

**BOROUGH OF WALLINGTON
BERGEN COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2019 AND 2018

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INTRODUCTORY SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying comparative balance sheets – regulatory basis of various funds of the Borough of Wallington, in the County of Bergen, State of New Jersey (the "Borough"), as of December 31, 2019 and 2018, and the related comparative statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues and expenditures – regulatory basis and comparative statement of general fixed assets group of account – regulatory basis for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements- regulatory basis (the "financial statements") in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Borough'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, the financial statements are prepared and presented by the Borough 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, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirement of the State of New Jersey for municipal government entities. The effects on financial statements of the variances between the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 20 of the financial statements – regulatory basis of the Length of Service Awards 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, 2019 and 2018. The LOSAP Trust Fund financial statements are included in the Borough's Trust Funds as of December 31, 2019 and 2018.

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, the financial statements referred to above, present fairly, in all material respects, the accompanying comparative balance sheets - regulatory basis of the various funds of the Borough as of December 31, 2019 and 2018, and the results of the comparative statements of operations and the changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues and appropriations - regulatory basis of the various funds, and general fixed assets group of accounts for the year ended December 31, 2019 and 2018, in accordance with accounting principles and practices prescribed by the Division as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division, to supplement the financial statements and therefore it has not been presented by management. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental schedules and the schedules of expenditures of federal and state financial assistance are presented for the purposes of additional analysis as required by the Division and are not a required part of the basic financial statements.

The supplementary schedules and 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 information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2020 on our consideration of the Borough's internal control over financial reporting and 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 the 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's internal control over financial reporting and compliance.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C.
Certified Public Accountants

June 30, 2020

FINANCIAL SECTION

CURRENT FUND

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019 AND 2018

A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Reference	<u>At December 31,</u>	
		<u>2019</u>	<u>2018</u>
ASSETS			
Current Assets:			
Cash - Collector - Treasurer	A-4	\$ 4,246,465.61	\$ 3,356,899.16
Cash - Change Fund	A-5	100.00	100.00
Cash - Petty Cash	A-6	100.00	100.00
Due from State of NJ - Senior Citizens' and Veterans' Deductions	A-14	4,173.29	3,173.29
Federal and State Grants Receivable	A-20	259,724.90	494,008.00
		<u>4,510,563.80</u>	<u>3,854,280.45</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-7	659,039.75	882,344.89
Homestead Rebate Taxes Receivable	A-7	11,189.30	-
Due From Unemployment Fund	B	2,921.31	-
Due From Affordable Housing Fund	B	35,051.61	-
Due From Animal Control Fund	B	8,706.84	4,166.18
Revenue Accounts Receivable	A-10	17,967.59	15,696.34
	Contra	<u>734,876.40</u>	<u>902,207.41</u>
Deferred Charges:			
Emergency Authorizations	A-23	300,000.00	-
Special Emergency	A-23	450,000.00	-
		<u>750,000.00</u>	<u>-</u>
TOTAL ASSETS		<u><u>\$ 5,995,440.20</u></u>	<u><u>\$ 4,756,487.86</u></u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019 AND 2018

A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Reference	At December 31:	
		2019	2018
LIABILITIES, RESERVES AND FUND BALANCES			
Liabilities:			
Appropriation Reserves	A-3,12	\$ 1,145,936.87	\$ 804,254.77
Encumbrances Payable	A-12,13	184,032.85	454,479.93
Reserve for Revaluation	A-11	2,770.00	2,770.00
Reserve for Codification of Ordinances	A-26	10,925.00	10,925.00
Appropriated Reserves for Federal and State Grants	A-21	359,656.87	507,153.16
Unappropriated Reserves for Federal and State Grants	A-22	48,393.96	23,274.06
Prepaid Taxes	A-15	92,448.06	96,584.81
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-14	-	-
County Taxes Payable	A-17	10,498.43	5,011.09
Miscellaneous Fees Payable	A-19	3,492.00	2,534.00
Due to Other Trust Fund	B-6	161,984.04	11,618.59
Due to Recreation Fund	B-6	491.82	-
Due to Payroll Fund	B	10,133.07	-
Due to Water Utility Capital Fund	D	43,237.36	34,915.00
Due to General Capital Fund	C	743,557.73	-
Due to Water Utility Operating Fund	D	494,060.92	414,346.93
Special Emergency Notes Payable	A-24	450,000.00	-
Amount Due to Library - State Aid	A-25	9,927.00	4,961.00
Reserve for Insurance Proceeds	A-27	162,710.66	223,464.54
Tax Overpayments	A-16	26,842.85	13,521.21
		<u>3,961,099.49</u>	<u>2,609,814.09</u>
Reserve for Receivables	Contra	734,876.40	902,207.41
Fund Balance	A-1	<u>1,299,464.31</u>	<u>1,244,466.36</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 5,995,440.20</u>	<u>\$ 4,756,487.86</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019 AND 2018

A-1

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS**

	Reference	For the Years Ended December 31,	
		2019	2018
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 745,000.00	\$ 522,400.00
Miscellaneous Revenue Anticipated	A-2	2,176,150.21	2,610,526.25
Receipts from Delinquent Taxes	A-2	798,697.52	1,301,630.14
Receipts from Current Taxes	A-2	28,097,079.64	27,298,397.30
Non-Budget Revenues	A-2	139,901.16	77,712.19
Other Credits to Income:			
Void Old Outstanding Checks	A-4	-	36,575.21
Cancelled Tax Overpayments	A-16	449.00	429.33
Cancelled Trust Reserves	B-6	-	2,499.97
Unexpended Balance of Appropriations	A-3	987.34	242.67
Appropriated Grant Reserves Cancelled		-	175,807.70
Unexpended Balance of Appropriation Reserves	A-12	484,066.80	107,204.84
Statutory Excess- Animal License Fund	B-4	4,595.77	4,080.15
		<u>32,446,927.44</u>	<u>32,137,505.75</u>
Total revenue and other income			
Expenditures:			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,198,965.00	3,880,586.46
Other Expenses	A-3	6,567,283.00	6,049,852.82
Capital Improvements	A-3	25,000.00	25,000.00
Municipal Debt Service	A-3	1,159,132.00	1,034,664.00
Deferred Charges and Statutory Expenditures	A-3	1,170,828.00	1,218,514.00
Judgments	A-3	20,000.00	20,000.00
Local District School Taxes	A-18	16,474,788.00	16,456,500.00
County Tax	A-17	2,569,770.01	2,477,234.85
County Share of Added and Omitted Taxes	A-17	109,985.30	5,011.09
County Open Space Tax	A-17	10,498.43	105,798.08
County Tax Additional	A-17	413.70	675.28
Prior Year Tax Appeals Granted	A-16	36,563.16	-
Reconciling Items	A-4	-	3,977.79
Interfunds Established		53,702.89	4,080.15
		<u>32,396,929.49</u>	<u>31,281,894.52</u>
Total expenditures			
Excess in Revenues Over Expenditures		49,997.95	855,611.23
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-23	750,000.00	
		<u>799,997.95</u>	<u>855,611.23</u>
Statutory Excess to Fund Balance			
Fund Balance January 1	A	1,244,466.36	911,255.13
		2,044,464.31	1,766,866.36
Decreased by:			
Utilization as Anticipated Revenue	A-2	745,000.00	522,400.00
Fund Balance December 31	A	<u>\$ 1,299,464.31</u>	<u>\$ 1,244,466.36</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
YEAR ENDED DECEMBER 31, 2019

A-2

STATEMENT OF REVENUES - REGULATORY BASIS

	Reference	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 745,000.00	\$ 745,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages		15,242.00	15,866.00	624.00
Other		16,619.00	13,486.00	(3,133.00)
Fees and Permits - Other		9,802.00	6,363.27	(3,438.73)
Fines and Costs - Municipal Court		211,840.00	260,420.51	48,580.51
Interest and Costs on Taxes		178,600.00	162,187.06	(16,412.94)
Interest on Investments and Deposits		102,000.00	87,665.82	(14,334.18)
Energy Receipts Tax		623,433.00	623,433.00	-
Consolidated Municipal Property Tax Relief		50,021.00	50,021.00	-
Uniform Construction Code Fees		97,300.00	137,189.00	39,889.00
Uniform Fire Safety Act		19,100.00	19,097.90	(2.10)
CATV Franchise Fee		123,406.00	123,406.59	0.59
Cell Tower Rental Fee		90,500.00	55,995.00	(34,505.00)
Contribution from Board of Education		250,000.00	250,000.00	-
Other Rental Revenue		9,490.00	15,000.00	5,510.00
Reserve from Police SLEO		91,200.00	-	(91,200.00)
Capital Surplus Anticipated		95,000.00	95,000.00	-
Reserve for Debt Service Payments		40,669.00	40,669.00	-
Reserve for Drunk Driving Enforcement Fund		13,416.00	13,415.72	(0.28)
Reserve for Alcohol Education & Rehabilitation		1,172.00	1,171.72	(0.28)
Reserve for Municipal Alliance on Alcoholism		8,687.00	8,686.62	(0.38)
Safe & Secure Program- 2019		60,000.00	60,000.00	-
Municipal Alliance		9,876.00	9,876.00	-
Jordan Ave Road Improvement		127,200.00	127,200.00	0.00
Total Miscellaneous Revenues	A-1, Next Pg.	2,244,573.00	2,176,150.21	(68,422.79)
Receipts from Delinquent Taxes	A-1, Next Pg.	876,000.00	798,697.52	(77,302.48)
Subtotal General Revenues		3,865,573.00	3,719,847.73	(145,725.27)
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes				
	Next Pg.	9,447,635.00	9,854,037.90	406,402.90
Total General Revenues - Adopted	A-3	\$ 13,313,208.00	13,573,885.63	\$ 260,677.63
Non-Budget Revenues	A-1, Next Pg.		139,901.16	
			\$ 13,713,786.79	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
YEAR ENDED DECEMBER 31, 2019

A-2

STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)

	<u>Reference</u>	<u>2019</u>
<u>ANALYSIS OF REALIZED REVENUES</u>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1	\$ 28,097,079.64
Allocated to School and County Taxes	A-17,18	19,165,041.74
Balance for Support of Municipal Appropriations		8,932,037.90
 Add: Appropriation "Reserve for Uncollected Taxes"	A-3	 922,000.00
 Amount for Support of Municipal Budget Appropriations	Prev. Pg.	 \$ 9,854,037.90
<u>RECEIPTS FROM DELINQUENT TAXES</u>		
Tax Title Liens Received	A-8	-
Delinquent Tax	A-7	798,697.52
	A-1, Prev. Pg.	\$ 798,697.52
<u>MISCELLANEOUS REVENUES</u>		
Revenue Accounts Receivable	A-4, 10	1,820,131.15
Due from Utility Fund- Operating Surplus		
Unappropriated Grant Reserves	A-22	23,274.06
Grants Receivable	A-20	197,076.00
Due from Capital Fund- Reserve for Pmt of Debt	C-7	40,669.00
Due from Capital Fund- Surplus Anticipated	C-7	95,000.00
	A-1, Prev. Pg.	\$ 2,176,150.21
<u>ANALYSIS OF NON-BUDGET REVENUES</u>		
Miscellaneous Revenues Not Anticipated:		
Polling Place		\$ 240.00
Tax Bill Copies		73.00
Police Fees		2,045.95
PY Voided Checks		39,002.74
Birth /Death Certificate Copies		9,175.00
DPW Street Openings		450.00
Administrative		9,852.66
Bank S/C Refunds		400.00
Photocopies		466.91
Insurance Refunds/Dividends		23,055.04
Reimbursement for Safety Award		500.00
Worker's Comp/Police S/W		7,368.00
Building & Grounds		3,612.90
Streets & Roads		17,935.50
Services		1,497.59
DMV Inspection Fines		7,312.00
Little League Field		1.00
Senior Citizen / Homestead Rebate Admin Fee		1,767.40
Note Premiums		791.00
Misc. Unallocated		14,354.47
	A-1, A, Prev. Pg.	\$ 139,901.16

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unaudited</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council					
Salaries and Wages	\$ 20,300.00	\$ 18,300.00	\$ 17,518.53	\$ 781.47	\$ -
General Administration					
Salaries and Wages	50,000.00	60,000.00	57,309.75	2,690.25	-
Municipal Clerk / Elections					
Salaries and Wages	170,000.00	170,000.00	169,546.21	453.79	-
Other Expenses	50,000.00	40,000.00	37,655.44	2,344.56	-
Financial Administration					
Salaries and Wages	55,000.00	15,000.00	13,311.58	1,688.42	-
Other Expenses	105,000.00	105,000.00	97,514.04	7,485.96	-
Grant Writer					
Other Expenses	35,000.00	35,000.00	34,999.93	0.07	-
Revenue Administration					
Salaries and Wages	60,000.00	25,000.00	19,390.33	5,609.67	-
Other Expenses	13,000.00	13,000.00	11,768.64	1,231.36	-
Assessment Administration					
Salaries and Wages	15,300.00	15,300.00	15,237.20	62.80	-
Other Expenses	10,000.00	10,000.00	1,932.44	8,067.56	-
Legal Services & Costs					
Other Expenses	205,800.00	505,800.00	383,967.02	121,832.98	-

(Continued Next Page)

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>
OPERATIONS - WITHIN "CAPS" (CONTD)					
Engineering Services and Costs					
Other Expenses	\$ 20,000.00	\$ 35,000.00	\$ 23,038.60	\$ 11,961.40	\$ -
Planning Board					
Salaries and Wages	3,715.00	3,715.00	3,276.52	438.48	-
Other Expenses	7,000.00	27,000.00	6,497.12	20,502.88	-
Zoning Board of Adjustment					
Salaries and Wages	1,650.00	1,650.00	1,320.00	330.00	-
Other Expenses	5,000.00	15,000.00	7,454.31	7,545.69	-
Insurance					
Unemployment Insurance	30,000.00	480,000.00	267,187.39	212,812.61	-
Employee Group Insurance	1,570,000.00	1,467,980.00	1,341,499.44	126,480.56	-
Health Benefit Waiver	40,000.00	52,120.00	46,844.85	5,275.15	-
General Liability	28,280.00	28,280.00	14,145.00	14,135.00	-
Liability (South Bergen JIF)	180,000.00	180,000.00	100,346.54	79,653.46	-
Worker's Compensation (South Bergen JIF)	191,000.00	191,000.00	107,638.32	83,361.68	-
PUBLIC SAFETY FUNCTIONS:					
Police					
Salaries and Wages	3,390,000.00	3,465,000.00	3,388,065.69	76,934.31	-
Other Expenses	160,000.00	160,000.00	158,925.88	1,074.12	-
Fire					
Other Expenses	163,481.00	166,981.00	165,114.42	1,866.58	-

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See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS - WITHIN "CAPS" (CONTD)					
EMS					
Other Expenses	\$ 40,000.00	\$ 40,000.00	\$ 38,582.68	1,417.32	\$
Clothing Allowance	23,000.00	23,000.00	20,794.74	2,205.26	
Uniform Fire Safety					
Salaries and Wages	16,600.00	16,600.00	16,565.68	34.32	
Other Expenses	1,500.00	1,500.00	1,140.33	359.67	
Fire Prevention Bureau					
Other Expenses	20,000.00	20,000.00	17,901.32	2,098.68	
Emergency Management Services					
Other Expenses	1,000.00	1,000.00		1,000.00	
Municipal Prosecutor					
Salaries and Wages	9,900.00	12,400.00	11,528.00	\$72.00	
PUBLIC SAFETY FUNCTIONS:					
Streets and Roads Maintenance					
Salaries and Wages	196,000.00	216,000.00	205,250.39	10,749.61	
Other Expenses	78,000.00	80,000.00	78,524.10	1,475.90	
Shade Tree					
Other Expenses	20,000.00	20,000.00	19,999.44	0.56	
Solid Waste Collection (Garbage and Trash, Recycling)					
Salaries and Wages	5,000.00	5,400.00	5,242.81	157.19	
Other Expenses	790,000.00	812,000.00	780,597.36	31,402.64	
Buildings and Grounds					
Other Expenses	75,000.00	85,000.00	82,997.83	2,002.17	

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See independent auditor's report and the notes to the financial statements

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS - WITHIN "CAPS" (CONTD)					
HEALTH AND HUMAN SERVICES:					
Board of Health					
Salaries and Wages	\$ 33,000.00	\$ 35,500.00	\$ 35,049.76	\$ 450.24	\$ -
Other Expenses	27,000.00	12,000.00	7,262.84	4,737.16	-
Animal Control Services					
Other Expenses	11,500.00	11,500.00	10,500.00	1,000.00	-
PARK AND RECREATION FUNCTIONS:					
Board of Recreation Commissioners (R.S. 40-17.1)					
Salaries and Wages	16,000.00	16,000.00	13,999.96	2,000.04	-
Other Expenses	40,000.00	40,000.00	40,000.00	-	-
Senior Citizens					
Other Expenses	2,000.00	2,000.00	1,898.39	101.61	-
Maintenance of Parks					
Other Expenses	18,000.00	18,000.00	16,944.29	1,055.71	-
Celebration of Public Events					
Other Expenses	8,500.00	10,000.00	7,868.02	2,131.98	-
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
Construction Code Official					
Salaries and Wages	70,000.00	70,000.00	63,662.06	6,337.94	-
Other Expenses	4,000.00	4,000.00	2,626.04	1,373.96	-
Other Code Enforcement and Functions					
Rent Leveling Board					
Salaries and Wages	1,600.00	1,600.00		1,600.00	-
Municipal Court					
Salaries and Wages	50,000.00	51,500.00	50,851.78	648.22	-
Other Expenses	20,000.00	5,000.00	4,901.89	98.11	-
Public Defender					
Other Expenses	5,000.00	5,000.00	4,950.00	50.00	-
UTILITIES:					
Electricity	102,000.00	112,000.00	100,788.94	11,211.06	-
Street Lighting	87,500.00	87,500.00	72,826.30	14,673.70	-
Communications	35,000.00	40,000.00	38,622.07	1,377.93	-
Sewerage Processing and Disposal - Other Expenses	35,000.00	35,000.00	32,551.84	2,448.16	-
Gasoline	20,000.00	16,000.00	11,532.06	4,467.94	-
TOTAL OPERATIONS WITHIN "CAPS"	8,441,626.00	9,191,626.00	8,287,466.11	904,159.89	-
		Detail:			
Salaries and Wages	4,164,065.00	4,198,965.00	4,087,126.25	111,838.75	-
Other Expenses (Including Contingent)	4,277,561.00	4,992,661.00	4,200,339.86	792,321.14	-

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See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Social Security System (O.A.S.I.)	\$ 139,000.00	\$ 139,000.00	\$ 119,609.56	\$ 19,390.44	\$ -
Public Employees' Retirement System	185,752.00	185,752.00	147,225.74	38,526.26	-
Public Employees' Retirement System Adjustment	12,000.00	12,000.00	-	12,000.00	-
Police and Firemen's Retirement System	834,076.00	834,076.00	834,076.00	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	1,170,828.00	1,170,828.00	1,100,911.30	69,916.70	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	9,612,454.00	10,362,454.00	9,388,377.41	974,076.59	-

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See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

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STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage Commission	\$ 740,000.00	\$ 740,000.00	\$ 719,871.30	\$ 20,128.70	\$ -
East Rutherford Sewer Fees	6,500.00	6,500.00	-	6,500.00	-
Maintenance of Free Public Library	363,222.00	363,222.00	358,281.47	4,940.53	-
911 Interlocal Services Agreement (County of Bergen)	8,700.00	8,700.00	8,501.25	198.75	-
Recycling Tax Appropriation	11,800.00	11,800.00	1,993.70	9,806.30	-
Length of Service Award Program (LOSAP)	110,000.00	110,000.00	-	110,000.00	-
Shared Services Municipal Court	74,000.00	74,000.00	73,714.00	286.00	-
Shared Services Board of Health	22,580.00	22,580.00	22,580.00	-	-
Total Other Operations Excluded from "CAPS"	1,336,802.00	1,336,802.00	1,184,941.72	151,860.28	-
Public and Private Programs Offset by Revenues					
Reserve for Alcohol Education and Rehabilitation Fund	1,172.00	1,172.00	1,172.00	-	-
Reserve for Drunk Driving	13,416.00	13,416.00	13,416.00	-	-
Reserve for Municipal Alliance on Alcoholism and Drug Abuse	8,687.00	8,687.00	8,687.00	-	-
Municipal Alliance	9,876.00	9,876.00	9,876.00	-	-
Municipal Alliance - Match	2,469.00	2,469.00	2,469.00	-	-
Community Development Block Grant- Jordan Avenue	127,200.00	127,200.00	127,200.00	-	-
Safe and Secure Communities Program	60,000.00	60,000.00	60,000.00	-	-
Safe and Secure Communities Program - Borough Match	15,000.00	15,000.00	15,000.00	-	-
Total Public and Private Programs Offset by Revenues	237,820.00	237,820.00	237,820.00	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	1,574,622.00	1,574,622.00	1,422,761.72	151,860.28	-
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	1,574,622.00	1,574,622.00	1,422,761.72	151,860.28	-

