

BOROUGH OF WALLINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2010

BOROUGH OF WALLINGTON

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
	<u>PART I</u>	
	Independent Auditors' Report	1-2
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	3-4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis – Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-14
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	15
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	16
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	17
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Operating Fund	18-19
D-1	Comparative Statements of Operations and Changes in Operating Fund Balance – Regulatory Basis - Water Utility Operating Fund	20
D-2	Statement of Revenues – Regulatory Basis – Water Utility Operating Fund	21
D-3	Statement of Expenditures – Regulatory Basis - Water Utility Operating Fund	22
E	Comparative Balance Sheets – Regulatory Basis - General Fixed Assets Account Group	23
	Notes to Financial Statements	24-49
	<u>Current Fund</u>	
A-4	Statement of Cash - Collector-Treasurer	50
A-5	Statement of Change Fund	51
A-6	Statement of Petty Cash Fund	51
A-7	Statement of Due To State of New Jersey Senior Citizens' and Veterans' Deductions	52
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	53
A-9	Statement of Tax Title Liens	54
A-10	Statement of Revenue Accounts Receivable	54
A-11	Statement of 2009 Appropriation Reserves	55-56
A-12	Statement of Encumbrances Payable	57
A-13	Statement of Prepaid Taxes	57
A-14	Statement of Tax Overpayments	58
A-15	Statement of County Taxes Payable	58
A-16	Statement of School Taxes Payable	58
A-17	Statement of Miscellaneous Fees Payable	59
A-18	Statement of Accounts Payable	59
A-19	Statement of Reserve for Revaluation	59
A-20	Statement of Deferred Charges N.J.S. 40A:4-55.3 Special Emergency Authorizations	60

BOROUGH OF WALLINGTON
TABLE OF CONTENTS
(Continued)

<u>Exhibits</u>		<u>Page</u>
	<u>Current Fund</u>	
A-21	Statement of Federal and State Grants Receivable	61
A-22	Statement of Appropriated Reserves for Federal and State Grants	62
A-23	Statement of Unappropriated Reserves for Federal and State Grants	63
A-24	Statement of Tax Anticipation Notes Payable	64
A-25	Statement of Amount Due to Library – State Aid	64
	<u>Trust Fund</u>	
B-1	Schedule of Trust Cash and Investments - Treasurer	65
B-2	Statement of Reserve for Animal Control Fund Expenditures – Animal Control Fund	66
B-3	Statement of Due to State of New Jersey – Department of Health – Animal Control Fund	66
B-4	Statement of Due from/(Due to) Current Fund – Animal Control Fund	66
B-5	Statement of Other Reserves – Other Trust Fund	67
B-6	Statement of Reserve for Escrow Deposits – Other Trust Fund	67
B-7	Statement of Due From Current Fund – Other Trust Fund	68
B-8	Statement of Reserve for Unemployment Compensation Insurance Claims – Other Trust Fund	68
B-9	Statement of Reserve for Payroll Salaries and Withholdings – Other Trust Fund	69
B-10	Statement of Due to Current Fund - Payroll Accounts – Other Trust Fund	69
	<u>General Capital Fund</u>	
C-2	Statement of General Capital Cash - Treasurer	70
C-3	Analysis of General Capital Cash	71
C-4	Statement of Grants Receivable - General Capital Fund	72
C-5	Statement of Due to Water Utility Capital Fund – General Capital Fund	72
C-6	Statement of Due From Current Fund – General Capital Fund	73
C-7	Statement of Deferred Charges to Future Taxation – Funded – General Capital Fund	73
C-8	Statement of Deferred Charges to Future Taxation – Unfunded – General Capital Fund	74
C-9	Statement of Capital Improvement Fund – General Capital Fund	75
C-10	Statement of Improvement Authorizations	76
C-11	Statement of Reserve for Grants Receivable – General Capital Fund	77
C-12	Statement of Due from Water Utility Operating Fund – General Capital Fund	77
C-13	Statement of General Serial Bonds Payable – General Capital Fund	78
C-14	Statement of New Jersey Green Acres Loan Payable – General Capital Fund	79
C-15	Statement of Bond Anticipation Notes – General Capital Fund	80
C-16	Statement of Reserve for Payment of Debt – General Capital Fund	81
C-17	Statement of Other Accounts Receivable – General Capital Fund	81
C-18	Statement of Reserve for Encumbrances	82
C-19	Statement of Bonds and Notes Authorized But Not Issued – General Capital Fund	82

BOROUGH OF WALLINGTON
TABLE OF CONTENTS
(Continued)

<u>Exhibits</u>		<u>Page</u>
 <u>Water Utility Fund</u>		
D-4	Statement of Cash - Treasurer	83
D-5	Statement of Cash – Water Collector	83
D-6	Analysis of Water Utility Capital Cash	84
D-7	Statement of Change Fund - Water Utility Operating Fund	85
D-8	Statement of Consumer Accounts Receivable – Water Utility Operating Fund	85
D-9	Statement of Water Utility Liens – Water Utility Operating Fund	86
D-10	Statement of Due from Water Utility Operating Fund – Water Utility Capital Fund	87
D-11	Statement of Fixed Capital – Water Utility Capital Fund	87
D-12	Statement of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	88
D-13	Statement of 2009 Appropriation Reserves – Water Utility Operating Fund	89
D-14	Statement of Equipment Reserves – Water Utility Operating Fund	90
D-15	Statement of Due to General Capital Fund – Water Utility Operating Fund	90
D-16	Statement of Due from Current Fund – Water Utility Operating Fund	90
D-17	Statement of Improvement Authorizations - Water Utility Capital Fund	91
D-18	Statement of Capital Improvement Fund – Water Utility Capital Fund	92
D-19	Statement of Reserve for Amortization – Water Utility Capital Fund	92
D-20	Statement of Reserve for Payment of Bonds – Water Utility Capital Fund	92
D-21	Statement of Deferred Reserve for Amortization - Water Utility Capital Fund	93
D-22	Statement of Accrued Interest on Bonds, Loans and Notes – Water Utility Operating Fund	94
D-23	Statement of Encumbrances Payable – Water Utility Operating Fund	95
D-24	Statement of New Jersey Water Supply Rehabilitation Loan Payable – Water Utility Capital Fund	96
D-25	Statement of Serial Bonds Payable – Water Utility Capital Fund	96
D-26	Statement of Bond Anticipation Notes – Water Utility Capital Fund	97
D-27	Statement of Due from/(to) Current Fund – Water Utility Capital Fund	98
D-28	Statement of Grants Receivable – Water Utility Capital Fund	98
D-29	Statement of Bonds and Notes Authorized But Not Issued	99
 <u>Part II</u>		
	Report on Internal Control Over Financial Reporting and on Compliance and And Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	100-101
	Schedule of Expenditures of Federal Awards	102
	Schedule of Expenditures of State Financial Assistance	103
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	104-105

**BOROUGH OF WALLINGTON
TABLE OF CONTENTS
(Continued)**

Page

Part III

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	106
Comparative Statement of Operations and Changes in Fund Balance - Water Utility Operating Fund	107
Comparative Schedule of Tax Rate Information	108
Comparison of Tax Levies and Collection Currently	108
Delinquent Taxes and Tax Title Liens	109
Comparison of Water Utility Billings	109
Comparative Schedule of Fund Balances	109
Officials in Office and Surety Bonds	110
Schedule of Findings and Responses	111-114
General Comments	115-117
Recommendations	118-119

BOROUGH OF WALLINGTON

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Wallington as of December 31, 2010 and 2009 and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2010. These financial statements are the responsibility of the Borough of Wallington's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Wallington's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Award Program (LOSAP) 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 Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 44 percent and 42 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2010 and 2009.

INDEPENDENT AUDITORS' REPORT (Continued)

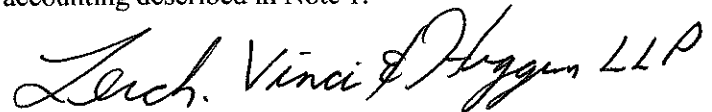
In addition, the notes to the Borough's financial statements do not disclose the other post employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement Number 45 and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Wallington as of December 31, 2010 and 2009, or the changes in its financial position, or, where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

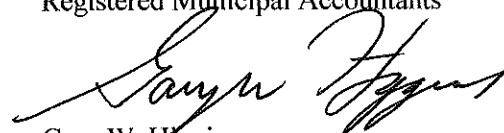
However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited and, except for the omission of the note disclosure regarding the other post employment benefit obligations, as described in the fifth paragraph, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds of the Borough of Wallington as of December 31, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the various funds for the year ended December 31, 2010 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 30, 2011 on our consideration of the Borough of Wallington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Wallington. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Wallington. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 30, 2011

