibility requirements imposed by the grantor or provider have been met.

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 for interfunds and, therefore, does not recognize income in the year liquidated.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and 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.

Expenditures – 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 cancelled 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, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. 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 are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Operating Deficits – Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Wallington has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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 sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 2011 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

General Fixed Assets purchased prior to December 31, 2011 are stated as follows:

Land and Buildings	1985 Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water utility fund is recorded in the capital account at cost and is adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. 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. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds
Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no 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. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. 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. In addition, the governing body approved several budget transfers during 2015 and 2014.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	Modified <u>Budget</u>	<u>Actual</u>	Unfavorable <u>Variance</u>
<u>2015</u>			
Current Fund - 2015 Appropriations			
Fire - Other Expenses	\$ 215,000	\$ 222,893	\$ 7,893
Solid Waste Collection (Garbage and Trash, Recycling) - Other Expenses	535,000	558,835	23,835
Water Utility Capital Fund			
Overexpenditure of Ordinance Appropriation	695,000	775,369	80,369
<u>2014</u>			
Current Fund - 2013 Appropriation Reserves			
Legal Services - Other Expenses	\$ 17,918	\$ 35,724	\$ 17,806
Buildings and Grounds - Other Expenses	14,880	30,459	15,579
Utilities - Street Lighting	16,414	29,855	13,441
Utilities - Communications	4,038	8,903	4,865
Passaic Valley Sewerage Commission	50	1,400	1,350

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Reserves

The Borough had an accumulated deficit of \$5,736 in the Uniform Fire Safety Act Penalties Reserve reported within the Other Trust Fund at December 31, 2014 . The Borough funded this deficit through a budget contribution in the 2015 budget.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$7,565,447 and \$5,537,965 and bank and brokerage firm balances of the Borough's deposits amounted to \$8,464,102 and \$5,797,253, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2015</u>	<u>2014</u>
Insured	\$ 8,464,102	\$ 5,797,253

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 does not have a formal policy for custodial credit risk. As of December 31, 2015 and 2014, none of the Borough's bank balances were exposed to custodial credit risk.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2015 and 2014, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP-Unaudited)</u>	
	<u>2015</u>	<u>2014</u>
Investment:		
Lincoln Financial-Length of Service Awards Program Investment Fund	\$ 884,014	\$ 822,425

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2015 and 2014, \$884,014 and \$822,425 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>LOSAP Unaudited</u>	
	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 884,014	\$ 822,425

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest 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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2015 and 2014, the Borough's investment in Lincoln Financial a subsidiary of Lincoln National Corporation was rated Baa1 and Baa2, respectively by Moody's Investors Service.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough's investments are in Lincoln Financial LOSAP Investment Fund. These investments are 100% of the Borough's total investments

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Water Utility Capital Fund is assigned to the Water Utility Operating Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2015 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2015</u>			
Property Taxes	\$ 547,158		\$ 547,158
Tax Title Liens	372,091		372,091
Utility Charges and Fees		\$ 235,150	235,150
Utility Liens	-	10,670	10,670
	<u>\$ 919,249</u>	<u>\$ 245,820</u>	<u>\$ 1,165,069</u>

In 2015, the Borough collected \$463,790 and \$202,546 from delinquent taxes and utility charges and fees, which represented 52% and 95% of the delinquent tax and water charges receivable at December 31, 2014.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

Receivables at December 31, 2014 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2014</u>			
Property Taxes	\$ 545,936		\$ 545,936
Tax Title Liens	342,596		342,596
Utility Charges and Fees		\$ 202,546	202,546
Utility Liens	<u>-</u>	<u>10,670</u>	<u>10,670</u>
	<u>\$ 888,532</u>	<u>\$ 213,216</u>	<u>\$ 1,101,748</u>

In 2014, the Borough collected \$441,506 and \$209,777 from delinquent taxes and utility charges and fees, which represented 58% and 95% of the delinquent tax and water charges receivable at December 31, 2013.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 699,295	\$ 804,279	\$ 374,062	\$ 773,186
Trust Funds:				
Other Trust Fund		368,732		180,111
Animal Control Fund		17,826		14,691
General Capital Fund	2,273,175	1,217,802	2,395,109	1,058,393
Water Utility Operating Fund	1,232,607	2,725,460	1,074,905	2,593,681
Water Utility Capital Fund	<u>2,397,918</u>	<u>1,468,896</u>	<u>2,397,909</u>	<u>1,621,923</u>
Total	<u>\$ 6,602,995</u>	<u>\$ 6,602,995</u>	<u>\$ 6,241,985</u>	<u>\$ 6,241,985</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues received by one fund on behalf of another fund.

The Borough expects all interfund balances to be liquidated within one year.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<u>2015</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 4,600	\$ 4,600	
Overexpenditure of Appropriations	31,728		\$ 31,728
Water Utility Capital Fund			
Overexpenditure of Ordinance Appropriation	80,369		80,369
 <u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 9,200	\$ 4,600	\$ 4,600
Overexpenditure of Appropriation Reserves	53,041	53,041	
Other Trust Fund			
Deficit in Uniform Fire Safety Act Penalties	5,736	5,736	
Water Utility Operating Fund			
Operating Deficit	201,792	201,792	

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Water Utility Operating Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2015		2014	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,483,914	\$ 585,000	\$ 1,034,611	\$ 657,894
Non-Cash Surplus	<u>70,693</u>	<u>-</u>	<u>96,606</u>	<u>-</u>
	<u>\$ 1,554,607</u>	<u>\$ 585,000</u>	<u>\$ 1,131,217</u>	<u>\$ 657,894</u>
Water Utility Operating Fund				
Cash Surplus	\$ 221,085	\$ 158,374	\$ 222,077	\$ 222,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>201,792</u>	<u>-</u>
	<u>\$ 221,085</u>	<u>\$ 158,374</u>	<u>\$ 423,869</u>	<u>\$ 222,000</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2015 and 2014.

	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Land	\$ 6,838,518			\$ 6,838,518
Buildings and Building Improvements	1,677,892			1,677,892
Vehicles and Machinery and Equipment	<u>5,232,126</u>	<u>\$ 393,499</u>	<u>\$ 102,425</u>	<u>5,523,200</u>
	<u>\$ 13,748,536</u>	<u>\$ 393,499</u>	<u>\$ 102,425</u>	<u>\$ 14,039,610</u>
	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 6,838,518			\$ 6,838,518
Buildings and Building Improvements	1,677,892			1,677,892
Vehicles and Machinery and Equipment	<u>5,185,030</u>	<u>\$ 47,096</u>	<u>-</u>	<u>5,232,126</u>
	<u>\$ 13,701,440</u>	<u>\$ 47,096</u>	<u>\$ -</u>	<u>\$ 13,748,536</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 8 FIXED ASSETS (Continued)

B. Water Utility Fund Fixed Assets

The following is a summary of changes in the water utility fund fixed assets for the years ended December 31, 2015 and 2014.

<u>Water Utility Fund</u>	Balance December 31, <u>2014</u>	<u>Increases</u>	Balance, December 31, <u>2015</u>
<u>2015</u>			
Fixed Capital			
System and System Improvements/ Buildings/Equipment	\$ 5,392,963	\$ 775,369	\$ 6,168,332
	Balance December 31, <u>2013</u>	Balance, December 31, <u>2014</u>	
<u>2014</u>			
Fixed Capital			
System and System Improvements/ Buildings/Equipment	\$ 5,392,963	\$ 5,392,963	

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and water utility capital fund projects. 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 four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes and Loans	\$ 10,457,178	\$ 10,531,339
Water Utility		
Bonds and Notes	<u>5,218,130</u>	<u>4,435,215</u>
	15,675,308	14,966,554
Less Funds Temporarily Held to Pay Bonds and Notes	<u>-</u>	<u>13,931</u>
Net Debt Issued	15,675,308	14,952,623
Authorized But Not Issued		
General		
Bonds and Notes	487,459	171,193
Water Utility		
Bonds and Notes	<u>80,458</u>	<u>741,458</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 16,243,225</u>	<u>\$ 15,865,274</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.13% and 1.34% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 10,944,637		\$ 10,944,637
School Debt	4,677,000	\$ 4,677,000	
Utility Debt	<u>5,298,588</u>	<u>5,298,588</u>	<u>-</u>
Total	<u>\$ 20,920,225</u>	<u>\$ 9,975,588</u>	<u>\$ 10,944,637</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 10,702,532	\$ 13,931	\$ 10,688,601
School Debt	5,000,959	5,000,959	
Utility Debt	<u>5,176,673</u>	<u>2,715,233</u>	<u>2,461,440</u>
Total	<u>\$ 20,880,164</u>	<u>\$ 7,730,123</u>	<u>\$ 13,150,041</u>

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 33,825,329	\$ 34,268,692
Less: Net Debt	<u>10,944,637</u>	<u>13,150,041</u>
Remaining Borrowing Power	<u>\$ 22,880,692</u>	<u>\$ 21,118,651</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
\$1,700,000, 2002 Bonds, due in annual installments of \$155,000 to \$160,000 through May 15, 2015, interest of 4.375%		\$ 155,000
\$1,227,000, 2003 Bonds, due in annual installments of \$97,000 to \$100,000 through October 15, 2018, interest at 4.00%	\$ 297,000	397,000
\$7,460,000, 2010 Bonds, due in annual installments of \$325,000 to \$500,000 through August 1, 2030, interest at 3.00% to 4.00%	<u>6,785,000</u>	<u>6,935,000</u>
	<u>\$ 7,082,000</u>	<u>\$ 7,487,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the redevelopment of the Borough's Centennial Field. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
\$211,000, 2002 Loans, due in annual installments of \$11,472 to \$12,926 through August 14, 2022, interest at 2.00%	<u>\$ 85,308</u>	<u>\$ 96,554</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Bonds

The Borough pledges revenue from operations to pay debt service on water utility bonds issued. The water utility bonds outstanding at December 31 are as follows:

Water Utility

	<u>2015</u>	<u>2014</u>
\$753,000, 2003 Bonds, due in annual installments of \$60,000 to \$68,000 through October 15, 2018, interest at 4.00%	<u>\$ 193,000</u>	<u>\$ 253,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar Year	<u>General</u>		<u>Water Utility Fund</u>				<u>Total</u>
	<u>Bonds</u>		<u>Loan</u>		<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 425,000	\$ 260,030	\$ 11,472	\$ 1,649	\$ 60,000	\$ 7,720	\$ 765,871
2017	425,000	246,280	11,702	1,419	65,000	5,320	754,721
2018	422,000	232,530	11,937	1,183	68,000	2,720	738,370
2019	450,000	218,900	12,177	943			682,020
2020	450,000	205,400	12,422	699			668,521
2021-2025	2,425,000	788,500	25,598	643			3,239,741
2026-2030	<u>2,485,000</u>	<u>297,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,782,000</u>
	<u>\$ 7,082,000</u>	<u>\$ 2,248,640</u>	<u>\$ 85,308</u>	<u>\$ 6,536</u>	<u>\$ 193,000</u>	<u>\$ 15,760</u>	<u>\$ 9,631,244</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within One Year
<u>2015</u>					
General Capital Fund					
Bonds Payable	\$ 7,487,000		\$ 405,000	\$ 7,082,000	\$ 425,000
Intergovernmental Loans Payable	<u>96,554</u>	<u>-</u>	<u>11,246</u>	<u>85,308</u>	<u>11,472</u>
General Capital Fund Long-Term Liabilities	<u>\$ 7,583,554</u>	<u>\$ -</u>	<u>\$ 416,246</u>	<u>\$ 7,167,308</u>	<u>\$ 436,472</u>
Water Utility Capital Fund					
Bonds Payable	<u>\$ 253,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 193,000</u>	<u>\$ 60,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 253,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 193,000</u>	<u>\$ 60,000</u>
	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within One Year
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 7,897,000		\$ 410,000	\$ 7,487,000	\$ 405,000
Intergovernmental Loans Payable	<u>107,578</u>	<u>-</u>	<u>11,024</u>	<u>96,554</u>	<u>11,246</u>
General Capital Fund Long-Term Liabilities	<u>\$ 8,004,578</u>	<u>\$ -</u>	<u>\$ 421,024</u>	<u>\$ 7,583,554</u>	<u>\$ 416,246</u>
Water Utility Capital Fund					
Bonds Payable	<u>\$ 308,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 253,000</u>	<u>\$ 60,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 308,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 253,000</u>	<u>\$ 60,000</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2014	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2015
<u>2015</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Acquisition of Ambulance						
Chasis	0.62	9/23/2016	\$ 41,621	\$ 6,831	\$ 41,621	\$ 6,831
Purchase of Fire Engine	0.62	9/25/2015	13,160		13,160	-
Construction of Turf Field	0.62	9/25/2016	735,412	686,274	735,412	686,274
Acquisition of Firefighting						
Equipment	0.62	9/25/2016	333,300	296,266	333,300	296,266
Streetscape Improvements						
to Paterson Avenue and						
Union Boulevard	0.62	9/25/2016	238,000	225,473	238,000	225,473
Acquisition of New Communication						
and Signal Systems Equipment						
for Use of Police and Fire Dept.	0.62	9/25/2016	664,525	664,525	664,525	664,525
Acquisition of Self Contained						
Breathing Apparatus Equipment						
for the Fire Department	0.62	9/25/2016	212,467	212,467	212,467	212,467
Reconstruction of Basketball						
Courts at Hathaway Street Park	0.62	9/25/2016	52,300	52,300	52,300	52,300
Various Public Improvements	0.62	9/25/2016	419,000	419,000	419,000	419,000
Resurface of Various Streets	0.62	9/25/2016	238,000	238,000	238,000	238,000
Replacement of the Library Roof	0.62	9/25/2016		79,000		79,000
Improvements to Main Street	0.62	9/25/2016	-	409,734	-	409,734
Total General Capital Fund			<u>\$ 2,947,785</u>	<u>\$ 3,289,870</u>	<u>\$ 2,947,785</u>	<u>\$ 3,289,870</u>
<u>Water Utility Capital Fund</u>						
<u>Purpose</u>						
Hathaway Street Water Main	0.62	9/23/2016		\$ 204,700		\$ 204,700
Acquisition of Vehicles & Equipment	0.62	9/23/2016		661,000		661,000
Replacement of Various						
Water Mains	0.62	9/23/2016	<u>\$ 4,182,215</u>	<u>4,159,430</u>	<u>\$ 4,182,215</u>	<u>4,159,430</u>
Total Water Utility Capital Fund			<u>\$ 4,182,215</u>	<u>\$ 5,025,130</u>	<u>\$ 4,182,215</u>	<u>\$ 5,025,130</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2013	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2014
<u>2014</u>						
<u>General Capital Fund</u>						
Purpose						
Acquisition of Ambulance Chasis	0.62	9/25/2015	\$ 46,824	\$ 41,621	\$ 46,824	\$ 41,621
Purchase of Fire Engine	0.62	9/25/2015	41,976	13,160	41,976	13,160
Construction of Turf Field	0.62	9/25/2015	784,729	735,412	784,729	735,412
Acquisition of Firefighting Equipment	0.62	9/25/2015	333,300	333,300	333,300	333,300
Streetscape Improvements to Paterson Avenue and Union Boulevard	0.62	9/25/2015	238,000	238,000	238,000	238,000
Acquisition of New Communication and Signal Systems Equipment for Use of Police and Fire Dept.	0.62	9/25/2015	663,121	664,525	663,121	664,525
Acquisition of Self Contained Breathing Apparatus Equipment for the Fire Department	0.62	9/25/2015	384,750	212,467	384,750	212,467
Reconstruction of Basketball Courts at Hathaway Street Park	0.62	9/25/2015	52,300	52,300	52,300	52,300
Various Public Improvements	0.62	9/25/2015		419,000		419,000
Resurface of Various Streets	0.62	9/25/2015	-	238,000	-	238,000
Total General Capital Fund			<u>\$ 2,545,000</u>	<u>\$ 2,947,785</u>	<u>\$ 2,545,000</u>	<u>\$ 2,947,785</u>
<u>Water Utility Capital Fund</u>						
Purpose						
Replacement of Various Water Mains	0.62	9/25/2015	<u>\$ 4,205,000</u>	<u>\$ 4,182,215</u>	<u>\$ 4,205,000</u>	<u>\$ 4,182,215</u>
Total Water Utility Capital Fund			<u>\$ 4,205,000</u>	<u>\$ 4,182,215</u>	<u>\$ 4,205,000</u>	<u>\$ 4,182,215</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the water utility activities are accounted for in the Water Utility Capital Fund.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction/ Other Commitment</u>	<u>Estimated Date of Completion</u>
<u>2015</u>		
Water Main Replacements	\$ 349,717	2016
Improvements to Main Street	216,374	2016
Construction of Curb Ramps	50,386	2016
Acquisition of Backhoe	115,517	2016
Acquisition of Vehicles	100,048	2016
Hathaway Street Water Main	12,057	2016
Municipal Road Program	14,704	2016
<u>2014</u>		
Water Main Replacements	\$ 332,177	2015
Municipal Road Program	14,204	2015
Hathaway Street Park Basketball Courts	2,460	2015

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,503,064 and \$1,450,546 at December 31, 2015 and 2014, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

B. Capital Lease Agreement

The Borough entered into two agreements for the leasing of vehicles totaling \$123,159 under capital leases. The capital lease agreements are for terms of 3 years payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2015.

<u>Years Ended</u> <u>December 31,</u>	<u>Amount</u>
2016	\$ 16,697
Less: Amounts Representing Interest	<u>1,019</u>
Present Value of Net Minimum Lease Payments	<u>\$ 15,678</u>

The Borough's capital lease activity for the years 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Balance, January 1	\$ 55,725	\$ 49,218
Additions		47,096
Reductions	<u>(40,047)</u>	<u>(40,589)</u>
Balance, December 31	<u>\$ 15,678</u>	<u>\$ 55,725</u>
Due Within One Year	<u>\$ 15,678</u>	<u>\$ 40,047</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

C. Deferred Pension Obligation

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS obligation and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$255,871 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to payoff the deferred PFRS pension obligation at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at December 31, 2015 and 2014 is \$258,463 and \$276,946, respectively.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>	
<u>2015</u>						
Compensated Absences	\$ 1,450,546	\$ 52,518		\$ 1,503,064		
Deferred Pension Obligation	276,946	19,927	\$ 38,410	258,463	\$ 38,524	
Net Pension Liability - PERS	3,317,007	395,175	136,928	3,575,254		
Net Pension Liability - PFRS	<u>9,557,237</u>	<u>3,384,522</u>	<u>602,181</u>	<u>12,339,578</u>	<u>-</u>	
Other Long-Term Liabilities	<u>\$ 14,601,736</u>	<u>\$ 3,852,142</u>	<u>\$ 777,519</u>	<u>\$17,676,359</u>	<u>\$ 38,524</u>	
	Balance, December 31, <u>2013</u>	Prior Period Adjustment (A)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>						
Compensated Absences	\$ 1,342,505		\$ 108,041		\$ 1,450,546	
Deferred Pension Obligation	296,478		18,127	\$ 37,659	276,946	\$ 38,410
Net Pension Liability - PERS		\$ 3,030,911	432,148	146,052	3,317,007	
Net Pension Liability - PFRS	<u>-</u>	<u>10,119,675</u>	<u>21,120</u>	<u>583,558</u>	<u>9,557,237</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 1,638,983</u>	<u>\$ 13,150,586</u>	<u>\$ 579,436</u>	<u>\$ 767,269</u>	<u>\$ 14,601,736</u>	<u>\$ 38,410</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2015, 2014 and 2013, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2015	\$ 656,514	\$ 148,084
2014	626,564	133,829
2013	624,542	167,767

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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, 2015 and 2014, the Borough had a liability of \$3,575,254 and \$3,317,007, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share 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, 2015, the Borough's proportionate share was 0.01593 percent, which was a decrease of 0.00179 percent from its proportionate share measured as of June 30, 2014 of 0.01772 percent.

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$229,442 and \$225,669, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$146,052 and \$119,492, respectively. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 85,293			
Changes of Assumptions	383,954		\$ 104,305	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 57,483		\$ 197,676
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>244,791</u>	<u>284,274</u>	<u>299,925</u>	<u>-</u>
Total	<u>\$ 714,038</u>	<u>\$ 341,757</u>	<u>\$ 404,230</u>	<u>\$ 197,676</u>

BOROUGH OF WALLINGTON
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 68,734
2017	68,734
2018	68,734
2019	118,153
2020	<u>47,926</u>
	<u>\$ 372,281</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	Based on Age	Based on Age
Thereafter	3.15-5.40%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

BOROUGH OF WALLINGTON
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

BOROUGH OF WALLINGTON
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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 (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. 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.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 4.90%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,443,603</u>	<u>\$ 3,575,254</u>	<u>\$ 2,847,236</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

BOROUGH OF WALLINGTON
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015 and 2014, the Borough had a liability of \$12,339,578 and \$9,557,237, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Borough's proportionate share 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, 2015, the Borough's proportionate share was 0.07408 percent, which was a decrease of 0.0019 percent from its proportionate share measured as of June 30, 2014 of 0.07598 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$1,015,769 and \$653,974, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$583,558 and \$555,366, respectively. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 106,433		
Changes of Assumptions	\$ 2,278,193		\$ 358,811	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		214,760		\$ 975,284
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	220,794	-	16,072
Total	<u>\$ 2,278,193</u>	<u>\$ 541,987</u>	<u>\$ 358,811</u>	<u>\$ 991,356</u>

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 321,300
2017	321,300
2018	321,300
2019	565,121
2020	207,185
	<u>\$ 1,736,206</u>

BOROUGH OF WALLINGTON
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

BOROUGH OF WALLINGTON
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

BOROUGH OF WALLINGTON
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. 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.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 16,267,481</u>	<u>\$ 12,339,578</u>	<u>\$ 9,136,724</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF WALLINGTON
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (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)

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 determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,082,140 and \$1,029,154, respectively. For the years ended December 31, 2015 and 2014, 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 \$134,981 and \$130,399, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$56,331 and \$42,733, 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 PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Borough provides a post employment healthcare plan for its eligible retirees and their dependents. The plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough employment, contracts and/or personnel policies, the Borough provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at the same cost to the retirees as there would be if any, if they remained an employee. Coverage for a retiree's spouse and/or dependents ends upon the death of the retiree.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funding Policy

The Borough funds its post-retirement medical benefits on a pay-as-you-go basis. For the years 2015, 2014, and 2013, the Borough paid \$609,252, \$610,000 and \$521,328, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year 2015 and 2014, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	<u>2015</u>	<u>2014</u>
Annual Required Contribution	\$ 2,398,504	\$ 2,398,504
Interest on Net OPEB Obligation	348,833	256,794
Annual OPEB Cost (Expense)	2,747,337	2,655,298
Contributions Made	(609,252)	(610,000)
Increase in Net OPEB Obligation	2,138,085	2,045,298
Net OPEB Obligation - Beginning of Year	7,751,836	5,706,538
Net OPEB Obligation - End of Year	<u>\$ 9,889,921</u>	<u>\$ 7,751,836</u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2015, 2014 and 2013 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2015	\$ 2,747,337	22%	\$ 9,889,921
2014	2,655,298	23%	7,751,836
2013	2,473,603	21%	5,706,538

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$31,356,684, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$31,356,684. The covered payroll (annual payroll of active employees covered by the plan) was not available.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements of 5% per annum to an ultimate rate of 5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 29 years.

NOTE 14 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Wallington is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The SBJIF and MEL coverage amounts are on file with the Borough.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 14 RISK MANAGEMENT (Continued)

The Borough is also a member of the Bergen Municipal Employee Benefits Fund. This fund is an insured and self-administered group established for the sole purpose of providing medical insurance coverage to the employees of member municipalities. The Fund is a risk-sharing public entity pool. The fund coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Ending</u> <u>Balance</u>
2015	\$ 5,439	\$ 27,711
2014	5,114	22,272
2013	4,864	17,158

NOTE 15 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2015 and 2014, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2015 and 2014, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Wallington Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 22, 2004 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Wallington approved the adoption of the Plan at the general election held on November 2, 2004.