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See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	25,000.00	25,000.00	25,000.00	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	750,000.00	750,000.00	750,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes	58,239.00	58,239.00	57,253.00	-	986.00
Interest on Bonds	301,725.00	301,725.00	301,724.50	-	0.50
Interest on Notes	36,047.00	36,047.00	36,046.50	-	0.50
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	13,121.00	13,121.00	13,120.66	-	0.34
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	1,159,132.00	1,159,132.00	1,158,144.66	-	987.34
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Emergency Authorizations	-	-	-	-	-
JUDGMENTS	20,000.00	20,000.00	-	20,000.00	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	2,778,754.00	2,778,754.00	2,605,906.38	171,860.28	987.34
SUBTOTAL GENERAL APPROPRIATIONS	12,391,208.00	13,141,208.00	11,994,283.79	1,145,936.87	987.34
Reserve for Uncollected Taxes	922,000.00	922,000.00	922,000.00	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 13,313,208.00	\$ 14,063,208.00	\$ 12,916,283.79	\$ 1,145,936.87	\$ 987.34
Reference	A-2	A-1, 2, Below	Below	A	A-1
Adopted Budget	\$ 13,313,208.00				
Special Emergency Authorization- Unemployment	450,000.00				
Emergency Authorization	300,000.00				
	\$ 14,063,208.00	Above			
Reference					
Cash Expended	A-4		\$ 12,158,560.18		
Reserve for Uncollected Taxes	A-2		922,000.00		
Budget Offsets	A-4		(563,784.96)		
Grants Appropriated	A-21		237,820.00		
Due to Capital- Down payment on Improvements	C-9		25,000.00		
Encumbrance Payable	A-13		136,688.57		
	Above		\$ 12,916,283.79		

See independent auditor's report and the notes to the financial statements

TRUST FUNDS

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2019 AND 2018

B

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Animal License Fund:			
Cash	B-1	\$ 15,534.24	\$ 9,775.78
		<u>15,534.24</u>	<u>9,775.78</u>
Other Trust Funds:			
Cash	B-1	568,154.22	642,734.72
Due from Current Fund-Trust Fund	B-6	124,502.94	11,618.59
Due from Current Fund- Payroll	B-12	10,133.07	-
Due from Water Operating- Payroll	B-12	14,891.51	-
Deficit - Payroll	B-12	53,413.26	-
Deferred Charges- Overexpenditures	B-10	2,390.00	-
Total Cash		<u>773,485.00</u>	<u>654,353.31</u>
Length of Service Awards			
Investments	B-2	1,404,452.87	1,165,485.51
Intergovernmental Receivable (Estimated)	B-11	112,252.41	105,015.40
		<u>1,516,705.28</u>	<u>1,270,500.91</u>
TOTAL ASSETS		<u>\$ 2,305,724.52</u>	<u>\$ 1,934,630.00</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2019 AND 2018

B

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Animal License Fund:			
Due to Current Fund	A, B-4	\$ 8,706.84	\$ 4,166.18
Due to State of New Jersey	B-5	21.00	6.60
Reserve for Animal License Expenditures	B-3	6,806.40	5,603.00
		<u>15,534.24</u>	<u>9,775.78</u>
Other Funds:			
Due to Current Fund	A, B-6	-	-
Reserve for Payroll Withholdings Payable	B-12	98,101.45	75,341.48
Reserve for Escrow Deposits	B-8	31,247.28	3,850.00
Due to State of New Jersey - Fees Payable			
Tax Lien Redemptions & Tax Sale Premiums Payable	B-9	307,679.60	250,297.73
Miscellaneous Reserves	B-10	309,871.32	266,224.59
Due to Water Utility Operating Fund	D	14,805.00	14,805.00
Reserve for Unemployment Compensation Insurance Claims	B-7	11,780.35	43,834.51
		<u>773,485.00</u>	<u>654,353.31</u>
Length of Service Awards			
Reserve for LOSAP Benefits	B-11	1,516,705.28	1,270,500.91
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,305,724.52</u>	<u>\$ 1,934,630.00</u>

See independent auditor's report and the notes to the financial statements.

GENERAL CAPITAL FUND

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019 AND 2018

C

COMPARATIVE BALANCE SHEETS- REGULATORY BASIS

ASSETS	Reference	At December 31:	
		2019	2018
Cash	C-2,C-3	\$ 57,333.86	\$ 1,197,392.40
Grants Receivable	C-4	597,130.00	509,306.00
Due from Current Fund	A,C-7	743,557.73	-
Due from Water Utility Capital Fund	C-18	2,144,710.90	2,144,710.90
Deferred Charges to Future Taxation:			
Funded	C-5	8,960,019.71	9,722,197.00
Unfunded	C-6	2,358,447.00	1,777,900.00
TOTAL ASSETS		\$ 14,861,199.20	\$ 15,351,506.30

LIABILITIES, RESERVE AND FUND BALANCE

General Serial Bonds	C-13	\$ 8,922,000.00	\$ 9,672,000.00
Bond Anticipation Notes	C-12	1,253,529.00	1,310,782.00
Green Acres Loan Payable	C-11	38,019.71	50,197.00
Improvement Authorizations			
Funded	C-8	782,766.55	595,399.44
Unfunded	C-8	1,626,818.59	1,189,261.78
Reserve for Premium on Bond Anticipation Notes	C-20	11,693.00	9,490.00
Capital Improvement Fund	C-9	15,702.00	23,702.00
Encumbrances Payable	C-15	199,317.42	353,652.12
Reserve for Purchase of Fire Equipment	C-14	11,595.00	11,595.00
Reserve for Payment of Bonds/BANS	C-10	479,057.00	383,050.00
Reserve for Grants Receivable	C-4	220,536.00	357,212.00
Due to Water Utility Operating Fund	C-19	1,299,802.00	1,299,802.00
Fund Balance	C-1	362.93	95,362.96
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		\$ 14,861,199.20	\$ 15,351,506.30

Bonds and notes authorized but not issued on December 31, 2019 and 2018
on Exhibit C-17 is \$1,104,918 and \$467,118 respectively.

C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Reference		
Balance December 31, 2018	C	\$	95,362.96
Decreased by:			
Adjustment	C-2	0.03	
Anticipated as Revenue- Current Fund	C-7	95,000.00	
			<u>95,000.03</u>
Balance December 31, 2019	C	\$	<u>362.93</u>

See independent auditor's report and the notes to the financial statements.

WATER UTILITY FUND – OPERATING AND CAPITAL FUNDS

**BOROUGH OF WALLINGTON
WATER UTILITY FUND
DECEMBER 31, 2019 AND 2018**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

D			
	Reference	At December 31, 2019	2018
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 927,383.40	\$ 869,496.03
Change Fund	D-8	100.00	100.00
Due from General Capital Fund	D-16	1,299,802.00	1,299,802.00
Due from Current Fund	D-17	494,060.92	414,346.94
Due from Other Trust Fund	B-9	14,805.00	14,805.00
		2,736,151.32	2,598,549.97
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-9	262,875.11	237,939.52
Water Utility Liens Receivable	D-10	11,091.25	11,091.25
Total Receivables with Full Reserves		273,966.36	249,030.77
Deferred Charges:			
Over-expenditure of Appropriations	D-28	-	7,876.05
Total Assets Water Utility Fund		\$ 3,010,117.68	\$ 2,855,456.79
Capital Fund:			
Cash and Cash Equivalents	D-4,7	459,514.33	566,571.30
Fixed Capital	D-12	8,488,594.13	6,388,594.13
Fixed Capital Authorized and Uncompleted	D-13	640,000.00	2,740,000.00
Due from Water Utility Operating Fund	D-11	1,944,027.48	1,930,841.84
Due From Current Fund	D-6	43,237.36	34,915.00
Grants Receivable	D-26	40,200.00	40,200.00
Total Capital Fund		11,615,573.30	11,701,122.27
TOTAL ASSETS		\$ 14,625,690.98	\$ 14,556,579.06
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund			
Liabilities:			
Appropriation Reserves	D-3, D-14	\$ 444,655.89	\$ 341,581.91
Reserve for Encumbrances	D-23	13,311.09	26,711.40
Equipment Reserve	D-15	3,862.00	3,862.00
Accrued Interest Payable	D-22	25,638.14	47,233.56
Due to Payroll Account	D-4	14,891.51	-
Due to Water Utility Capital Fund	D-11	1,944,027.48	1,930,841.84
		2,446,386.11	2,350,230.71
Reserve for Receivables	D	273,966.36	249,030.77
Fund Balance	D-1	289,765.21	256,195.31
Total Operating Fund		3,010,117.68	2,855,456.79
Capital Fund			
Liabilities:			
Bond Anticipation Notes	D-25	4,726,222.00	4,822,447.00
Improvement Authorizations - Funded	D-18	21,384.43	21,384.43
Improvement Authorizations - Unfunded	D-18	76,910.45	310,397.80
Capital Improvement Fund	D-19	59.00	59.00
Reserve for Preliminary Study	D-19	32,154.24	54,000.00
Reserve for Amortization	D-20	3,952,914.13	3,856,689.13
Deferred Reserve for Amortization	D-21	369,000.00	369,000.00
Reserve for Payment of Bond Anticipation Notes	D-24	159,099.83	-
Reserve for Grants Receivable	D-26	40,200.00	40,200.00
Encumbrance Payable	D-27	2,361.96	-
Due to General Capital Fund	D-29	2,144,710.90	2,144,710.90
Fund Balance	D-5	90,556.36	82,234.01
Total Capital Fund		11,615,573.30	11,701,122.27
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 14,625,690.98	\$ 14,556,579.06
Bonds and Notes Authorized But Not Issued	D-30	\$ 80,458.00	\$ 80,458.00

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
YEARS ENDED DECEMBER 31, 2019 AND 2018**

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS

D-1

	Reference	December 31,	
		2019	2018
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-2	\$ 200,000.00	\$ 280,711.00
Water Rents	D-2	1,907,285.55	2,044,853.52
Fire Hydrant Service	D-2	83,291.30	17,531.25
Miscellaneous Anticipated Revenues	D-2	24,035.33	25,248.61
Other Credits to Income:			
Other Misc. Revenue not Anticipated	D-4	6,271.77	-
Lapsed Appropriations	D-3	33,981.13	-
Unexpended Balance of Appropriation Reserves	D-14	265,454.87	173,341.46
		<u>2,520,319.95</u>	<u>2,541,685.84</u>
<u>EXPENDITURES</u>			
Budgetary and Emergency Appropriations:			
Operating	D-3	1,947,646.00	1,937,000.00
Debt Service	D-3	241,228.00	300,188.00
Statutory Expenditures & Deferred Charges	D-3	97,876.00	126,023.00
Canceled PY Deferred Charge	D-28	0.05	-
		<u>2,286,750.05</u>	<u>2,363,211.00</u>
Excess in revenue		233,569.90	178,474.84
Fund Balance, beginning	D	256,195.31	358,431.47
Decreased by: Utilized by Water Operating Budget	D-2	<u>200,000.00</u>	<u>280,711.00</u>
Fund Balance, ending	D	<u>\$ 289,765.21</u>	<u>\$ 256,195.31</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
YEAR ENDED DECEMBER 31, 2019**

STATEMENT OF REVENUES - REGULATORY BASIS

				D-2
	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	D-1	\$ 200,000.00	\$ 200,000.00	\$ -
Water Rents	D-1	2,044,000.00	1,907,285.55	(136,714.45)
Fire Hydrant Service	D-1	17,500.00	83,291.30	65,791.30
Miscellaneous	D-1	25,250.00	24,035.33	(1,214.67)
		<u>\$ 2,286,750.00</u>	<u>\$ 2,214,612.18</u>	<u>\$ (72,137.82)</u>
		D-3	Below, D-1	
Fund Balance Utilized		D-1	\$ 200,000.00	
Due From Current Fund		D-9,17	830.87	
Water Collections		D-4,9	2,007,552.08	
Other Misc. Collections		D-4	6,229.23	
			<u>\$ 2,214,612.18</u>	

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
YEAR ENDED DECEMBER 31, 2019**

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

							D-3
Reference	Budget	Modified Budget	Paid or Charged	Lapsed/Cancelled Appropriations	Appropriation Reserve	Appropriation Over-Expenditure	
Operating:							
Salaries and Wages	\$ 450,000.00	\$ 450,000.00	\$ 449,219.54	\$ -	\$ 780.46	\$ -	
Other Expenses	1,497,646.00	1,497,646.00	1,073,147.29	-	424,498.71	-	
Total Operating	D-1 1,947,646.00	1,947,646.00	1,522,366.83	-	425,279.17	-	
Debt Service:							
Payment of Bond Anticipation Notes	96,228.00	96,228.00	96,225.00	3.00	-	-	
Interest on Notes	145,000.00	145,000.00	111,021.87	33,978.13	-	-	
Total Debt Service	D-1 241,228.00	241,228.00	207,246.87	33,981.13	-	-	
Statutory Expenditures & Deferred Charges:							
Contribution to:							
Overexpenditure of Ordinance	7,876.00	7,876.00	7,876.00	-	-	-	
Public Employees' Retirement System	55,000.00	55,000.00	50,000.00	-	5,000.00	-	
Social Security System (O.A.S.I.)	35,000.00	35,000.00	20,623.28	-	14,376.72	-	
				-	-	-	
Total Statutory Expenditures	D-1 97,876.00	97,876.00	78,499.28	-	19,376.72	-	
Surplus (General Budget)	D-1 -	-	-	-	-	-	
	\$ 2,286,750.00	\$ 2,286,750.00	\$ 1,808,112.98	\$ 33,981.13	\$ 444,655.89	\$ -	
Reference	D-1	D-1	Below	D-1	D	D-28	
Cash Disbursements -Operating	D-4		\$ 1,318,438.16				
Encumbrance Payable	D-23		7,977.53				
Deferred Charges	D-28		7,876.00				
Cash Disbursements- Paid in Current Fund	D-17		362,799.42				
Accrued Interest	D-22		111,021.87				
Above			\$ 1,808,112.98				

See independent auditor's report and accompanying notes.

GENERAL FIXED ASSETS

BOROUGH OF WALLINGTON
GENERAL FIXED ASSETS FUND
DECEMBER 31, 2019 AND 2018

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS GROUP OF ACCOUNTS - REGULATORY BASIS

E

	At December 31,	
	2019	2018
GENERAL FIXED ASSETS		
Land	\$ 9,811,500.00	\$ 9,811,500.00
Buildings	7,151,400.00	7,151,400.00
Machinery and Equipment	6,965,394.00 *	6,965,394.00
TOTAL GENERAL FIXED ASSETS	<u>\$ 23,928,294.00</u>	<u>\$ 23,928,294.00</u>
LIABILITIES AND RESERVES		
Investments in General Fixed Assets	\$ 23,928,294.00	\$ 23,928,294.00
TOTAL LIABILITIES AND RESERVES	<u>\$ 23,928,294.00</u>	<u>\$ 23,928,294.00</u>

* Fixed Assets inventory was not completed in 2019.

NOTES TO THE FINANCIAL STATEMENTS

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds. The Borough has the following funds and account group:

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Fund – receipts, custodianship, and disbursements of funds in accordance with the purpose for which each reserve was created, and receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Capital Fund – receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Operating and Capital Funds – account for the operation and acquisition of capital facilities of the water-sewer utility.

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (continued)

General Fixed Assets – used to account for fixed assets required in general governmental operations.

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, in accordance with N.J.S.A. 40A:4 et seq. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of accounting, revenues, except for State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local government units. The more significant differences are as follows:

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

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

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

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

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund and Swimming Pool Utility Fund.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016, the Mayor and Council approved several budget transfers.

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

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

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

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

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

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

Inventories - The cost 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 statement of financial position.

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets – N.J.A.C. 5:30-5.6 accounting for governmental fixed assets continues the requirement that all local units shall have and maintain a fixed assets accounting and reporting system that differs in certain respects from GAAP. The fixed assets accounting and reporting system shall establish and maintain a physical inventory of fixed assets of non-expendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular 87, Cost Principles for State, Local and Indian Governments and shall place a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The fixed assets accounting and reporting system shall also have a subsidiary ledger, consisting of detailed property records for controlling additions, retirements and transfers of fixed assets and such ledger shall be maintained and reconciled periodically and at the end of every fiscal year with the general ledger control accounts for fixed assets. The system shall also provide property management standards for fixed assets that ensures that property records are maintained accurately, to reflect a description and source of the property, its ownership, the acquisition cost and date, the percentage of Federal participation in the acquisition, and the location, use and condition of the property. Property management standards for fixed assets shall also ensure that periodic physical inventories are taken and reconciled with property records, that a control system is provided with adequate safeguards against loss, damage, or theft of property and that property is adequately maintained to keep the property in good condition. A Statement of General Fixed Assets shall be in every annual audit report.

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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

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

D. Basic Financial Statements

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

2. Cash and Cash Equivalents

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2019 and 2018, \$0 of the Borough's bank balance of \$6,709,716.67 and \$7,466,009, respectively, was exposed to custodial credit risk.

3. Investments

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. However, New Jersey Statutes 40A: 5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

3. Investments (Continued)

Concentration of Credit Risk. The Borough places no limit on the amount the Borough may invest in any one issuer. As of December 31, 2019 and 2018, the Borough had no investments, other than LOSAP Trust Fund investments which are reported at fair value.

4. Property Taxes Receivable, Tax Title Liens

In accordance with the accounting principles prescribed by the State of New Jersey, taxes receivable and tax title liens are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

For the year ended December 31, 2019 and 2018, property taxes receivables were \$659,039.75 and \$882,364.88, respectively and tax title liens receivable were \$0 and \$0, respectively.

5. Municipal Debt

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general municipal and utility capital expenditures. 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 or retired by the issuance of bonds.

A. Summary of Municipal Debt

	2019	2018	2017
<u>Issued</u>			
General Capital Fund:			
Bonds and Notes Payable	\$ 10,213,549	\$ 11,032,979	\$ 10,843,634
Water Utility Capital Fund:			
Bonds and Notes Payable	4,726,222	4,822,447	4,986,672
Less Funds Temporarily Held to Pay Bond and Notes	479,057	383,050	250,000
 Total Issued	 14,460,714	 15,472,376	 15,580,306
<u>Total Authorized But Not Issued</u>			
General Capital Fund:			
Bonds and Notes Payable	1,104,918	467,118	1,047,618
Water-Sewer Utility Capital Fund:			
Bonds and Notes Payable	80,458	80,458	80,458
Total Authorized But Not Issued	1,185,376	547,576	1,128,076
 Net Bonds and Notes Issued and Authorized But Not Issued	 \$ 15,646,090	 \$ 16,019,952	 \$ 16,708,382

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

5. Municipal Debt (Continued)

B. Summary of Statutory Debt Condition – Annual Statements

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.002 % and 1.020% on December 31, 2019 and 2018 respectively. The Equalized Valuation Basis of the Borough at December 31, 2019 and 2018 was \$1,095,343,766.33 and \$1,040,306,603.67, respectively.

<u>2019 Debt Authorized</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 3,382,000	\$ 3,382,000	\$ -
Water Utility Capital Fund	4,806,680	4,806,680	-
General Capital Fund	11,318,467	342,381	10,976,086
	<u>\$ 19,507,147</u>	<u>\$ 8,531,061</u>	<u>\$ 10,976,086</u>

<u>2018 Debt Authorized</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 3,722,000	\$ 3,722,000	\$ -
Water Utility Capital Fund	4,902,905	4,902,905	-
General Capital Fund	11,500,097	383,050	11,117,047
	<u>\$ 20,125,002</u>	<u>\$ 9,007,955</u>	<u>\$ 11,117,047</u>

Borrowing Power Under N.J.S.A. 40A:2-6 as amended

	<u>2019</u>	<u>2018</u>
3 1/2 % of Equalized Valuation Basis	\$ 38,337,032	\$ 36,410,731
Net Debt	10,976,086	11,117,047
Remaining Borrowing Power	<u>\$ 27,360,946</u>	<u>\$ 25,293,684</u>

C. Long-Term Debt

General Obligation Bonds:

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. The Borough's long-term debt consisted of the following at December 31, 2019:

	<u>2019</u>	<u>2018</u>
\$7,460,000, 2010 Bonds, due in annual installments of \$325,000 to \$500,000, through August 1, 2030, interest at 3% to 4%	\$ 5,360,000	\$ 5,810,000
\$4,087,000, 2017 Bonds, due in annual installments of \$225,000 to \$450,000 through September 15, 2028, interest at 2% to 2.50%	3,562,000	3,862,000
	<u>\$ 8,922,000</u>	<u>\$ 9,672,000</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

C. Long-Term Debt (continued)

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>Green Acre Loans Payable:</u>	<u>2019</u>	<u>2018</u>
\$211,000, 2002 Loans, due in annual installments of \$11,937 to \$12,926 through August 14, 2022, interest rate at 2%	\$ 38,020	\$ 50,197
	<u>\$ 38,020</u>	<u>\$ 50,197</u>

Utility Bonds

The Borough pledges revenue from operations to pay debt service on water utility bonds issued. The water utility had no outstanding bonds at December 31, 2019.

The Borough's principal and interest for long-term debt issued and outstanding at December 31, 2019 is as follows:

<u>Calendar Year</u>	<u>Bonds</u>		<u>General Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 775,000	\$ 282,225	\$ 12,422	\$ 699	\$ 1,070,346
2021	800,000	262,225	12,672	449	1,075,346
2022	825,000	241,725	12,926	194	1,079,845
2023	875,000	215,725	-	-	1,090,725
2024	500,000	188,225	-	-	688,225
2025-2029	4,662,000	503,750	-	-	5,165,750
2030	485,000	19,400	-	-	504,400
	<u>\$ 8,922,000</u>	<u>\$ 1,713,275</u>	<u>\$ 38,020</u>	<u>\$ 1,342</u>	<u>\$ 10,674,637</u>

Overlapping Debt

County of Bergen (1) – Borough's share (.61%)	\$8,574,792
Passaic Valley Sewerage Commission (2)	<u>1,077,617</u>
Total Overlapping Debt	\$9,652,409

(1) The County of Bergen has \$1,407,338,927 in gross long-term and temporary debt. The Borough's net share is obtained by dividing the Borough's equalized valuation \$1,095,343,766 by the County's equalized valuation \$179,773,454,707.