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash - Collector - Treasurer	A-4	\$ 2,585,615	\$ 2,505,227
Cash - Change Fund	A-5	100	100
Cash - Petty Cash	A-6	100	100
Federal and State Grants Receivable	A-21	<u>65,315</u>	<u>62,390</u>
		<u>2,651,130</u>	<u>2,567,817</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	370,270	608,377
Tax Title Liens Receivable	A-9	294,354	
Due from Payroll Accounts	B-10	172,763	172,849
Due From Animal Control	B-4	2	
Due from Water Capital Fund	D-27	105,355	
Revenue Accounts Receivable	A-10	<u>13,563</u>	<u>17,177</u>
		<u>956,307</u>	<u>798,403</u>
Deferred Charges:			
Special Emergency Authorizations	A-20	<u>90,000</u>	<u>141,000</u>
		<u>90,000</u>	<u>141,000</u>
Total Assets		<u>\$ 3,697,437</u>	<u>\$ 3,507,220</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 591,858	\$ 280,010
Encumbrances Payable	A-12	30,312	69,470
Accounts Payable	A-18	4,210	85,967
Reserve for Revaluation	A-19	2,770	2,770
Appropriated Reserves for Federal and State Grants	A-22	167,681	132,145
Unappropriated Reserves for Federal and State Grants	A-23	2,376	14,471
Prepaid Taxes	A-13	105,075	127,942
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-7	47,481	49,606
Miscellaneous Fees Payable	A-17	2,524	3,396
Tax Anticipation Notes	A-24	-	1,000,000
Due to Other Trust Fund	B-7	205,714	217,681
Due to Animal Control Fund	B-4	-	4,184
Due to General Capital Fund	C-6	978,869	39,886
Due to Water Capital Fund	D-27	-	12,145
Due to Water Operating Fund	D-16	38,923	132,453
Amount Due to Library - State Aid	A-25	5,496	
Tax Overpayments	A-14	<u>27,562</u>	<u>24,601</u>
		2,210,851	2,196,727
Reserve for Receivables	A	956,307	798,403
Fund Balance	A-1	<u>530,279</u>	<u>512,090</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,697,437</u>	<u>\$ 3,507,220</u>

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 293,800	\$ 153,800
Miscellaneous Revenues	A-2	1,482,249	2,570,866
Receipts from Delinquent Taxes	A-2	422,049	319,434
Receipts from Current Taxes	A-2	21,612,078	20,683,597
Non-Budget Revenues	A-2	203,187	127,071
Other Credits to Income:			
Cancellation of Accounts Payable	A-18	4,467	921
Cancellation of Tax Overpayments	A-1		42,787
Interfunds Liquidated	A	86	117,628
Unexpended Balance of Appropriation Reserves	A-11	<u>96,108</u>	<u>100,809</u>
Total Income		<u>24,114,024</u>	<u>24,116,913</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,112,884	3,080,471
Other Expenses	A-3	4,655,511	5,496,887
Capital Improvements	A-3	40,000	40,000
Municipal Debt Service	A-3	452,586	623,839
Deferred Charges and Statutory			
Expenditures	A-3	858,300	656,367
Local District School Tax	A-16	12,231,990	11,774,837
County Tax	A-15	2,264,315	2,225,377
County Share of Added and Omitted Taxes	A-15	12,839	2,457
County Open Space Tax	A-15	29,279	122,815
Prior Year Senior Citizen Deductions Disallowed	A-1		2,000
Cancelled Grant Receivables	A-1		63,194
Refund of Prior Year Revenue	A-4	38,974	
Interfunds Established	A	<u>105,357</u>	<u>-</u>
		<u>23,802,035</u>	<u>24,088,244</u>
Excess of Revenue over Expenditures		311,989	28,669
FUND BALANCE, JANUARY 1	A	<u>512,090</u>	<u>637,221</u>
		824,079	665,890
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>293,800</u>	<u>153,800</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 530,279</u>	<u>\$ 512,090</u>

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Reference</u>	2010 <u>Anticipated</u> <u>Budget</u>	2010 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	A-1	\$ 293,800	\$ 293,800	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-10	19,800	19,014	\$ (786)
Other	A-2	11,700	10,481	(1,219)
Fees and Permits				
Other	A-2	17,500	8,011	(9,489)
Fines and Costs				
Municipal Court	A-10	240,000	218,326	(21,674)
Interest and Costs on Taxes	A-10	78,000	105,234	27,234
Interest on Investments and Deposits	A-2	35,000	22,057	(12,943)
Energy Receipts Tax	A-10	537,147	537,147	-
Consolidated Municipal Property Tax Relief	A-10	136,307	135,979	(328)
Uniform Construction Code Fees	A-10	93,600	114,996	21,396
State and Federal Revenues Offset with Appropriations				
Clean Communities Program	A-21	16,122	16,122	
Safe and Secure Communities	A-21	60,000	60,000	
Non-Public Nursing	A-21	10,232	10,232	
Municipal Alliance	A-21	10,356	10,356	
Reserve for Drunk Driving Enforcement Fund	A-23	2,792	2,792	
Reserve for Municipal Alliance	A-23	1,350	1,350	
Reserve for Municipal Recycling Assistance	A-23	10,329	10,329	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Reference</u>	2010 <u>Anticipated</u> <u>Budget</u>	2010 <u>Realized</u>	Excess or <u>(Deficit)</u>
Other Special Items				
Sewer Utility Charges	A-10	\$ 83,000	\$ 77,545	\$ (5,455)
Uniform Safety Act	A-10	12,155	11,907	(248)
General Capital Fund Balance	C-1	27,492	27,492	
Cell Tower Rental Fee	A-10	22,583	23,261	678
CATV Franchise Fee	A-10	59,617	59,618	1
Total Miscellaneous Revenues	A-1	<u>1,487,092</u>	<u>1,482,249</u>	<u>(2,833)</u>
Receipts from Delinquent Taxes	A-8	<u>400,000</u>	<u>422,049</u>	<u>22,049</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax For Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>7,530,282</u>	<u>7,549,125</u>	<u>18,843</u>
Total General Revenue	A-3	<u>\$ 9,711,174</u>	<u>9,747,223</u>	<u>\$ 38,059</u>
Non-Budget Revenue	A-1,A-2		<u>203,187</u>	
			<u>\$ 9,950,410</u>	

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 21,612,078
Allocated to		
School and County Taxes	A-15,A-16	<u>14,538,423</u>
		7,073,655
Add: Appropriation for Reserve for		
Uncollected Taxes	A-3	<u>475,470</u>
Amount for Support of Municipal Budget		
Appropriations	A-2	<u>\$ 7,549,125</u>
Licenses - Other		
Borough Clerk	A-10	\$ 1,130
Registrar of Vital Statistics	A-10	246
Board of Health	A-10	<u>9,105</u>
	A-2	<u>\$ 10,481</u>
Fees and Permits - Other		
Borough Clerk	A-10	\$ 5,186
Registrar of Vital Statistics	A-10	565
Planning and Zoning	A-10	60
Board of Health	A-10	2,080
Police	A-10	<u>120</u>
	A-2	<u>\$ 8,011</u>
Interest on Investments		
Cash Receipts	A-10	\$ 17,324
Due from Animal Control Fund	B-4	33
Due from Other Trust Fund	B-7	54
Due from Other Trust Fund - Payroll Accounts	B-10	1,069
Due from General Capital Fund	C-6	<u>3,577</u>
	A-2	<u>\$ 22,057</u>
Non-Budget Revenues		
Cash Receipts	A-2,A-4	<u>\$ 203,187</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> <u>Appropriated</u>		<u>2010 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries and Wages	\$ 17,300	\$ 17,300	\$ 17,299	\$ 1	
Municipal Clerk Elections					
Salaries and Wages	155,070	155,070	155,016	54	
Other Expenses	40,795	40,795	40,049	746	
Financial Administration					
Salaries and Wages	24,625	24,625	24,625	-	
Other Expenses	38,505	41,005	40,988	17	
Audit Services	11,300	11,300	11,300	-	
Revenue Administration					
Salaries and Wages	42,620	42,620	42,349	271	
Other Expenses	14,375	17,375	16,619	756	
Assessment Administration					
Salaries and Wages	12,395	12,395	12,394	1	
Other Expenses	1,050	1,050	358	692	
Legal Service and Costs					
Salaries and Wages	22,500	22,500	22,500	-	
Other Expenses	152,175	140,675	78,771	61,904	
Engineering Services and Costs					
Salaries and Wages	1,200	1,200	1,200	-	
Other Expenses	12,195	16,195	13,029	3,166	
Planning Board					
Salaries and Wages	3,569	3,569	3,469	100	
Other Expenses	14,190	9,190	5,079	4,111	
Zoning Board of Adjustment					
Salaries and Wages	1,560	1,560	1,560	-	
Other Expenses	9,335	9,335	4,866	4,469	
Insurance					
Unemployment Insurance	6,000	6,000		6,000	
Employee Group Insurance	1,173,925	1,173,925	1,046,962	126,963	
Liability	11,000	11,000	10,801	199	
Liability (South Bergen JIF)	161,816	161,816	143,268	18,548	
Worker's Compensation (South Bergen JIF)	179,144	179,144	155,627	23,517	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,435,749	2,435,749	2,435,106	643	
Other Expenses	88,654	88,654	79,525	9,129	
Fire					
Other Expenses	171,040	171,040	170,246	794	
Emergency Management Services					
Other Expenses	1,000	1,000	137	863	
Unniform Fire Safety					
Salaries and Wages	8,834	8,834	5,434	3,400	
Other Expenses	6,721	6,721	4,356	2,365	
Municipal Prosecutor					
Salaries and Wages	9,880	9,880	9,880	-	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u> <u>Appropriated</u>		<u>2010 Expended</u>		
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC WORK FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	\$ 83,266	\$ 83,266	\$ 82,958	\$ 308	
Other Expenses	65,545	73,545	73,310	235	
Shade Tree					
Other Expenses	4,625	4,625	4,595	30	
Solid Waste Collection (Garbage and Trash, Recycling)					
Salaries and Wages	5,000	5,000	5,000	-	
Other Expenses	594,673	594,673	519,518	75,155	
Buildings and Grounds					
Other Expenses	66,285	61,285	60,504	781	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	97,067	97,067	95,665	1,402	
Other Expenses	21,474	22,474	18,821	3,653	
Animal Control Services					
Other Expenses	6,556	6,556	6,556		
PARK AND RECREATION FUNCTIONS					
Board of Recreation Commissioners (R.S. 40-17.1)					
Salaries and Wages	24,940	24,940	23,972	968	
Other Expenses	20,340	20,340	18,746	1,594	
Senior Citizens					
Other Expenses	5,000	5,000	3,475	1,525	
Maintenance of Parks					
Other Expenses	36,980	36,980	2,489	34,491	
Celebration of Public Events					
Other Expenses	4,000	4,000	2,060	1,940	
Public Defender					
Salaries and Wages	4,940	4,940	3,945	995	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries and Wages	52,541	55,541	55,121	420	
Other Expenses	4,800	4,800	2,998	1,802	
Other Code Enforcement and Functions					
Rent Leveling Board					
Salaries and Wages	1,560	1,560	1,560	-	