The first year of eligibility for entrance into the Plan was calendar year 2005. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Wallington has contributed \$1,406 and \$1,406 for 2015 and 2014, respectively, for each eligible volunteer fire department member and eligible volunteer emergency squad members into the Plan. The total Borough contributions were \$103,699 and \$97,016 for 2015 and 2014, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

CURRENT FUND

**BOROUGH OF WALLINGTON
STATEMENT OF CASH - COLLECTOR - TREASURER**

Balance, January 1, 2015		\$ 2,614,795
Increased by:		
Taxes Receivable	\$ 25,622,257	
State of NJ Senior Citizens' and Veterans' Deductions	75,000	
Miscellaneous Revenues Not Anticipated	763,129	
Revenue Accounts Receivable	1,320,093	
Tax Overpayments	15,705	
Prepaid Taxes	106,374	
Due to Library - State Aid	4,957	
Receipts from Animal Control Fund	57	
Receipts from Other Trust Fund	22,185	
Receipts for Other Trust Fund	152,663	
Receipts from General Capital Fund	579	
Receipts for General Capital Fund	44,226	
Receipts from Water Operating Utility Fund	46,772	
Federal and State Grants - Unappropriated	23,988	
Miscellaneous Fees Payable	7,729	
		<u>28,205,714</u>
		30,820,509
Decreased by Disbursements:		
2015 Budget Appropriations	9,265,100	
2014 Appropriation Reserves	191,173	
Encumbrances Payable	77,823	
Tax Overpayments	14,077	
County Taxes	2,300,414	
Local District School Taxes	14,895,129	
Appropriated Grant Reserves	7,787	
Disbursements to General Capital Fund	39,000	
Disbursements to Water Operating Utility Fund	127,542	
Water Operating Utility Fund Expenditures Paid by Current Fund	51,000	
Miscellaneous Fees Payable	10,279	
Refund of Prior Year Revenue	58,851	
Prior Year Tax Appeals Granted	94,489	
		<u>27,132,664</u>
Balance, December 31, 2015		<u>\$ 3,687,845</u>

EXHIBIT A-5

**BOROUGH OF WALLINGTON
STATEMENT OF CHANGE FUND**

	Balance, January 1, <u>2015</u>	Balance, December 31, <u>2015</u>
<u>Office</u>		
Collector - Treasurer	\$ <u>100</u>	\$ <u>100</u>

EXHIBIT A-6

STATEMENT OF PETTY CASH

	Balance, January 1, <u>2015</u>	Balance, December 31, <u>2015</u>
<u>Office</u>		
Borough Clerk	\$ <u>100</u>	\$ <u>100</u>

**BOROUGH OF WALLINGTON
STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2015		\$	4,892
Increased by:			
Received in Cash from State			<u>75,000</u>
			79,892
Decreased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings- 2015	\$	73,500	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - 2015		<u>6,204</u>	
			<u>79,704</u>
Balance, December 31, 2015		\$	<u>188</u>

BOROUGH OF WALLINGTON
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance, January 1, 2015</u>	<u>2015 Levy</u>	<u>Collected in Cash</u>		<u>Senior Citizens and Veterans' Deductions Allowed</u>	<u>Transferred to Tax Title Liens</u>	<u>Cancelled</u>	<u>Balance, December 31, 2015</u>
2011	\$ 2,949							\$ 2,949
2012	9,841							9,841
2013	23,717			\$ 6,550				17,167
2014	<u>509,429</u>	<u>-</u>	<u>-</u>	<u>457,240</u>	<u>-</u>	<u>\$ 21,610</u>	<u>\$ 7,154</u>	<u>23,425</u>
	545,936			463,790		21,610	7,154	53,382
2015	<u>-</u>	<u>\$25,830,573</u>	<u>\$ 77,805</u>	<u>25,158,467</u>	<u>\$ 79,704</u>	<u>7,885</u>	<u>\$ 12,936</u>	<u>493,776</u>
	<u>\$ 545,936</u>	<u>\$25,830,573</u>	<u>\$ 77,805</u>	<u>\$ 25,622,257</u>	<u>\$ 79,704</u>	<u>\$ 29,495</u>	<u>\$ 20,090</u>	<u>\$ 547,158</u>

Analysis of 2015 Property Tax Levy

Tax Yield		
General Purpose Tax	\$ 25,804,284	
Added Taxes (54:4-63.1 et seq.)	<u>26,289</u>	
		<u>\$ 25,830,573</u>
Tax Levy		
Local District School Tax (Abstract)		\$ 14,895,129
County Taxes	\$ 2,275,687	
Due County for Added Taxes (54:4-63.1 et seq)	<u>2,354</u>	
County Open Space Taxes	<u>24,052</u>	
		2,302,093
Local Tax for Municipal Purposes	8,286,807	
Minimum Library Tax	320,868	
Add Additional Tax Levied	<u>25,676</u>	
		<u>8,633,351</u>
		<u>\$ 25,830,573</u>

**BOROUGH OF WALLINGTON
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2015	\$ 342,596
Increased by:	
Transferred from Current Year Taxes	\$ 7,885
Transferred from Prior Year Taxes Receivable	<u>21,610</u>
	<u>29,495</u>
Balance, December 31, 2015	<u>\$ 372,091</u>

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2015</u>	Accrued in 2015	Collected in 2015	Balance, December 31, <u>2015</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 15,934	\$ 15,934	
Other		2,890	2,890	
Fees and Permits		6,006	6,006	
Board of Health				
Licenses		6,475	6,475	
Fees and Permits		4,670	4,670	
Registrar of Vital Statistics				
Licenses		270	270	
Fees and Permits		15	15	
Fire Prevention				
Fees and Permits		1,180	1,180	
Police				
Fees and Permits		4,605	4,605	
Planning & Zoning Boards				
Fees and Permits		375	375	
Municipal Court				
Fines and Costs	\$ 17,952	174,347	178,769	\$ 13,530
Interest and Costs on Taxes		93,950	93,950	
Interest on Investments and Deposits		8,221	8,221	
Energy Receipts Taxes		602,475	602,475	
Consolidated Municipal Property Tax Relief Aid		70,979	70,979	
Uniform Construction Code Fees		103,262	103,262	
Bergen County Open Space - HS Athletic Field Impvts.		24,750	24,750	
Uniform Safety Act		12,824	12,824	
Contribution from Board of Education		125,000	125,000	
Cell Tower Rental Fee		79,960	79,960	
CATV Franchise Fee	-	<u>129,983</u>	<u>129,983</u>	-
	<u>\$ 17,952</u>	<u>\$ 1,468,171</u>	<u>\$ 1,472,593</u>	<u>\$ 13,530</u>
		Cash Receipts	\$ 1,320,093	
		Due from Other Trust Fund	27,500	
		Due from General Capital Fund	<u>125,000</u>	
			<u>\$ 1,472,593</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, January 1, <u>2015</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Mayor and Council						
Salaries & Wages	\$ 435			\$ 435		\$ 435
Municipal Clerk Elections						
Other Expenses	4,155			4,155	\$ 1,530	2,625
Financial Administration						
Salaries & Wages	4			4		4
Other Expenses	4,121			4,121	2,350	1,771
Audit Services	250			250		250
Revenue Administration						
Salaries & Wages	859			859		859
Other Expenses	5,941		\$ (4,000)	1,941	1,262	679
Assessment of Taxes						
Salaries & Wages	1			1		1
Other Expenses	92			92		92
Legal Services and Costs						
Other Expenses	22		31,000	31,022	29,015	2,007
Engineering Services and Costs -						
Other Expenses	1,207			1,207	711	496
Planning Board						
Salaries & Wages			50	50		50
Other Expenses	8		3,000	3,008	2,930	78
Zoning Bd of Adjustment						
Other Expenses	559		2,000	2,559	2,330	229
Construction Code Official						
Salaries & Wages	14			14		14
Other Expenses	3,716		(2,000)	1,716	98	1,618
Police						
Salaries & Wages	186			186		186
Other Expenses	20,698	\$ 462	(10,000)	11,160		11,160
Fire						
Other Expenses	994	4,307	500	5,801		5,801
LOSAP	105,500			105,500	97,016	8,484
Emergency Management						
Other Expenses	600			600		600
Uniform Fire Safety						
Other Expenses	1,720		300	2,020	755	1,265
Streets and Roads Maintenance						
Salaries & Wages	4,280			4,280		4,280
Other Expenses	1,222		6,000	7,222	6,180	1,042
Shade Tree						
Other Expenses	80			80		80
Buildings and Grounds						
Other Expenses	72		1,000	1,072	1,022	50
Solid Waste Collection (Garbage and Trash, Recycling)						
Other Expenses	75		19,000	19,075	18,633	442
Board of Health						
Salaries & Wages	382			382		382
Other Expenses	5,809		(5,000)	809	475	334
Animal Control Services						
Other Expenses	99			99		99
Senior Citizens						
Other Expenses	3,960			3,960		3,960
Board of Recreation Commissioners						
Other Expenses	9			9		9

**BOROUGH OF WALLINGTON
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, January 1, <u>2015</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Maintenance of Parks						
Other Expenses	\$ 2,430			\$ 2,430	\$ 1,342	\$ 1,088
Celebration of Public Events						
Other Expenses	37			37		37
Municipal Services Act						
Other Expenses	1			1		1
Rent Leveling Board						
Salaries and Wages	120			120		120
Utilities						
Electricity	16		\$ 7,500	7,516	7,284	232
Street Lighting	1,226			1,226	142	1,084
Gasoline	5,124			5,124	1,019	4,105
Communications	1		3,000	3,001	2,584	417
Sewerage Processing and Disposal						
Other Expenses	12,208	\$ 1,150	(11,000)	2,358		2,358
Passaic Valley Sewerage Commission	1			1		1
East Rutherford Sewer Fees	6,500			6,500		6,500
Recycling Tax Appropriation	11,800			11,800		11,800
911 Interlocal Services Agreement	13			13		13
Maintenance of Free Public Library	118		3,000	3,118	2,848	270
Municipal Court						
Salaries & Wages	55			55		55
Other Expenses	62		1,100	1,162	1,092	70
Salary and Wage Adjustment	1,000			1,000		1,000
Social Security System	2,658			2,658		2,658
Insurance						
Unemployment	6,000			6,000		6,000
Employee Group	46,445		(45,450)	995	1	994
Liability	760			760		760
Worker's Compensation (South Bergen JIF)	10,956	-	-	10,956	10,554	402
	<u>\$ 274,601</u>	<u>\$ 5,919</u>	<u>\$ -</u>	<u>\$ 280,520</u>	<u>\$ 191,173</u>	<u>\$ 89,347</u>
Cash Disbursements					<u>\$ 191,173</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2015		\$ 83,742
Increased by:		
Charges to 2015 Budget Appropriations		<u>390,083</u>
		473,825
Decreased by:		
Cancelled to Appropriation Reserves	\$ 5,919	
Cash Disbursements	<u>77,823</u>	
		<u>83,742</u>
Balance, December 31, 2015		<u><u>\$ 390,083</u></u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2015		\$ 77,805
Increased by:		
Collection - 2016 Taxes		<u>106,374</u>
		184,179
Decreased by:		
Application to 2015 Taxes Receivable		<u>77,805</u>
Balance, December 31, 2015		<u><u>\$ 106,374</u></u>

**BOROUGH OF WALLINGTON
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2015	\$ 24,976
Increased by:	
Cash Receipts	<u>15,705</u>
	40,681
Decreased by:	
Cash Disbursements	<u>14,077</u>
Balance, December 31, 2015	<u>\$ 26,604</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2015	\$ -
Increased by:	
2015 Tax Levy	\$ 2,275,687
Open Space Taxes	24,052
2015 Added Taxes (54:4-63.1 et seq.)	<u>2,354</u>
	<u>2,302,093</u>
	2,302,093
Decreased by:	
Payments	<u>2,300,414</u>
Balance, December 31, 2015	<u>\$ 1,679</u>

STATEMENT OF SCHOOL TAXES PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 14,895,129</u>
Decreased by:	
Payments	<u>\$ 14,895,129</u>

**BOROUGH OF WALLINGTON
STATEMENT OF MISCELLANEOUS FEES PAYABLE**

	Balance, January 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2015</u>
Marriage License Fees	\$ 550	\$ 2,250	\$ 2,150	\$ 650
DCA Training Fees	<u>4,009</u>	<u>5,479</u>	<u>8,129</u>	<u>1,359</u>
	<u>\$ 4,559</u>	<u>\$ 7,729</u>	<u>\$ 10,279</u>	<u>\$ 2,009</u>

STATEMENT OF RESERVE FOR REVALUATION

Balance, January 1, 2015	\$ <u>2,770</u>
Balance, December 31, 2015	\$ <u>2,770</u>

BOROUGH OF WALLINGTON
STATEMENT OF DEFERRED CHARGES
N.J.S. 40A:4-55.3 SPECIAL EMERGENCY AUTHORIZATIONS

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>January 1,</u> <u>2015</u>	<u>Raised</u> <u>in 2015</u>	<u>Balance,</u> <u>December 31,</u> <u>2015</u>
3/8/2010	Codification Of Ordinances	\$ 23,000	\$ 4,600	<u>\$ 9,200</u>	<u>\$ 4,600</u>	<u>\$ 4,600</u>
				<u>\$ 9,200</u>	<u>\$ 4,600</u>	<u>\$ 4,600</u>

BOROUGH OF WALLINGTON
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance, January 1, <u>2015</u>	Balance, December 31, <u>2015</u>
Non-Public Nursing	\$ 2,028	\$ 2,028
Safe and Secure Communities Program	<u>32,337</u>	<u>32,337</u>
	<u>\$ 34,365</u>	<u>\$ 34,365</u>