(2) Overlapping debt was computed based upon usage.

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

D. Bond Anticipation Notes Payable

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.

Bond Anticipation Notes payable at December 31, consisted of the following:

<u>General Capital Fund: Ordinance #</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>2019</u>	<u>2018</u>
13-10	1.50%	8/21/2020	\$ 105,894	\$ 127,947
15-04	1.50%	8/21/2020	105,856	127,435
15-14	1.50%	8/21/2020	84,879	98,500
17-07	1.50%	8/21/2020	480,900	480,900
17-03	1.50%	8/21/2020	476,000	476,000
			<u>\$ 1,253,529</u>	<u>\$ 1,310,782</u>
<u>Water Capital Fund: Ordinance #</u>				
11-07	1.50%	8/21/2020	\$ 1,663,290	\$ 1,686,075
12-21	1.50%	8/21/2020	1,993,668	2,020,251
12-22	1.50%	8/21/2020	289,556	293,417
14-13	1.50%	8/21/2020	580,192	620,596
15-05	1.50%	8/21/2020	199,516	202,108
			<u>\$ 4,726,222</u>	<u>\$ 4,822,447</u>

E. Bonds Authorized but not Issued

As of December 31, 2019 and 2018 the Borough had authorized but not issued bonds as follows:

	<u>2019</u>	<u>2018</u>
General Capital Fund	\$ 1,104,918	\$ 467,118
Water Utility Capital Fund	80,458	80,458

6. Calculation of "Self-Liquidating Purpose" Per N.J.S.A. 40A:2-45

A. Water Utility

	<u>2019</u>	<u>2018</u>
Cash Receipts from Fees, Rents or Other Charges & Credits	\$ 2,320,319.95	\$ 2,260,974.84
Deductions:		
Operating and Maintenance Cost	\$ 2,045,522.00	\$ 2,063,023.00
Debt Service per Water Account	<u>241,228.00</u>	<u>126,023.00</u>
Total Deductions	<u>2,286,750.00</u>	<u>2,189,046.00</u>
Excess (Deficit) in Revenue - Self Liquidating	<u>33,569.95</u>	<u>71,928.84</u>
Deficit Capitalized at 5% for Inclusion in Net Debt	<u>\$ 671,399.00</u>	<u>\$ 1,438,576.80</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON
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7. Capital Lease Agreements

The Borough entered into an agreement for leasing of 2019 Chevy Tahoe vehicle with a value of \$39,985 under capital leases. The capital lease agreement for a term of 3 years.

The Borough entered into an agreement for leasing of 2018 Ford Police Interceptor Utility vehicle with a value of \$39,908 under capital leases. The capital lease agreements are for terms of 3 years payable in advance.

The following is a schedule of future minimum lease payments under capital leases, and present value of the minimum lease payments at December 31, 2019.

<u>For the Years Ended December 31,</u>	<u>Amount</u>
2020	\$ 25,355
2021	<u>25,355</u>
	50,710
Less: Amounts Representing Interest	<u>(5,167)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 45,543</u>

8. Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2019 were as follows:

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$ 46,679.76	\$ 1,453,464.94
Trust Fund	187,500.44	61,484.76
Capital Fund	2,888,268.63	1,299,802.00
Water Operating Fund	1,808,667.92	1,958,918.99
Water Capital Fund	<u>1,987,264.84</u>	<u>2,144,710.90</u>
	<u>\$ 6,918,381.59</u>	<u>\$ 6,918,381.59</u>

<u>Fund Type</u>	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$ 4,166.18	\$ 460,880.53
Trust Fund	11,618.59	18,971.18
Capital Fund	2,144,710.90	1,299,802.00
Water Operating Fund	1,728,953.94	1,930,841.84
Water Capital Fund	<u>1,965,756.84</u>	<u>2,144,710.90</u>
	<u>\$ 5,855,206.45</u>	<u>\$ 5,855,206.45</u>

9. Fund Balances Appropriated

Fund balances at December 31, 2019 and 2018, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2020 and 2019, were as follows:

	<u>2020 Budget</u>	<u>2019 Budget</u>
Current Fund	\$ 700,000.00	\$ 745,000.00
Water Utility Operating Fund	250,000.00	200,000.00

See independent auditor's report.

**BOROUGH OF WALLINGTON
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10. Property Tax Calendar

Property tax revenues are collected in quarterly installments due February 1, May 1, August 1 and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with State statutes. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budget of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when they are available and measurable, reduced by an allowance for doubtful accounts.

School Taxes

The Borough is responsible for levying, collecting and remitting school taxes for the Board of Education. Operations are charged for the full amount required to be raised from taxation to operate the local school district.

County Taxes

The municipality is responsible for levying, collecting and remitting county taxes for the County of Bergen. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Prepaid Taxes

Taxes collected in advance are recorded as cash liabilities in the financial statements and were \$92,448.06 and \$96,584.81 for the year ended December 31, 2019 and 2018, respectively.

Reserve for Uncollected Taxes

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

11. 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 obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.65% effective July 1, 2016 and 7.90% effective July 1, 2012) at December 31, 2019 and 2018 is \$139,357 and \$178,650 respectively.

12. Pensions

Substantially all Borough employees participate in the Public Employees Retirement System (PERS) and the Police and Fireman's Retirement System of New Jersey (PFRS). The PERS and PFRS systems are cost sharing multiple-employer contributory defined benefit plans, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full-time employees and vesting occurs after 8 to 10 years of service. Employees who retire at or after age 55 are entitled to a retirement benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of credible service. The PFRS was 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 firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
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12. Pensions (Continued)

According to state law, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated. The State of New Jersey issues publicly available financial reports that include the financial statements and required supplementary information of the PERS and PFRS. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Summary of Significant Accounting Policies -PERS and PFRS

GASB 68, *Accounting and Financial Reporting for Pensions*, is effective beginning with the year ending June 30, 2015. The objective if this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Amendments to and further clarification of GASB 68, include GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB 67 and 68.*, and GASB 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*.

New Jersey municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Therefore, the following information with regards to GASB 68 is for disclosure purposes only.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

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

At June 30, 2019 and June 30, 2018, the Borough has disclosed a liability of \$2,967,985 and \$3,194,872, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the Borough's proportion was .0164719, which was an increase of .0002459% from its proportion measured as of June 30, 2018 of .016226%.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

12. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

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

For the year ended December 31, 2019, the Borough recognized pension expense of \$147,226 as measured at June 30, 2019. At June 30, 2019, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2019		June 30, 2018	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 53,271	\$ 13,111	\$ 60,927	\$ 16,474
Changes of assumptions	296,364	1,030,178	526,462	1,021,550
Net difference between projected and actual earnings on pension plan investments		46,851		29,968
Changes in proportion and differences between Borough and proportionate share of contributions	146,642	133,753	192,160	218,880
Borough contributions subsequent to the measurement date				
Total	<u>\$ 496,277</u>	<u>\$ 1,223,893</u>	<u>\$ 779,549</u>	<u>\$ 1,286,872</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2020	(85,702)
2021	(278,015)
2022	(248,251)
2023	(116,567)
2024	(11,969)
Total	<u>\$ (740,505)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$ 2,122,619,897	\$ 3,619,985,444
Collective deferred inflows of resources	6,618,184,855	6,581,869,368
Collective net pension liability (Non-State-Local Group)	18,143,832,135	19,689,501,539
Borough's portion of net pension liability	2,967,985	3,194,872
Borough's proportion %	0.01647%	0.01623%

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

12. Pension Plans (Continued)

Public Employees' Retirement System (PERS)(Continued):

Actuarial assumptions. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% – 6.00% based on years of service
Thereafter	3.00% – 7.00% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled.

Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equities	28.00%	8.26%
Non- U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

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**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

12. Pension Plans (Continued)

Public Employees' Retirement System (PERS)(Continued):

Discount rate. The discount rate used to measure the total pension liability was 6.28% and 5.66% and as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2019 and 2018, calculated using the discount rate of 6.28% and 5.66% respectively, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(5.28%)</u>	<u>(6.28%)</u>	<u>(7.28%)</u>
Borough's proportionate share of the net pension liability	\$ 3,749,047	\$ 2,967,985	\$ 2,309,829

	June 30, 2018		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(4.66%)</u>	<u>(5.66%)</u>	<u>(6.66%)</u>
Borough's proportionate share of the net pension liability	\$ 4,017,183	\$ 3,194,872	\$ 2,505,005

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PERS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under disability provisions of PERS. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

12. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full-time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

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

At June 30, 2019 and June 30, 2018, the Borough has disclosed a liability of \$9,094,078 and \$10,474,644, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2019 and 2018. At June 30, 2019, the Borough's proportion was 0.074311%, which was a decrease of 0.0031% from its proportion measured as of June 30, 2018 of .07741%.

A special funding situation exists for Local employers of the PFRS, in which the State of New Jersey is required to pay additional costs incurred by Local employers under 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. Since the local participating employers do not contribute under this legislation, there is no pension liability, deferred inflows or outflows to report. The amount of the Borough's proportionate share of collective net pension liability at June 30, 2019 and 2018 respectively was \$1,435,972 and \$1,422,807.

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

For the year ended December 31, 2019, the Borough recognized pension expense of \$834,076. At December 31, 2019 as measured on June 30, 2019, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	June 30, 2019		June 30, 2018	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 76,766	\$ 57,576	\$ 106,566	\$ 43,347
Changes of assumptions	311,613	2,939,123	899,107	2,684,471
Net difference projected and actual earnings on pension plan investments		123,222		57,306
Changes in proportion and differences between Borough's and proportionate share of contributions	191,975	432,328	279,386	73,833
Borough contributions subsequent to the measurement date				
Total	<u>\$ 580,354</u>	<u>\$ 3,552,249</u>	<u>\$ 1,285,059</u>	<u>\$ 2,858,957</u>

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**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

12. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30:
2020	\$ (476,762.6)
2021	(1,000,801)
2022	(708,777)
2023	(349,379)
2024	(195,824)
Total	<u>\$ (2,731,543)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.92, 5.73, 5.59, 5.58, 5.53, and 6.17 years for the years for the 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

	6/30/2019	6/30/2018
Collective deferred outflows of resources	\$ 522,637,261	\$ 1,299,176,853
Collective deferred inflows of resources	4,198,449,249	3,597,955,452
Collective net pension liability (Non-State-Local Group)	14,170,193,618	15,369,699,278
Borough's portion of net pension liability	9,094,078	10,474,644
Borough's proportion %	0.07431%	0.07741%

Actuarial assumptions. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25% – 15.25% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 Safety Retiree Below-Median Income Healthy Retiree mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub 2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

12. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equities	28.00%	8.26%
Non- U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Police and Firemen's Retirement System (PFRS)

Discount rate. The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.50% and 3.58% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

12. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2019 and 2018, calculated using the discount rate of 6.85% and 6.51%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(5.85%)</u>	<u>(6.85%)</u>	<u>(7.85)</u>
Borough's proportionate share of the net pension liability	\$ 12,291,880	\$ 9,094,078	\$ 6,446,795

	June 30, 2018		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>(5.51%)</u>	<u>(6.51%)</u>	<u>(7.51)</u>
Borough's proportionate share of the net pension liability	\$ 14,019,011	\$ 10,474,644	\$ 7,551,187

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

PFRS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:16A. All benefits vest after ten years of service, except for disability benefits that vest after 4 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of the final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek early retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and tier 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Funding Policy- PERS and PFRS

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employees. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 8.5% for PFRS of the employees' annual compensation, as defined. Under the provisions of Chapter 78, P.L. 2012, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2012. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. PFRS employee pension contribution rates increased from 8.5% to 10% of salary, effective October 1, 2012. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The Borough's contributions to PERS and PFRS were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u> <u>Amount</u>	<u>PFRS</u> <u>Amount</u>
2019	\$ 147,226.00	\$ 834,076.00
2018	157,416.00	723,057.00
2017	160,269.00	692,135.00

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

13. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial.

Under DCRP, the value of the pension is based on the amount of the contributions made by the employees and employer and through investment earnings. The employee, through options provided under the plan, directs investment of contributions. The employee contribution to DCRP is 5.5% of defined salary and the employer contributes 3%. The employer also makes contribution for eligible members' life insurance and disability coverage under DCRP.

14. Deferred Compensation Plan

The Borough maintains a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. Any employee of the Borough is eligible to participate in the Plan. Participation in the Plan is entirely voluntary on the part of each employee. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Borough does not and is not required to make contributions to the Plan.

The deferred compensation plan is administered by unrelated financial institutions. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held in trust for the exclusive benefit of participants and their beneficiaries and is not a part of the financial statements of the Borough.

15. Other Post Retirement 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 through Municipal Reinsurance Health Insurance Fund ("Fund"). In accordance with Borough employment, contracts and or personnel policies, the Borough provides post-employment 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 death of the retiree.

Funding Status and Funding Progress

The Borough funds its post-retirement medical benefits on a pay-as-you-go basis. For the 2019, 2018, and 2017 year the Borough paid \$ 632,784, \$577,308, and 770,941, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

As of December 31, 2019, the most recent actuarial valuation date, there was no plan assets to offset the OPEB liability. The actuarial accrued OPEB liability for benefits was \$42,167,069 based upon a discount rate of 2.74% per annum and the plan provisions in effect on December 31, 2019. The covered payroll (annual payroll of active employees covered by the plan) was \$2,807,000. The liability is broken down as follows:

Total OPEB Liability Active	\$	18,464,950
Total OPEB Liability Retired		23,702,119
Total OPEB Liability		42,167,069
Plan Fiduciary Net Position		-
Net OPEB Liability	\$	42,167,069
Net Position/ OPEB Liability		0.00%

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

15. Other Post Retirement Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post-employment benefit (OPEB) cost (expense) is actuarially determined in accordance with the parameters of GASB Statement 75. The following table shows the components of the Borough's annual OPEB cost for the year 2019, 2018, and 2017, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	2019	2018	2017
Annual Required Contribution-Service Costs:	\$ 586,107.00	\$ 586,107.00	\$ 2,398,504
Interest on Net OPEB Obligation-Over Measurement Period	1,527,910.00	1,468,478.00	538,601
Changes in Assumptions	3,689,465.00		
Annual OPEB Cost (Expense)	5,803,482	2,054,585	2,937,105
Contributions Made	(632,784)	(577,308)	(770,941)
Increase in Net OPEB Obligation	5,170,698	1,477,277	2,166,164
Net OPEB Obligation- Beginning of Year	36,996,371	35,519,094	11,968,909
GASB 75 Adjustment *			21,384,021
Net OPEB Obligation- End of Year	\$ 42,167,069	\$ 36,996,371	\$ 35,519,094

*There was a \$21,384,021 adjustment for the year ended December 31, 2017, due to the change in accounting standard from GASB 45 to GASB 75.

Total OPEB Expense

The Total OPEB expense is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the "service cost" (normal cost) which is a portion of future liabilities attributable to the measurement year, plus the recognized portion of the experience gain or loss, and interest on the net OPEB liability during the year. As of the measurement date the plan had no assets to offset any portion of the net OPEB liability.

Expense Calculation:

Service Cost	\$ 586,107
Interest on Total OPEB Liability- Over Measurement Period	1,527,910
Recognition of Assumption Charges	378,407
Total GASB 75 OPEB Expense Recognized	\$ 2,492,424

Summary of Deferred Outflows and Inflows to OPEB Expense:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	3,311,058	-
Total	\$ 3,311,058	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

	Year Ended June 30:
2020	\$ 378,407.0
2021	378,407
2022	378,407
2023	378,407
2024	378,407
Thereafter	1,419,023
Total	\$ 3,311,058

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

15. Other Post Retirement Benefits (Continued)

Actuarial Methods, Assumptions and Basis of Valuation

Basis of Valuation

The valuation performed by Cirkel Actuarial Consulting LLC, was conducted as of December 31, 2019 based upon census, plan design and claims information provided by The Fund. Census includes 37 retirees and spouses currently receiving retiree benefits, and 34 active participants of whom 4 are eligible to retire as of the valuation date. The average age of the active population is 46 and the average age of the retiree population is 73.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2018 report from Conduent. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2018 report from Aon Consultants.

Key Actuarial Assumption

Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement
Turnover	NJ State Pensions Ultimate Rates- prior benefits eligibility
Assumed Retirement Age	At first eligibility after completion of 25 years of service
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	4.10% Based on the Bond Buyer 20 Index December 31, 2018 2.74% Based on the Bond Buyer 20 Index December 31, 2019
Rate of Salary Increase	2.5%
Consumer Price Index	2.5%
Medical Trend	Medical: 5.7% in 2019, reducing by .1% per annum, leveling at 5% per annum in 2026 Drug: 9.5% in 2019, reducing by .5% per annum to 2022 and 1% per annum thereafter, leveling at 5% per annum in 2026
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2019 medical premiums and the plan option selected. The age specific cost was derived based on per person costs at the average age of the active population (46) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. When actual data is not available, post 65 costs are decreased using the assumption that Medicare picks up 66.7% of medical costs.

Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Borough increased annually by the rate of medical trend.

Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2019 salaries were reported as \$2.807 million.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

15. Other Post Retirement Benefits (Continued)

Sensitivity of Net OPEB Liability to Changes in Discount Rate

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the discount rate were to increase by 1% per annum, the Net OPEB liability would decrease and if it were to decrease by 1% the Net OPEB liability would increase:

	<u>1% Decrease</u> <u>(1.74%)</u>	<u>Rate</u> <u>(2.74%)</u>	<u>1% Increase</u> <u>(3.74)</u>
Borough's proportionate share of OPEB Liability	\$ 47,040,897	\$ 42,167,069	\$ 38,125,105

Sensitivity of Net OPEB Liability to Changes in Health Trend Rate

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the medical trend rate were to increase by 1% per annum, the Net OPEB Liability as of December 31, 2019 would increase, and if it were to decrease by 1% the Net OPEB liability would decrease.

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Health Care Trend Rate</u>	<u>1%</u> <u>Increase</u>
Borough's proportionate share of OPEB Liability	\$ 37,619,212	\$ 42,167,069	\$ 47,751,525

16. Risk Management

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

The Borough is a member of the South Bergen County Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The SBJIF and MEL are a self-administered group of municipalities established for the purpose of providing its members the following low-cost coverage:

- General liability
- Automobile liability
- Law enforcement professional liability
- Employee benefits liability
- Public officials' liability/employment practices liability
- Crime coverage
- Statutory and excess public official bond
- Workers compensation
- Environmental liability

The Funds are risk-sharing public entity pools. The SBJIF and MEL coverage amounts are on file with the Borough. The Borough pays actuarial assessments annually. If these assessments prove deficient, additional assessments may be levied. The Funds can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

In addition, the MEL also provides for a Faithful Performance and Employee Dishonesty Blanket Bond with a \$1,000,000 limit.

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.

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

16. Risk Management (continued)

The relationship between the Borough and respective insurance funds is governed by 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 installments 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 outlined in the funds. Members have a contractual obligation to fund and deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide members with risk management services, including defense 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.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal 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 charge to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of employee contributions and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

Year Ended December 31,	Employee Contributions	Ending Balance
2019	\$ 6,148	\$ 11,780
2018	5,473	43,835
2017	5,093	38,362

During 2019, it was discovered that the Borough had not been receiving quarterly unemployment invoices, in that they had been mailed to the payroll vendor and not given to the Borough. The amounts due date back to 2010 approximate \$450,000. The Borough has adopted a \$450,000 emergency ordinance on April 25, 2019 to fund the unemployment assessments.

17. Compensated Absences

Under the existing contracts and policies of the Borough, certain employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the duration of their employment, which may be taken as time off or paid upon death or retirement (with certain restrictions) or termination at an agreed-upon rate.

As of December 31, 2019 and 2018, the total accumulated absence liability was \$1,435,552 and \$1,726,458, respectively. These amounts which are considered material to the financial statements, are not reported as either an expenditure or liability.

18. Contingent Liabilities

Litigation

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 tax court at December 31, 2019. Amounts claimed have not been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the DLGS, the Borough does not recognize a liability, if any, until these cases have been adjudicated and may be material. 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
DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, 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 any of the individual governmental funds or the overall financial position of the Borough.

Health Insurance Waiver

The Borough offers health insurance waivers in an amount of the lesser of \$5,000 or 25% of actual net insurance cost to employees that can show that coverage is provided by a spouse or other means. In 2019 and 2018 the Borough paid eight employees a total of \$46,844.85 and \$38,824.54 respectively, and included the waiver as wages on their respective W-2's.

Other

As of December 31, 2019 and 2018, the fourth quarter assessments to the South Bergen Municipal Joint Insurance Fund in the amounts of \$118,940 and \$110,240, respectively due in January of the subsequent year are not recorded as an expenditure or liability on the Borough's financial statements and will be paid out of the respective years' appropriation reserves.

19. Federal Arbitrage Regulations

Municipalities are subject to Section 148 of the IRC as it pertains to the "arbitrage rebate" on all tax-exempt obligations. Under 1986 TRA, the 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. Excess earnings may be required to be rebated to the IRS. Bond Counsel should be engaged to calculate the estimated arbitrage earnings due to the IRS, if any.