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 <u>Appropriated</u>		<u>2010 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
UTILITIES					
Electricity	\$ 110,000	\$ 110,000	\$ 92,775	\$ 17,225	
Street Lighting	70,000	70,000	67,571	2,429	
Communications	25,000	27,000	26,881	119	
Sewerage Processing and Disposal	26,800	26,800	20,833	5,967	
Gasoline	75,000	73,000	60,055	12,945	
Municipal Court					
Salaries and Wages	105,268	105,268	95,978	9,290	
Other Expenses	11,835	11,835	7,252	4,583	-
Total Operations Within "CAPS"	6,352,017	6,352,017	5,905,451	446,566	-
Detail:					
Salaries and Wages	3,109,884	3,112,884	3,095,031	17,853	
Other Expenses	3,242,133	3,239,133	2,810,420	428,713	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deficit in Trust Reserves					
Payroll Deductions Payable	8,003	8,003	8,003		
Uniform Fire Safety Act	2,348	2,348	2,348		
Social Security System (O.A.S.I.)	113,554	113,554	110,738	2,816	
Public Employees' Retirement System	71,942	71,942	71,942		
Police and Firemen's Retirement System	286,606	286,606	286,606		
Public Employees' Retirement System - ERIP	11,705	11,705	11,705		
Police and Firemen's Retirement System - ERIP	27,374	27,374	27,374	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	521,532	521,532	518,716	2,816	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,873,549	6,873,549	6,424,167	449,382	-

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 Appropriated		2010 Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage Commission	\$ 647,285	\$ 647,285	\$ 647,277	\$ 8	
East Rutherford Sewer Fees	6,500	6,500		6,500	
Recycling Tax Appropriation	11,800	11,800		11,800	
Maintenance of Free Public Library	387,998	387,998	385,270	2,728	
Interlocal Services Agreement (County of Bergen)	8,688	8,688	5,928	2,760	
Length of Service Award Program (LOSAP)	109,000	109,000		109,000	
Employee Group Health	40,713	40,713	40,713		
Public Employees' Retirement System	19,932	19,932	19,932		
Police and Firemen's Retirement System	265,836	265,836	265,836	-	-
Total Other Operations Excluded from "CAPS"	1,497,752	1,497,752	1,364,956	132,796	-
Public and Private Programs Offset by Revenues					
Safe and Secure Communities Program					
State Share	60,000	60,000	60,000		
Local Share	90,000	90,000	90,000		
Clean Communities Program	16,122	16,122	16,122		
Reserve for Municipal Recycling Assistance	10,329	10,329	10,329		
NJ Nonpublic Nursing	10,232	10,232	10,232		
Matching Funds for Grants	286	286	286		
Municipal Alliance					
State Share	11,706	11,706	4,953	6,753	
Local Share	2,927	2,927		2,927	
Reserve for Drunk Driving Enforcement	2,792	2,792	2,792	-	-
Total Public and Private Programs Offset by Revenues	204,394	204,394	194,714	9,680	-
Total Operations Excluded from "CAPS"	1,702,146	1,702,146	1,559,670	142,476	-
Detail:					
Other Expenses	1,702,146	1,702,146	1,559,670	142,476	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	40,000	40,000	40,000	-	-
Total Capital Improvements - Excluded from "CAPS"	40,000	40,000	40,000	-	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 Appropriated		2010 Expended		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 250,000	\$ 250,000	\$ 250,000		
Interest on Bonds	221,000	221,000	106,587		\$ 114,413
Interest on Notes	82,878	82,878	82,878		
Green Trust Loan Program: Loan Repayments of Principal and Interest	<u>13,121</u>	<u>13,121</u>	<u>13,121</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>566,999</u>	<u>566,999</u>	<u>452,586</u>	<u>-</u>	<u>114,413</u>
DEFERRED CHARGES					
Special Emergency Authorizations - 3 Years (N.J.S. 40A4-55.1 & 40A:4-55.13)	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,360,145</u>	<u>2,360,145</u>	<u>2,103,256</u>	<u>\$ 142,476</u>	<u>114,413</u>
Subtotal General Appropriations	9,233,694	9,233,694	8,527,423	591,858	114,413
Reserve for Uncollected Taxes	<u>475,470</u>	<u>475,470</u>	<u>475,470</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 9,709,164</u>	<u>\$ 9,709,164</u>	<u>\$ 9,002,893</u>	<u>\$ 591,858</u>	<u>\$ 114,413</u>
<u>Reference</u>	A-2	A-2		A	

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Reference</u>	<u>Paid or Charged</u>
Cash Disbursed	A-4	\$ 8,366,278
Encumbrances Payable	A-12	30,312
Deferred Charges:		
Special Emergency Appropriations	A-20	51,000
Due to General Capital Fund		
Capital Improvement Fund	C-6	40,000
Transferred to Appropriated Grant Reserves	A-22	29,482
Due to Other Trust Fund - Uniform Fire Safety	B-7	2,348
Due to Other Trust Fund - Payroll Deduction	B-7	8,003
Reserve for Uncollected Taxes	A-2	475,470
		<u>\$ 9,002,893</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 7,292	
Due from Current Fund	B-4	<u>-</u>	<u>\$ 4,184</u>
		<u>7,292</u>	<u>4,184</u>
OTHER TRUST FUND			
Cash	B-1	395,593	331,500
Due from Current Fund	B-7	<u>205,714</u>	<u>217,681</u>
		<u>601,307</u>	<u>549,181</u>
LENGTH OF SERVICE AWARD PROGRAM(LOSAP) FUND (UNAUDITED)			
Investments	B	383,121	294,003
Intergovernmental Receivable	B	<u>100,385</u>	<u>112,861</u>
		<u>483,506</u>	<u>406,864</u>
Total Assets		<u><u>\$ 1,092,105</u></u>	<u><u>\$ 960,229</u></u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Cash Overdraft	B-1		\$ 46
Amount Due to State of New Jersey	B-3	\$ 11	
Due to Current Fund	B-4	2	
Reserve for Animal Control Expenditures	B-2	<u>7,279</u>	<u>4,138</u>
		<u>7,292</u>	<u>4,184</u>
OTHER TRUST FUND			
Reserve for Escrow Deposits	B-6	3,850	3,850
Payroll Deductions Payable (Deficit)	B-9	(31,628)	(32,095)
Due to Current Fund-Payroll Account	B-10	172,763	172,849
Other Reserves	B-5	437,494	384,461
Reserve for Unemployment Compensation Ins. Claims	B-8	<u>18,828</u>	<u>20,116</u>
		<u>601,307</u>	<u>549,181</u>
LENGTH OF SERVICE AWARD PROGRAM (LOSAP) FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>483,506</u>	<u>406,864</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 1,092,105</u></u>	<u><u>\$ 960,229</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash	C-2,C-3	\$ 774,513	\$ 1,184,104
Due from Current Fund	C-6	978,869	39,886
Due from Water Utility Operating Fund	C-12	8,769	8,769
Other Accounts Receivable	C-17	36,891	
Grants Receivable	C-4	564,579	30,712
Deferred Charges to Future Taxation:			
Funded	C-7	9,176,364	1,976,544
Unfunded	C-8	<u>691,586</u>	<u>6,419,912</u>
 Total Assets		 <u>\$ 12,231,571</u>	 <u>\$ 9,659,927</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-13	\$ 9,037,000	\$ 1,827,000
Bond Anticipation Notes Payable	C-15		6,407,966
Green Acres Loan Payable	C-14	139,364	149,544
Improvement Authorizations			
Funded	C-10	1,537,621	308,494
Unfunded	C-10	567,541	626,717
Reserve for Grants Receivable	C-11	477,903	5,712
Due to Water Utility Capital Fund	C-5	227,000	227,000
Capital Improvement Fund	C-9	37,352	80,002
Reserve for Payment of Debt	C-16	95,700	
Reserve for Encumbrances	C-18	112,090	
Fund Balance	C-1	<u>-</u>	<u>27,492</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 12,231,571</u>	 <u>\$ 9,659,927</u>

There were bonds and notes authorized but not issued at December 31, 2010 and 2009 of \$691,586 and \$11,945 respectively (Exhibit C-19).