BOROUGH OF WALLINGTON
STATEMENT OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, January 1, <u>2015</u>	Transferred from 2015 <u>Appropriations</u>	<u>Expended</u>	Balance, December 31, <u>2015</u>
Supplemental Fire Services Program State Entitlement:				
Fire - Other Expenses	\$ 1,573			\$ 1,573
Alcohol Education and Rehabilitation Fund				
Municipal Court				
Salaries & Wages	10,105	\$ 236		10,341
Drunk Driving Enforcement Fund				
Police				
Salaries & Wages	12,477	1,977		14,454
Clean Communities	45,169	16,386		61,555
COPS Fast Programs	73			73
Municipal Alliance- State	39,508	3,377	\$ 6,266	36,619
Municipal Alliance- Local	5,476			5,476
Legislative Grant- Emergency Services	9,530			9,530
Non Public Nursing	14,276			14,276
Body Armor Replacement	3,696	2,187	2,400	3,483
Municipal Recycling Assistance Program	17,355	125		17,480
Recycling Tonnage Grant	36,717	14,690	1,521	49,886
COPS More	1,579			1,579
Livable Communities -Acquisition of Fire Equipment	1,977			1,977
Domestic Preparedness Grant	50,000			50,000
HAVA Grant	6,586			6,586
DEP Stormwater Grant	17,960	-	-	17,960
	<u>\$ 274,057</u>	<u>\$ 38,978</u>	<u>\$ 10,187</u>	<u>\$ 302,848</u>
		Cash Disbursements	\$ 7,787	
		Due to Other Trust Fund	<u>2,400</u>	
			<u>\$ 10,187</u>	

BOROUGH OF WALLINGTON
STATEMENT OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance, January 1, <u>2015</u>	<u>Increases</u>	Utilized as 2015 Revenue	Balance, December 31, <u>2015</u>
Alcohol Education and Rehabilitation Fund	\$ 236	\$ 648	\$ 236	\$ 648
Municipal Alliance	3,377	3,322	3,377	3,322
Clean Communities	16,386	19,923	16,386	19,923
Body Armor Replacement	2,187		2,187	
Municipal Recycling Assistance	125	95	125	95
Drunk Driving Enforcement Fund	1,977	2,184	1,977	2,184
Recycling Tonnage Grant	<u>14,690</u>	<u>-</u>	<u>14,690</u>	<u>-</u>
	<u>\$ 38,978</u>	<u>\$ 26,172</u>	<u>\$ 38,978</u>	<u>\$ 26,172</u>
Cash Receipts	\$ 23,988			
Due from Other Trust	<u>2,184</u>			
		<u>\$ 26,172</u>		

**BOROUGH OF WALLINGTON
STATEMENT OF AMOUNT DUE TO LIBRARY - STATE AID**

Balance, January 1, 2015	\$ 9,893
Increased by:	
Cash Receipts	<u>4,957</u>
Balance, December 31, 2015	<u>\$ 14,850</u>

STATEMENT OF RESERVE FOR CODIFICATION OF ORDINANCES

Balance, January 1, 2015	<u>\$ 10,925</u>
Balance, December 31, 2015	<u>\$ 10,925</u>

BOROUGH OF WALLINGTON
STATEMENT OF DEFERRED CHARGE - OVEREXPENDITURE OF APPROPRIATION RESERVES

Balance, January 1, 2015	\$ 53,041
Decreased by:	
Raised in 2015 Budget	<u>53,041</u>
Balance, December 31, 2015	<u>\$ -</u>

STATEMENT OF DEFERRED CHARGE - OVEREXPENDITURE OF APPROPRIATIONS

Balance, January 1, 2015	\$ -
Increased by:	
Overexpended in 2015	<u>31,728</u>
Balance, December 31, 2015	<u>\$ 31,728</u>

TRUST FUND

**BOROUGH OF WALLINGTON
SCHEDULE OF TRUST CASH - TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, January 1, 2015	\$ 19,974	\$ 874,893
Increased by Receipts:		
Other Reserves		\$ 1,677,797
Payroll Salaries and Deductions		7,584,590
Payroll Deductions - Unemployment		5,439
Interest Earned	\$ 57	2,453
Receipts for Current Fund		29,684
Receipts from Water Utility Operating Fund		14,805
Due to State of New Jersey	747	
Dog License Fees/Cat/Late Fees	<u>2,990</u>	<u>-</u>
	<u>3,794</u>	<u>9,314,768</u>
	23,768	10,189,661
Decreased by Disbursements:		
Payroll Salaries and Deductions		7,759,855
Due to State of New Jersey	739	
Payments for Current Fund		15,115
Payments to Current Fund	57	9,470
Other Reserves	<u>-</u>	<u>1,269,328</u>
	<u>796</u>	<u>9,053,768</u>
Balance, December 31, 2015	<u>\$ 22,972</u>	<u>\$ 1,135,893</u>

**BOROUGH OF WALLINGTON
STATEMENT OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
ANIMAL CONTROL FUND**

Balance, January 1, 2015	\$ 5,290
Increased by:	
Dog License Fees/Cat/Late Fees	<u>2,990</u>
	8,280
Decreased by:	
Statutory Excess - Due to Current Fund	<u>3,135</u>
Balance, December 31, 2015	<u>\$ 5,145</u>

**STATEMENT OF DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH
ANIMAL CONTROL FUND**

Balance, December 31, 2014 (Due from)	\$ (7)
Increased by:	
State Fees Collected in 2015	<u>747</u>
	740
Decreased by:	
Payments to State of New Jersey	<u>739</u>
Balance, December 31, 2015 (Due to)	<u>\$ 1</u>

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, January 1, 2015	\$ 14,691
Increased by:	
Interest Earned	\$ 57
Statutory Excess	<u>3,135</u>
	<u>3,192</u>
	17,883
Decreased by:	
Payments to Current Fund	<u>57</u>
Balance, December 31, 2015	<u>\$ 17,826</u>

**BOROUGH OF WALLINGTON
STATEMENT OF OTHER RESERVES - OTHER TRUST FUND**

	Balance, (Deficit) January 1, <u>2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2015</u>
Uniform Fire Safety Act Penalties	\$ (5,736)	\$ 6,056		\$ 320
Planning Board-Escrow	46,505	5,500	\$ 10,118	41,887
Road Opening	6,575	31,680		38,255
Third Party Lien Redemptions/Tax Sale Premiums	366,842	623,447	713,346	276,943
Iron & Steel (Recycling)	128			128
Zoning Board-Escrow	20,025	15,500	6,148	29,377
Police Vests	354	885		1,239
Handicap Trust	37			37
Police Off Duty	35,943	1,001,715	973,071	64,587
Recreation	18,592	32,644	26,875	24,361
Parks	3,455	2,000	1,495	3,960
P.O.A.A.	16,838	24,053		40,891
Police Camp	298	4,400	2,500	2,198
Memorial Day Parade	1,580	500		2,080
Fire Department Deduction	750		308	442
COAH		26,624		26,624
Developer's Agreement	<u>35,013</u>	<u>61,192</u>	<u>35,467</u>	<u>60,738</u>
Total	<u>\$ 547,199</u>	<u>\$ 1,836,196</u>	<u>\$ 1,769,328</u>	<u>\$ 614,067</u>
Due to/from Current Fund	\$ 158,399	\$ 500,000		
Cash Receipts/Cash Disbursements		<u>1,677,797</u>	<u>1,269,328</u>	
		<u>\$ 1,836,196</u>	<u>\$ 1,769,328</u>	

EXHIBIT B-6

**STATEMENT OF RESERVE FOR ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2015	<u>\$ 3,850</u>
Balance, December 31, 2015	<u>\$ 3,850</u>

**BOROUGH OF WALLINGTON
STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, January 1, 2015		\$ 163,599
Increased by:		
Interest Earned	\$ 2,453	
Receipts for Current Fund - Revenue Accounts Receivable	27,500	
Current Fund Receipts - Unappropriated Grant Reserves	2,184	
Police Off Duty Receipts Due to Current Fund	<u>500,000</u>	
		<u>532,137</u>
		695,736
Decreased by:		
Payments to Current Fund	9,470	
Payroll Applied	158,825	
Budget Appropriation - Other Reserves - Deficit in Uniform Fire Safety	5,736	
Receipts Deposited in Current Fund: Other Reserves- Tax Title Liens	126,039	
Receipts Deposited in Current Fund: Other Reserves- COAH	26,624	
Payments for Current Fund - Appropriated Grant Reserves	2,400	
Anticipated as Current Fund Revenue	<u>12,715</u>	
		<u>341,809</u>
Balance, December 31, 2015		<u>\$ 353,927</u>

EXHIBIT B-8

**STATEMENT OF RESERVE FOR UNEMPLOYMENT
COMPENSATION INSURANCE CLAIMS
OTHER TRUST FUND**

Balance, January 1, 2015	\$ 22,272
Increased by:	
Payroll Deductions	<u>5,439</u>
Balance, December 31, 2015	<u>\$ 27,711</u>

**BOROUGH OF WALLINGTON
STATEMENT OF RESERVE FOR PAYROLL SALARIES AND WITHHOLDINGS
OTHER TRUST FUND**

Balance, January 1, 2015	\$ 121,461
Increased by:	
Cash Receipts	\$ 7,584,590
Payroll Applied from Current Fund	158,825
Payroll Applied from Water Utility Operating	<u>16,512</u>
	<u>7,759,927</u>
	7,881,388
Decreased by:	
Cash Disbursements	<u>7,759,855</u>
Balance, December 31, 2015	<u>\$ 121,533</u>

EXHIBIT B-10

**STATEMENT OF DUE TO WATER UTILITY OPERATING FUND
OTHER TRUST FUND**

Balance, January 1, 2015	\$ 16,512
Increased by:	
Cash Receipts	<u>14,805</u>
	31,317
Decreased by:	
Payroll Applied from Water Utility Operating Fund	<u>16,512</u>
Balance, December 31, 2015	<u>\$ 14,805</u>

GENERAL CAPITAL FUND

BOROUGH OF WALLINGTON
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, January 1, 2015		\$ 102,506
Increased by Receipts:		
Receipts due to Current Fund - Board of Education Contribution	\$ 125,000	
Grants Receivable	33,568	
Receipts from Current Fund	39,000	
Receipts from Water Utility Capital Fund	37,000	
Receipts for Water Utility Capital Fund	865,700	
Receipts from Water Utility Operating Fund	208,000	
Bond Anticipation Notes	488,734	
Interest Earned	706	
		<u>1,797,708</u>
		1,900,214
Decreased by Disbursements:		
Payments to Current Fund	579	
Payments for Current Fund	150,994	
Payments to Water Utility Capital Fund	122,428	
Payments for Water Utility Capital Fund	627,245	
Payments for Water Utility Operating Fund	48,591	
Improvement Authorizations	295,618	
Bond Anticipation Notes	13,931	
		<u>1,259,386</u>
Balance, December 31, 2015		<u>\$ 640,828</u>

**BOROUGH OF WALLINGTON
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2015</u>
Capital Improvement Fund	\$ 19,702
Due from Water Utility Capital Fund	(1,468,896)
Due to Water Utility Operating Fund	1,217,802
Due from Current Fund	(804,279)
Grants Receivable	(47,394)
Encumbrances Payable	292,847
Reserve for Purchase of Fire Equipment	11,595
Fund Balance	51,210
 Improvement <u>Authorizations:</u>	
01-15 Improvements to Hathaway Street	(6,712)
02-3 Resurfacing of Hathaway	(97)
03-9 Acq. of Senior Citizen Bus	(3,895)
06-11 2006 Road Improvement Program	215,456
10-7 Refunding Tax Appeals	(80,014)
10-8 Resurfacing Various Streets	73,575
11-5 Resurface Hathaway Street	89,205
11-10 Acq. Firefighter Equipment	12,569
12-5 Funding of Various Expenses Relating to Hurricane Irene	8,750
12-9 Various Public Improvements	102,242
12-13 Streetscape Improvements to Paterson Avenue and Union Boulevard	230,957
12-20/13-9 Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	5,384
13-7 Acquisition of Self Contained Breathing Apparatus Equipment for Fire Department	4,357
13-10 Various Public Improvements	261,821
14-8 Resurface of Various Streets	233,121
14-9 Rehabilitation of the Elevator at the Police Station	8,012
14-14 Replacement of the Roof on the Public Library	150
15-04 Improvements to Main Street	193,360
15-14 Various Park Improvements	<u>20,000</u>
	 <u>\$ 640,828</u>

**BOROUGH OF WALLINGTON
STATEMENT OF GRANTS RECEIVABLE
GENERAL CAPITAL FUND**

Balance, January 1, 2015		\$ 346,180
Increased by:		
Grants Awarded in 2015		<u>330,500</u>
		676,680
Decreased by:		
Cash Received in Current Fund 2015	\$ 20,000	
Cash Received in 2015	<u>33,568</u>	
		<u>53,568</u>
Balance, December 31, 2015		<u>\$ 623,112</u>