20. Length of Service Awards Program (LOSAP) Unaudited

The Borough's Length of Services Awards Program (the "Plan") was created by the Borough ordinances 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 has contributed \$1,459 and \$1,436 for 2018 and 2017, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the plan. The total Borough contributions for 2018 deposited in 2019 were \$89,336.04. Borough contributions to be deposited in 2020 for 2019 will be deposited by October 2020.

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.

Lincoln Financial Corp. 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.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

20. Length of Service Awards Program (LOSAP) Unaudited (continued):

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.

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 Institutes 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 unaudited in this report as part of the Borough's Trust Fund.

21. Subsequent Events

The Borough has evaluated subsequent events through June 30, 2020, which is the date the financial statements were available to be issued. The 2020 Municipal Budget was adopted on May 28, 2020.

On April 14, 2020, the Borough adopted Ordinance #2020-005 to amend "Chapter 355 Water" of the Code of the Borough of Wallington. Due to the 3.5% increases imposed by Passaic Valley Water Commission for the costs in providing water service to the Borough, the Borough necessitates the increase of the water rates by the same 3.5% which shall take effect immediately.

Ordinance 11-04 Wallington Turf Field Project in the amount of \$1,425,000 was to be funded by the Wallington Board of Education. Funding for 2019 was realized as a revenue in the budget in the amount of \$125,000 and the final funding raised in 2020 budget is \$66,781.

The Borough refunded the General Improvement Bonds, Series 2010 with General Improvement Refunding Bonds, Series 2020 in the amount of \$4,340,000 dated July 9, 2020 with an interest rate of 4%, providing a net present value savings of \$663,732.

The extent of the impact of COVID-19 on the Borough's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our taxpayers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain. There is a potential for loss of certain revenues, including state aid, and increase in delinquent taxes receivable.

SUPPLEMENTARY DATA – CURRENT FUND

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

SCHEDULE OF CASH - TREASURER

A-4

	<u>Reference</u>		
Balance December 31, 2018	A	\$	3,356,899.16
Increased by:			
Budgeted Revenue	A-2	\$	1,820,131.15
Non-Budget Revenues	A-2		139,901.16
Taxes Receivable	A-7		28,733,253.05
Tax Title Liens Receivable	A-8		-
Prepaid Taxes	A-15		92,448.06
Budget Offsets	A-3		563,784.96
Due from State of New Jersey -			
Senior Citizens' & Veterans' Deductions	A-14		53,750.00
Tax Overpayments	A-16		13,770.64
Miscellaneous Fees Received	A-19		6,774.00
Grants Unappropriated	A-22		48,393.96
Grants Receivable	A-20		304,159.10
Special Emergency Notes	A-24		450,000.00
Reserve for Library Aid	A-25		4,966.00
Reserve for Insurance Proceeds	A-27		-
Due to Trust Fund	B-6		169,286.22
Due to Payroll Account			10,133.07
Intrafunds Contra	Contra		2,510,639.11
Due to Capital Fund- Grants	C-7		241,376.00
Bond Anticipation Notes Received in Current	C-12		1,253,529.00
Premium on Bonds Received in Current	C-7		2,203.00
Due to Capital Fund- Interfunds	C-7		2,229,218.50
Due to Water Capital- Interfunds	D-17		575,405.29
Due to Water Capital- BANS Received	D-25		4,726,222.00
Premium on Bonds Received in Current	D-6		8,322.36
Unallocated			1,487.64
			43,959,154.27
			47,316,053.43
Decreased by:			
2019 Budget Appropriations	A-3		12,158,560.18
2018 Appropriation Reserves	A-12		681,441.16
PY Encumbrances Paid	A-13		45,882.46
Refund of Tax Overpayments	A-16		36,563.16
County Tax	A-17		2,685,180.10
Local District School Tax	A-18		16,474,788.00
Miscellaneous Fees Payable	A-19		5,816.00
Appropriated Grant Reserves	A-21		108,924.96
State Library Aid Expenditures	A-25		-
Insurance Reserve Expenditures	A-27		60,753.88
Intrafunds Contra	Contra		2,510,639.11
Due to Capital Fund- Other Income	C-7		4,273.18
Bond Anticipation Notes Paid in Current Fund	C-12		1,253,529.00
Due from Capital Fund- Interfunds	C-7		1,763,488.92
Due from Trust Fund	B-6		57,834.40
Due from Water Operating- Expenditures	D-17		495,691.31
Due from Water Capital- BANS Paid	D-25		4,726,222.00
			43,069,587.82
Balance December 31, 2019	A	\$	4,246,465.61

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-5

SCHEDULE OF CASH - CHANGE FUND

	<u>Reference</u>	
Balance December 31, 2018	A	\$ 100.00
Balance December 31, 2019	A	\$ 100.00

A-6

SCHEDULE OF PETTY CASH FUND

	<u>Reference</u>	
Balance December 31, 2018	A	\$ 100.00
Balance December 31, 2019	A	\$ 100.00

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-7

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

	Balance <u>Dec. 31, 2018</u>	2019 <u>Levy</u>	<u>Collections</u>		Transfer <u>to Lien</u>	Added Canceled/ <u>Judgments</u>	Balance <u>Dec. 31, 2019</u>
			<u>2018</u>	<u>2019</u>			
2018 & Prior Yr Taxes	\$ 882,344.89	\$ -	\$ -	\$ 798,697.52	\$ -	\$ (6,587.95)	\$ 77,059.42
2019 Taxes		28,719,727.55	96,584.81	28,000,494.83		(40,667.58)	581,980.33
	<u>\$ 882,344.89</u>	<u>\$ 28,719,727.55</u>	<u>\$ 96,584.81</u>	<u>\$ 28,799,192.35</u>	<u>\$ -</u>	<u>\$ (47,255.53)</u>	<u>\$ 659,039.75</u>
Reference	A	Below	A-16	Below	A-8		A
<u>Reference</u>							
Cash Receipts			A-4	\$ 28,733,253.05			
Homestead Rebate -Adjustment Receivable			A	11,189.30			
State of NJ - Realized Seniors' and Veterans' Deductions			A-14	54,750.00			
			Above	<u>\$ 28,799,192.35</u>			
<u>Analysis of 2019 Property Tax Levy</u>							
General Purpose Tax		\$ 28,607,326.14					
Added Taxes (S4:4-63.1 et. seq.)		112,401.41					
Additional taxes added							
		<u>\$ 28,719,727.55</u>					
			Above, Below				
<u>Tax Levy</u>							
Local District School							
Tax (Abstract)		\$ 16,474,788.00	A-18				
County Taxes		2,569,770.01	A-17				
Added County Taxes/Open Space		109,985.30	A-17				
County Open Space		10,498.43	A-17				
Local Tax for Municipal Purposes		9,447,635.00	A-2				
Added Taxes - Local Purposes		107,050.81					
		<u>\$ 28,719,727.55</u>	Above				

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-8

SCHEDULE OF TAX TITLE LIENS

	<u>Reference</u>	
Balance December 31, 2018	A	\$ -
Increased by:		
Interest and Costs / 6% Penalty		
Transfer from Taxes	A-7	- _____
Decreased by:		- _____
Payments	A-2,4	
Canceled- Prior Year Adjustment for foreclosures		- _____
Balance December 31, 2019	A, Below	\$ - =====

A-9

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

	<u>Reference</u>	
Balance December 31, 2018	A	\$ - _____
Balance December 31, 2019	A	\$ - =====

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-10

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance December 31, <u>2018</u>	Accrued <u>in 2019</u>	Collected <u>in 2019</u>	Balance December 31, <u>2019</u>
Borough Clerk				
Licenses				
Alcoholic Beverages	\$ -	\$ 15,866.00	\$ 15,866.00	\$ -
Other	-	2,310.00	2,310.00	-
Fees and Permits	-	4,696.27	4,696.27	-
Board of Health				
Licenses	-	10,885.00	10,885.00	-
Fees and Permits	-	-	-	-
Registrar of Vital Statistics				
Licenses	-	291.00	291.00	-
Fees and Permits	-	115.00	115.00	-
Fire Prevention				
Fees and Permits	-	938.00	938.00	-
Police				
Fees and Permits	-	389.00	389.00	-
Planning and Zoning Boards				
Fees and Permits	-	225.00	225.00	-
Municipal Court				
Fines and Costs	15,696.34	262,691.76	260,420.51	17,967.59
Interest and Costs on Taxes	-	162,187.06	162,187.06	-
Interest on Investments and Deposits	-	87,665.82	87,665.82	-
Energy Receipts Taxes	-	623,433.00	623,433.00	-
Consolidated Municipal Property Tax Relief Aid	-	50,021.00	50,021.00	-
Uniform Construction Code Fees	-	137,189.00	137,189.00	-
Uniform Fire Safety	-	19,097.90	19,097.90	-
Contribution from Board of Education	-	250,000.00	250,000.00	-
Cell Tower Rental Fee	-	55,995.00	55,995.00	-
Other Rental Income	-	15,000.00	15,000.00	-
CATV Franchise Fee	-	123,406.59	123,406.59	-
	<u>\$ 15,696.34</u>	<u>\$ 1,822,402.40</u>	<u>\$ 1,820,131.15</u>	<u>\$ 17,967.59</u>
Reference	A		A-2,4	A

A-11

SCHEDULE OF RESERVE FOR REVALUATION

	Reference	
Balance December 31, 2018	A	\$ 2,770.00
Increased by:		
Special Emergency- Revaluation- Update	A-23	<u>2,770.00</u>
Decreased by:		
Disbursements- Revaluation Paid in Capital Fund	C-7	<u>-</u>
Balance December 31, 2019	A	<u>\$ 2,770.00</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

A-12

SCHEDULE OF 2018 APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over- Expenditure
OPERATIONS -WITHIN "CAPS"								
GENERAL GOVERNMENT								
Mayor and Council								
Salaries and Wages	\$ 200.72	\$ -	\$ -	\$ 200.72	\$ -	\$ -	\$ 200.72	\$ -
General Administration								
Salaries and Wages	461.48	-	-	461.48	-	-	461.48	-
Borough Clerk								
Salaries and Wages	1,499.24	-	-	1,499.24	-	-	1,499.24	-
Other Expenses	10,745.34	2,531.90	-	13,277.24	-	9,791.52	3,485.72	-
Financial Administration								
Salaries and Wages	49.00	-	-	49.00	-	-	49.00	-
Other Expenses & Audit Services	9,276.72	238.75	-	9,515.47	-	7,738.75	1,776.72	-
Special Accounting Services	32,914.25	-	(6,200.00)	26,714.25	-	5,732.69	20,981.56	-
Grant Writer								
Other Expenses	4,000.00	-	-	4,000.00	-	-	4,000.00	-
Revenue Administration								
Salaries and Wages	6,235.48	-	-	6,235.48	-	-	6,235.48	-
Other Expenses	216.15	50.00	-	266.15	-	250.00	16.15	-
Assessment Administration								
Salaries and Wages	310.26	-	-	310.26	-	-	310.26	-
Other Expenses	22,164.22	4,655.00	-	26,819.22	-	24,125.00	2,694.22	-
Legal Services and Costs								
Other Expenses	92,991.92	-	-	92,991.92	-	48,668.91	44,323.01	-
Engineering Services and Costs								
Other Expenses	15,382.25	-	-	15,382.25	-	2,333.75	13,048.50	-
Planning Board								
Salaries and Wages	130.72	-	-	130.72	-	-	130.72	-
Other Expenses	5,093.70	-	2,000.00	7,093.70	-	6,700.00	393.70	-
Zoning Board of Adjustment								
Salaries and Wages	240.00	-	-	240.00	-	-	240.00	-
Other Expenses	1,800.00	-	500.00	2,300.00	-	2,275.00	25.00	-
Insurance								
Unemployment Insurance	30,000.00	-	-	30,000.00	-	30,000.00	-	-
Employee Group Health	55,924.53	157,304.00	-	213,228.53	-	157,370.00	55,858.53	-
Liability	14,154.00	-	-	14,154.00	-	-	14,154.00	-
Liability (South Bergen JIF)	57,673.23	-	(8,500.00)	49,173.23	-	-	49,173.23	-
Worker's Compensation (South Bergen JIF)	80,733.24	-	(8,500.00)	72,233.24	-	-	72,233.24	-

Continued - Next Page

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

A-12

SCHEDULE OF 2018 APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
OPERATIONS -WITHIN "CAPS" (Continued)								
PUBLIC SAFETY FUNCTIONS								
Police								
Salaries and Wages	\$ 2,151.75	\$ -	\$ -	\$ 2,151.75	\$ -	\$ -	\$ 2,151.75	\$ -
Other Expenses	6,202.52	79,076.90	-	85,279.42	-	81,984.42	3,295.00	-
Uniform Fire Safety								
Salaries and Wages	34.28	-	-	34.28	-	-	34.28	-
Other Expenses	393.33	-	3,000.00	3,393.33	-	3,058.75	334.58	-
Fire Department- Other Expense	14,332.11	39,945.42	-	54,277.53	-	51,747.23	2,530.30	-
Fire Prevention Bureau								
Other Expenses	158.31	728.80	-	887.11	-	-	887.11	-
Emergency Management Services								
Other Expenses	1,000.00	-	-	1,000.00	-	-	1,000.00	\$ -
Municipal Prosecutor								
Salaries and Wages	20.00	-	-	20.00	-	-	20.00	-
Public Defender								
Other Expenses	5,000.00	-	-	5,000.00	-	4,950.00	50.00	-
PUBLIC WORK FUNCTIONS								
Street and Road Maintenance								
Salaries and Wages	6,743.30	-	-	6,743.30	-	-	6,743.30	-
Other Expenses	1,445.88	32,145.76	-	33,591.64	-	33,591.64	-	-
Shade Tree								
Other Expenses	1.11	14,830.00	100.00	14,931.11	-	14,820.42	110.69	-
Solid Waste Collection								
Salaries and Wages	316.60	-	-	316.60	-	-	316.60	-
Other Expenses	49,911.67	-	-	49,911.67	-	29,395.76	20,515.91	-
Buildings and Grounds								
Other Expenses	3,965.85	23,625.35	-	27,591.20	-	27,386.14	205.06	-

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See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

A-12

SCHEDULE OF 2018 APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
OPERATIONS -WITHIN "CAPS" (Continued)								
HEALTH AND WELFARE								
Board of Health								
Salaries and Wages	\$ 3,103.04	\$ -	\$ -	\$ 3,103.04	\$ -	\$ -	\$ 3,103.04	\$ -
Other Expenses	2,327.34	84.00	-	2,411.34	-	384.00	2,027.34	-
PARK AND RECREATION FUNCTIONS								
Board of Recreation Commissioners (R.S. 40-17.1)								
Salaries and Wages	2,000.04	-	-	2,000.04	-	-	2,000.04	-
Other Expenses	90.40	8,997.00	-	9,087.40	-	8,471.51	615.89	-
Maintenance of Parks								
Other Expenses	64.34	1,500.00	-	1,564.34	-	1,330.37	233.97	-
Celebration of Public Events								
Other Expenses	4,620.88	1,400.00	-	6,020.88	-	1,951.90	4,068.98	-
UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)								
Construction Code Official								
Salaries and Wages	3,001.94	-	-	3,001.94	-	-	3,001.94	-
Other Expenses	1,412.06	-	-	1,412.06	-	1,412.06	-	-
Other Code Enforcement and Functions								
Rent Leveling Board								
Salaries and Wages	93.55	-	-	93.55	-	-	93.55	-

BOROUGH OF WALLINGTON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

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SCHEDULE OF 2018 APPROPRIATION RESERVES

	Balance Dec. 31, 2018	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over- Expenditure
OPERATIONS -WITHIN "CAPS" (Continued)								
UTILITIES								
Electricity	\$ 1,992.27	\$ -	\$ 17,000.00	\$ 18,992.27	\$ -	\$ 18,468.82	\$ 523.45	\$ -
Street Lighting	13,381.94	-	500.00	13,881.94	-	13,691.12	190.82	-
Communications	3,470.78	-	100.00	3,570.78	-	3,268.84	301.94	-
Sewerage Processing and Disposal								
Other Expenses	51.97	5,700.00	-	5,751.97	-	5,700.00	51.97	-
Gasoline	23,570.58	-	-	23,570.58	-	3,706.16	19,864.42	-
Municipal Court								
Salaries and Wages	1,414.49	-	-	1,414.49	-	-	1,414.49	-
Other Expenses	5,226.39	714.00	-	5,940.39	-	2,115.50	3,824.89	-
TOTAL OTHER EXPENSES WITHIN "CAPS"	<u>599,695.17</u>	<u>373,526.88</u>	<u>-</u>	<u>973,222.05</u>	<u>-</u>	<u>602,420.26</u>	<u>370,801.79</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"								
Social Security System (O.A.S.I.)	4,792.01	-	-	4,792.01	-	-	4,792.01	-
Public Employees' Retirement System	0.02	-	-	0.02	-	-	0.02	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	<u>4,792.03</u>	<u>-</u>	<u>-</u>	<u>4,792.03</u>	<u>-</u>	<u>-</u>	<u>4,792.03</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"								
Passaic Valley Sewerage	13,829.38	-	-	13,829.38	-	-	13,829.38	-
East Rutherford Sewer Fees	6,500.00	-	-	6,500.00	-	-	6,500.00	-
Recycling Tax Appropriation	11,800.00	-	-	11,800.00	-	-	11,800.00	-
Maintenance of Free Public Library	9,991.65	6,237.18	-	16,228.83	-	6,237.18	9,991.65	-
Shared Services Municipal Court	11,322.79	-	-	11,322.79	-	-	11,322.79	-
Interlocal Services Agreement (County of Bergen)	198.75	-	-	198.75	-	-	198.75	-
Length of Service Award Program (LOSAP)	109,500.00	-	-	109,500.00	-	91,294.59	18,205.41	-
Shared Services Board of Health	16,625.00	-	-	16,625.00	-	-	16,625.00	-
TOTAL OTHER EXPENSES EXCLUDED FROM "CAPS"	<u>179,767.57</u>	<u>6,237.18</u>	<u>-</u>	<u>186,004.75</u>	<u>-</u>	<u>97,531.77</u>	<u>88,472.98</u>	<u>-</u>
JUDGMENTS	20,000.00	-	-	20,000.00	-	-	20,000.00	-
TOTAL RESERVES EXCLUDED FROM "CAPS"	<u>199,767.57</u>	<u>6,237.18</u>	<u>-</u>	<u>206,004.75</u>	<u>-</u>	<u>97,531.77</u>	<u>108,472.98</u>	<u>-</u>
TOTAL RESERVES	<u>\$ 804,254.77</u>	<u>\$ 379,764.06</u>	<u>\$ -</u>	<u>\$ 1,184,018.83</u>	<u>\$ -</u>	<u>\$ 699,952.03</u>	<u>\$ 484,066.80</u>	<u>\$ -</u>
	A	A-12		A		A-1		
				Paid Encumbrances	A-4 A-13	\$ 681,441.16 18,510.87		
						<u>\$ 699,952.03</u>		

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

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SCHEDULE OF ENCUMBRANCES

	<u>Reference</u>		
Balance December 31, 2018	A		\$ 454,479.93
Increased by:			
Charges to 2018 Appropriations	A-12	18,510.87	
Charges to 2019 Appropriations	A-3	136,688.57	
			<u>155,199.44</u>
			609,679.37
Decreased by:			
Payments	A-12	379,764.06	
Payments- PY Encumbrances	A-4	45,882.46	
			<u>425,646.52</u>
Balance December 31, 2019	A		<u>\$ 184,032.85</u>
Analysis of Balance			
2016 Encumbrances			\$ 1,803.19
2017 Encumbrances			27,030.22
2018 Encumbrances	A-12		18,510.87
2019 Encumbrances	A-3		136,688.57
			<u>\$ 184,032.85</u>

A-14

**SCHEDULE OF DUE TO/(FROM) STATE OF NEW JERSEY
SENIOR CITIZENS' & VETERANS' DEDUCTIONS**

	<u>Reference</u>		
Balance December 31, 2018	A		\$ 3,173.29
Increased by:			
Senior Citizens' Deductions Per Tax Billings		16,000.00	
Veterans' Deductions Per Tax Billings		37,750.00	
Senior Citizens'/Veterans' Deductions - Allowed by Tax Collector		1,000.00	
			<u>54,750.00</u>
			57,923.29
Decreased by:			
Received in Cash from State	A-4	\$ 53,750.00	
Senior Citizens'/Veterans' Deductions - Disallowed by Tax Collector			
PY 2018 Senior Citizens Deductions Disallowed	A-1		
			<u>53,750.00</u>
Balance December 31, 2019	A		<u>\$ 4,173.29</u>
Calculation of Amount Realized			
Senior Citizens			\$ 16,000.00
Veterans			37,750.00
Senior Citizens'/Veterans' Deductions Allowed by Tax Collector			1,000.00
			<u>54,750.00</u>
Less: Senior Citizens'/Veterans' Deductions Disallowed by Tax Collector			<u>-</u>
Realized as Tax Revenue	A-7		<u>\$ 54,750.00</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

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SCHEDULE OF PREPAID TAXES

Balance December 31, 2018	A	\$ 96,584.81
Increased by:		
Collection of 2020 Taxes	A-4	92,448.06
		<u>189,032.87</u>
Decreased by:		
Applied to 2019 Taxes Receivable	A-7	96,584.81
		<u>96,584.81</u>
Balance December 31, 2019	A	<u>\$ 92,448.06</u>