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Fund Balance, January 1	C	\$ 27,492	\$ 24,909
Increased By:			
Premium on Sale of Notes	C-1	<u>-</u>	<u>27,492</u>
		<u>27,492</u>	<u>52,401</u>
Decreased By:			
Amount Anticipated in Current Fund Budget	C-6	<u>27,492</u>	<u>24,909</u>
Fund Balance, December 31	C	<u>\$ -</u>	<u>\$ 27,492</u>

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash - Treasurer	D-4	\$ 852,389	\$ 361,468
Change Fund - Collector	D-7	100	100
Due from Current Fund	D-16	<u>38,923</u>	<u>132,453</u>
		891,412	494,021
Receivables With Full Reserves			
Consumer Accounts Receivable	D-8	149,741	136,660
Water Utility Liens	D-9	<u>10,670</u>	<u>10,670</u>
		160,411	147,330
Total Assets		<u>\$ 1,051,823</u>	<u>\$ 641,351</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	D-3,D-13	\$ 236,380	\$ 93,971
Encumbrances Payable	D-23	6,379	66,866
Due to Water Capital Fund	D-10	93,756	211,248
Due to General Capital Fund	D-15	8,769	8,769
Accrued Interest on Bonds and Loans	D-22	4,316	6,225
Equipment Reserves	D-14	<u>3,862</u>	<u>3,862</u>
		353,462	390,941
Reserve for Receivables	D	160,411	147,330
Fund Balance	D-1	<u>537,950</u>	<u>103,080</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,051,823</u>	<u>\$ 641,351</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash	D-4,D-6	\$ 60,900	\$ 67,337
Fixed Capital	D-11	2,204,520	2,204,520
Fixed Capital Authorized and Uncompleted	D-12	1,651,000	1,651,000
Grants Receivable	D-28	40,200	40,200
Due from Water Operating Fund	D-10	93,756	211,248
Due from Current Fund	D-27	12,145	12,145
Due from General Capital Fund	C-5	<u>227,000</u>	<u>227,000</u>
Total Assets		<u>\$ 4,277,376</u>	<u>\$ 4,413,450</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Water Supply Rehabilitation Loans Payable	D-24	\$ 45,940	\$ 90,313
Serial Bonds Payable	D-25	463,000	508,000
Bond Anticipation Note Payable	D-26	72,500	253,253
Improvement Authorizations - Funded	D-17	225,515	231,944
Improvement Authorizations - Unfunded	D-17	37,042	37,042
Reserve for			
Amortization	D-19	2,204,520	2,204,520
Deferred Amortization	D-21	952,060	799,434
Grants Receivable	D-28	40,200	40,200
Payment of Bonds	D-20	117,500	117,500
Due to Current Fund	D-27	105,355	105,355
Capital Improvement Fund	D-18	<u>131,244</u>	<u>131,244</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,277,376</u>	<u>\$ 4,413,450</u>

There were bonds and notes authorized but not issued at December 31, 2010 and 2009 of \$117,500 and \$0 respectively (Exhibit D-29).

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Revenue and Other Income Realized	Reference	Year 2010	Year 2009
Fund Balance Utilized	D-2	\$ 22,440	\$ 163,414
Rents	D-2	1,598,800	1,598,821
Additional Rents	D-2	492,564	
Fire Hydrant Service	D-2	41,878	28,000
Miscellaneous Revenue Anticipated	D-2	53,669	46,445
Reserve for Payment of Debt	D-2	117,500	55,000
Cancellation of Prior Year Encumbrances Payable	D-1		115
Cancellation of Prior Year Accrued Interest	D-22	1,909	
Unexpended Balance of Appropriation Reserves	D-13	52,290	59,917
Total Revenues		<u>2,381,050</u>	<u>1,951,712</u>
Expenditures			
Operating			
Salaries and Wages	D-3	501,930	494,314
Other Expenses	D-3	1,184,334	1,155,000
Deferred Charges and Statutory Expenditures	D-3	59,200	53,000
Capital Improvements	D-1		100,000
Debt Service	D-3	178,276	120,625
Total Expenditures		<u>1,923,740</u>	<u>1,922,939</u>
Excess in Revenue	D	<u>457,310</u>	<u>28,773</u>
Statutory Excess to Fund Balance		457,310	28,773
FUND BALANCE, JANUARY 1	D	<u>103,080</u>	<u>237,721</u>
		560,390	266,494
Decreased by:			
Utilized by Water Operating Budget	D-1	<u>22,440</u>	<u>163,414</u>
FUND BALANCE, DECEMBER 31	D	<u>\$ 537,950</u>	<u>\$ 103,080</u>

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Reference</u>	2010 Anticipated <u>Budget</u>	2010 <u>Realized</u>	Excess or (<u>Deficit</u>)
Fund Balance Anticipated	D-1	\$ 22,440	\$ 22,440	
Rents	D-1,D-8	1,598,800	1,598,800	
Additional Water Rents	D-1,D-8	111,000	492,564	\$ 381,564
Fire Hydrant Service	D-1	28,000	41,878	13,878
Reserve for Payment of Debt	D-20	117,500	117,500	
Miscellaneous Charges	D-1,D-2	<u>46,000</u>	<u>53,669</u>	<u>7,669</u>
		<u>\$ 1,923,740</u>	<u>\$ 2,326,851</u>	<u>\$ 403,111</u>

Reference D-3

Analysis of Miscellaneous Charges

	<u>Reference</u>	
Due from Water Utility Capital Fund	D-10	\$ 346
Miscellaneous Charges	D-4	<u>53,323</u>
	D-2	<u>\$ 53,669</u>

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010		2010 Expended		Unexpended
	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATING					
Salaries	\$ 501,930	\$ 501,930	\$ 492,056	\$ 9,874	
Other Expenses	1,184,334	1,184,334	962,111	222,223	
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Charges:					
Contribution to:					
Public Employee Retirement System	29,200	29,200	29,200		
Social Security System (O.A.S.I.)	30,000	30,000	25,717	4,283	
DEBT SERVICE					
Payment of Bond Principal	45,000	45,000	45,000		
Payment of Capital Notes	63,253	63,253	63,253		
Principal and Interest on Loans	47,149	47,149	47,149		
Interest on Bonds	19,708	19,708	19,708		
Interest on Notes	3,166	3,166	3,166	-	-
Total Water Utility Appropriations	<u>\$ 1,923,740</u>	<u>\$ 1,923,740</u>	<u>\$ 1,687,360</u>	<u>\$ 236,380</u>	<u>\$ -</u>

Reference

D-2

D-2

D

ReferencePaid or
Charged

Cash Disbursements	D-4	\$ 1,592,078
Encumbrances Payable	D-23	6,379
Due to Current Fund	D-16	63,253
Accrued Interest	D-22	25,650
		<u>\$ 1,687,360</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
General Fixed Assets		
Land	\$ 6,838,518	\$ 6,838,518
Buildings and Building Improvements	1,677,892	1,677,892
Machinery and Equipment	<u>4,033,217</u>	<u>3,936,315</u>
	<u>\$ 12,549,627</u>	<u>\$ 12,452,725</u>
 LIABILITIES		
Investment in General Fixed Assets	<u>\$ 12,549,627</u>	<u>\$ 12,452,725</u>

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NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

A. Reporting Entity

The Borough of Wallington (the "Borough") was incorporated in 1896 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. 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 standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 per N.J.S.A. 40A:4 et seq.

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

Trust Funds
Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2010 and 2009 the Borough Council increased the original budget by \$-0- and \$20,483, respectively. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2010 and 2009.

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

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

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Wallington has developed a fixed assets accounting and reporting system.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fixed Assets (Continued)

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

Fixed Assets purchased after December 31, 1998 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1998 are stated as follows:

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

No depreciation has been provided for in the financial statements.

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

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

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

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

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the December 31, 2009 balances to conform to the December 31, 2010 presentation.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the 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 reporting requirements under GAAP.

NOTE 2 DEPOSITS AND INVESTMENTS

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

Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2010 and 2009, the book value of the Borough's deposits were \$4,676,602 and \$4,449,890 and bank and brokerage firm balances of the Borough's deposits amounted to \$4,921,375 and \$4,633,733, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2010</u>	<u>2009</u>
Insured	\$ <u>4,921,375</u>	\$ <u>4,633,733</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2010 and 2009, none of the Borough's bank balances were exposed to custodial credit risk.

Investments

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

As of December 31, 2010 and 2009, the Borough had the following investments:

	<u>Fair Value</u>
Investment:	
Length of Service Award Program	\$ <u>383,121</u>

	<u>Fair Value</u>
Investment:	
Length of Service Award Program	\$ <u>294,003</u>

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer.

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

NOTE 3 TAXES AND UTILITY RENTS RECEIVABLE

Receivables at December 31, 2010 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2010</u>			
Property Taxes	\$ 370,270		\$ 370,270
Tax Title Liens	294,354		294,354
Utility Rents		\$ 149,741	149,741
Utility Liens	<u>-</u>	<u>10,670</u>	<u>10,670</u>
	<u>\$ 664,624</u>	<u>\$ 160,411</u>	<u>\$ 825,035</u>

In 2010, the Borough collected \$422,049 and \$136,660 from delinquent taxes and utility rents, which represented 72% and 93% of the delinquent tax, water and sewer charges receivable at December 31, 2009.

Receivables at December 31, 2009 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2009</u>			
Property Taxes	\$ 608,377		\$ 608,377
Utility Rents		\$ 136,660	136,660
Utility Liens	<u>-</u>	<u>10,670</u>	<u>10,670</u>
	<u>\$ 608,377</u>	<u>\$ 147,330</u>	<u>\$ 755,707</u>

In 2009, the Borough collected \$319,434 and \$96,461 from delinquent taxes and utility rents, which represented 73% and 90% of the delinquent tax, water and sewer charges receivable at December 31, 2008.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2010</u>	<u>2009</u>
Issued		
General		
Bonds, Notes and Loans	\$ 9,176,364	\$ 8,384,510
Water Utility		
Bonds, Notes and Loans	<u>581,440</u>	<u>851,566</u>
	9,757,804	9,236,076
Less Funds Temporarily Held to Pay Bonds and Notes	<u>95,700</u>	<u>117,500</u>
Net Debt Issued	9,662,104	9,118,576
Authorized But Not Issued		
General		
Bonds and Notes	691,586	11,945
Water Utility		
Bonds and Notes	<u>117,500</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 10,471,190</u>	<u>\$ 9,130,521</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .84% and .70% at December 31, 2010 and 2009, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 9,867,950	\$ 95,700	\$ 9,772,250
School Debt	3,137,856	3,137,856	
Utility Debt	<u>698,940</u>	<u>581,440</u>	<u>-</u>
Total	<u>\$ 13,704,746</u>	<u>\$ 3,814,996</u>	<u>\$ 9,772,250</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 8,396,455		\$ 8,396,455
School Debt	3,313,607	\$ 3,313,607	
Utility Debt	<u>851,566</u>	<u>851,566</u>	<u>-</u>
Total	<u>\$ 12,561,628</u>	<u>\$ 4,165,173</u>	<u>\$ 8,396,455</u>