Analysis of Balance, December 31, 2015

<u>Ord. No.</u>		<u>Total</u>	<u>Pledged to Reserve</u>	<u>Pledged to Ordinance</u>
00-12	Locust Avenue/Main Avenue Intersection	\$ 1,000	\$ 1,000	
01-15	Hathaway Street	4,712	4,712	
11-5	Resurface Hathaway Street (U.S. Department of Transportation)	37,962		\$ 37,962
13-8	Reconstruction of Basketball Courts at Hathaway Street Park	20,000	20,000	
13-10	Various Public Improvements	150,000	150,000	
14-9	Rehabilitation of the Elevator at the Police Station (CDBG)	9,432		9,432
14-14	Replacement of the Roof on the Public Library (CDBG)	69,506	69,506	
15-04	Improvements to Main Street (DOT)	149,000	149,000	
15-14	Various Park Improvements (County Open Space)	<u>181,500</u>	<u>181,500</u>	<u>-</u>
		<u>\$ 623,112</u>	<u>\$ 575,718</u>	<u>\$ 47,394</u>

**STATEMENT OF DUE FROM WATER UTILITY CAPITAL FUND
GENERAL CAPITAL FUND**

Balance, January 1, 2015		\$ 1,621,923
Increased by:		
Cash Disbursements	\$ 122,428	
Water Utility Capital Fund Expenditures Paid by General Capital Fund	<u>627,245</u>	
		<u>749,673</u>
		2,371,596
Decreased by:		
Cash Receipts	37,000	
Water Utility Capital Fund Bond Anticipation Notes Deposited in General Capital Fund	<u>865,700</u>	
		<u>902,700</u>
Balance, December 31, 2015		<u>\$ 1,468,896</u>

**BOROUGH OF WALLINGTON
STATEMENT OF DUE FROM CURRENT FUND
GENERAL CAPITAL FUND**

Balance, January 1, 2015		\$ 773,186
Increased by:		
General Capital Receipts Deposited in Current Fund	\$ 24,226	
Grant Receipts Deposited in Current Fund	20,000	
Payments Made to Current Fund	579	
Current Fund expenditures paid by General Capital Fund - Note Paydown and Interest	<u>150,994</u>	
		<u>195,799</u>
		968,985
Decreased By:		
Interest Earned	706	
Cash Received from Current Fund	39,000	
Contribution from Board of Education Due to Current Fund	<u>125,000</u>	
		<u>164,706</u>
Balance, December 31, 2015		<u>\$ 804,279</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
GENERAL CAPITAL FUND**

Balance, January 1, 2015		\$ 7,583,554
Decreased by:		
Current Fund Budget Appropriations:		
Serial Bonds Payable	\$ 405,000	
Green Acres Loan Payable	<u>11,246</u>	
		<u>416,246</u>
Balance, December 31, 2015		<u>\$ 7,167,308</u>

BOROUGH OF WALLINGTON
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
GENERAL CAPITAL FUND

Ord. No.	General Improvements	Analysis of Balance, December 31, 2015					
		Balance January 1, 2015	2015 Authorizations	Notes Paid By Budget Appropriation	Balance, December 31, 2015	Bond Anticipation Notes Issued	Unexpended Improvement Authorizations
01-15	Improvements to Hathaway Street	\$ 6,712			\$ 6,712		\$ 6,712
02-3	Resurfacing of Hathaway	97			97		97
03-9	Acq. of Senior Citizen Bus	3,895			3,895		3,895
10-7	Refunding Tax Appeals	80,014			80,014		80,014
10-14	Acquisition of Ambulance Chassis	40,850		\$ 34,019	6,831	\$ 6,831	
11-4	Construction of Turf Field	735,412		49,138	686,274	686,274	
11-10	Acq. Firefighting Equipment	333,300		37,034	296,266	296,266	
12-13	Streetscape Improvements to Paterson Avenue and Union Boulevard	238,000		12,527	225,473	225,473	
12-20/13-9	Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	666,000			666,000	664,525	\$ 1,475
13-7	Acquisition of Self Contained Breathing Apparatus Equipment for Fire Department	212,467			212,467	212,467	
13-8	Reconstruction of Basketball Courts at Hathaway Street Park	52,300			52,300	52,300	
13-10	Various Public Improvements	419,000			419,000	419,000	
14-8	Resurface Various Streets	238,000			238,000	238,000	
14-14	Replacement of the Roof on the Public Library	79,000			79,000	79,000	
15-4	Improvements to Main Street		\$ 410,000		410,000	409,734	266
15-14	Various Park Improvements	-	395,000	-	395,000	-	395,000
		<u>\$ 3,105,047</u>	<u>\$ 805,000</u>	<u>\$ 132,718</u>	<u>\$ 3,777,329</u>	<u>\$ 3,289,870</u>	<u>\$ 396,741</u>

Improvement Authorizations-Unfunded \$ 1,338,460

Less: Unexpended Proceeds of Bond Anticipation Notes

Ord. 11-10	\$ 12,569
Ord. 12-13	230,957
Ord. 12-20/13-9	5,384
Ord. 13-7	4,357
Ord. 13-10	261,821
Ord. 14-8	233,121
Ord. 14-14	150
Ord. 15-04	193,360
	<u>941,719</u>
	<u>\$ 396,741</u>

**BOROUGH OF WALLINGTON
STATEMENT OF CAPITAL IMPROVEMENT FUND
GENERAL CAPITAL FUND**

Balance, January 1, 2015	\$ 39,702
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>20,000</u>
Balance, December 31, 2015	<u>\$ 19,702</u>

BOROUGH OF WALLINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord No.	Improvement Description	Balance, January 1, 2015		2015 Authorizations		Expended	Balance, December 31, 2015	
		Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded		Funded	Unfunded
06-11	2006 Road Improvement Program	\$ 215,456					\$ 215,456	
10-8	Resurfacing Various Streets	127,386				\$ 53,811	73,575	
11-5	Resurface Hathaway Street	89,205					89,205	
11-10	Acq. Firefighter Equipment		\$ 12,569					\$ 12,569
12-5	Funding of Various Expenses Relating to Hurricane Irene	8,750					8,750	
12-9	Various Public Improvements	102,242					102,242	
12-13	Streetscape Improvements to Paterson Avenue and Union Boulevard		231,230			273		230,957
12-20/13-9	Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments		54,077			47,218		6,859
13-7	Acquisition of Self Contained Breathing Apparatus Equipment for Fire Department		4,630			273		4,357
13-10	Various Public Improvements		397,620			135,799		261,821
14-8	Resurfacing of Various Roads	12,000	238,000			16,879		233,121
14-9	Rehabilitation of the elevator at the Police Station	43,000				34,988	8,012	
14-14	Replacement of the Roof on the Public Library	4,000	79,000			82,850		150
15-04	Improvements to Main Street				\$ 410,000	216,374		193,626
15-14	Various Park Improvements	-	-	\$ 20,000	395,000	-	20,000	395,000
		<u>\$ 602,039</u>	<u>\$ 1,017,126</u>	<u>\$ 20,000</u>	<u>\$ 805,000</u>	<u>\$ 588,465</u>	<u>\$ 517,240</u>	<u>\$ 1,338,460</u>
						Cash Disbursements	\$ 295,618	
						Encumbrances Payable	<u>292,847</u>	
							<u>\$ 588,465</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF RESERVE FOR GRANTS RECEIVABLE
GENERAL CAPITAL FUND**

Balance, January 1, 2015	\$ 245,218
Increased by:	
Grants Awarded	<u>330,500</u>
Balance, December 31, 2015	<u>\$ 575,718</u>

Analysis of Balance

Ord. 00-12	\$ 1,000
Ord. 01-15	4,712
Ord. 13-08	20,000
Ord. 13-10	150,000
Ord. 14-14	69,506
Ord. 15-04	149,000
Ord. 15-14	<u>181,500</u>
	<u>\$ 575,718</u>

**BOROUGH OF WALLINGTON
STATEMENT OF SERIAL BONDS PAYABLE
GENERAL CAPITAL FUND**

<u>Purpose of Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2015</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2015</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds	5/15/2002	\$ 1,700,000				\$ 155,000	\$ 155,000	
General Improvement Bonds	10/15/2003	1,227,000	10/15/2016-17	\$ 100,000	4.000%			
			10/15/2018	97,000	4.000%	397,000	100,000	\$ 297,000
General Improvement Bonds	8/1/2010	7,460,000	8/1/16-18	325,000	3.000%			
			8/1/19-21	450,000	3.000%			
			8/1/2022	475,000	4.000%			
			8/1/23-29	500,000	4.000%			
			8/1/2030	485,000	4.000%	<u>6,935,000</u>	<u>150,000</u>	<u>6,785,000</u>
						<u>\$ 7,487,000</u>	<u>\$ 405,000</u>	<u>\$ 7,082,000</u>
Budget Appropriation							<u>\$ 405,000</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF NEW JERSEY GREEN ACRES LOAN PAYABLE
GENERAL CAPITAL FUND**

<u>Purpose of Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loan Outstanding December 31, 2015</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2015</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Centennial Field Development	11/7/2002	\$ 211,000	2/14/2016 - 2022	\$11,472-\$12,926	2.00%	<u>\$ 96,554</u>	<u>\$ 11,246</u>	<u>\$ 85,308</u>
					Budget Appropriation		<u>\$ 11,246</u>	

BOROUGH OF WALLINGTON
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE
GENERAL CAPITAL FUND

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2015	Increased	Decreased	Balance, December 31, 2015
10-14	Acquisition of Ambulance Chassis	\$ 46,824	9/29/2011	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	\$ 41,621	\$ 6,831	\$ 41,621	\$ 6,831
10-15	Purchase of Fire Engine	547,500	9/29/2011	9/26/2014	9/25/2015	0.62%	13,160		13,160	
11-4	Construction of Turf Field	1,425,000	9/29/2011	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	735,412	686,274	735,412	686,274
11-10	Acq. Firefighting Equipment	333,300	9/28/2012	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	333,300	296,266	333,300	296,266
12-13	Streetscape Improvements to Paterson Avenue and Union Boulevard	238,000	9/28/2012	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	238,000	225,473	238,000	225,473
12-20/13-9	Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	357,000	9/27/2013	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	357,000	357,000	357,000	357,000
12-20/13-9	Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	306,121	9/27/2013	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	307,525	307,525	307,525	307,525
13-7	Acquisition of Self Contained Breathing Apparatus Equipment for Fire Department	384,750	9/27/2013	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	212,467	212,467	212,467	212,467
13-8	Reconstruction of Basketball Courts at Hathaway Street Park	52,300	9/27/2013	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	52,300	52,300	52,300	52,300
13-10	Various Public Improvements	419,000	9/26/2014	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	419,000	419,000	419,000	419,000
14-8	Resurface Various Streets	238,000	9/26/2014	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	238,000	238,000	238,000	238,000
14-14	Replacement of the Roof on the Public Library	79,000	9/25/2015	9/25/2015	9/23/2016	0.62%		79,000		79,000
15-04	Improvement of Main Street	409,734	9/25/2015	9/25/2015	9/23/2016	0.62%	-	409,734	-	409,734
							<u>\$ 2,947,785</u>	<u>\$ 3,289,870</u>	<u>\$ 2,947,785</u>	<u>\$ 3,289,870</u>
							Issued for Cash	\$ 488,734		
							Renewals	2,801,136	\$ 2,801,136	
							Paid by Budget Appropriation		132,718	
							Paid by Capital Cash - Excess Note Proceeds	-	13,931	
								<u>\$ 3,289,870</u>	<u>\$ 2,947,785</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF RESERVE FOR PURCHASE OF FIRE EQUIPMENT
GENERAL CAPITAL FUND**

Balance, January 1, 2015	\$ <u>11,595</u>
Balance, December 31, 2015	\$ <u>11,595</u>

**STATEMENT OF ENCUMBRANCES PAYABLE
GENERAL CAPITAL FUND**

Balance, January 1, 2015	
Increased by:	
Charges to Improvement Authorizations	\$ <u>292,847</u>
Balance, December 31, 2015	\$ <u>292,847</u>

BOROUGH OF WALLINGTON
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
GENERAL CAPITAL FUND

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2015</u>	2015 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2015</u>
	<u>General Improvements:</u>				
01-15	Improvements to Hathaway Street	\$ 6,712			\$ 6,712
02-3	Resurfacing of Hathaway	97			97
03-09	Acq. of Senior Citizen Bus	3,895			3,895
10-7	Refunding Tax Appeals	80,014			80,014
12-20/13-09	Acquisition of New Communication and Signal Systems				
	Equipment for Use of the Police and Fire Departments	1,475			1,475
14-14	Replacement of the Roof on the Public Library	79,000		\$ 79,000	
15-04	Improvement of Main Street		\$ 410,000	409,734	266
15-14	Various Park Improvements	-	395,000	-	395,000
		<u>\$ 171,193</u>	<u>\$ 805,000</u>	<u>\$ 488,734</u>	<u>\$ 487,459</u>