A-16

SCHEDULE OF TAX OVERPAYMENTS

	<u>Reference</u>		
Balance December 31, 2018	A	\$ 13,521.21	
Increased by:			
Appeals	A-1	36,563.16	
Overpayments received	A-4	<u>13,770.64</u>	
			<u>50,333.80</u>
Decreased by:			63,855.01
Overpayments Refunded	A-4	\$ 36,563.16	
Canceled Tax Overpayments	A-1	<u>449.00</u>	
			<u>37,012.16</u>
Balance December 31, 2019	A	<u>\$ 26,842.85</u>	

A-17

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Reference</u>		
Balance December 31, 2018	A	\$ 5,011.09	
Increased by:			
2019 Tax Levy	A-1,2,7	\$ 2,569,770.01	
2019 Added Taxes/Added Open Space	A-1,2,7	109,985.30	
2019 Open Space	A-1,2,7	10,498.43	
Additional 2019 Taxes owed -PILOTS	A-1	<u>413.70</u>	
			<u>2,690,667.44</u>
			2,695,678.53
Decreased by:			
Payments	A-4	<u>2,685,180.10</u>	
Balance December 31, 2019	A	<u>\$ 10,498.43</u>	

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-18

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>Reference</u>	
Balance December 31, 2018	A	\$ -
Increased by:		
Levy - School Year		
July 1, 2019 to June 30, 2020	A-1,2,7	16,474,788.00
		<u>\$16,474,788.00</u>
Decreased by:		
Payments	A-4	16,474,788.00
		<u>16,474,788.00</u>
Balance December 31, 2019	A	<u>\$ -</u>

A-19

SCHEDULE OF MISCELLANEOUS FEES PAYABLE

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Marriage License Fees	\$ -	\$ 2,425.00	\$ 460.00	\$ 1,965.00
DCA Training Fees	2,534.00	4,349.00	5,356.00	1,527.00
	<u>\$ 2,534.00</u>	<u>\$ 6,774.00</u>	<u>\$ 5,816.00</u>	<u>\$ 3,492.00</u>
	A	A-4	A-4	A

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SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Anticipated</u> <u>2019 Budget</u>	<u>Received/Canceled</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Non-Public Nursing	\$ 2,028.00	\$ -	\$ -	\$ 2,028.00
Municipal Alliance	-	9,876.00	8,227.00	1,649.00
Safe and Secure Communities Program	60,000.00	60,000.00	120,000.00	-
FEMA Civic Center Generator	74,600.00	-	73,432.10	1,167.90
Clean Communities Grant	-	-	-	-
Community Development- Jordan Aven	-	127,200.00	127,200.00	-
Community Development Mt. Pleasant I	102,500.00	-	102,500.00	-
NJ Department of Transportation	218,000.00	-	-	218,000.00
NJ Safer Grant (Volunteer Firefighters)	36,880.00	-	-	36,880.00
Drunk Driving Enforcement Fund	-	-	-	-
	<u>\$ 494,008.00</u>	<u>\$ 197,076.00</u>	<u>\$ 431,359.10</u>	<u>\$ 259,724.90</u>
Reference	A	A-2	Below	A
		Received	A-4	\$ 304,159.10
		Moved to Capital	A-21	127,200.00
		Above		<u>\$ 431,359.10</u>

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

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SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance <u>Dec. 31, 2018</u>	Transferred from 2019 <u>Appropriations</u>	Canceled/ <u>Expended</u>	Balance <u>Dec. 31, 2019</u>
Municipal Court				
Alcohol and Education Fund	\$ 11,672.00	\$ 1,172.00	\$ -	\$ 12,844.00
Municipal Alliance - State	-	9,876.00	3,777.57	6,098.43
Municipal Alliance - Local	-	2,469.00	944.00	1,525.00
Municipal Alliance- State	12.20	8,687.00	8,698.82	0.38
Domestic Preparedness Grant	50,000.00	-	-	50,000.00
Safe & Secure Communities	-	75,000.00	75,000.00	-
FEMA Firefighters Scuba Grant	7,950.00	-	-	7,950.00
FEMA Civic Center Generator	45,609.23	-	44,441.33	1,167.90
Community Development- Mt. Pleasant Park Project	102,500.00	-	102,500.00	-
Community Development- Jordan Avenue	-	127,200.00	127,200.00	-
NJ Department of Transportation Municipal Aid	218,000.00	-	-	218,000.00
NJ Safer (Volunteer Firefighters)	36,880.00	-	-	36,880.00
Drunk Driving Enforcement Fund	34,529.73	13,416.00	22,754.57	25,191.16
	<u>\$ 507,153.16</u>	<u>\$ 237,820.00</u>	<u>\$ 385,316.29</u>	<u>\$ 359,656.87</u>
Reference	A	A-3	Below	A

Cash Disbursements	A-4	\$ 108,924.96
Disbursed in Capital	C-7	149,191.33
Moved Balance to Capital	A-20	127,200.00
		<u>\$ 385,316.29</u>
		Above

A-22

SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance <u>Dec. 31, 2018</u>	<u>Increases</u>	Utilized as 2019 Revenue	Balance <u>Dec. 31, 2019</u>
Alcohol Education and Rehabilitation Fund	\$ 1,171.72	\$ 321.50	\$ 1,171.72	\$ 321.50
Municipal Alliance	8,686.62	-	8,686.62	-
Drunk Driving Enforcement Fund	13,415.72	-	13,415.72	-
Municipal Recycling Assistance	-	20,709.88	-	20,709.88
Recycling Tonnage Grant	-	27,362.58	-	27,362.58
	<u>\$ 23,274.06</u>	<u>\$ 48,393.96</u>	<u>\$ 23,274.06</u>	<u>\$ 48,393.96</u>
		A-4	A-2	

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-23

SCHEDULE OF DEFERRED CHARGES - EMERGENCY AUTHORIZATIONS

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Amount</u> <u>Resulting From</u> <u>Operations</u>	<u>Raised</u> <u>In Budget</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Special Emergency Emergency Authorization	\$ -	\$ 450,000.00 300,000.00	\$ -	\$ 450,000.00 300,000.00
	<u>\$ -</u>	<u>\$ 750,000.00</u>	<u>\$ -</u>	<u>\$ 750,000.00</u>
Reference	A	A-1,3,12	A-3	A

A-24

SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE

	<u>Reference</u>	
Balance December 31, 2018	A	\$ -
Increased by Special Emergency Notes Received	A-4	<u>450,000.00</u>
Balance December 31, 2019	A	<u>\$ 450,000.00</u>

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2019

A-25

SCHEDULE OF AMOUNT DUE TO LIBRARY - STATE AID

	<u>Reference</u>	
Balance December 31, 2018	A	\$ 4,961.00
Increased by:		
Cash Receipts	A-4	4,966.00
		<u>9,927.00</u>
Decreased by:		
Cash Disbursements	A-4	<u> </u>
Balance December 31, 2019	A	<u>\$ 9,927.00</u>

A-26

SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES

	<u>Reference</u>	
Balance December 31, 2018	A	\$ 10,925.00
Balance December 31, 2019	A	<u>\$ 10,925.00</u>

A-27

SCHEDULE OF RESERVE FOR INSURANCE PROCEEDS

	<u>Reference</u>	
Balance December 31, 2018	A	\$ 223,464.54
Increased by:		
		<u>223,464.54</u>
Decreased by:		
Cash Disbursements- 54 Union Blvd	A-4	<u>60,753.88</u>
Balance December 31, 2019	A	<u>\$ 162,710.66</u>

SUPPLEMENTARY DATA – TRUST FUNDS

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2019

B-1

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Reference</u>	<u>Animal License</u>	<u>Other Trust</u>
Balance December 31, 2018	B	\$ 9,775.78	\$ 642,734.72
Increased by:			
Current Fund Appropriations/Transfers-Payroll Account	B-12		6,302,141.46
Current Fund Budget Appropriations	B-3	2,047.17	
Due to Current Fund - Interest Income-Payroll Account	B-12		3,757.31
Due to Current Fund - Interest Income/Interfunds	B-4,6	143.93	63,684.58
Payroll Deductions- Unemployment	B-7		6,147.70
Cat License Fees Collected	B-3	231.00	
Dog License Official Fees Collected	B-3	3,741.00	
Due State of NJ - Fees Payable	B-5	834.00	-
Redemption of Tax Title Liens and Tax Sale Premiums	B-9		322,049.72
Miscellaneous Reserves	B-10		311,715.00
Cancel Prior Year Outstanding Checks	B-12		27,330.09
Escrow Deposits	B-8		27,397.28
		<u>6,997.10</u>	<u>7,064,223.14</u>
		<u>16,772.88</u>	<u>7,706,957.86</u>
Decreased by:			
Payroll Disbursements	B-12		6,385,149.42
Expenditures Under R.S. 4:19-15.11	B-3	220.00	
To State of NJ - Fees Payable	B-5,	819.60	
Transfer to Current Fund	B-4,12	199.04	180,326.24
Redemption of Tax Title Liens and Tax Sale Premiums	B-9		264,667.85
Miscellaneous Reserves	B-10		270,458.27
Unemployment Disbursements	B-7		38,201.86
Escrow Disbursements	B-8		-
		<u>1,238.64</u>	<u>7,138,803.64</u>
Balance December 31, 2019	B	<u>\$ 15,534.24</u>	<u>\$ 568,154.22</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2019

B-2

SCHEDULE OF LOSAP INVESTMENTS

	<u>Reference</u>		
Balance December 31, 2018	B		\$ 1,165,485.51
Increased by:			
Receipts- Receivable Contributions-2018	B	89,336.04	
Investment Earnings	B-11	<u>216,464.06</u>	
			305,800.10
Decreased by:			<u>1,471,285.61</u>
Fees	B-11	2,542.39	
Withdrawals	B-11	<u>64,290.35</u>	
			66,832.74
Balance December 31, 2019	B		<u>\$ 1,404,452.87</u>

B-3

SCHEDULE OF RESERVE FOR ANIMAL LICENSE FUND EXPENDITURES

	<u>Reference</u>		
Balance December 31, 2018	B		\$ 5,603.00
Increased by:			
Late Fees Collected	B-1	-	
Cat License Fees Collected	B-1	231.00	
Dog License Fees Collected			
by Dog License Official	B-1	3,741.00	
Misc. Unallocated Receipt	B-1	<u>2,047.17</u>	
			6,019.17
			<u>11,622.17</u>
Decreased by:			
Canceled- Due to State of New Jersey	B-5		
Statutory Excess	B-4	4,595.77	
Expenditures Under R.S. 4:19-15.11	B-1	<u>220.00</u>	
			4,815.77
Balance December 31, 2019	B		<u>\$ 6,806.40</u>

License Fees Collected

2017	\$ 2,831.00
2018	<u>3,975.40</u>
	<u>\$ 6,806.40</u>

B-4

SCHEDULE OF DUE TO/(FROM) CURRENT FUND - ANIMAL LICENSE FUND

	<u>Reference</u>		
Balance December 31, 2018	B		\$ 4,166.18
Increased by:			
Statutory Excess	A-1, B-3	\$ 4,595.77	
Interest Income Received	B-1	<u>143.93</u>	
			4,739.70
			<u>8,905.88</u>
Decreased by:			
Transfer to Current Fund	B-1		<u>199.04</u>
Balance December 31, 2019	B		<u>\$ 8,706.84</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2019

B-5

SCHEDULE OF DUE TO / (FROM) STATE OF NEW JERSEY - ANIMAL LICENSE FUND

	<u>Reference</u>		
Balance December 31, 2018	B	\$	6.60
Increased by:			
2019 State Fees Collected by Dog License Official	B-1		834.00
			<u>840.60</u>
Decreased by:			
Prior Year Balance Adjustment	B-3		
Payments	B-1	819.60	
			<u>819.60</u>
Balance December 31, 2019	B	\$	<u>21.00</u>

B-6

SCHEDULE OF AMOUNT DUE TO / (FROM) CURRENT FUND - OTHER TRUST FUNDS

	<u>Reference</u>		
Balance December 31, 2018	B	\$	11,618.59
Increased by:			
Transfer to Current Fund	A-4	169,286.22	
Interest Income Transferred to Current	B-1	<u>7,282.71</u>	
			176,568.93
			<u>188,187.52</u>
Decreased by:			
Transfer from Current Fund	A-4	57,834.40	
Interest Income Earned	B-1	<u>5,850.18</u>	
			63,684.58
Balance December 31, 2019	B, Below	\$	<u>124,502.94</u>
Analysis of Balance			
Due from Current - Other Trust	A		161,984.04
Due from Current - Recreation	A		491.82
Due to Current- Unemployment	A		(2,921.31)
Due to Current- COAH	A		<u>(35,051.61)</u>
	B, Above	\$	<u>124,502.94</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2019

B-7

**SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION
INSURANCE CLAIMS - OTHER TRUST FUND**

	<u>Reference</u>	
Balance December 31, 2018	B	\$ 43,834.51
Increased by:		
Payroll Deductions	B-1	6,147.70
		<u>49,982.21</u>
Decreased by:		
Deposits Refunded	B-1	38,201.86
		<u>38,201.86</u>
Balance December 31, 2019	B	<u>\$ 11,780.35</u>

B-8

SCHEDULE OF ESCROW FUND DEPOSITS

	<u>Reference</u>	
Balance December 31, 2018	B	\$ 3,850.00
Increased by:		
Escrow Deposits	B-1	27,397.28
		<u>31,247.28</u>
Decreased by:		
Escrow Disbursements	B-1	0.00
		<u>0.00</u>
Balance December 31, 2019	B	<u>\$ 31,247.28</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2019

B-9

SCHEDULE OF TAX TITLE LIEN REDEMPTIONS & TAX SALE PREMIUMS PAYABLE

	Balance Dec. 31, 2018	Deferred-Charges Over-Expenditure	Receipts	Disbursements	Balance Dec. 31, 2019
Tax Sale Premiums	\$ 97,300.00	\$ -	\$ 124,500.00	\$ 113,200.00	\$ 108,600.00
Third Party Lien Redemption	152,997.73	-	197,549.72	151,467.85	199,079.60
	<u>\$ 250,297.73</u>	<u>\$ -</u>	<u>\$ 322,049.72</u>	<u>\$ 264,667.85</u>	<u>\$ 307,679.60</u>
	B	B	B-1	B-1	B

B-10

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2018	Deferred-Charges Over-Expenditure	Receipts	Disbursements	Balance Dec. 31, 2019
Uniform Fire Safety Act Penalties	\$ 6,440.00	\$ -	\$ -	\$ -	\$ 6,440.00
Planning Board/Zoning Board - Escrow	16,604.82	-	23,807.59	20,581.72	19,830.69
Road Opening	38,255.00	-	-	-	38,255.00
Hometown Heroes and Flags & Banners	-	1,725.00	2,700.00	-	4,425.00
Police Vests	-	-	3,325.94	2,400.00	925.94
Police Off Duty	35,386.25	-	226,741.90	153,419.40	108,708.75
Recreation	29,907.10	-	51,955.57	62,012.83	19,849.84
Parks	3,960.00	-	-	-	3,960.00
P.O.A.A.	45,759.00	-	1,834.00	11,876.50	35,716.50
Police Camp	3,360.00	-	-	1,087.48	2,272.52
Memorial Day Parade	1,185.00	665.00	1,350.00	3,200.00	-
Fire Department Deduction	442.00	-	-	-	442.00
COAH	21,387.42	-	-	15,880.34	5,507.08
Developer's Agreement	60,738.00	-	-	-	60,738.00
Reserve for Fire Prevention	2,800.00	-	-	-	2,800.00
	<u>\$ 266,224.59</u>	<u>\$ 2,390.00</u>	<u>\$ 311,715.00</u>	<u>\$ 270,458.27</u>	<u>\$ 309,871.32</u>
Reference	B	B	B-1	B-1	B

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2019

B-11

SCHEDULE OF RESERVE FOR LOSAP BENEFITS

	<u>Reference</u>		
Balance December 31, 2018	B		\$ 1,270,500.90
Increased by:			
Receivable- LOSAP - 2019	B	112,252.41	
Investment Earnings	B-2	<u>216,464.06</u>	
			328,716.47
Decreased by:			<u>1,599,217.37</u>
Fees	B-2	2,542.39	
Cancel Prior Year Contributions	B-2	15,679.35	
Withdrawals	B-2	<u>64,290.35</u>	
			<u>82,512.09</u>
Balance December 31, 2019	B		<u>\$ 1,516,705.28</u>

B-12

**SCHEDULE OF RESERVE FOR PAYROLL SALARIES AND WITHHOLDINGS
OTHER TRUST FUND**

	<u>Reference</u>		
Balance December 31, 2018	B		\$ 75,341.48
Increased by:			
Interest Income	B-1	\$ 3,757.31	
Canceled Prior Year Checks	B-1	27,330.09	
Transfers from Current /Water/ Trust Fund	B-1	<u>6,302,141.46</u>	
			6,333,228.86
			<u>6,408,570.34</u>
Decreased by:			
Due to Current	B-1	3,757.31	
Disbursements	B-1	<u>6,385,149.42</u>	
			<u>6,388,906.73</u>
Balance December 31, 2019	B, Below		<u>\$ 19,663.61</u>
<u>Analysis of Balance</u>			
Payroll Withholdings Payable	B		\$ 98,101.45
Due from Current Fund	B		(10,133.07)
Due from Water Operating	B		(14,891.51)
Payroll Withholdings Payable (Deficit)	B		<u>(53,413.26)</u>
	Above		<u>\$ 19,663.61</u>

See independent auditor's report and the notes to the financial statements.

SUPPLEMENTARY DATA –GENERAL CAPITAL FUND

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-2

SCHEDULE OF CASH - TREASURER

	Reference		
Balance December 31, 2018	C,C-3		\$ 1,197,392.40
Increased by:			
Interest/ Other Income-Due to Current	C-7	\$ 28,796.57	
Transfer from Current Fund	C-7	<u>1,763,488.92</u>	
			<u>1,792,285.49</u>
			2,989,677.89
Decreased by:			
Adjustment - Fund Balance	C-1	0.03	
Interfund- Current Fund	C-7	<u>2,229,218.50</u>	
Interest Transferred to Current Fund	C-7	24,523.39	
Current/ Grant Expenditures Paid in Capital	C-7	149,191.33	
Improvement Authorizations	C-8	<u>529,410.78</u>	
			<u>2,932,344.03</u>
Balance December 31, 2019	C,C-3		<u>\$ 57,333.86</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-3

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH

	Balance Dec. 31, 2018	Receipts	Disbursements	Transfer To/(From)	Balance Dec. 31, 2019
Capital Improvement Fund	\$ 23,702.00	\$ -	\$ -	\$ (8,000.00)	\$ 15,702.00
Due from Water Utility Capital Fund	(2,144,710.90)	-	-	-	(2,144,710.90)
Due to Water Utility Operating Fund	1,299,802.00	-	-	-	1,299,802.00
Due from Current Fund	-	1,791,711.46	2,402,359.19	(132,910.00)	(743,557.73)
Grants Receivable	(152,094.00)	-	-	(224,500.00)	(376,594.00)
Reserve for Premium on Bond Anticipation Notes	9,490.00	-	-	2,203.00	11,693.00
Encumbrances Payable	353,652.12	-	-	(154,334.70)	199,317.42
Reserve for Purchase of Fire Equipment	11,595.00	-	-	-	11,595.00
Reserve to Pay Debt Service	383,050.00	-	-	96,007.00	479,057.00
Fund Balance	95,362.96	-	0.03	(95,000.00)	362.93
Overexpenditure of Ordinance Appropriation	-	-	-	-	-
BAN Rollovers	-	-	-	-	-
Improvement Authorizations:					
Ord. # Improvement Description					
01-15 Improvements to Hathaway Street	(6,712.00)	-	-	-	(6,712.00)
02-3 Resurfacing of Hathaway Street	(97.00)	-	-	-	(97.00)
03-9 Acq. of Senior Citizen Bus	(3,895.00)	-	-	-	(3,895.00)
06-11 2006 Road Improvement Program	214,325.00	-	-	-	214,325.00
10-7 Refunding Tax Appeals	(80,014.00)	-	-	-	(80,014.00)
10-8 Resurfacing Various Streets	52,186.00	-	-	-	52,186.00
11-5 Resurfacing of Hathaway Street	3,747.00	-	-	-	3,747.00
11-10 Acq. of Firefighter Equipment	3,005.00	-	-	-	3,005.00
12-5 Funding of Various Expenses Relating to Hurricane Irene	8,750.00	-	-	-	8,750.00
12-9 Various Public Improvements	102,242.00	-	-	-	102,242.00
12-13 Streetscape Improvements to Paterson Avenue and Union Boulevard	76.78	-	-	-	76.78
12-20/ 13-9 Acq. of New Communication and Signal Systems	755.00	-	-	-	755.00
13-10 Various Public Improvements	2,021.96	-	685.80	-	1,336.16
14-9 Rehabilitation of the Elevator at the Police Station	8,012.00	-	-	-	8,012.00
14-14 Replacement of the Roof on the Public Library	150.00	-	-	-	150.00
15-04 Improvements to Main Street	145,897.71	-	685.80	-	145,211.91
15-14 Various Park Improvements	254,444.41	-	309,565.86	117,811.19	62,689.74
16-13 Acquisition of a New Pumper Fire Engine	255.00	-	2,534.00	2,534.00	255.00
16-16 Replacement of Curbs and Sidewalks on Anderson Ave	11,458.50	-	-	-	11,458.50
16-17 Acquisition of Ambulance	-	-	-	-	-
16-21 Replacement of Alden Street Sewer Main	16,030.04	-	1,703.56	-	14,326.48
17-3 Various Public Improvements	389,196.13	-	66,188.25	5,302.48	328,310.36
17-7 Resurface Various Streets	274,397.74	-	14,405.84	14,405.84	274,397.74
18-10 King Street	(78,689.05)	-	94,227.39	14,281.19	(158,635.25)
19-07 Reconstruction or Resurfacing of Various Roads	-	-	39,414.28	352,200.00	312,785.72
19-10 Acquisition of Office Equipment	-	-	-	10,000.00	10,000.00
	<u>\$ 1,197,392.40</u>	<u>\$ 1,791,711.46</u>	<u>\$ 2,931,770.00</u>	<u>\$ 0.00</u>	<u>\$ 57,333.86</u>
Reference	C,C-2	C-2	C-2		C,C-2