Statutory Borrowing Power

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

	<u>2010</u>	<u>2009</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 40,680,305	\$ 41,809,622
Net Debt	<u>9,772,250</u>	<u>8,396,455</u>
Remaining Borrowing Power	<u>\$ 30,908,055</u>	<u>\$ 33,413,167</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt

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

General Obligation Bonds

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

General Obligation Bonds	<u>2010</u>	<u>2009</u>
\$1,700,000, 2002 Bonds, due in annual installments of \$155,000 to \$160,000 through May 15, 2015, interest of 4.250% to 4.375%	\$ 790,000	\$ 945,000
\$1,227,000, 2003 Bonds,, due in annual installments of \$95,000 to \$100,000 through October 15, 2018, interest at 3.50% to 4.00%	787,000	882,000
\$7,460,000, 2010 Bonds,, due in annual installments of \$100,000 to \$500,000 through August 1, 2030, interest at 2.00% to 4.00%	<u>7,460,000</u>	<u>-</u>
	<u>\$ 9,037,000</u>	<u>\$ 1,827,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the redevelopment of the Centennial Prevention 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>2010</u>	<u>2009</u>
\$211,000, 2002 Loans, due in annual installments of \$10,180 to \$12,926 through August 14, 2022, interest at 2.00%	\$ <u>139,364</u>	\$ <u>149,544</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT (Continued)

Utility Bonds

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

	<u>2010</u>	<u>2009</u>
\$753,000, 2003 Bonds, due in annual installments of \$50,000 to \$68,000 through October 15, 2018, interest at 3.50% to 4.00%	\$ 463,000	\$ 508,000

Water Utility Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection Agency for the financing relating to the improvements of the water supply system. The Borough pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the water utility at December 31 are as follows:

	<u>2010</u>	<u>2009</u>
<u>Water Utility Capital Fund</u> \$375,000, 2002 Loan due in Semi-annual installments of \$22,771 to \$23,169 through December 23, 2011, interest at 3.50%	\$ 45,940	\$ 90,313

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2010 is as follows:

Calendar	<u>General</u>				<u>Water Utility Fund</u>				<u>Total</u>
	<u>Bonds</u>		<u>Loan</u>		<u>Bonds</u>		<u>Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
<u>Year</u>									
2011	\$ 350,000	\$ 323,280	\$ 10,385	\$ 2,736	\$ 50,000	\$ 18,133	\$ 45,940	\$ 1,209	\$ 801,683
2012	380,000	311,025	10,594	2,527	50,000	16,258			770,404
2013	410,000	298,062	10,807	2,314	55,000	14,383			790,566
2014	410,000	284,312	11,024	2,097	55,000	12,320			774,753
2015	405,000	270,421	11,246	1,875	60,000	10,120			758,662
2016-2020	2,172,000	1,163,140	59,710	5,893	193,000	15,760			3,609,503
2021-2025	2,425,000	788,500	25,598	643					3,239,741
2026-2030	<u>2,485,000</u>	<u>297,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,782,000</u>
	\$ 9,037,000	\$ 3,735,740	\$ 139,364	\$ 18,085	\$ 463,000	\$ 86,974	\$ 45,940	\$ 1,209	\$ 13,527,312

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2010 and 2009 were as follows:

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund					
Bonds Payable	\$ 1,827,000	\$ 7,460,000	\$ 250,000	\$ 9,037,000	\$ 350,000
Intergovernmental Loans Payable	<u>149,544</u>	<u>-</u>	<u>10,180</u>	<u>139,364</u>	<u>10,385</u>
General Capital Fund Long-Term Liabilities	<u>\$ 1,976,544</u>	<u>\$ 7,460,000</u>	<u>\$ 260,180</u>	<u>\$ 9,176,364</u>	<u>\$ 360,385</u>
Water Utility Capital Fund					
Bonds Payable	\$ 508,000		\$ 45,000	\$ 463,000	\$ 50,000
Intergovernmental Loans	<u>90,313</u>	<u>-</u>	<u>44,373</u>	<u>45,940</u>	<u>45,940</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 598,313</u>	<u>\$ -</u>	<u>\$ 89,373</u>	<u>\$ 508,940</u>	<u>\$ 95,940</u>
	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>2009</u>					
General Capital Fund					
Bonds Payable	\$ 2,077,000		\$ 250,000	\$ 1,827,000	\$ 250,000
Intergovernmental Loans Payable	<u>159,524</u>	<u>-</u>	<u>9,980</u>	<u>149,544</u>	<u>10,180</u>
General Capital Fund Long-Term Liabilities	<u>\$ 2,236,524</u>	<u>\$ -</u>	<u>\$ 259,980</u>	<u>\$ 1,976,544</u>	<u>\$ 260,180</u>
Water Utility Capital Fund					
Bonds Payable	\$ 553,000		\$ 45,000	\$ 508,000	\$ 45,000
Intergovernmental Loans	<u>133,173</u>	<u>-</u>	<u>42,860</u>	<u>90,313</u>	<u>44,373</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 686,173</u>	<u>\$ -</u>	<u>\$ 87,860</u>	<u>\$ 598,313</u>	<u>\$ 89,373</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Borough's short-term capital debt activity for the years 2010 and 2009 was as follows:

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 6,407,966	\$ 6,408,000	\$ 12,815,966	
Water Utility Capital Fund	<u>253,253</u>	<u>72,500</u>	<u>253,253</u>	<u>\$ 72,500</u>
	<u>\$ 6,661,219</u>	<u>\$ 6,480,500</u>	<u>\$ 13,069,219</u>	<u>\$ 72,500</u>

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 6,605,500	\$ 6,407,966	\$ 6,605,500	\$ 6,407,966
Water Utility Capital Fund	<u>256,500</u>	<u>253,253</u>	<u>256,500</u>	<u>253,253</u>
	<u>\$ 6,862,000</u>	<u>\$ 6,661,219</u>	<u>\$ 6,862,000</u>	<u>\$ 6,661,219</u>

In addition to the debt shown in the above schedule, municipalities may issue debt to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2010 and 2009 as follows:

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Tax Anticipation Notes	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>
	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Tax Anticipation Notes	<u>\$ 4,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ 4,500,000</u>	<u>\$ 1,000,000</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2010 and 2009.

	Balance December 31, <u>2009</u>	<u>Additions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>			
Land	\$ 6,838,518		\$ 6,838,518
Buildings and Building Improvements	1,677,892		1,677,892
Machinery and Equipment	<u>3,936,315</u>	<u>\$ 96,902</u>	<u>4,033,217</u>
	<u>\$ 12,452,725</u>	<u>\$ 96,902</u>	<u>\$ 12,549,627</u>
	Balance December 31, <u>2008</u>	<u>Additions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>			
Land	\$ 6,838,518		\$ 6,838,518
Buildings and Building Improvements	1,677,892		1,677,892
Machinery and Equipment	<u>3,915,709</u>	<u>\$ 20,606</u>	<u>3,936,315</u>
	<u>\$ 12,432,119</u>	<u>\$ 20,606</u>	<u>\$ 12,452,725</u>

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 5 FIXED ASSETS (Continued)

Water Utility Fund Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years 2010 and 2009.

<u>Water Utility Fund</u>	Balance December 31, <u>2009</u>	Balance, December 31, <u>2010</u>
<u>2010</u>		
Fixed Capital		
System and System Improvements/ Buildings/Equipment	\$ 2,204,520	\$ 2,204,520
	Balance December 31, <u>2008</u>	Balance, December 31, <u>2009</u>
<u>2009</u>		
Fixed Capital		
System and System Improvements/ Buildings/Equipment	\$ 2,204,520	\$ 2,204,520

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2010</u>		<u>2009</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 278,120	\$ 1,223,506	\$ 172,849	\$ 406,349
Trust Funds:				
Other Trust Fund	205,714	172,763	217,681	172,849
Animal Control Fund		2	4,184	
General Capital Fund	987,638	227,000	48,655	227,000
Water Utility Operating Fund	38,923	102,525	132,453	220,017
Water Utility Capital Fund	<u>320,756</u>	<u>105,355</u>	<u>450,393</u>	<u>-</u>
Total	<u>\$ 1,831,151</u>	<u>\$ 1,831,151</u>	<u>\$ 1,026,215</u>	<u>\$ 1,026,215</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2009</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 374,964	\$ 113,000	\$ 308,700	\$ 273,800
Non-Cash Surplus	<u>155,315</u>	<u>-</u>	<u>203,390</u>	<u>-</u>
	<u>\$ 530,279</u>	<u>\$ 113,000</u>	<u>\$ 512,090</u>	<u>\$ 273,800</u>
Water Utility Operating Fund				
Cash Surplus	\$ 499,027	\$ -	\$ 103,080	\$ 22,440
Non-Cash Surplus	<u>38,923</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 537,950</u>	<u>\$ -</u>	<u>\$ 103,080</u>	<u>\$ 22,440</u>

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2010</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 90,000	\$ 45,000	\$ 45,000
<u>2009</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 141,000	\$ 51,000	\$ 90,000

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 9 COMPENSATED ABSENCES (Modify according to Borough Policy)

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

There is no maximum benefit an employee is entitled to at retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,362,963 and \$1,208,985 at December 31, 2010 and 2009, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

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

Other Pension Funds

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

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pension.

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from this plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

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

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

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2010, 2009 and 2008, the Borough, except for the amounts deferred during the year ended December 31, 2009 was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2010	\$ 552,442	\$ 132,779
2009	303,235	103,764
2008	496,954	71,773

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations 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 and PERS pension obligations at any time. It is estimated that the total liability including accrued interest (at 8.25%) at December 31, 2010 and 2009 is \$294,118 and \$271,703, respectively.