WATER UTILITY FUND

**BOROUGH OF WALLINGTON
STATEMENT OF CASH - TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2015	\$ 1,874,624	\$ 50,873
Increased by Receipts:		
Receipts from Water Collector	\$ 2,011,276	
Fire Hydrant Service	47,807	
Miscellaneous	5,698	
Receipts from Current Fund	127,542	
Receipts from Water Utility Capital Fund	122,502	
Receipts from General Capital Fund		\$ 122,428
Interest Earned	-	65
	<u>2,314,825</u>	<u>122,493</u>
	4,189,449	173,366
Decreased by Disbursements:		
2015 Budget Appropriations	1,725,559	
2014 Appropriation Reserves	120,896	
Payments to Current Fund	46,772	
Payments to Water Utility Operating Fund -		
Anticipated as Budget Revenue		122,428
Payments to Water Utility Operating Fund		74
Payments to General Capital Fund	208,000	37,000
Payments to Other Trust Fund	14,805	
Accrued Interest	9,672	-
	<u>2,125,704</u>	<u>159,502</u>
Balance, December 31, 2015	<u>\$ 2,063,745</u>	<u>\$ 13,864</u>

EXHIBIT D-6

STATEMENT OF CASH - WATER COLLECTOR

Increased by Receipts:	
Consumer Accounts Receivable	<u>\$ 2,011,276</u>
Decreased by Disbursements:	
Payments to Treasurer	<u>\$ 2,011,276</u>

**BOROUGH OF WALLINGTON
ANALYSIS OF WATER UTILITY CAPITAL CASH**

		Balance, December 31, <u>2015</u>
Due to General Capital Fund		\$ 1,468,896
Due from Water Utility Operating Fund		(2,397,918)
Encumbrances Payable		600,929
Deferred Charges - Overexpenditure of Improvement Authorization		(80,369)
Capital Improvement Fund		54,059
<u>Improvement Authorizations:</u>		
06-12	Acquisition of Real Property	(80,458)
11-3	Acquisition of Two Dump Trucks with Plows	52
11-8	Acquisition of Vehicles & Equipment	24,724
12-21	Replacement of Various Water Mains	116,777
12-22	Replacement of Various Water Mains	305,000
15-5	Hathaway Street Water Main	<u>2,172</u>
		<u>\$ 13,864</u>

**BOROUGH OF WALLINGTON
STATEMENT OF CHANGE FUND
WATER UTILITY OPERATING FUND**

Balance, January 1, 2015	\$ <u>100</u>
Balance, December 31, 2015	\$ <u>100</u>

**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND**

Balance, January 1, 2015	\$ 202,546
Increased by:	
Billings	<u>2,043,880</u>
	2,246,426
Decreased by:	
Collections	<u>2,011,276</u>
Balance, December 31, 2015	\$ <u>235,150</u>

**BOROUGH OF WALLINGTON
STATEMENT OF WATER UTILITY LIENS RECEIVABLE
WATER UTILITY OPERATING FUND**

Balance, January 1, 2015

Water Charges	\$ 1,470	
Fire Hydrant Charges	<u>9,200</u>	
		<u>\$ 10,670</u>

Balance, December 31, 2015

Water Charges	1,470	
Fire Hydrant Charges	<u>9,200</u>	
		<u>\$ 10,670</u>

Analysis of Balance

<u>Account No.</u>	<u>Amount</u>
1715	\$ 9,938
1148	<u>732</u>
	<u>\$ 10,670</u>

**BOROUGH OF WALLINGTON
STATEMENT OF DUE FROM WATER UTILITY OPERATING FUND
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2015	\$ 2,397,909
Increased by:	
Cash Disbursements	<u>74</u>
	2,397,983
Decreased by:	
Interest Earned	<u>65</u>
Balance, December 31, 2015	<u>\$ 2,397,918</u>

**STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND**

		Increased by:		
	Balance, January 1, 2015	Overexpenditure of Ordinance	Transfer from Fixed Capital Authorized and Uncompleted	Balance, December 31, 2015
Water System	\$ 543,064			\$ 543,064
Water Storage Tank	81,000			81,000
Foundation for Water Storage Tank	38,967			38,967
Main Extension	1,200,055			1,200,055
Meters	28,082			28,082
Engineer - Exploration of Well Site	9,226			9,226
Wells:				
Construction	143,716			143,716
Consulting Engineer	2,754			2,754
Advertising	15			15
Vehicles and Equipment	157,641			157,641
Acq. Of a Dump Truck	38,966			38,966
Various Impvts. To Water Supply System	908,112			908,112
Acq. of Two Dump Trucks	54,928			54,928
Acquisition of Pick-up Truck	20,250			20,250
Acquisition of Trucks	58,279			58,279
Acquisition of Vehicles and Equipment	74,950	\$ 80,369	\$ 695,000	850,319
Acquisition of Real Property	232,958			232,958
Replacement of Various Water Mains	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>
	<u>\$ 5,392,963</u>	<u>\$ 80,369</u>	<u>\$ 695,000</u>	<u>\$ 6,168,332</u>

**BOROUGH OF WALLINGTON
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND**

<u>Improvement Description</u>	<u>Ordinance</u>			<u>Balance,</u>	<u>2015</u>	<u>Decreased by:</u>		<u>Balance,</u>
	<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>January 1,</u>		<u>Transfer</u>	<u>to Fixed</u>	<u>December 31,</u>
				<u>2015</u>	<u>Authorizations</u>	<u>Capital</u>		<u>2015</u>
<u>General Improvements</u>								
Acquisition of Two Dump Trucks with Plows	11-3	3/24/2011	\$ 110,000	\$ 110,000				\$ 110,000
Acquisition of Vehicles & Equipment	11-8	7/21/2011	225,000	225,000				225,000
Replacement of Various Water Mains	12-21	12/20/2012	2,100,000	2,100,000				2,100,000
Replacement of Various Water Mains - (Amend Ord. 11-7)	12-22	12/20/2012	305,000	305,000				305,000
Acquisition of Vehicles & Equipment	14-13	9/25/2014	695,000	695,000		\$ 695,000		
Hathaway Street Water Main	15-5	3/26/2015	215,000	-	\$ 215,000	-		215,000
				<u>\$3,435,000</u>	<u>\$ 215,000</u>	<u>\$ 695,000</u>		<u>\$ 2,955,000</u>

**BOROUGH OF WALLINGTON
STATEMENT OF 2014 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2015</u>	<u>Trasfers</u>	Prior Year Encumbrances <u>Restored</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries	\$ 24,899	\$ (24,899)			
Other Expenses	76,581	25,960	\$ 18,682	\$ 120,896	\$ 327
Deferred Charges And Statutory Expenditures					
Social Security System (O.A.S.I.)	<u>1,061</u>	<u>(1,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Water Utility Appropriation Reserves	<u>\$ 102,541</u>	<u>\$ -</u>	<u>\$ 18,682</u>	<u>\$ 120,896</u>	<u>\$ 327</u>
			Cash Disbursements	<u>\$ 120,896</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF EQUIPMENT RESERVES
WATER UTILITY OPERATING FUND**

Balance, January 1, 2015	\$ <u>3,862</u>
Balance, December 31, 2015	\$ <u>3,862</u>

**STATEMENT OF DUE FROM GENERAL CAPITAL FUND
WATER UTILITY OPERATING FUND**

Balance, January 1, 2015	\$ 1,058,393
Increased by:	
Cash Disbursements	<u>208,000</u>
	1,266,393
Decreased by:	
Expenditures Paid By General Capital Fund - 2015 Budget - Paydown of Notes	\$ 22,785
Expenditures Paid By General Capital Fund - Accrued Interest	<u>25,806</u>
	<u>48,591</u>
Balance, December 31, 2015	\$ <u>1,217,802</u>

**STATEMENT OF DUE TO CURRENT FUND
WATER UTILITY OPERATING FUND**

Balance, January 1, 2015	\$ 195,772
Increased by:	
Cash Received from Current Fund	\$ 127,542
Expenditures Paid By Current Fund - 2015 Budget	<u>51,000</u>
	<u>178,542</u>
	374,314
Decreased by:	
Payments to Current Fund	<u>46,772</u>
Balance, December 31, 2015	\$ <u>327,542</u>

**BOROUGH OF WALLINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance		Balance, January 1, 2015		2015 Authorizations	Prior Year Encumbrances Restored	Expended	Balance, December 31, 2015		Overexpended
		Date	Amount	Funded	Unfunded				Funded	Unfunded	
11-3	Acquisition of Two Dump Trucks with Plows	3/24/2011	\$ 110,000	\$ 52					\$ 52		
11-8	Acquisition of Vehicles & Equipment	7/21/2011	225,000	75,169				\$ 50,445	24,724		
12-21	Replacement of Various Water Mains	12/20/2012	2,100,000		\$ 238,292		\$ 332,177	453,692		\$ 116,777	
12-22	Replacement of Various Water Mains (Amend Ord. 11-7)	12/20/2012	305,000		305,000					305,000	
14-13	Acquisition of New Additional or Replacement Vehicles & Equipment	9/25/2014	695,000		317,434		113,406	511,209			\$ 80,369
15-5	Hathaway Street Water Main	3/26/2015	215,000	-	-	\$ 215,000	-	212,828	-	2,172	-
				<u>\$ 75,221</u>	<u>\$ 860,726</u>	<u>\$ 215,000</u>	<u>\$ 445,583</u>	<u>\$ 1,228,174</u>	<u>\$ 24,776</u>	<u>\$ 423,949</u>	<u>\$ 80,369</u>
Capital Improvement Fund						\$ 10,300					
Deferred Charges to Future Revenue						<u>204,700</u>					
						<u>\$ 215,000</u>					
Due to General Capital Fund								\$ 627,245			
Encumbrances Payable								<u>600,929</u>			
								<u>\$ 1,228,174</u>			

**BOROUGH OF WALLINGTON
STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2015	\$ 186,787
Decreased by:	
Payment to Water Utility Operating Fund - Anticipated as Water Operating Fund Revenue	\$ 122,428
Appropriated to Finance Improvement Authorizations	<u>10,300</u>
	<u>132,728</u>
Balance, December 31, 2015	<u>\$ 54,059</u>

**STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2015	\$ 3,282,290
Increased by:	
Notes Paid by Operating Budget	\$ 22,785
Bonds Paid by Operating Budget	<u>60,000</u>
Capital Outlay:	
Overexpenditure of Ordinance	<u>163,154</u>
Balance, December 31, 2015	<u>\$ 3,445,444</u>

**BOROUGH OF WALLINGTON
STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	Balance, January 1, <u>2015</u>	2015 <u>Authorizations</u>	Balance, December 31, <u>2015</u>
	<u>General Improvements</u>				
11-3	Acquisition of Two Dump Trucks with Plows	3/24/2011	\$ 110,000		\$ 110,000
11-8	Acquisition of Vehicles & Equipment	7/21/2011	225,000		225,000
14-13	Acquisition of Vehicles & Equipment	9/25/2014	34,000		34,000
15-5	Hathaway Street Water Main	3/26/2015	-	\$ 10,300	10,300
			<u>\$ 369,000</u>	<u>\$ 10,300</u>	<u>\$ 379,300</u>

BOROUGH OF WALLINGTON
STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES
WATER UTILITY OPERATING FUND

Balance, January 1, 2015		\$	8,786
Increased by:			
Charges to 2015 Budget Appropriations			<u>36,580</u>
			45,366
Decreased by:			
Cash Disbursements	\$	9,672	
Paid by General Capital Fund		<u>25,806</u>	
			<u>35,478</u>
Balance, December 31, 2015		\$	<u>9,888</u>

**BOROUGH OF WALLINGTON
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND**

Balance, January 1, 2015	\$ 18,682
Increased by:	
Charges to 2015 Budget Appropriations	<u>70,991</u>
	89,673
Decreased by:	
Restored to Appropriation Reserves	<u>18,682</u>
Balance, December 31, 2015	<u>\$ 70,991</u>

**BOROUGH OF WALLINGTON
STATEMENT OF SERIAL BONDS PAYABLE
WATER UTILITY CAPITAL FUND**

<u>Purpose of Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2015</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>January 1, 2015</u>		<u>December 31, 2015</u>
Water Capital Improvement Bonds	10/15/2003	\$ 753,000	10/15/2016	\$ 60,000	4.000%			
			10/15/2017	65,000	4.000%			
			10/15/2018	68,000	4.000%	\$ 253,000	\$ 60,000	\$ 193,000
					Paid by Budget Appropriation		\$ 60,000	