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-4

SCHEDULE OF GRANTS RECEIVABLE

	Reference		
Balance December 31, 2018	C		\$ 509,306.00
Increased by:			
Ord # 19-07 Community Development Block Grant		127,200.00	
Ord #19-07 NJ Department of Transportation	C-6	<u>202,000.00</u>	<u>329,200.00</u>
			838,506.00
Decreased by:			
Grants Received in Current Fund- NJDOT King Street	C-7	104,700.00	
Grants Received in Current Fund- Open Space Grant Ord # 15-14	C-7	<u>136,676.00</u>	<u>241,376.00</u>
Balance December 31, 2019	C, Below		<u>\$ 597,130.00</u>
Analysis of Above - Grants Offset With Reserves:			
Ord # 00-12 Locust Avenue/ Main Avenue Intersection			\$ 1,000.00
Ord # 01-15 Hathaway Street			4,712.00
Ord # 13-8 Reconstruction of Basketball Courts at Hathaway Street Park			20,000.00
Ord # 13-10 Various Public Improvements			150,000.00
Ord # 15-14 Various Public Improvements (County Open Space)			44,824.00
	C		<u>\$ 220,536.00</u>
Grants not Offset with Reserves:			
Ord # 11-5 Resurface of Hathaway Street (NJ DOT)			\$ 37,962.00
Ord # 14-9 Rehabilitation of the Elevator at the Police Station (CDBG)			9,432.00
Ord # 19-07 Community Development Block Grant			127,200.00
Ord #19-07 NJ Department of Transportation			<u>202,000.00</u>
	C-3		<u>376,594.00</u>
	Above		<u>\$ 597,130.00</u>

C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	Reference		
Balance December 31, 2018	C		\$ 9,722,197.00
Increased by:			
Serial Bonds Issued	C-13		<u>-</u>
			9,722,197.00
Decreased by:			
2019 Budget Appropriation for Serial Bond Payment	C-13	\$ 750,000.00	
2019 Budget Appropriation for Green Acres Loan	C-11	<u>12,177.29</u>	<u>762,177.29</u>
Balance December 31, 2019	C		<u>\$ 8,960,019.71</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-6

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. #	Improvement Description						Analysis of Balance - Dec. 31, 2019
		Balance Dec. 31, 2018	2019 Authorizations	Funded/Canceled Transferred	Balance Dec. 31, 2019	Expenditures	Unexpended Improvement Authorizations
01-15	Improvements to Hathaway Street	\$ 6,712.00	\$ -	\$ -	\$ 6,712.00	\$ 6,712.00	\$ -
02-3	Resurfacing of Hathaway Street	97.00	-	-	97.00	97.00	-
03-9	Acq. of Senior Citizen Bus	3,895.00	-	-	3,895.00	3,895.00	-
10-7	Refunding Tax Appeals	80,014.00	-	-	80,014.00	80,014.00	-
13-10	Various Public Improvements	127,947.00	-	22,053.00	105,894.00	105,894.00	-
15-04	Improvements to Main Street	127,435.00	-	21,579.00	105,856.00	-	105,856.00
15-14	Various Park Improvements	98,500.00	-	13,621.00	84,879.00	22,189.26	62,689.74
17-3	Various Public Improvements	480,900.00	-	-	480,900.00	147,689.64	333,210.36
17-7	Resurface Various Streets	476,000.00	-	-	476,000.00	206,502.26	269,497.74
18-10	King Street	376,400.00	-	-	376,400.00	158,635.25	217,764.75
19-07	Reconstruction or Resurfacing of Various Roads	-	800,000.00	352,200.00	447,800.00	-	447,800.00
19-10	Acquisition of Office Equipment	-	200,000.00	10,000.00	190,000.00	-	190,000.00
		<u>\$ 1,777,900.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 419,453.00</u>	<u>\$ 2,358,447.00</u>	<u>\$ 731,628.41</u>	<u>\$ 1,626,818.59</u>
		C	C-8,17	Below	C		C-8

Analysis of Funded:

	Reference	
Down Payments on Improvements	C-9,17	\$ 33,000.00
Bond Anticipation Note Paydown	C-12	57,253.00
Ord # 19-07 NJ Department of Transportation- Applied	C-4,17	202,000.00
Ord #19-07 Community Development Block Grant- Applied	C-17	127,200.00
	Above	<u>\$ 419,453.00</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-7

SCHEDULE OF DUE (TO) FROM CURRENT FUND

	Reference		
Balance December 31, 2018	C	\$	-
Increased by:			
Interfund Transfer	A-4, C-2	2,229,218.50	
Interest Transferred to Current	C-2	24,523.39	
Current/ Grant Expenditures Paid in Capital	C-2	149,191.33	
Grants Received in Current Fund- CDBG	A-4, C-4	104,700.00	
Grants Received in Current Fund- NJDOT	A-4, C-4, 10	136,676.00	
Capital Improvement Fund- Due to Capital	C-9	25,000.00	
Premium on BAN Received in Current	C-20	2,203.00	
			<u>2,671,512.22</u>
			2,671,512.22
Decreased by:			
Interfund Transfer	A-4, C-2	1,763,488.92	
Interest / Other Income Due to Current	C-2	28,796.57	
Bond Anticipation Notes Paid in Current	A-4, C-12		
Due to Current - Revenue Fund Balance Anticipated	C-1	95,000.00	
Due to Current - Revenue Reserve for Pmt Debt	C-10	40,669.00	
			<u>1,927,954.49</u>
Balance December 31, 2019	C	\$	<u>743,557.73</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Balance December 31, 2018		2019 Authorizations	Paid or Charged	Canceled	Balance December 31, 2019	
		Funded	Unfunded				Funded	Unfunded
06-11	2006 Road Improvement Program	\$ 214,325.00	\$ -	\$ -	\$ -	\$ -	\$ 214,325.00	\$ -
10-8	Resurfacing Various Streets	52,186.00	-	-	-	-	52,186.00	-
11-5	Resurface Hathaway Street	3,747.00	-	-	-	-	3,747.00	-
11-10	Acq. Firefighter Equipment	3,005.00	-	-	-	-	3,005.00	-
12-5	Funding of Various Expenses Relating to Hurricane Irene	8,750.00	-	-	-	-	8,750.00	-
12-9	Various Public Improvements	102,242.00	-	-	-	-	102,242.00	-
12-13	Streetscape Improvements to Paterson Ave. and Union Blvd.	76.78	-	-	-	-	76.78	-
12-20/13-9	Acq. of New Communication and Signal Systems	755.00	-	-	-	-	755.00	-
13-10	Various Public Improvements	-	2,021.96	-	685.80	-	1,336.16	-
14-9	Rehabilitation of the elevator at the Police Station	8,012.00	-	-	-	-	8,012.00	-
14-14	Replacement of the Roof on the Public Library	150.00	-	-	-	-	150.00	-
15-04	Improvements to Main Street	18,462.71	127,435.00	-	685.80	-	39,355.91	105,856.00
15-14	Various Park Improvements	155,944.41	98,500.00	-	191,754.67	-	-	62,689.74
16-13	Acquisition of a New Pumper Fire Engine	255.00	-	-	-	-	255.00	-
16-16	Replacement of Curbs and Sidewalks on Anderson Ave.	11,458.50	-	-	-	-	11,458.50	-
16-21	Replacement of Alden Street Sewer Main	16,030.04	-	-	1,703.56	-	14,326.48	-
17-3	Various Public Improvements	-	394,096.13	-	60,885.77	-	-	333,210.36
17-7	Resurface Various Streets	-	269,497.74	-	-	-	-	269,497.74
18-10	King Street	-	297,710.95	-	79,946.20	-	-	217,764.75
19-07	Reconstruction or Resurfacing of Various Roads	-	-	800,000.00	39,414.28	-	312,785.72	447,800.00
19-10	Acquisition of Office Equipment	-	-	200,000.00	-	-	10,000.00	190,000.00
		<u>\$ 595,399.44</u>	<u>\$ 1,189,261.78</u>	<u>\$ 1,000,000.00</u>	<u>\$ 375,076.08</u>	<u>\$ -</u>	<u>\$ 782,766.55</u>	<u>\$ 1,626,818.59</u>
		C	C	C-6,17	Below	C-1	C	C,C-6
				Cash Disbursements	C-2	\$ 529,410.78		
				Encumbrance Payable	C-15	199,317.42		
				Encumbrances Restored to Improvement Auth.	C-15	(353,652.12)		
				Above		<u>\$ 375,076.08</u>		

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-9

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Reference	
Balance December 31, 2018	C	\$ 23,702.00
Increased by:		
Transfer from Current Fund-Budget Appropriation	A-3,C-7	25,000.00
		<u>48,702.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6,17	33,000.00
		<u>33,000.00</u>
Balance December 31, 2019	C	<u>\$ 15,702.00</u>

C-10

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS/BANS

	Reference	
Balance December 31, 2018	C	\$ 383,050.00
Increased by:		
Cash Receipts		
Ord # 13-10 (County Open Space)	C-7	136,676.00
	C-4,7	<u>136,676.00</u>
		519,726.00
Decreased by:		
Anticipated Budget Revenue-Due to Current Fund	A-2,C-7	40,669.00
		<u>40,669.00</u>
Balance December 31, 2019	C, Below	<u>\$ 479,057.00</u>
Analysis of Balance:		
<u>Ordinance #</u>		
Ord # 15-04 NJ Department of Transportation		\$ 130,384.00
Ord # 13-10 County Open Space		114,623.00
Ord #12-13 Department of Transportation		<u>234,050.00</u>
	Above	<u>\$ 479,057.00</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-11

SCHEDULE OF GREEN ACRES LOAN PAYABLE

	Reference	
Balance December 31, 2018	C	\$ 50,197.00
Decreased by:		
Loan Paid by Budget Appropriation	C-5	<u>12,177.29</u>
Balance December 31, 2019	C	<u><u>\$ 38,019.71</u></u>

Schedule of Green Acres Loan Payable

<u>Due</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
			\$ 38,019.71
02-14-20	\$ 699.00	\$ 12,422.00	25,598.00
02-14-21	449.00	12,672.00	12,926.00
02-14-22	194.00	12,926.00	-
	<u>\$ 1,342.00</u>	<u>\$ 38,020.00</u>	

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-12

SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Description	Date of Original Issue	Date of Maturity	Interest Rate	Balance December 31, 2018	Increased by Bond Ant. Note	Decreased by Bond Anticipation Note Payments	Balance December 31, 2019
13-10	Various Public Improvements	09/26/14	08/21/20	1.50%	\$ 127,947.00	\$ 105,894.00	\$ 127,947.00	\$ 105,894.00
15-04	Improvement of Main Street	09/26/16	08/21/20	1.50%	127,435.00	105,856.00	127,435.00	105,856.00
15-14	Various Park Improvements	09/23/16	08/21/20	1.50%	98,500.00	84,879.00	98,500.00	84,879.00
16-16	Replacement of Curbs and Sidewalks on Anderson Ave.	09/01/17	08/21/20	1.50%	-	-	-	-
17-7	Resurface Various Streets	09/28/17	08/21/20	1.50%	480,900.00	480,900.00	480,900.00	480,900.00
17-3	Various Public Improvements	12/21/17	08/21/20	1.50%	476,000.00	476,000.00	476,000.00	476,000.00
					<u>\$ 1,310,782.00</u>	<u>\$ 1,253,529.00</u>	<u>\$ 1,310,782.00</u>	<u>\$ 1,253,529.00</u>
					C	Below	Below	C

Analysis of New Issue:

		<u>Receipts</u>	<u>Disbursements</u>
Rollover - Received and Disbursed in Current Fund	A-4	\$ 1,253,529.00	\$ 1,253,529.00
BAN Paydown-Budget Appropriation	C- 6	-	57,253.00
Grants Applied	C-10	-	-
New BAN Issued	C-17	-	-
		<u>\$ 1,253,529.00</u>	<u>\$ 1,310,782.00</u>
		Above	Above

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-13

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturates of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2018	Decreased	Balance Dec. 31, 2019
			December 31, 2019 Date	Amount				
General Improvement Bonds	08/01/2010	7,460,000.00	8/1/20-21	450,000.00	3.000%	\$ 5,810,000.00	\$ 450,000.00	\$ 5,360,000.00
			8/1/2022	475,000.00	4.000%			
			8/1/2023-2029	500,000.00	4.000%			
			8/1/2030	485,000.00	4.000%			
General Improvement Bonds	09/15/2017	4,087,000.00	09/15/2020	325,000.00	2.000%	3,862,000.00	300,000.00	3,562,000.00
			09/15/2021	350,000.00	2.000%			
			09/15/2022	350,000.00	2.000%			
			09/15/2023	375,000.00	2.000%			
			09/15/2024	400,000.00	2.000%			
			09/15/2025	425,000.00	2.000%			
			09/15/2026	440,000.00	2.250%			
			09/15/2027	450,000.00	2.500%			
			09/15/2028	447,000.00	2.500%			
						C	C-5	C

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-14

SCHEDULE OF RESERVE FOR PURCHASE OF FIRE EQUIPMENT

	Reference		
Balance December 31, 2018	C	\$	11,595.00
Balance December 31, 2019	C	\$	<u>11,595.00</u>

C-15

SCHEDULE OF ENCUMBRANCES PAYABLE

	Reference		
Balance December 31, 2018	C	\$	353,652.12
Increased by:			
Charges to Improvement Authorizations	C-8		<u>199,317.42</u>
			552,969.54
Decreased by:			
Restored to Improvement Authorizations	C-8		<u>353,652.12</u>
Balance December 31, 2019	C	\$	<u>199,317.42</u>

C-16

SCHEDULE OF OVEREXPENDITURE OF ORDINANCE APPROPRIATION

	Reference		
Balance December 31, 2018	C	\$	-
Decreased by:			
Raised in 2019 Budget-Deferred Charges	A-3,C-7		<u>-</u>
Balance December 31, 2019	C	\$	<u>-</u>

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-17

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description <u>General Improvements</u>	Balance <u>Dec. 31, 2018</u>	2019 <u>Authorizations</u>	Down <u>Payments</u>	Funded/Canceled <u>Issued</u>	Balance <u>Dec. 31, 2019</u>
01-15	Improvements to Hathaway Street	\$ 6,712.00	\$ -	\$ -	\$ -	\$ 6,712.00
02-03	Resurfacing of Hathaway Street	97.00	-	-	-	97.00
03-09	Acq. of Senior Citizen Bus	3,895.00	-	-	-	3,895.00
10-7	Refunding Tax Appeals	80,014.00	-	-	-	80,014.00
18-10	Various Curbs and Sidewalk Improvements to King Street	376,400.00	-	-	-	376,400.00
19-07	Reconstruction or Resurfacing of Various Roads	-	800,000.00	33,000.00	329,200.00	437,800.00
19-10	Acquisition of Office Equipment	-	200,000.00	-	-	200,000.00
		<u>\$ 467,118.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 33,000.00</u>	<u>\$ 329,200.00</u>	<u>\$ 1,104,918.00</u>
		C	C-6,C-8	C-6,C-9	Below	C

Funded Through:

Bond Anticipation Note
Grants Applied

C-12

C-4,6

Above

\$ -

329,200.00

\$ 329,200.00

See independent auditor's report and the notes to the financial statements.

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2019

C-18

SCHEDULE OF DUE (TO) FROM WATER UTILITY CAPITAL FUND

	Reference	
Balance December 31, 2018	C	\$ 2,144,710.90
Balance December 31, 2019	C	<u>\$ 2,144,710.90</u>

C-19

SCHEDULE OF DUE (TO) FROM WATER UTILITY OPERATING FUND

	Reference	
Balance December 31, 2018	C	\$ 1,299,802.00
Balance December 31, 2019	C	<u>\$ 1,299,802.00</u>

C-20

SCHEDULE OF RESERVE FOR PREMIUM ON BOND ANTICIPATION NOTES

	Reference	
Balance December 31, 2018	C	\$ 9,490.00
Increased by:		
Premium on Bond Anticipation Note Received in Current Fund	C-7	<u>2,203.00</u>
Balance December 31, 2019	C	<u>\$ 11,693.00</u>

See independent auditor's report and the notes to the financial statements.

**SUPPLEMENTARY DATA – WATER UTILITY FUND
OPERATING AND CAPITAL FUNDS**

BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING & CAPITAL FUND
DECEMBER 31, 2019

SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER

	<u>Reference</u>	<u>Operating</u>	<u>Capital</u>	D-4
Balance, December 31, 2018	D	\$ 869,496.03	\$ 566,571.30	
Increased by Cash Receipts:				
Receipts from Water Collector	D-2,9	2,007,552.08	-	
Other Misc. Anticipated Revenue	D-2	6,229.23	-	
Misc. Revenues not Anticipated	D-1	6,271.77	-	
Due from Current Fund	D-17	274.60	-	
Due to Water Operating Fund- Water Capital Int	D-11		6,165.46	
Transfer from Water Capital Fund	D-11	13,185.64	-	
Due to Payroll Fund	D	14,891.51	-	
		<u>2,917,900.86</u>	<u>572,736.76</u>	
Decreased by Cash Disbursements:				
Budget Appropriations	D-3	1,318,438.16		
Improvement Authorizations	D-18	-	72,025.56	
Reserve for Preliminary Expenses	D-19	-	21,845.76	
Transfer To Water Capital Fund	D-11	-	-	
Appropriation Reserves	D-14	97,504.88	-	
Transfers to Current Fund	D-17	574,574.42	-	
Transfer to Water Operating Fund	D-11	-	19,351.11	
		<u>1,990,517.46</u>	<u>113,222.43</u>	
Balance, December 31, 2019	D	\$ 927,383.40	\$ 459,514.33	

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF WATER CAPITAL FUND BALANCE

D-5

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 82,234.00
Increased by:		
Premium on Bond Anticipation Notes	D-6	<u>8,322.36</u>
Balance, December 31, 2019	D	<u>\$ 90,556.36</u>

SCHEDULE OF DUE FROM CURRENT FUND

D-6

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 34,915.00
Increased by:		
Premium on Bond Anticipation Notes	A-4,D-5	<u>8,322.36</u>
Balance, December 31, 2019	D	<u>\$ 43,237.36</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF WATER UTILITY CAPITAL CASH

D-7

	For the Years Ended December 31,				
	Balance Dec. 31, 2018	Receipts	Disbursements	Transfer To/(From)	Balance Dec. 31, 2019
Due to General Capital Fund	\$ 2,144,710.90	\$ -	\$ -	\$ -	\$ 2,144,710.90
Due from Water Utility Operating Fund	(1,930,841.83)	6,165.46	19,351.11	-	(1,944,027.48)
Encumbrance Payable	-	-	-	2,361.96	2,361.96
Capital Improvement Fund	59.00	-	-	-	59.00
Reserve for Preliminary Expenses	54,000.00	-	21,845.76	-	32,154.24
Due from Current Fund	(34,915.00)	-	-	(8,322.36)	(43,237.36)
Fund Balance	82,234.00	-	-	8,322.36	90,556.36
Reserve for Payment of Bond Anticipation Notes	-	-	-	159,099.83	159,099.83
<u>Improvement Authorizations</u>					
Acquisition of Real Property	(80,458.00)	-	-	-	(80,458.00)
Acquisition of Two Dump Trucks with Plows	52.43	-	-	-	52.43
Acquisition of Vehicles & Equipment	21,332.00	-	-	-	21,332.00
Replacement of Various Water Mains	115,804.00	-	2,700.00	(113,104.00)	-
Replacement of Various Water Mains	130,234.64	-	20,640.13	(47,716.48)	61,878.03
Acquisition of New Add'l or Rep. Veh & Equip	9,600.00	-	686.13	(320.65)	8,593.22
Hathaway Street Water Main	54,759.16	-	47,999.30	(320.66)	6,439.20
	<u>\$ 566,571.30</u>	<u>\$ 6,165.46</u>	<u>\$ 113,222.43</u>	<u>\$ (0.00)</u>	<u>\$ 459,514.33</u>
		D-4	D-4		
Ref	D				D

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
DECEMBER 31, 2019**

SCHEDULE OF CHANGE FUND

D-8

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 100.00
Balance, December 31, 2019	D	<u>\$ 100.00</u>

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-9

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 237,939.52
Increased by:		
Billings		<u>2,033,318.54</u>
		2,271,258.06
Decreased by:		
Rents Received in Current Fund	D-17	830.87
Collections	D-4	<u>2,007,552.08</u>
		<u>2,008,382.95</u>
Balance, December 31, 2019	D	<u>\$ 262,875.11</u>