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

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

Funding Policy

The Borough funds its post-retirement medical benefits on a pay-as-you-go basis. For the years 2010, 2009 and 2008, the Borough paid \$514,302, \$302,964 and \$297,180, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 12 RISK MANAGEMENT

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

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

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2010		\$ 2,200	\$ 3,505	\$ 18,828
2009	\$ 15,000	32,359	42,873	20,116
2008	6,000		15,069	15,630

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 13 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2010 and 2009. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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, 2010 and 2009, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 14 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2010 and 2009, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

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

The first year of eligibility for entrance into the Plan was calendar year 2005. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Emergency Squad, 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.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

The Borough of Wallington has contributed \$1,293 and \$1,293 for 2010 and 2009, respectively, for each eligible volunteer fire department member and volunteer emergency squad members into the Plan.

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

Vesting and Benefits

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

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

Reporting Requirements

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

CURRENT FUND

BOROUGH OF WALLINGTON
STATEMENT OF CASH - COLLECTOR - TREASURER

Balance, January 1, 2010 \$ 2,505,227

Increased by:

Taxes Receivable	\$ 21,779,935	
State of NJ Senior Citizens' and Veterans' Deductions	124,125	
Miscellaneous Revenues Not Anticipated	203,187	
Revenue Accounts Receivable	1,338,843	
Tax Overpayments	15,018	
Prepaid Taxes	105,075	
Federal and State Grants Receivable	93,785	
Receipts from Animal Control Fund	31	
Receipts Due to Other Trust Funds	132,245	
Receipts from Other Trust Fund	54	
Receipts from Other Trust Fund - Payroll Accounts	1,155	
Bond Proceeds Deposited in Current Fund	7,460,000	
Receipts from General Capital Fund	3,778	
Receipts Due to Water Operating Utility Fund	111	
Amount Due to Library - State Aid	5,496	
Federal and State Grants - Unappropriated	2,376	
Miscellaneous Fees Payable	<u>11,469</u>	
		<u>31,276,683</u>
		33,781,910

Decreased by Disbursements:

2010 Budget Appropriations	8,366,278	
2009 Appropriation Reserves	236,344	
Refund of Prior Year Revenue	38,974	
Tax Overpayments	12,057	
County Taxes	2,306,433	
Local District School Taxes	12,231,990	
Accounts Payable	81,500	
Appropriated Grant Reserves	6,764	
Tax Anticipation Note	1,000,000	
Disbursements to Animal Control Fund	4,184	
Disbursements to Other Trust Fund	4,500	
Disbursements Due from Other Trust Fund	150,063	
Disbursements Made for General Capital Fund	6,533,726	
Disbursements Made for Water Operating Utility Fund	80,818	
Disbursements to Water Operating Utility Fund	12,823	
Disbursements Made for Water Capital Utility Fund	117,500	
Miscellaneous Fees Payable	<u>12,341</u>	
		<u>31,196,295</u>

Balance, December 31, 2010 \$ 2,585,615

**BOROUGH OF WALLINGTON
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, January 1, <u>2010</u>	Balance, December 31, <u>2010</u>
Collector - Treasurer	\$ <u>100</u>	\$ <u>100</u>

STATEMENT OF PETTY CASH

<u>Office</u>	Balance, January 1, <u>2010</u>	Balance, December 31, <u>2010</u>
Borough Clerk	\$ <u>100</u>	\$ <u>100</u>

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

Balance, January 1, 2010		\$	49,606
Increased by:			
Senior Citizens' and Veterans' Deductions			
Disallowed by Tax Collector - 2010	\$	250	
Received in Cash from State		<u>124,125</u>	
			<u>124,375</u>
			173,981
Decreased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings- 2010		125,750	
Senior Citizens' and Veteran Deductions Allowed by Tax Collector - 2010		<u>750</u>	
			<u>126,500</u>
Balance, December 31, 2010		\$	<u>47,481</u>

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

<u>Year</u>	<u>Balance, January 1, 2010</u>	<u>2010 Levy</u>	<u>Senior Citizens and Veterans Deductions Disallowed</u>	<u>Collected in Cash 2009</u>	<u>2010</u>	<u>Senior Citizens and Veterans' Deductions Allowed</u>	<u>Transferred to Tax Title Liens</u>	<u>Cancelled</u>	<u>Balance, December 31, 2010</u>
2008	\$ 120,054			\$	82,159		\$ 36,401	\$ 1,494	
2009	488,323	-	-	-	339,890	-	125,852	18,641	\$ 3,940
	608,377	-	-	-	422,049	-	162,253	20,135	3,940
2010	-	\$22,180,710	\$ 250	\$ 127,942	21,357,886	\$ 126,500	132,101	70,201	366,330
	\$ 608,377	\$22,180,710	\$ 250	\$ 127,942	\$21,779,935	\$ 126,500	\$ 294,354	\$ 90,336	\$ 370,270

Analysis of 2010 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 22,058,944
Added Taxes (54:4-63.1 et seq.)	<u>121,766</u>
	<u>\$ 22,180,710</u>
Tax Levy	
Local District School Tax (Abstract)	\$ 12,231,990
County Taxes	\$ 2,264,315
Due County for Added Taxes (54:4-63.1 et seq)	12,839
County Open Space Taxes	<u>29,279</u>
	2,306,433
Local Tax for Municipal Purposes	7,530,282
Add Additional Tax Levied	<u>112,005</u>
	<u>7,642,287</u>
	<u>\$ 22,180,710</u>

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

Increased by:

Transferred from Taxes Receivable

\$ 294,354

Balance, December 31, 2010

\$ 294,354

EXHIBIT A-10

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2010</u>	Accrued in <u>2010</u>	Collected in <u>2010</u>	Balance, December 31, <u>2010</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 19,014	\$ 19,014	
Other		1,130	1,130	
Fees and Permits		5,186	5,186	
Board of Health				
Licenses		9,105	9,105	
Fees and Permits		2,080	2,080	
Registrar of Vital Statistics				
Licenses		246	246	
Fees and Permits		565	565	
Police				
Fees and Permits		120	120	
Planning & Zoning Boards				
Fees and Permits		60	60	
Municipal Court				
Fines and Costs	\$ 17,177	214,712	218,326	\$ 13,563
Interest and Costs on Taxes		105,234	105,234	
Interest on Investments and Deposits		17,324	17,324	
Energy Receipts Taxes		537,147	537,147	
Consolidated Municipal Property Tax Relief Aid		135,979	135,979	
Uniform Construction Code Fees		114,996	114,996	
Sewer Utility Charges		77,545	77,545	
Uniform Safety Act		11,907	11,907	
Cell Tower Rental Fee		23,261	23,261	
CATV Franchise Fee	-	59,618	59,618	-
	<u>\$ 17,177</u>	<u>\$ 1,335,229</u>	<u>\$ 1,338,843</u>	<u>\$ 13,563</u>

BOROUGH OF WALLINGTON
STATEMENT OF 2009 APPROPRIATION RESERVES

	Balance, January 1, <u>2010</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Mayor and Council						
Salaries & Wages	\$ 523			\$ 523		\$ 523
Municipal Clerk Elections						
Other Expenses	2,026	\$ 850	\$ (500)	2,376	\$ 1,549	827
Financial Administration						
Salaries & Wages	3			3		3
Other Expenses	119		1,600	1,719	1,550	169
Revenue Administration						
Salaries & Wages	801		(800)	1		1
Other Expenses	20		595	615	615	-
Assessment of Taxes						
Salaries & Wages	20			20		20
Other Expenses			165	165	165	-
Legal Services and Costs						
Salaries & Wages	675			675		675
Other Expenses	12		14,920	14,932	14,931	1
Engineering Services and Costs -						
Salaries & Wages	36			36		36
Other Expenses	10,906		(1,920)	8,986	3,878	5,108
Planning Board						
Salaries & Wages	8		-	8		8
Other Expenses	2,605		1,665	4,270	4,265	5
Zoning Bd of Adjustment						
Salaries & Wages	140			140		140
Other Expenses	893		1,510	2,403	2,400	3
Construction Code Official						
Salaries & Wages	4,717			4,717		4,717
Other Expenses	73	2,346		2,419	2,346	73
Other Code Enforcement and Functions						
Rent Leveling Board						
Salaries & Wages	46			46		46
Police						
Salaries & Wages	16,253		-	16,253		16,253
Other Expenses	16,420	6,659	(4,600)	18,479	7,400	11,079
Fire						
Salaries & Wages	163			163		163
Other Expenses	1,555	13,619	5,719	20,893	20,889	4
Emergency Management						
Salaries & Wages	296			296		296
LOSAP			26,881	26,881	26,881	-
Emergency Management						
Other Expenses	875			875		875