BOROUGH OF WALLINGTON
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2015	Increased	Decreased	Balance, December 31, 2015
11-7	Replacement of Various Water Mains	9/28/2013	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	\$ 1,777,215	\$ 1,754,430	\$ 1,777,215	\$ 1,754,430
12-21	Replacement of Various Water Mains	9/28/2013	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	2,100,000	2,100,000	2,100,000	2,100,000
12-22	Replacement of Various Water Mains	9/28/2013	9/26/2014 9/25/2015	9/25/2015 9/23/2016	0.62% 0.62%	305,000	305,000	305,000	305,000
14-13	Acquisition of Vehicles & Equipment	9/25/2015	9/25/2015	9/23/2016	0.62%		661,000		661,000
15-5	Hathaway Street Water Main	9/25/2015	9/25/2015	9/23/2016	0.62%	-	204,700	-	204,700
						<u>\$ 4,182,215</u>	<u>\$ 5,025,130</u>	<u>\$ 4,182,215</u>	<u>\$ 5,025,130</u>
								\$ 22,785	
							\$ 865,700		
							4,159,430	4,159,430	
							<u>\$ 5,025,130</u>	<u>\$ 4,182,215</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF GRANTS RECEIVABLE
WATER UTILITY CAPITAL FUND**

	Balance, January 1, <u>2015</u>	Balance, December 31, <u>2015</u>
County of Bergen		
Acquisition of Real Property	\$ 40,200	\$ 40,200

Analysis of Balance

Offset by Reserve for Receivable \$ 40,200

**STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2015	\$ 445,583
Increased by:	
Charges to Improvement Authorizations	<u>600,929</u>
	1,046,512
Decreased by:	
Restored to Improvement Authorizations	<u>445,583</u>
Balance, December 31, 2015	<u>\$ 600,929</u>

BOROUGH OF WALLINGTON
STATEMENT OF DEFERRED CHARGES - OPERATING DEFICIT
WATER UTILITY OPERATING FUND

Balance, January 1, 2015	\$ 201,792
Decreased by:	
Amount Raised in Budget	<u>201,792</u>
Balance, December 31, 2015	<u>\$ -</u>

STATEMENT OF OVEREXPENDITURE OF ORDINANCE APPROPRIATION
WATER UTILITY CAPITAL FUND

Increased by:	
Overexpenditure of Ordinance Appropriation: 14-13	<u>\$ 80,369</u>
Balance, December 31, 2015	<u>\$ 80,369</u>

BOROUGH OF WALLINGTON
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
WATER UTILITY CAPITAL FUND

<u>Ord. No.</u> <u>or Date</u>	<u>Improvement Description</u>	Balance, January 1, <u>2015</u>	2015 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2015</u>
06-12	Acquisition of Real Property	\$ 80,458			\$ 80,458
14-13	Acquisition of Vehicles & Equipment	661,000		\$ 661,000	
15-5	Replacement of Hathaway Street Water Main	<u>-</u>	<u>\$ 204,700</u>	<u>204,700</u>	<u>-</u>
		<u>\$ 741,458</u>	<u>\$ 204,700</u>	<u>\$ 865,700</u>	<u>\$ 80,458</u>

BOROUGH OF WALLINGTON
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Wallington
Wallington, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Wallington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated July 5, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting 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, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Wallington's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Wallington's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Wallington'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2015-001, 2015-002 and 2015-004 that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Wallington's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as items 2015-001, 2015-002, 2015-003, and 2015-004.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Wallington in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

Borough of Wallington's Responses to Findings

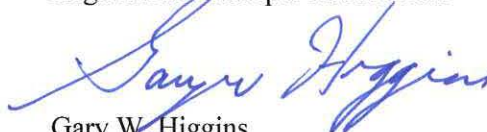
The Borough of Wallington's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Borough of Wallington's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Wallington'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 Wallington's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
July 5, 2016

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Federal CFDA Number</u>	<u>Original Grant Award Amount</u>	<u>Current Year Grant Receipt</u>	<u>Grant Year</u>	<u>Balance, January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2015</u>	<u>Cumulative Expended</u>
U.S. Department of Justice									
COPS More	16.710	\$ 16,500		2004	\$ 579			\$ 579	\$ 15,921
		1,000		2008	1,000			1,000	-
COPS in School	16.710	25,000		1999	73			73	24,927
U.S. Department of Transportation									
Resurface Hathaway Street - Ord. 11-5	20.205	110,000		2011	37,962			37,962	72,038
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development)									
Community Development Block Grant	14.219								
Rehabilitation of the Elevator at Police Station		43,000	\$ 33,568	2014	43,000		\$ 33,568	9,432	33,568
Replacement of Roof on the Public Library		69,506		2014	69,506	-	69,506	-	69,506
					<u>\$ 152,120</u>	<u>\$ -</u>	<u>\$ 103,074</u>	<u>\$ 49,046</u>	

Note - This schedule was not subject to an audit in accordance with U.S. Uniform Guidance.

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Grant Number</u>	<u>State Grant Program</u>	<u>Grant Award</u>	<u>Current Year Grant Receipt</u>	<u>Grant Award Year</u>	<u>Balance, January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2015</u>	<u>Cumulative Expended</u>
8030-150-041650-60	Supplemental Fire Services Program	\$ 1,573		Prior Years	\$ 1,573			\$ 1,573	
4250-760-050000-63-260	Alcohol Education and Rehabilitation Fund	1,922		2003	1,775			1,775	\$ 147
		624		2005	624			624	-
		1,941		2007	1,941			1,941	-
		1,804		2008	1,804			1,804	-
		1,232		2009	1,232			1,232	-
		1,187		2012	1,187			1,187	-
		486		2013	486			486	-
		1,056		2014	1,056			1,056	-
		236		2015		\$ 236		236	-
1110-448-031020-22	Drunk Driving Enforcement Fund	7,946		2009	6,475			6,475	1,471
		2,792		2010	2,792			2,792	-
		3,210		2012	3,210			3,210	-
		1,977		2015		1,977		1,977	-
N/A	DEP Stormwater Grant	14,265		Prior Years	13,369			13,369	896
		2,552		2008	2,552			2,552	-
		2,039		2009	2,039			2,039	-
N/A	Clean Communities	16,122		2010	12,574			12,574	3,548
		15,120		2011	15,120			15,120	-
		15,120		2012	15,120			15,120	-
		2,535		2014	2,355			2,355	180
		16,386		2015		16,386		16,386	-
4900-752-178840-60	Municipal Recycling Assistance Grant	10,329		2010	10,329			10,329	-
		220		2011	220			220	-
		6,438		2012	6,438			6,438	-
		186		2013	186			186	-
		182		2014	182			182	-
		125		2015		125		125	-
N/A	Recycling Tonnage Grant	13,437		2011	13,437	\$ 1,521		11,916	1,521
		9,708		2013	9,708			9,708	-
		13,572		2014	13,572			13,572	-
		14,690		2015		14,690		14,690	-
N/A	Body Armor Replacement	2,289		2012	1,445		1,445	-	2,289
		2,251		2013	2,251		955	1,296	955
		2,187		2015		2,187		2,187	-
N/A	Local Domestic Preparedness Grant	50,000		2004	50,000			50,000	-
N/A	Non Public Nursing	14,800		2014	14,276			14,276	524
N/A	Municipal Alliance Program	11,500		2001	1,901		1,901	-	11,500
		11,500		2002	55		55	-	11,500
		11,500		2004	114		114	-	11,500
		14,670		2005	2,435		2,435	-	14,670
		11,500		2006	2,378		1,761	617	10,883
		10,388		2007	10,388			10,388	-
		11,500		2009	8,974			8,974	2,526
		11,706		2010	6,753			6,753	4,953
		6,510		2014	6,510			6,510	-
		3,377		2015		3,377		3,377	-
N/A	Livable Communities Grant								
	Acquisition of Fire Equipment	100,000		2005	1,977			1,977	98,023
N/A	HAVA Grant	6,586		2014	6,586			6,586	-
2015-078-6320-480-XXX	Department of Transportation Improvements to Main Ave - Ordinance #15-04	149,000		2015		149,000		149,000	-
100-022-8030-620-FFFF-6120	Legislative Grant - Emergency Services Building	16,230		2001	9,530	-	-	9,530	6,700
					<u>\$ 266,929</u>	<u>\$ 187,978</u>	<u>\$ 10,187</u>	<u>\$ 444,720</u>	

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

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

BOROUGH OF WALLINGTON
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2015

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Wallington. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund		\$ 38,978	\$ 38,978
General Capital	<u>-</u>	<u>149,000</u>	<u>149,000</u>
Total Financial Awards	<u>\$ -</u>	<u>\$ 187,978</u>	<u>\$ 187,978</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

BOROUGH OF WALLINGTON
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2015

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loan outstanding at December 31, 2015, which is not required to be reported on the schedule of expenditures of state financial assistance, is as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
N.J. Green Acres Loan	4800-533-857000-60	\$ <u>85,308</u>

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Modified, Unaudited LOSAP Trust Fund</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to the financial statements noted?	<u> X </u> yes	<u> </u> no

Federal Awards Section - NOT APPLICABLE

State Awards Section - NOT APPLICABLE

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2015-001:

Our audit revealed the following:

- Certain bills that related to 2015 were not recorded as liabilities at December 31, 2015.
- Certain bills were allocated between the Current and Water Operating Funds; however no supporting documentation pertaining to the allocation was available.
- Several instances noted where purchase order was not generated prior to the receipt of goods/services.

Criteria or specific requirement:

- Financial reporting requirements promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.
- N.J.A.C. 5:30-5.2, "Encumbrance Systems".

Condition:

See Finding 2015-001.

Questioned Costs:

None.

Context:

- Bills in the amount of \$66,298 were not recorded as liabilities at December 31, 2015 in the Water Operating Fund.
- Purchase orders are not being encumbered prior to receipt of goods/services.
- Insurance, pension and professional service bills were allocated to Water Utility Operating Fund without supporting documentation.

Cause:

Unknown.

Recommendation:

Procedures over cash disbursements and liabilities be reviewed and enhanced to ensure the appropriate recording of expenditures and the payment of bills.

Management's Response:

Management will review internal controls relating to the purchasing/cash disbursements accounting cycle.

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identified the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of Government Auditing Standards

Finding 2015-002

Certain accounts in the Current, General Capital, Water Utility and Trust Funds general ledgers for the year ended December 31, 2015 were not in agreement with the subsidiary records and bank reconciliations. In addition, certain transactions were not properly recorded in the general ledgers and year to date cash receipts in the General Capital, Water Operating, Water Capital and Trust Funds were posted as a single general journal entry.

Criteria

NJAC 5:30-5.7 General Ledger Accounting Systems, DLGS Technical Accounting Directive 85-3

Condition

The Current, General Capital, Water Utility and Trust Funds general ledgers were not reconciled to the respective subsidiary ledgers of the Borough on a monthly basis resulting in certain general ledger accounts being misstated.

Context

General ledger balances in the Current, General Capital, Water Utility and Trust Funds are not being reconciled to subsidiary records on a monthly basis.

Effect

Financial statements prepared from the general ledger account balances may be misstated.

Recommendation

The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.

Management's Response

Management has reviewed this finding and has indicated that corrective action will be taken.

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2015-003:

Our audit revealed that overexpenditures were incurred during the period under audit for the Current Fund Appropriations and a Water Capital Fund Improvement Authorization.

Criteria or specific requirement:

N.J.A.C. 5:30-5.2, "Encumbrance Systems"; NJSA 40A:4-57, "Expenditure Void Without Appropriations".

Local Budget Law

Condition:

Expenditures were incurred and charged to budgetary line items and a improvement authorization in the Current Fund and Water Capital Fund respectively in excess of available appropriations.

Questioned Costs:

None.

Context:

The following expenditures were incurred in excess of available 2015 appropriations:

Current Fund	
2015 Appropriation	
Fire -Other Expenses	\$7,893
Solid Waste Collection – Other Expenses	23,835
Water Capital Fund	
Ordinance #14-13 Acquisition of New Additional or Replacement Vehicles & Equipment	80,369

Effect:

Certain appropriations were not sufficient to fund expenditures incurred by the Borough.

Cause:

See condition.

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2015-003: (Continued)

Recommendation:

Appropriations be made available prior to the commitment of Borough funds for expenditure.

Management's Response:

Management will develop a corrective action plan to address this finding.

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identified the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of Government Auditing Standards

Finding 2015-004

Our audit of certain Other Trust Fund bank reconciliations revealed outstanding checks for significant amounts totaling \$434,164 relating to tax sale redemptions and certificates and \$22,756 for net pay account remained outstanding for long periods of time.

Criteria

NJAC 5:30-5.7 General Ledger Accounting Systems, DLGS Technical Accounting Directive 85-3
Internal Controls over bank accounts

Condition

Outstanding checks issued for the Other Trust Fund and the net pay account are not being properly monitored to determine if checks need to be reissued and/or voided, as appropriate.

Context

Checks totaling \$434,164 issued from the Other Trust bank account for tax sale redemptions and certificates and \$22,756 issued from net pay account remain outstanding for long periods of time some in excess of one year.