SCHEDULE OF WATER UTILITY LIENS RECEIVABLE

D-10

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 11,091.25
Increased by:		
Subsequent Water Charges	D-9	<u> </u>
Balance, December 31, 2019	D	<u>\$ 11,091.25</u>

SCHEDULE OF DUE FROM WATER UTILITY OPERATING FUND- WATER CAPITAL FUND

D-11

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 1,930,841.83
Increased by:		
Transfer -Water Capital Fund Int	D-4	6,165.47
Transfer -Water Capital Fund	D-4	<u>13,185.64</u>
	D-4	<u>19,351.11</u>
		1,950,192.94
Decreased by:		
Water Capital Interest	D-4	<u>6,165.46</u>
Balance, December 31, 2019	D	<u>\$ 1,944,027.48</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF FIXED CAPITAL

D-12

	For the Years Ended December 31,		
	2018	Completed Projects	2019
Water System	\$ 543,064.00	\$ -	\$ 543,064.00
Water Storage Tank	81,000.00	-	81,000.00
Foundation for Water Storage Tank	38,967.00	-	38,967.00
Main Extension	1,200,055.00	-	1,200,055.00
Meters	28,082.00	-	28,082.00
Engineer- Exploration of Well Site	9,226.00	-	9,226.00
Wells;			-
Construction	143,716.00	-	143,716.00
Consulting Engineer	2,754.00	-	2,754.00
Advertising	15.00	-	15.00
Vehicles and Equipment	157,641.00	-	157,641.00
Acq. of a Dump Truck	38,966.00	-	38,966.00
Various Improvements to Water Supply System	908,112.00	-	908,112.00
Acq. of Two Dump Trucks	54,928.00	-	54,928.00
Acquisition of Pick-up Truck	20,250.00	-	20,250.00
Acquisition of Trucks	58,279.00	-	58,279.00
Acquisition of Vehicles and Equipment	850,570.00	-	850,570.00
Acquisition of Real Property	232,958.00	-	232,958.00
Replacement of Various Water Mains	2,020,011.13	-	2,020,011.13
Replacement of Various Water Mains	-	2,100,000.00	2,100,000.00
	<u>\$ 6,388,594.13</u>	<u>\$ 2,100,000.00</u>	<u>\$ 8,488,594.13</u>
Ref	D	D-13	D

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. Number	Improvement Description	Original Issue		Balance December 31, 2018	Completed Projects	Improvement Authorizations	Balance December 31, 2019
		Date	Amount				
11-3	Acquisition of Two Dump Trucks with Plows	03/24/11	110,000.00	\$ 110,000.00	\$ -	\$ -	\$ 110,000.00
11-8	Acquisition of Vehicles & Equipment	07/21/11	225,000.00	225,000.00	-	-	225,000.00
12-21	Replacement of Various Water Mains	12/20/12	2,100,000.00	2,100,000.00	(2,100,000.00)	-	-
12-22	Replacement of Various Water Mains (Amend Ord 11-7)	12/20/12	305,000.00	305,000.00	-	-	305,000.00
				<u>\$ 2,740,000.00</u>	<u>\$ (2,100,000.00)</u>	<u>\$ -</u>	<u>\$ 640,000.00</u>
<u>Reference</u>				D	D-12		D

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
DECEMBER 31, 2019**

STATEMENT OF 2018 APPROPRIATION RESERVES

D-14

	Balance December 31, 2018	Balance After Transfers & Encumbrances	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 47,104.41	\$ 47,104.41	\$ -	\$ 47,104.41
Other Expenses	285,990.01	312,701.41	102,838.44	209,862.97
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	8,487.49	8,487.49	-	8,487.49
	<u>\$ 341,581.91</u>	<u>\$ 368,293.31</u>	<u>\$ 102,838.44</u>	<u>\$ 265,454.87</u>
<u>Reference</u>	D, Below	Below	Below	D-1

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
DECEMBER 31, 2019**

SCHEDULE RESERVE FOR EQUIPMENT

D-15

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 3,862.00
Balance, December 31, 2019	D	\$ 3,862.00

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND

D-16

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 1,299,802.00
Increased by:		
Cash Disbursements	D-4	_____
Balance, December 31, 2019	D	\$ 1,299,802.00

SCHEDULE OF DUE FROM CURRENT FUND - WATER UTILITY OPERATING FUND

D-17

	<u>Reference</u>		
Balance, December 31, 2018	D		\$ 414,346.94
Increased by:			
Rents Received in Current Fund	D-9	830.87	
Payments to Current Fund	D-4	574,574.42	
	A-4		575,405.29
			989,752.23
Decreased by:			
Payments from Current Fund	D-4	274.60	
Expenditures Paid in Current Fund- 2019 Budget	D-3	362,799.42	
Bond Anticipation Note Interest - Pd In Current	D-22	132,617.29	
	A-4		495,691.31
Balance, December 31, 2019	D		\$ 494,060.92

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-18

Ord. Number	Improvement Description	Original Authorization	Balance December 31, 2018		Improvement Authorizations	Paid or Charged	Balance December 31, 2019	
			Funded	Unfunded			Funded	Unfunded
11-3	Acquisition of Two Dump Trucks with Plows (03/24/11)	\$ 110,000.00	\$ 52.43	\$ -	\$ -	\$ -	\$ 52.43	\$ -
11-8	Acquisition of Vehicles and Equipment (07/21/11)	225,000.00	21,332.00	-	-	-	21,332.00	-
12-21	Replacement of Various Water Mains (12/20/2012)	2,100,000.00	-	115,804.00	-	115,804.00	-	-
12-22	Replacement of Various Water Mains (12/20/2012)	305,000.00	-	130,234.64	-	68,356.61	-	61,878.03
14-13	Acquisition of New Additional or Replacement Vehicles and Equipment (09/25/2014)	695,000.00	-	9,600.00	-	1,006.78	-	8,593.22
15-5	Hathaway Street Water Main (03/26/2015)	215,000.00	-	54,759.16	-	48,319.96	-	6,439.20
			<u>\$ 21,384.43</u>	<u>\$ 310,397.80</u>	<u>\$ -</u>	<u>\$ 233,487.35</u>	<u>\$ 21,384.43</u>	<u>\$ 76,910.45</u>
<u>Reference</u>			D	D	D-13	Below	D	D
						Cash Disbursements	D-4	\$ 72,025.56
						Cancelled Ordinances	D-24	159,099.83
						Encumbrance Payable	D-27	2,361.96
							Above	<u>\$ 233,487.35</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF CAPITAL IMPROVEMENT FUND /RESERVE FOR PRELIMINARY EXPENSES

D-19

	<u>Reference</u>		
Balance, December 31, 2018	D	\$	54,059.00
Decreased by:			
Reserve for Preliminary Expenses	D-4		21,845.76
Balance, December 31, 2019	Below	\$	32,213.24
Analysis of Balance			
Capital Improvement Fund	D	\$	59.00
Reserve for Preliminary Expenses	D		32,154.24
	Above	\$	32,213.24

SCHEDULE OF RESERVE FOR AMORTIZATION

D-20

	<u>Reference</u>		
Balance, December 31, 2018	D	\$	3,856,689.13
Increased by:			
Notes Paid by Operating Budget	D-25	96,225.00	96,225.00
Balance, December 31, 2019	D	\$	3,952,914.13

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

D-21

	<u>Reference</u>		
Balance, December 31, 2018	D	\$	369,000.00
Balance, December 31, 2019	D, Below	\$	369,000.00
Analysis of Balance General Improvements:			
Ord. # 11-3 Acquisition of Two Dump Trucks w/ Plows	Date of Ordinance	\$	110,000.00
Ord. # 11-8 Acquisition of Vehicles and Equipment	3/24/2011		225,000.00
Ord # 14-3 Acquisition of Vehicles and Equipment	7/21/2011		34,000.00
	9/25/2014		369,000.00
	Above	\$	369,000.00

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
DECEMBER 31, 2019**

SCHEDULE OF ACCRUED INTEREST ON BONDS & NOTES

D-22

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 47,233.56
Increased by:		
Charges to 2019 Budget	D-3	111,021.87
		<u>158,255.43</u>
Decreased by:		
Cash Disbursements	D-4	132,617.29
		<u>132,617.29</u>
Balance, December 31, 2019	D	<u>\$ 25,638.14</u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES

D-23

	<u>Reference</u>	
Balance, December 31, 2018	D	\$ 26,711.40
Increased by:		
Charges to 2018 Budget	D-14	5,333.56
Charges to 2019 Budget	D-3	7,977.53
		<u>13,311.09</u>
		13,311.09
Decreased by:		
Restored to Appropriation Reserves	D-14	26,711.40
		<u>26,711.40</u>
		26,711.40
Balance, December 31, 2019	D	<u>\$ 13,311.09</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF RESERVE FOR PAYMENT OF BOND ANTICIPATION NOTES

D-24

	<u>Reference</u>	
Balance December 31, 2018	D	\$ -
Increased by:		
Cancelled Ordinance	D-18	<u>159,099.83</u>
Balance December 31, 2019	D, Below	<u>\$ 159,099.83</u>
<u>Analysis of Balance</u>		
Ordinance # 12-21		\$ 47,395.83
Ordinance # 12-22		<u>111,704.00</u>
	D, Above	<u>\$ 159,099.83</u>

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

								D-25
Ord. Number	Purpose	Original Date of Issued	Maturity Date	Interest Rate	Balance December 31, 2018	Issued	Paid	Balance December 31, 2019
11-7	Replacement of Various Water Mains	9/29/2011	08/21/20	1.50%	\$ 1,686,075.00	\$ 1,663,290.00	\$ 1,686,075.00	\$ 1,663,290.00
12-21	Replacement of Various Water Mains	9/28/2013	08/21/20	1.50%	2,020,251.00	1,993,668.00	2,020,251.00	1,993,668.00
12-22	Replacement of Various Water Mains	9/28/2013	08/21/20	1.50%	293,417.00	289,556.00	293,417.00	289,556.00
14-13	Acquisition of Vehicles & Equipment	9/25/2015	08/21/20	1.50%	620,596.00	580,192.00	620,596.00	580,192.00
15-5	Hathaway Street Water Main	9/25/2015	08/21/20	1.50%	202,108.00	199,516.00	202,108.00	199,516.00
					<u>\$ 4,822,447.00</u>	<u>\$ 4,726,222.00</u>	<u>\$ 4,822,447.00</u>	<u>\$ 4,726,222.00</u>
					Reference	D	Below	Below
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**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF GRANTS RECEIVABLE

D-26

	<u>Reference</u>	
Balance December 31, 2018	D	\$ 40,200.00
Balance December 31, 2019	D, Below	<u>\$ 40,200.00</u>
<u>Analysis of Balance</u>		
Offset by Reserve for Receivables	Above	<u>\$ 40,200.00</u>

SCHEDULE OF ENCUMBRANCE PAYABLE

D-27

	<u>Reference</u>	
Balance December 31, 2018	D	\$ -
Increased by:		
Encumbrance Payables	D-18	<u>2,361.96</u>
		<u>2,361.96</u>
Balance December 31, 2019	D	<u>\$ 2,361.96</u>

SCHEDULE OF OVEREXPENDITURE OF ORDINANCE / APPROPRIATION

D-28

	<u>Reference</u>	
Balance December 31, 2018	D	\$ 7,876.05
Increased by:		
Over-expenditure of appropriations-operating fund	D-3	<u>-</u>
		<u>-</u>
Decreased by:		7,876.05
Canceled to Surplus	D-1	0.05
Raised in 2019 Budget	D-3	<u>7,876.00</u>
		<u>7,876.05</u>
Balance December 31, 2019	D	<u>\$ -</u>

SCHEDULE OF DUE TO GENERAL CAPITAL- WATER CAPITAL FUND

D-29

	<u>Reference</u>	
Balance December 31, 2018	D	\$ 2,144,710.90
Increased by:		
Improvement Authorization Expenditures	D-18	
Encumbrances Paid	D-27	<u>-</u>
		<u>-</u>
Balance December 31, 2019	D	<u>\$ 2,144,710.90</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2019**

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

					D-30
Ord. Number	Improvement Description	Balance December 31, 2018	Improvement Authorizations	Capital Improv Fund/ BANS	Balance December 31, 2019
06-12	Acquisition of Real Property	\$ 80,458.00	\$ -	\$ -	\$ 80,458.00
					-
		\$ 80,458.00	\$ -	\$ -	\$ 80,458.00
	Reference	D			D

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON
LAST TEN FISCAL YEARS ENDED JUNE 30,

Exhibit F-1

SCHEDULE OF BOROUGH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Police and Firemen's Retirement System (PFRS)

	Fiscal Year Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Borough's proportionate share of the net pension liability (asset) **	0.07431%	0.07741%	0.07725%	0.07562%			
Borough's proportionate share of the net pension liability (asset) associated with the Borough	\$ 9,094,078	\$ 10,474,644	\$11,927,428	\$14,445,974	\$ -	\$ -	\$ -
Total	9,094,078	10,474,644	11,927,428	14,445,974	-	-	-
Borough's covered employee payroll	2,710,719	2,519,591	Not Available	Not Available	Not Available	Not Available	Not Available
Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	335%	416%	Not Available	Not Available	Not Available	Not Available	Not Available
Plan fiduciary net position as a percentage of the total pension liability (Local)	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%	58.70%

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,						
	2019	2018	2017	2016	2015	2014	2013
Borough's proportionate of the net pension liability (asset)	0.01647%	0.01623%	0.01684%	0.01624%			
Borough's proportionate share of the net pension liability (asset)	\$ 2,967,985	\$ 3,194,872	\$ 3,921,902	\$ 4,810,361	\$ -	\$ -	\$ -
Borough's covered employee payroll	1,051,752	1,136,074	Not Available	Not Available	Not Available	Not Available	Not Available
Borough's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll	282%	281%	Not Available	Not Available	Not Available	Not Available	Not Available
Plan fiduciary net position as a percentage of the total pension liability (Local)	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

* Until a full ten year trend is compiled, information will be presented for those years for which information is available

See independent auditor's report and notes to the financial statements

BOROUGH OF WALLINGTON
LAST TEN FISCAL YEARS ENDED JUNE 30,

Exhibit F-2

SCHEDULE OF BOROUGH'S CONTRIBUTIONS
Police and Firemen's Retirement System (PFRS)

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution*	\$ 834,076	\$ 723,057	\$ 692,135	\$ 676,287	\$ 656,514	\$ -	\$ -			
Contributions in relation to the contractually required contributions*	(834,076)	(723,057)	(692,135)	(676,287)	(656,514)	-	-			
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Borough's covered employee payroll	2,710,719	2,519,591	Not Available	Not Available	Not Available	Not Available	Not Available			
Contributions as a percentage of covered-employee payroll	30.77%	28.70%	Not Available	Not Available	Not Available	Not Available	Not Available			

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution*	\$ 147,226	\$ 157,416	\$ 160,269	\$ 152,138	\$ 148,084	\$ -	\$ -			
Contributions in relation to the contractually required contributions*	(147,226)	(157,416)	(160,269)	(152,138)	(148,084)	-	-			
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Borough's covered employee payroll	1,051,752	1,136,074	Not Available	Not Available	Not Available	Not Available	Not Available			
Contributions as a percentage of covered-employee payroll	14.00%	13.86%	Not Available	Not Available	Not Available	Not Available	Not Available			

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

BOROUGH OF WALLINGTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Pension Schedules
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit F-3

Police & Firemen's Retirement System (PFRS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service, and disability benefits after 4 years of service

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 Safety Retiree Below-Median Income Healthy Retiree mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub 2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled. Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

ACCOMPANYING INFORMATION

**BOROUGH OF WALLINGTON
SCHEDULE OF TAX RATE INFORMATION
FOR THE LAST FIVE YEARS**

TAX RATE AND APPORTIONMENT OF TAX RATE

<u>Year</u>	<u>Total Tax Rate</u>	<u>Municipal (Includes Library)</u>	<u>County</u>	<u>Local School</u>	<u>Assessed Valuations</u>
2019	2.987	0.987	0.279	1.721	\$ 957,727,654
2018	2.952	0.953	0.272	1.727	952,772,363
2017	2.915	0.935	0.262	1.718	949,481,648
2016	2.858	0.912	0.251	1.695	946,602,304
2015	2.736	0.912	0.245	1.579	943,139,032

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
SCHEDULE OF TAX LEVIES AND COLLECTIONS
FOR THE LAST FIVE YEARS**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Collection Percentage</u>
2019	\$ 28,719,727.55	\$ 28,097,079.64	97.83%
2018	28,184,840.26	27,298,397.30	96.85%
2017	27,739,043.00	26,677,312.00	96.17%
2016	27,239,293.00	26,191,660.00	96.15%
2015	25,830,573.00	25,315,976.00	98.01%

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON
SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST FIVE YEARS

<u>Year</u>	<u>Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percent of Tax Levy</u>
2019	\$ -	\$ 659,039.75	\$ 659,039.75	2.29%
2018	-	882,364.88	882,364.88	3.13%
2017	752,650.00	923,543.00	\$ 1,676,193.00	6.04%
2016	372,091.00	1,022,776.00	1,394,867.00	5.12%
2015	372,091.00	547,158.00	919,249.00	3.73%

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON
SCHEDULE OF PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION
FOR THE LAST FIVE YEARS

<u>Year</u>	<u>Amount</u>
2019	\$ -
2018	-
2017	-
2016	-
2015	-

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
SCHEDULE OF WATER UTILITY LEVIES
FOR THE LAST FIVE YEARS**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Collection Percentage</u>
2019	\$ 2,033,318.54	\$ 2,008,382.95	98.77%
2018	2,016,138.72	2,044,853.52	101.42%
2017	2,014,992.00	2,033,106.00	100.90%
2016	2,033,432.00	1,983,393.00	97.54%
2015	2,043,880.00	2,011,276.00	98.40%

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
SCHEDULE OF FUND BALANCES
FOR THE LAST FIVE YEARS**

Year	CURRENT FUND		WATER UTILITY - OPERATING FUND	
	Balance	Utilized in Budget Succeeding Year	Balance	Utilized in Budget Succeeding Year
2019	\$ 1,299,464.32	\$ 700,000.00	\$ 289,765.21	\$ 250,000.00
2018	1,244,466.36	745,000.00	256,195.31	200,000.00
2017	911,255.00	522,400.00	358,431.00	280,711.00
2016	1,209,005.00	715,000.00	285,240.00	203,429.00
2015	1,554,607.00	585,000.00	221,085.00	158,374.00

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Mark Tomko	Mayor	
Melissa Dabal	President of Council	
Eugeniusz Rachelski	Councilperson	
Khaldoun Androwis	Councilperson	
Joseph Brunacki IV	Councilperson	
Wendy Su Ivanicki	Councilperson	
Bryan Olkowski	Councilperson (through November)	
Hector Olmo	Administrator (From 03/25/19)	\$1,000,000 (A)
Spire Group	Chief Financial Officer	
Dorothy Siek	Tax Collector (through 04/19/19)	\$1,000,000 (A)
Chris Assenheimer	Tax Collector	\$1,000,000 (A)
Barbara Potash	Tax Assessor	
Katarzyna Rapacz	Water Rent Collector	
Nick Melfi	Building Inspector	
Thomas Valeo	Electrical Inspector	
Frank Recanati	Plumbing Inspector	
Paula Gilbert	Secretary of Board of Health, Licensing Official, & Registrar	
Casimer Sondey	Magistrate	(B)
Ilona Doviak	Court Administrator	(B)
Richard Malagiere	Borough Attorney	
Rosario Presti	Prosecutor	
Neglia Engineering	Borough Engineer	
Marianne Willms	Library Director	

(A) - The Municipal Excess Liability Joint Insurance Fund (MEL)

(B) - Municipal Court blanket bond - \$1,000,000

Blanket Bond coverage of \$1,000,000 is provided through the Bergen County Municipal Joint Insurance Fund.

All Bonds were examined and were properly executed.

See independent auditor's report and accompanying notes.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements – regulatory basis (the "financial statements") of the Borough of Wallington, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated June 30, 2020. As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: Finding 2019-001, 2019-002, and 2019-004.

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. We consider the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies: 2019- 003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division and which are described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, 2019-003, and 2019-004.