**BOROUGH OF WALLINGTON
STATEMENT OF 2009 APPROPRIATION RESERVES**

	Balance, January 1, <u>2010</u>	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Streets and Roads Maintenance						
Salaries & Wages	\$ 2,098			\$ 2,098		\$ 2,098
Other Expenses	6,687	\$ 8,546		15,233	\$ 14,206	1,027
Shade Tree						
Other Expenses	2,100			2,100		2,100
Buildings and Grounds						
Other Expenses	859	4,025	\$ 2,200	7,084	7,075	9
Solid Waste Collection (Garbage and Trash, Recycling)						
Salaries & Wages	20			20		20
Other Expenses	28,642	30,000	(30,000)	28,642	28,590	52
Board of Health						
Salaries & Wages	293			293		293
Other Expenses	2,436			2,436		2,436
Senior Citizens						
Other Expenses		875		875	875	-
Board of Recreation Commissioners						
Salaries & Wages	10			10		10
Other Expenses	379	450		829	450	379
Maintenance of Parks						
Other Expenses	11,601			11,601		11,601
Celebration of Public Events						
Other Expenses	1,437	40		1,477	40	1,437
Electricity	16,142			16,142	14,144	1,998
Street Lighting	7,777		15,000	22,777	22,408	369
Gasoline	25,943		(10,835)	15,108	1,781	13,327
Communications	158	60	1,800	2,018	1,914	104
Public Defender						
Salaries & Wages	1,634			1,634		1,634
Sewerage Processing and Disposal						
Other Expenses	108	2,000	2,600	4,708	4,612	96
East Rutherford Sewer Fees	6,500			6,500		6,500
Recycling Tax Appropriation				-		-
911 Interlocal Services Agreement	2,760			2,760	2,760	-
Maintenance of Free Public Library	11,580			11,580	11,580	-
Reserve for DEP Stormwater Grant	2,549			2,549	2,549	-
NJ Nonpublic Nursing	499			499	499	-
Municipal Alliance Grant- State Share	11,500			11,500	11,500	-
Municipal Alliance Grant- Local Share	2,530			2,530	2,530	-
Reserve for Alcohol Ed. and Rehabilitation	1,232			1,232	1,232	-
Municipal Court						
Salaries & Wages	157			157		157
Other Expenses	1,720			1,720		1,720
Social Security System	7,674			7,674		7,674
Insurance						
Employee Group	26,009		(26,000)	9		9
Liability	33			33		33
Liability (South Bergen JIF)	6,828			6,828	6,828	-
Worker's Compensation (South Bergen JIF)	30,930	-	-	30,930	30,930	-
 Subtotal	 \$ 280,010	 \$ 69,470	 \$ -	 \$ 349,480	 \$ 253,372	 \$ 96,108

Cash Disbursements	\$ 236,344
Transferred to Accounts Payable	4,210
Transferred to Appropriated Grants	12,818
	<u>\$ 253,372</u>

**BOROUGH OF WALLINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2010	\$ 69,470
Increased by:	
Charges to 2010 Budget Appropriations	<u>30,312</u>
	99,782
Decreased by:	
Transferred to 2009 Appropriations Reserve	<u>69,470</u>
Balance, December 31, 2010	<u>\$ 30,312</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2010	\$ 127,942
Increased by:	
Collection - 2011 Taxes	<u>105,075</u>
	233,017
Decreased by:	
Application to 2010 Taxes Receivable	<u>127,942</u>
Balance, December 31, 2010	<u>\$ 105,075</u>

**BOROUGH OF WALLINGTON
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2010	\$ 24,601
Increased by:	
Cash Receipts	<u>15,018</u>
	39,619
Decreased by:	
Cash Disbursements	<u>12,057</u>
Balance, December 31, 2010	<u>\$ 27,562</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2010 Tax Levy	\$ 2,264,315	
Open Space Taxes	29,279	
2010 Added Taxes (54:4-63.1 et seq.)	<u>12,839</u>	
		\$ 2,306,433
		2,306,433
Decreased by:		
Payments		<u>2,306,433</u>
Balance, December 31, 2010		<u>\$ -</u>

STATEMENT OF SCHOOL TAXES PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 12,231,990</u>
Decreased by:	
Payments	<u>\$ 12,231,990</u>

BOROUGH OF WALLINGTON
STATEMENT OF MISCELLANEOUS FEES PAYABLE

	Balance, January 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2010</u>
Marriage License Fees	\$ 576	\$ 2,050	\$ 1,950	\$ 676
Blood Screening Fees	314	3,656	3,559	411
Burial Permit Fees		10	10	-
DCA Training Fees	<u>2,506</u>	<u>5,753</u>	<u>6,822</u>	<u>1,437</u>
	<u>\$ 3,396</u>	<u>\$ 11,469</u>	<u>\$ 12,341</u>	<u>\$ 2,524</u>

EXHIBIT A-18

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2010	\$ 85,967
Increased by:	
Transfer from 2009 Appropriation Reserves	<u>4,210</u>
	90,177
Decreased by:	
Cash Disbursements	\$ 81,500
Cancellations	<u>4,467</u>
	<u>85,967</u>
Balance, December 31, 2010	<u>\$ 4,210</u>

EXHIBIT A-19

STATEMENT OF RESERVE FOR REVALUATION

Balance, January 1, 2010	\$ <u>2,770</u>
Balance, December 31, 2010	<u>\$ 2,770</u>

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

<u>Date</u>	<u>Purpose</u>	<u>Net Amount</u>	<u>1/5 of</u> <u>Net Amount</u>	<u>Balance,</u> <u>January 1,</u> <u>2010</u>	<u>Raised</u> <u>in 2010</u>	<u>Balance,</u> <u>December 31,</u> <u>2010</u>
9/29/2005	Master Plan	\$ 30,000	\$ 6,000	\$ 6,000	\$ 6,000	
8/23/2007	Revaluation of Real Property	225,000	45,000	135,000	45,000	\$ 90,000
				<u>\$ 141,000</u>	<u>\$ 51,000</u>	<u>\$ 90,000</u>

BOROUGH OF WALLINGTON
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance, January 1, <u>2010</u>	<u>Accrued</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2010</u>
NJ Nonpublic Nursing		\$ 10,232	\$ 10,232	
Clean Communities Program		16,122	16,122	
Municipal Alliance Grant	\$ 3,673	10,356	8,714	\$ 5,315
Safe and Secure Communities Program	<u>58,717</u>	<u>60,000</u>	<u>58,717</u>	<u>60,000</u>
	<u>\$ 62,390</u>	<u>\$ 96,710</u>	<u>\$ 93,785</u>	<u>\$ 65,315</u>
		Cash Receipts	<u>\$ 93,785</u>	

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

	Balance, January 1, <u>2010</u>	Transferred from 2010 <u>Appropriations</u>	Transferred from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2010</u>
Supplemental Fire Services Program State Entitlement					
Fire - Other Expenses	\$ 1,573				\$ 1,573
Alcohol Education and Rehabilitation Fund					
Municipal Court					
Salaries and Wages	7,760		\$ 1,232		8,992
Drunk Driving Enforcement Fund					
Police					
Salaries and Wages	10,553	\$ 2,792		\$ 64	13,281
Clean Communities		16,122			16,122
COPS Fast Programs	73				73
Municipal Alliance- State	24,004		8,974		32,978
Municipal Alliance- Local	2,475		74		2,549
Recycling Assistance Program		10,329			10,329
Legislative Grant- Emergency Services	16,230			6,700	9,530
Non Public Nursing		239	499		738
COPS More	1,579				1,579
Livable Communities -Acquisition of Fire Equipment	1,977				1,977
Domestic Preparedness Grant	50,000				50,000
DEP Stormwater Grant	15,921	-	2,039	-	17,960
	<u>\$ 132,145</u>	<u>\$ 29,482</u>	<u>\$ 12,818</u>	<u>\$ 6,764</u>	<u>\$ 167,681</u>

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

	Balance, January 1, <u>2010</u>	Cash <u>Received</u>	Utilized as <u>2010 Revenue</u>	Balance, December 31, <u>2010</u>
Municipal Alliance	\$ 1,350		\$ 1,350	
Drunk Driving Enforcement Fund	2,792		2,792	
Body Armor Replacement		\$ 2,156		\$ 2,156
Municipal Recycling Assistance Program	<u>10,329</u>	<u>220</u>	<u>10,329</u>	<u>220</u>
	<u>\$ 14,471</u>	<u>\$ 2,376</u>	<u>\$ 14,471</u>	<u>\$ 2,376</u>

**BOROUGH OF WALLINGTON
STATEMENT OF TAX ANTICIPATION NOTES PAYABLE**

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, January 1, 2010</u>	<u>Increased by Notes Issued</u>	<u>Decreased by Note Redemptions</u>	<u>Balance, December 31, 2010</u>
11/1/2009	2/17/2010	0.99%	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

STATEMENT OF AMOUNT DUE TO LIBRARY - STATE AID

Increased by:	
Cash Receipts in 2010	<u>\$ 5,496</u>
Balance, December 31, 2010	<u>\$ 5,496</u>

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TRUST FUND

BOROUGH OF WALLINGTON
SCHEDULE OF TRUST CASH AND INVESTMENTS - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance (Overdraft), January 1, 2010	\$ (46)	\$ 331,500
Increased by Receipts:		
Other Reserves	\$ 347,501	
Payroll Salaries and Deductions	7,388,275	
Payroll Deductions - Unemployment	2,200	
Interest Earned	1,140	
Received from Current Fund	4,500	
Due to State of New Jersey	859	
Cat/Late Fees	892	
Dog License Fees	<u>2,616</u>	<u>-</u>
	<u>8,584</u>	<u>7,743,616</u>
	8,538	8,075,116
Decreased by Disbursements:		
Payroll Salaries and Deductions		7,395,811
Due to State of New Jersey	848	
Unemployment Claims		3,505
Expenditures Under (RS 4:19-15.11)	367	
Payments to Current Fund	31	1,209
Other Reserves	<u>-</u>	<u>278,998</u>
	<u>1,246</u>	<u>7,679,523</u>
Balance, December 31, 2010	<u>\$ 7,292</u>	<u>\$ 395,593</u>

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

Balance, January 1, 2010	\$ 4,138
Increased by:	
Cat/Late Fees	\$ 892
Dog License Fees	<u>2,616</u>
	<u>3,508</u>
	7,646
Decreased by:	
Expenditures Under RS 4:19-15.11:	
Cash Disbursements	<u>367</u>
Balance, December 31, 2010	<u><u>\$ 7,279</u></u>

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

Increased by:	
State Fees Collected in 2010	\$ 859
Decreased by:	
Payments to State of New Jersey	<u>848</u>
Balance, December 31, 2010	<u><u>\$ 11</u></u>