Effect

Cash balances reported on the financial statements may be misstated.

Recommendation

Outstanding checks on the Other Trust and net pay bank accounts reconciliations be reviewed and cleared of record.

Management's Response

Management has reviewed this finding and has indicated that corrective action will be taken.

**BOROUGH OF WALLINGTON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-001

Our audit revealed the following:

- Certain bills that related to 2014 were not recorded as liabilities at December 31, 2014.
- Certain bills were allocated between the Current and Water Operating Funds; however no supporting documentation pertaining to the allocation was available.
- Several instances noted where purchase order was not generated prior to the receipt of goods/services.

Status

See Finding 2015-001.

Finding 2014-002

Certain accounts in the Current, General Capital, Water Utility and Trust Funds general ledgers for the year ended December 31, 2014 were not in agreement with the subsidiary records and bank reconciliations. In addition, certain transactions were not properly recorded in the general ledgers and year to date cash receipts in the General Capital, Water Operating, Water Capital and Trust Funds were posted as a single general journal entry.

Status

See Finding 2015-002.

Finding 2014-003

The audit indicated proper health benefit employee contributions were not withheld from certain employees in accordance with Chapter 78.

Status

Corrective action has been taken.

Finding 2014-004

Our audit revealed that overexpenditures were incurred during the period under audit for the Current Fund 2013 Appropriation Reserves. Also, the Water Utility Fund incurred an operating deficit of \$201,792.

Status

See Finding 2015-003.

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2015</u>			<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 657,894	2.22 %	\$	563,049	2.08 %
Miscellaneous - From Other Than Local					
Property Tax Levies	3,229,769	10.89		2,066,179	7.62
Collection of Delinquent Taxes					
and Tax Title Liens	463,790	1.56		441,506	1.63
Collection of Current Tax Levy	<u>25,315,976</u>	<u>85.33</u>		<u>24,040,474</u>	<u>88.67</u>
Total Income	<u>29,667,429</u>	<u>100.00 %</u>		<u>27,111,208</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	10,582,707	36.98 %		10,346,893	38.45 %
County Taxes	2,302,093	8.04		2,224,961	8.27
Local School Taxes	14,895,129	52.05		14,054,766	52.23
Other Expenditures	<u>837,944</u>	<u>2.93</u>		<u>284,146</u>	<u>1.06</u>
Total Expenditures	<u>28,617,873</u>	<u>100.00 %</u>		<u>26,910,766</u>	<u>100.00 %</u>
Excess of Revenues Over Expenditures	1,049,556			200,442	
Adjustments to Income before Fund Balance:					
Expenditures Included Above Which are by Statute					
Deferred Charges to Budget of Succeeding Year	<u>31,728</u>			<u>-</u>	
Statutory Excess to Fund Balance	1,081,284			200,442	
Fund Balance, January 1	<u>1,131,217</u>			<u>1,493,824</u>	
	2,212,501			1,694,266	
Less Amount of Fund Balance Utilized					
as Revenue	<u>657,894</u>			<u>563,049</u>	
Fund Balance, December 31	<u>\$ 1,554,607</u>			<u>\$ 1,131,217</u>	

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

	<u>Year 2015</u>			<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 222,000	9.21 %	\$ 100,000	5.11	
Collection of Water Rents	2,011,276	83.47	1,805,192	92.31 %	
Miscellaneous - From Other Than Rents	<u>176,325</u>	<u>7.32</u>	<u>50,479</u>	<u>2.58</u>	
Total Income	<u>2,409,601</u>	<u>100.00 %</u>	<u>1,955,671</u>	<u>100.00 %</u>	
EXPENDITURES					
Budget Expenditures					
Operating	1,979,280	82.80 %	1,975,667	91.22 %	
Deferred Charges and Statutory					
Expenditures	292,292	12.23	67,000	3.09	
Debt Service	<u>118,813</u>	<u>4.97</u>	<u>123,072</u>	<u>5.68</u>	
Total Expenditures	<u>2,390,385</u>	<u>100.00 %</u>	<u>2,165,739</u>	<u>100.00 %</u>	
Deficit in Current Year Operations			<u>\$ (210,068)</u>		
Statutory Excess to Fund Balance	19,216				
Fund Balance, January 1	<u>423,869</u>		<u>\$ 523,869</u>		
	443,085		523,869		
Less: Utilized as Revenue:					
Water Operating Fund	<u>222,000</u>		<u>100,000</u>		
Fund Balance, December 31	<u>\$ 221,085</u>		<u>\$ 423,869</u>		

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$2.736</u>	<u>2.596</u>	<u>\$2.206</u>

Apportionment of Tax Rate

Municipal (Including Library Levy)	.912	.878	.743
County	.245	.235	.211
Local School	1.579	1.483	1.252

Assessed Valuation

2015	<u>\$943,139,032</u>	
2014		<u>\$948,284,902</u>
2013		<u>\$1,096,806,432</u>

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>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 25,830,573	\$ 25,315,976	98.00%
2014	24,625,451	24,040,474	97.62%
2013	24,222,428	23,522,433	97.11%

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

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>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2015	\$ 372,091	\$ 547,158	\$ 919,249	3.56%
2014	342,596	545,936	888,532	3.61%
2013	176,186	591,603	767,789	3.17%

Comparison of Water Utility Billings

<u>Year</u>	<u>Levy</u>	<u>Collections *</u>
2015	\$2,043,880	\$2,011,276
2014	1,797,961	1,805,192
2013	1,919,611	1,940,197

* Includes collections of prior years' receivables

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2015	\$1,554,607	\$585,000
	2014	1,131,217	657,894
	2013	1,493,824	563,049
	2012	1,287,577	455,638
	2011	538,240	116,765
Water Utility Operating Fund	2015	\$221,085	\$158,374
	2014	423,869	222,000
	2013	523,869	100,000
	2012	723,869	200,000
	2011	753,515	241,863

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS AS OF DECEMBER 31, 2015

<u>Name</u>	<u>Title</u>
Walter G. Wargacki	Mayor
Mark Tomko	Council President
Sharon Robie	Councilwoman
Joseph Brunacki IV	Councilman
Christopher Sinisi	Councilman
Krystyna Surowiec	Councilwoman
Roman Kruk	Councilman
Witold T. Baginski	Borough Clerk
	Borough Administrator
	Officer for Searches for Municipal Improvements
Charles Cuccia	Chief Financial Officer
Dorothy Siek	Tax Collector
Katarzyna Rapacz	Water Rent Collector
Nick Melfi	Building Inspector
Richard Sedor	Code Enforcement Official
Thomas Valeo	Electrical Inspector
Stuart Stolarz	Tax Assessor
Lynda Branick	Sec. of Board of Health
	Licensing Official and Registrar of Vital Statistics
	Dog Licensing Official
Frank Recanati	Plumbing Inspector
Casimer Sondey	Magistrate
Krystyna Moskal	Court Administrator
Richard Cedzidlo	Borough Attorney
Elsbeth Crusius	Borough Prosecutor
Kenneth Job	Borough Engineer
Marianne Willms	Library Director

All non-Court officials handling cash were insured with public officials employee dishonesty coverage issued by the South Bergen Municipal Joint Insurance Fund and Municipal Excess Liability Joint Insurance Fund in the amounts of \$50,000 and \$1,000,000 respectively.

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Current Year

Our audit revealed that certain other reserves in the Other Trust Fund do not have approved dedication by riders from the Division of Local Government Services. It is recommended that dedication by riders be obtained or balances be disposed of for each of the other reserves in the Other Trust Fund.

Purchases in excess of the bid threshold for acquisition of water meters, dump trucks and street sweeping service were not awarded by public bid in accordance with N.J.S.A. 40A:11, et seq. It is recommended purchases in excess of the bid threshold be awarded in accordance with the Local Public Contracts Law.

Our audit revealed that 1099 forms were not issued to all eligible vendors paid in excess of \$600 from Borough accounts. It is recommended that internal controls be enhanced to ensure 1099 forms are issued to all eligible vendors paid in excess of \$600 from Borough accounts.

Our audit indicated that the December 31, 2014 corrective action plan was not approved by Governing Body resolution. It is recommended that the corrective action plan be submitted to the Governing Body for approval by resolution.

Prior Year Findings - Unresolved

Our audit noted that a detailed analysis of outstanding third party and municipal liens is not maintained by the Borough. It is recommended that the Borough maintain a detailed analysis of all outstanding municipal and third party liens.

The audit revealed that a certain purchase in excess of the bid threshold made through the use of a State contract was not approved by resolution. No recommendation is warranted since this is considered an unintentional isolated instance.

The audit indicated there exists an excess balance in the payroll bank accounts. It is recommended that the excess balance in the payroll bank accounts be reviewed.

There are various appropriated grant reserves balances that remain unexpended for several years. It is recommended that the appropriated grant reserves be reviewed for proper disposition.

The audit indicated there is no independent verification of payroll deductions remitted by the Borough's third party payroll provider. It is recommended that the Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.

The audit indicated that there are various interfunds outstanding at December 31, 2015 resulting from current and prior year transactions. Additionally, certain transactions undertaken in the Current Fund on behalf of other funds were not reported in the respective corresponding funds general ledger. It is recommended that all interfunds be cleared of record as of December 31 and all interfund transactions be recorded in both funds affected.

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Prior Year Findings – Unresolved (Continued)

The audit of the Municipal Court indicated that the Tickets Assigned Not Issued Report includes 273 tickets that were outstanding in excess of six months. It is recommended that with respect to the Municipal Court, tickets assigned not issued in excess of six months be recalled.

The audit of payroll revealed that the employer's address reported on the Borough's quarterly federal tax return is the payroll service company and not the Borough. It is recommended that the Borough's address and not the payroll service company's address be properly reported on all federal tax returns and correspondence.

The audit of disbursements revealed numerous instances where the receipt of goods signature is not being obtained on purchase orders. It is recommended that the signature certifying the receipt of goods/services be obtained on purchase orders prior to payment.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal 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 resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11-5.

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

Construction of Curb Ramps
Replacement and/or Roof Repairs at Municipal Library
Hathaway Street Water Main Replacement

Our examination of expenditures did not reveal any instances where individual payments exceeded \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA. 40A:11-6.

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on March 27, 1980, adopted the following ordinance authorizing the amount of interest to be charged on delinquent taxes and assessments:

WHEREAS, Chapter 435 of the Laws of 1980 allows a governing body to set interest rates on delinquent taxes at a higher level than previously permitted by law;

NOW, THEREFORE, BE IT ORDAINED by the Governing Body of the Borough of Wallington, County of Bergen, State of New Jersey, that the interest rate to be charged by the Borough of Wallington on taxes or assessments not timely paid shall be eight (8%) percent per annum on the first \$1,500 of delinquent assessments and taxes; and eighteen (18%) percent per annum on delinquent assessments and taxes in excess of \$1,500, all to be calculated from the date the tax was payable until the date of actual payment.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held on December 22, 2015.

Inspection of tax sale certificates on file revealed that all tax sale certificates were not available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2015	Unknown
2014	Unknown
2013	2

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

Suggestions to Management

- Old outstanding checks included on certain Borough bank reconciliations be reviewed and cleared of record.
- Prior years General Capital Fund unexpended improvement authorization balances should be reviewed and cancelled where appropriate.

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Procedures over cash disbursements and liabilities be reviewed and enhanced to ensure the appropriate recording of expenditures and the payment of bills.
- * 2. The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.
- * 3. Appropriations be made available prior to the commitment of Borough funds for expenditure.
- * 4. The Borough maintain a detailed analysis of all municipal and third party liens.
- * 5. The excess balance in the payroll bank accounts be reviewed.
- * 6. Appropriated grant reserves be reviewed for proper disposition.
- * 7. The Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.
- * 8. All interfunds be cleared of record as of December 31 and all interfund transactions be recorded in both funds affected.
- * 9. With respect to the Municipal Court tickets assigned not issued in excess of six months be recalled.
- * 10. The Borough's address and not the payroll service company's address be properly reported on all federal tax returns and correspondence.
- * 11. The signature certifying the receipt of goods/services be obtained on purchase orders prior to payment.
- 12. Outstanding checks on the Other Trust and net pay bank accounts reconciliations be reviewed and cleared of record.
- 13. Dedication by riders be obtained or balances be disposed of for each of the other reserves in the Other Trust Fund.
- 14. Purchases in excess of the bid threshold be awarded in accordance with the Local Public Contracts Law.
- 15. Internal controls be enhanced to ensure 1099 forms are issued to all eligible vendors paid in excess of \$600 from Borough accounts.
- 16. The corrective action plan be submitted to the Governing Body for approval by resolution.

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

* * * * *

A review was performed on all prior year's recommendations. Those recommendations which have not been corrected and which are repeated in this audit are denoted with an asterisk (*).

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

Lerch, Vinci & Higgins LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405