We noted certain other matters that we reported to management of the Borough in the schedule of comments and recommendations as item numbers 2019-005 through 2019-020.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534



Garbarini & Co. P.C.
Certified Public Accountants

June 30, 2020
Carlstadt, New Jersey

**ADDITIONAL INFORMATION RELATING TO FEDERAL AND
STATE FINANCIAL ASSISTANCE PROGRAMS**

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2019

SCHEDULE 1

Federal Department and Program	Federal CFDA Number	Grant Year	Grant Award	Current Year Grant Received	Funds Available December 31, 2018	Current Year Appropriations	Current Year Disbursements and Charges	Cancellation/Transfers	Funds Available December 31, 2019	Cumulative Expenditures
<u>U.S. Department of Homeland Security</u>										
FEMA Civic Center Generator	97.047	2018	\$ 74,600.00	\$ -	\$ 45,609.23	\$ -	\$ 44,441.33	\$ -	\$ 1,167.90	\$ 74,432.10
FEMA Firefighters Scuba Grant	97.044	2017	7,950.00	-	7,950.00	-	-	-	7,950.00	-
				-	53,559.23	-	44,441.33	-	9,117.90	74,432.10
<u>U.S. Department of Housing & Urban Development</u>										
(Pass through County Dept. of Community Development)	14.219									
Rehabilitation of the Elevator at Police Station		2014	43,000.00	-	9,432.00	-	-	-	9,432.00	33,568.00
Jordon Avenue- Ord 19-07		2016	127,200.00	-	-	127,200.00	-	-	127,200.00	-
Mt. Pleasant Park Project		2018	102,500.00	102,500.00	102,500.00	-	102,500.00	-	-	102,500.00
				102,500.00	111,932.00	127,200.00	102,500.00	-	136,632.00	136,068.00
<u>Department of Transportation</u>										
	20.205									
Resurface of Hathaway Street- Ord. 11-5		2011	110,000.00	-	37,962.00	-	-	-	37,962.00	72,038.00
King Street Ord 18-10		2018	104,700.00	104,700.00	104,700.00	-	104,700.00	-	-	104,700.00
NJ Transportation Municipal Aid		2018	218,000.00	-	218,000.00	-	-	-	218,000.00	-
NJ Transportation Municipal Aid- Ord # 19-07		2019	202,000.00	-	-	202,000.00	-	-	202,000.00	-
Total Department of Transportation				104,700.00	360,662.00	202,000.00	104,700.00	-	457,962.00	176,738.00
Total Federal Awards				\$ 207,200.00	\$ 526,153.23	\$ 329,200.00	\$ 251,641.33	\$ -	\$ 603,711.90	\$ 387,238.10

** Denotes a Major Program

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2019

SCHEDULE 2

State Department and Program	State Acct. Number/ Grant Number	Grant Award Year	Grant Award	Current Year Received	Funds Available December 31, 2018	Current Year Appropriations	Current Year Disbursements and Charges	Cancellation/ Transfers	Funds Available December 31, 2019	Cumulative Expenditures
Recycling Tonnage Grant	4900-752-042-4900	2019	\$ 27,362.58	\$ 27,362.58	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				<u>27,362.58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Municipal Recycling Assistance	4900-752-1788-4060	2019	20,709.88	20,709.88	-	-	-	-	-	-
				<u>20,709.88</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Drunk Driving Enforcement Fund	6400-100-078-6400	2019	13,415.72	-	-	13,416.00	-	-	13,416.00	-
Drunk Driving Enforcement Fund	6400-100-078-6400	2018	34,529.73	-	34,529.73	-	22,754.57	-	11,775.16	22,754.57
				<u>-</u>	<u>34,529.73</u>	<u>13,416.00</u>	<u>22,754.57</u>	<u>-</u>	<u>25,191.16</u>	<u>22,754.57</u>
Clean Communities	4900-765-042-4900			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Pass Through County of Bergen										
Municipal Alliance Alcoholism and Drug Abuse	*	2019	9,876.00	8,227.00	-	9,876.00	3,777.57	-	6,098.43	3,777.57
Municipal Alliance Alcoholism and Drug Abuse	*	2018	8,686.62	-	-	8,687.00	8,686.62	-	0.38	8,686.62
Municipal Alliance Alcoholism and Drug Abuse	*	Prior Year	36,357.00	-	12.20	-	12.20	-	(0.00)	36,357.00
				<u>8,227.00</u>	<u>12.20</u>	<u>18,563.00</u>	<u>12,476.39</u>	<u>-</u>	<u>6,098.81</u>	<u>48,821.19</u>
Domestic Preparedness Grant	*	2004	50,000.00	-	50,000.00	-	-	-	50,000.00	-
Alcohol Education and Rehabilitation	9735-760-098-4900	2019	\$ 321.50	321.50	-	-	-	-	-	-
Alcohol Education and Rehabilitation	9735-760-098-4900	2018	1,171.72	-	-	1,172.00	-	-	1,172.00	-
Alcohol Education and Rehabilitation	9735-760-098-4900	2003-2017	11,956.00	-	11,672.00	-	-	-	11,672.00	-
				<u>321.50</u>	<u>11,672.00</u>	<u>1,172.00</u>	<u>-</u>	<u>-</u>	<u>12,844.00</u>	<u>-</u>
Nonpublic School Nursing Services	5120-150-020080-60	2014	14,800.00	-	-	-	-	-	-	14,800.00
Safe & Secure Neighborhood	1020-100-232	2019	60,000.00	60,000.00	-	60,000.00	60,000.00	-	-	60,000.00
Safe & Secure Neighborhood	1020-100-232	2018	60,000.00	60,000.00	-	-	-	-	-	60,000.00
				<u>120,000.00</u>	<u>-</u>	<u>60,000.00</u>	<u>60,000.00</u>	<u>-</u>	<u>-</u>	<u>120,000.00</u>
Total State Awards				<u>\$ 176,620.96</u>	<u>\$ 96,213.93</u>	<u>\$ 93,151.00</u>	<u>\$ 95,230.96</u>	<u>\$ -</u>	<u>\$ 94,133.97</u>	<u>\$ 206,375.76</u>

* - Information Not Available

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON
NOTES TO SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE

DECEMBER 31, 2019

A. Basis of Accounting

The Supplementary Schedules of Expenditures of Federal and State Awards are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Communities 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 of the Borough's financial statements. on the accrual basis of accounting.

B. Reporting Entity

The Borough of Wallington, New Jersey (the "Borough") for purposes of the Supplementary Schedule of Expenditures of Federal Awards includes all the funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*.

C. Pass-Through Awards

The Borough receives certain federal awards from pass-through awards of the state and county. The amounts received are commingled by the state with other funds and cannot be separately identified. The total amount of such pass-through awards is included in the Supplementary Schedules of Expenditures of Awards and Financial Assistance.

D. Relationship of Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance awards 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>
Capital Fund	\$ 207,200.00	\$ -	\$ 207,200.00
Grant Fund	44,441.33	95,230.96	139,672.29
Current Fund	-	-	-
	<u>\$ 251,641.33</u>	<u>\$ 95,230.96</u>	<u>\$ 346,872.29</u>

E. Local Contributions

Local matching contributions are required by certain federal and state grants. The percentage of matching contributions varies with each program.

F. Adjustments, Transfers and Reprogrammed Funds

Amounts reported in the accompanying schedules as "program income and reprogrammed/cancellations/transfers" represent grant balances and prior year encumbrances that were cancelled and expended in the prior years. These adjustments were made to conform to the modified accrual basis of accounting.

F. State Loans Outstanding

The Borough's state loan outstanding at December 31, 2019, 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>Amount Outstanding</u>
N.J. Green Acres Loan	4800-533-857000-60	\$38,020

GENERAL COMMENTS

**BOROUGH OF WALLINGTON
GENERAL COMMENTS**

DECEMBER 31, 2019

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on March 27, 1980, adopted the following Resolution, authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED, that the interest will be charged at the rate of 8% per annum on all delinquent taxes and 6% per annum on all delinquent assessments, except that the rate will be one thousandth of one percent per annum of the taxes for any current quarter if the taxes are paid during the first 10 days of the same current quarter;

BE IT FURTHER RESOLVED that the interest be charged by the Tax Collector in accordance with the provisions of Section 54:4-67 of the New Jersey Revised Statutes that effective immediately, the rate of interest to be charged on delinquent tax or assessment payments shall be 8% per annum of the first \$1,500 of delinquency, and 18% per annum on any amount in excess of \$1,500 to be calculated from the date the tax was payable until the date of actual payment.

BE IT FURTHER RESOLVED if the Office of the Tax Collector is closed on the 10th of February, May, August or November; then the rate of one thousandth of 1% per annum above described shall be extended to include the first business day thereafter.

BE IT FURTHER RESOLVED that the interest rate shall revert to the rate of 8% per annum for the first day of any current quarter unless the taxes of the same quarter are paid during the first 10 days of the same quarter or as otherwise provided in this resolution.

BE IT FURTHER RESOLVED that there will be a charge of \$1 for replacement copies of tax bills and tax ledger statements.”

It appears from examination of the Tax Collector's records that interest was generally collected in accordance with the foregoing Resolution and Ordinance.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale for 2019 has been postponed until April of 2020.

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

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

<u>Year</u>	<u>Number of Liens</u>
2019	0
2018	0
2017	1

**BOROUGH OF WALLINGTON
GENERAL COMMENTS**

DECEMBER 31, 2019

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold [40A:11-3], shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

The governing body of the Borough has the responsibility of determining whether the expenditures, in any category, will exceed the above limits within the calendar year. Where questions arise 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 N.J.S.A. 40A:11-5.

The minutes indicate that bids were requested by public advertisement and contracts awarded for the following items:

Roadwork Improvements

Our audit of expenditures **did** reveal individual payments or contracts that were in excess of \$17,500 "for the provision or performance of any goods or services," other than those for which bids had been previously sought by public advertisements or for which a resolution had been previously adopted under the provision of N.J.S.A. 40A: 11-6.

**Borough of Wallington
Schedule of Findings and Responses
For the Year Ended December 31, 2019**

Part 1- Summary of Auditor's Results

Financial Statement Section

A) Type of Auditors Report Issued

Modified, Unaudited LOSAP Trust
Fund

B) Internal Control over Financial Reporting

1) Material weakness identified

X Yes

No

2) Were reportable conditions identified that were
not considered to be material weaknesses?

X Yes

No

C) Noncompliance material to financial statements?

Yes

X

No

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019**

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 5.18-5.20 of *Government Auditing Standards*.

***Finding 2019-001**

The audit revealed the following with regards to processing of expenditures:

- a. Over-expenditures occurred in trust fund and deficit in payroll account.
- b. Certain bills were charged to the incorrect budget year.
- c. Certain purchase orders were missing vendor signatures
- d. Business Registration Certificates and IRS Form W-9 (Request for Tax Identification Number) were not on file for several vendors tested.

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

Poor internal control exists for vendor payment processing. Over-expenditures occurred in the Trust Fund and a deficit occurred in the Payroll Account.

Questioned Costs

N/A

Context

Over-expenditures of \$ \$2,390 occurred in the Trust Fund and a deficit in the Payroll Account of \$53,413.26. Purchase orders were missing required vendor signatures. 11 of 129 vouchers tested were charged to the incorrect budget year. Business Registration Certificates and W-9's are not routinely requested.

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019**

Part 2 - Schedule of Financial Statement Findings

***Finding 2019-001 (continued):**

Effect

Certain trust and payroll reserves were not sufficient to fund expenditures.

Cause

Poor internal control exists for vendor processing of payments.

Recommendation:

Internal control procedures over cash disbursements be reviewed to ensure the proper recording of expenditures, the avoidance of over-expenditures and deficits, the required signatures on purchase orders, and the requesting of Business Registration Certificates and W-9's from vendors.

Management's Response

Management will review internal control procedures relating to purchasing/cash disbursement cycle.

***Finding 2019-002**

Our audit of outside tax title liens and tax sale premiums revealed the following:

- a. The borough does not have an analysis of the balance of outstanding tax title liens and premiums at December 31, 2019.
- b. The amounts due to outside lienholders are not being disbursed in a timely manner. Interest for late payments is being accrued and paid by the borough.
- c. There are several lien receipts in 2018 and 2019 that are not identifiable and are not posted to the system as lien redemptions.
- d. There are several prior year checks that have been voided and not re-issued.

Criteria or Specific Requirements

Financial reporting requirements promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Condition

Finding 2019-002

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019**

Part 2 - Schedule of Financial Statement Findings (continued)

***Finding 2019-002 (continued):**

Questioned Costs

None

Context

The prior year balance at December 31, 2018 that remains at December 31, 2019 for outside tax title liens and premiums is unknown. Activity for the current and prior years was incomplete in the subsidiary ledgers.

Effect

The balances for outside tax title liens and tax sale premiums may be misstated. There are amounts that are due to outside lienholders which are undeterminable due to incomplete records.

Cause

Lack of maintenance of subsidiary ledgers.

Recommendation

That prior year balances for outside tax title liens and premiums that remain outstanding be investigated and adjusted if necessary. That outside tax title lien receipts be promptly returned to lien holder. That subsidiary ledgers be updated upon receipt and disbursement of liens. That voided prior year checks be investigated and appropriate disbursements be made to outside lienholders.

Management's Response

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

***Finding 2019-003**

Our audit noted that certain contracts were not advertised or awarded for under the Local Public Contract Law. Resolutions were not approved in minutes for contracts that are under state contract or sole-source vendors.

Criteria or Specific Requirements

Local Public Contract Law and Regulations (N.J.S.A. 40A:11-1 et seq and N.J.A.C. 5:34).

Condition

See Finding 2019-003

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019**

Part 2 - Schedule of Financial Statement Findings (continued)

***Finding 2019-003 (continued):**

Questioned Cost

Undeterminable.

Context

16 vendors were paid in excess of the bid threshold and did not have any evidence of being bid or exemption from the Local Public Contract Law.

Effects

Noncompliance with the requirements of the Local Public Contract Law.

Recommendation

Procedures over purchasing be reviewed to ensure all contract awards and purchases are made in accordance with requirements of the Local Public Contract Law.

Management's Response

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

Finding 2019-004

The Borough had numerous posting errors for cash receipts and cash disbursements in the various funds. Several journal entries were made by the Chief Financial Officer to correct these errors outside of the General Ledger in a spreadsheet. Journal entries were done in a tabular format with no detailed list of journal entries and explanations. There still remained unallocated and or unposted amounts at year end for tax collection postings, water collection postings, and outside tax title lien postings.

Criteria or Specific Requirements

N.J.A.C. 5:30-5.7. Requirement for fully functional General Ledger System and required books of original entry.

Condition

The Borough did not maintain a fully functional general ledger and required books of original entry due to numerous errors in posting of cash receipts and cash disbursements.

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019**

Part 2 - Schedule of Financial Statement Findings (continued)

Finding 2019-004 (continued):

Questioned Cost

Undeterminable

Context

There remain correcting entries that are required in the tax accounts and water accounts of individual taxpayers. Outside tax title lien redemptions have not all been posted to the lien modules. There remain unallocated receipts that have not been posted. Detail list of journal entries and explanations was not available.

Effects

A fully functioning general ledger and original books of entry is essential in aiding in preparation of the Annual Financial Statements. Several journal entries were required to current the original books of entry.

Recommendations

That care be taken when posting cash receipts, cash disbursements and general ledger journal entries to ascertain that all amounts have been posted correctly.

Management's Response

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

Part 3- Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

Not Applicable

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019**

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 *Governmental Auditing Standards*.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

18-001 Recommendation: Internal control procedures over cash disbursements be reviewed to ensure the proper recording of expenditures, the avoidance of over-expenditures, the availability of all purchase orders, the required signatures on purchase orders, and the requesting of Business Registration Certificates and W-9's from vendors.

Status: Corrective action has *not* been taken. See Finding 2019-001.

18-002 Recommendation: That prior year balances for outside tax title liens and premiums that remain outstanding be investigated and adjusted if necessary. That outside tax title lien receipts be promptly returned to lien holder. That outstanding checks be investigated from April, June, and July of 2018 for disbursement to outside lienholders.

Status: Corrective action has *not* been taken. See Finding 2019-002.

18-003 Recommendation: Procedures over purchasing be reviewed to ensure all contract awards and purchases are made in accordance with requirements of the Local Public Contract Law.

Status: Corrective action has *not* been taken. See Finding 2019-003

**BOROUGH OF WALLINGTON
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

***Comment 19-05:** Our audit revealed that the Borough does not maintain an analysis of the balance of escrow deposits. Overall planning board escrow deposits may also be in deficit.

Recommendation: That the Borough maintain an analysis of escrow deposits in the Other Trust Fund and request funding for those that are in deficit.

***Comment 19-06:** 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 (DLGS).

Recommendation: That dedication by riders be obtained or balances be disposed of for each of the other reserves in the Other Trust Fund not approved by the DLGS.

***Comment 19-07:** Our audit revealed that IRS 1099 forms were not issued to all eligible vendors paid in excess of \$600 from Borough accounts.

Recommendation: That internal controls be enhanced to ensure 1099 forms are issued to all eligible vendors paid in excess of \$600.

***Comment 19-08:** Our audit revealed that is there appears to exist excess cash balances in the payroll bank account that belongs in the trust fund bank account. There are stale prior year outstanding checks in the payroll agency account. The payroll and payroll agency account appears to have a cash shortage.

Recommendation: That excess balances in the payroll bank account be reviewed and transferred to trust fund. That stale outstanding checks be investigated and canceled and or re-issued. That the payroll and payroll agency accounts be reconciled with the payroll agency payable.

***Comment 19-09:** Our audit indicated that there is no independent verification of payroll deductions remitted by the Borough's third- party payroll provider.

Recommendation: That the Borough implement procedures to monthly verify the payment of payroll deductions by the third- party provider and that documentation of such be maintained for audit review.

***Comment 19-10:** Our audit revealed that there remains various substantial interfunds outstanding at December 31, 2019.

Recommendation: That all interfunds be cleared of record.

**BOROUGH OF WALLINGTON
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

***Comment 19-11:** Isolated instances of deposits for the Water Utility and Current Funds were not made within 48 hours.

Recommendation: That all deposits be made within 48 hours of receipt.

***Comment 19-12:** Prior year grant receivables in the Grant, General Capital, and Water Capital funds should be investigated and collected or canceled.

Recommendation: That prior year grants receivable be reviewed and steps be taken to clear them of record.

***Comment 19-13:** Cash deficits for certain General Capital and Water Utility Capital ordinances that are over five years old.

Recommendation: That all cash deficits for capital ordinances in excess of five years be funded.

***Comment 19-14:** Our audit testing of the Tax Department revealed:

- a. There existed various credits to taxpayer accounts, that were not approved by mayor and council by resolution.
- b. Tax deposits also existed that did not appear to be posted to any taxpayer account.
- c. The Homestead rebate posting to individual accounts was over-posted, resulting in a due from taxpayers of \$11,189.30.
- d. Annual Post-Tax Year Income Statement for senior citizen deductions (PD5) were not available for inspection.

Recommendation: That all material credits to taxpayer accounts be supported by documentation and be approved by resolution. That all tax deposits be reconciled to taxpayer postings. That the homestead rebate deductions be corrected in the various taxpayer accounts. That Annual Post-Tax Year Statement for senior citizen deductions (PD5) be made available for inspection.

**BOROUGH OF WALLINGTON
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

- *Comment 19-15:** Audit of the payroll procedures indicated that:
- a. No employees had form I-9 (Employment Eligibility Verification) on file.
 - b. Three employee health contributions were calculated incorrectly.
 - c. 2019 Salary Ordinance was not adopted.

Recommendation: That payroll processing procedures be improved. All employees should complete Form I-9 (Employment Eligibility Verification) and Salary Ordinances should be approved by resolution every year. Employee health insurance deductions should be calculated correctly.

- *Comment 19-16:** Our audit revealed that certain funds are given directly to the Fire Department without a report of expenditures provided by the Fire Department and reviewed by the borough in accordance with 40A:14-34. Specifically, these included amounts for Fire Department Banquet and annual convention. Clothing allowance for Firefighters were paid in a lump sum check to the fire houses.

Recommendation: That the Fire Department provide a report of expenditures with supporting documentation for funds given directly to the Fire Department as per 40A:14-34. All expenditures must be reviewed by Borough officials to determine compliance with all New Jersey laws and regulations. Alternatively, all expenditures could be paid directly by the Borough.

- *Comment 19-17:** Review of ATS/ACS Municipal Court Monthly Management Report for the month of December 2019 indicated some backlog in ticket and complaint processing:
- a). There were 66 tickets eligible for order of driver's license suspension.
 - b). There were 262 tickets assigned over 180 days but not issued.
 - c). There were 42 complaints eligible for FTA over 14 days.
 - d.) There were 2 complaints eligible for warrant.
 - e). There were 23 parking tickets over 3 years old for which dismissal is required.

**BOROUGH OF WALLINGTON
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

Recommendation: That the following backlog in ticket and complaint processing be rectified:

- a). The Eligible for DSUS Notices Report should be reviewed and tickets/complaints eligible for driver's license suspension be processed through ATS/ACS.
- b). The Tickets Assigned Not Issued Report should be reviewed and all tickets assigned over six (6) months not issued should be recalled.
- c). The Eligible for FTA Report should be reviewed and FTAs should be promptly generated.
- d). The Eligible for Warrant Report should be reviewed, and the cases should be promptly processed to complete ticket processing follow-up procedures.
- e). The Follow-Up Incomplete Report should be reviewed and parking tickets over three years old must be dismissed in accordance with Rule 7:8-9(f).

***Comment 19-18:** Municipal Court cash bail on account of \$4,171 did not agree with the bail account cash balance per books of \$3,738.

Recommendation: That the Court clerk investigate the shortage in the municipal court cash bail and or fund the variance through the current fund.

***Comment 19-19:** The monthly disbursement checks in the General account were not issued by the 15th day of the month at all times, as per Rule 7:14-4(a).

Recommendation: That all ending balances in the General account be remitted to the respective agencies by the 15th of the month following receipt in accordance with Rule 7:14-4(a).

Comment 19-20: A synopsis of audit was not published in the newspaper for the year end 2018 Audit Report as required by NJ 40A: 5-7.

Recommendation: That the Borough publish a synopsis of audit within 30 days of receipt in the newspaper in accordance with NJ 40A:5-7.

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 (*).

Appreciation

We desire to express our appreciation of the assistance and courtesies rendered by the Borough Officials and employees during the year.

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

June 30, 2020