**STATEMENT OF DUE FROM/(DUE TO) CURRENT FUND
ANIMAL CONTROL FUND**

Balance, January 1, 2010 (Due From)	\$ 4,184
Increased by:	
Payments to Current Fund	<u>31</u>
	4,215
Decreased by:	
Interest Earned	\$ 33
Receipts from Current Fund	<u>4,184</u>
	<u>4,217</u>
Balance, December 31, 2010 (Due To)	<u><u>\$ (2)</u></u>

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

	Balance, January 1, 2010	Cash Receipts	Disbursements	Balance, December 31, 2010
Uniform Fire Safety Act Penalties	\$ (2,348)	\$ 3,853	\$ 4,565	\$ (3,060)
Planning Board-Escrow	54,813	19,423	14,627	59,609
Road Opening	5			5
Third Party Lien Redemptions	13,132	130,541	114,085	29,588
Tax Sale Premiums	133,300	18,000	35,240	116,060
Iron & Steel (Recycling)	128			128
Zoning Board-Escrow	12,899	16,527	14,230	15,196
Police Vests	4,472	1,013	2,400	3,085
Handicap Trust	37			37
Police Off Duty	167,593	276,246	234,925	208,914
Recreation	4,208	8,061	5,429	6,840
P.O.A.A.	7,919	1,704	45	9,578
Miscellaneous	(11,697)	6,726	3,515	(8,486)
Total	<u>\$ 384,461</u>	<u>\$ 482,094</u>	<u>\$ 429,061</u>	<u>\$ 437,494</u>

Due to/from Current Fund	\$ 134,593	\$ 150,063
Cash Receipts/Cash Disbursements	<u>347,501</u>	<u>278,998</u>
	<u>\$ 482,094</u>	<u>\$ 429,061</u>

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

Balance, January 1, 2010	<u>\$ 3,850</u>
Balance, December 31, 2010	<u>\$ 3,850</u>

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

Balance, January 1, 2010		\$ 217,681
Increased by:		
Other Trust Receipts Deposited in Current Fund	\$ 132,245	
Budget Appropriation - Uniform Fire Safety Act	2,348	
Budget Appropriation - Payroll Agency	8,003	
Payments to Current Fund	<u>54</u>	
		<u>142,650</u>
		360,331
Decreased by:		
Interest Earned	54	
Receipts from Current Fund	4,500	
Other Trust Expenditures Paid by Current Fund	<u>150,063</u>	
		<u>154,617</u>
Balance, December 31, 2010		<u><u>\$ 205,714</u></u>

EXHIBIT B-8

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

Balance, January 1, 2010		\$ 20,116
Increased by:		
Interest on Investments	\$ 17	
Payroll Deductions	<u>2,200</u>	
		<u>2,217</u>
		22,333
Decreased by:		
Unemployment Claims		<u>3,505</u>
Balance, December 31, 2010		<u><u>\$ 18,828</u></u>

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

Balance (Deficit), January 1, 2010	\$ (32,095)
Increased by:	
Current Fund Budget Appropriation	\$ 8,003
Cash Receipts	<u>7,388,275</u>
	<u>7,396,278</u>
	7,364,183
Decreased by:	
Cash Disbursements	<u>7,395,811</u>
Balance (Deficit), December 31, 2010	<u>\$ (31,628)</u>

EXHIBIT B-10

**STATEMENT OF DUE TO CURRENT FUND - PAYROLL ACCOUNTS
OTHER TRUST FUND**

Balance, January 1, 2010	\$ 172,849
Increased by:	
Interest Earned	<u>1,069</u>
	173,918
Decreased by:	
Payments to Current Fund	<u>1,155</u>
Balance, December 31, 2010	<u>\$ 172,763</u>

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GENERAL CAPITAL FUND

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

Balance, January 1, 2010		\$ 1,184,104
Increased by Receipts:		
Reserve for Payment of Debt	\$ 95,700	
Interest Earned	3,577	
Bond Anticipation Note Proceeds	<u>6,408,000</u>	
		<u>6,507,277</u>
		7,691,381
Decreased by Disbursements:		
Other Accounts Receivable	36,891	
Payments to Current Fund	3,778	
Improvement Authorizations	468,199	
Payment of Bond Anticipation Notes	<u>6,408,000</u>	
		<u>6,916,868</u>
Balance December 31, 2010		<u><u>\$ 774,513</u></u>

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

	Balance, December 31, <u>2010</u>
Capital Improvement Fund	\$ 37,352
Due to Water Utility Capital Fund	227,000
Due from Water Utility Operating Fund	(8,769)
Due from Current Fund	(978,869)
Other Accounts Receivable	(36,891)
Grants Receivable	(86,676)
Reserve for Payment of Debt	95,700
 Improvement <u>Authorizations:</u>	
97-4/01-13 Emergency Services Building Impvts.	116
98-6 Various Road, Curb and Sidewalk Impvts.	37,203
98-10/99-4/ 00-17 Reconst. of Recreation Field	44,825
99-6 Acq. Of Police Comm. Package	7,802
99-7 Acq. of Fire Equipt.	131
00-21/01-19 Acq. of Fire Truck	1,848
00-12/03-21 Maple Avenue Impvts.	18,297
01-15 Improvements to Hathaway Street	(6,712)
02-3 Resurfacing of Hathaway	(97)
02-6 Sewer Relining	1,108
02-8 Repair of Sanitary Sewer Line	2,887
03-9 Acq. of Senior Citizen Bus	(3,895)
03-14 Resurface Various Streets	194,174
03-17 Replacement of Sanitary Sewer - Armm Ave	1,141
03-20 Replacement of Sanitary Sewer - Hathaway Street	2,955
05-11/07-13 Purchase of Real Property	2,380
06-11 2006 Road Improvement Program	307,747
07-10 Acquisition of New Automotive Vehicle	4,084
07-12 Acquisition of Real Property	42,266
10-3 Acquisition of Computer Network	1,095
10-7 Refunding Tax Appeals	(78,391)
10-8 Resurfacing Various Streets	952,152
10-14 Acquisition of Ambulance Chasis	(34,950)
10-15 Purchase of Fire Engine	<u>27,500</u>
	 <u>\$ 774,513</u>

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

Balance, January 1, 2010 \$ 30,712

Increased by;

Grants Awarded in 2010:

Ordinance 10-14 \$ 61,676

Ordinance 10-15:

Bergen County Community Development Program 210,941

Federal Emergency Management Agency 261,250

533,867

Balance, December 31, 2010 \$ 564,579

Analysis of Balance, December 31, 2010

Ord. No.

00-12 Locust Avenue/Main Avenue Intersection \$ 1,000

01-15 Hathaway Street 4,712

07-13 Purchase of Real Property 25,000

10-14 Acquisition of Ambulance Chasis 61,676

10-15 Purchase of Fire Engine 472,191

\$ 564,579

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

Balance, January 1, 2010 \$ 227,000

Balance, December 31, 2010 \$ 227,000

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

Balance, January 1, 2010		\$ 39,886
Increased by:		
Budget Appropriation:		
Capital Improvement Fund	\$ 40,000	
Bond Proceeds Deposited in Current Fund	7,460,000	
Payments to Current Fund	<u>3,778</u>	
		<u>7,503,778</u>
		7,543,664
Decreased By:		
Anticipated as Revenue in Current Fund Budget - Fund Balance	27,492	
Interest Earned	3,577	
Bond Anticipation Notes Paid by Current Fund	6,407,966	
Improvement Authorizations Bills Paid by Current Fund	<u>125,760</u>	
		<u>6,564,795</u>
Balance, December 31, 2010 (Due From)		<u>\$ 978,869</u>

EXHIBIT C-7

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

Balance, January 1, 2010		\$ 1,976,544
Increased by:		
Serial Bonds Issued		<u>7,460,000</u>
		9,436,544
Decreased by:		
Current Fund Budget Appropriations:		
Serial Bonds Payable	\$ 250,000	
Green Acres Loan Payable	<u>10,180</u>	
		<u>260,180</u>
Balance, December 31, 2010		<u>\$ 9,176,364</u>

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

Ord. No.	General Improvements	Analysis of Balance, December 31, 2010				
		Balance January 1, 2010	2010 Authorizations	Bonds Issued	Balance, December 31, 2010	Unexpended Improvement Authorizations
99-3/00-6	Impvt. of Mt. Pleasant Ave.	\$ 103			\$ 103	103
00-12/03-21	Maple Avenue Impvts.	1,000			1,000	1,000
01-15	Improvements to Hathaway Street	6,712			6,712	6,712
02-3	Resurfacing of Hathaway	100			100	97
03-9	Acq. of Senior Citizen Bus	3,895			3,895	3,895
03-15	Sanitary Sewer Repair - Maple Ave	117,493		\$ 117,493		
03-17	Replacement of Sanitary Sewer - Armm Ave	42,258		42,258		
03-19	Acq. of Real Property	100,328		100,328		
03-20	Replacement of Sanitary Sewer - Hathaway Street	103,177		103,177		
05-11/07-13	Purchase of Real Property	223,474		223,372	102	102
05-15	Dul Field Improvements	80,320		80,320		
06-11	2006 Road Improvement Program	942,052		942,052		
07-10	Acquisition of New Automotive Vehicle	38,000		38,000		
07-12	Acquisition of Real Property	4,761,000		4,761,000		
10-3	Acquisition of Computer Network		\$ 52,350	52,350		
10-7	Refunding Tax Appeals		135,000	49,650	85,350	6,959
10-8	Resurfacing Various Streets		950,000	950,000		
10-14	Acquisition of Ambulance Chasis		46,824		46,824	11,874
10-15	Purchase of Fire Engine	-	547,500	-	547,500	547,500
		<u>\$ 6,419,912</u>	<u>\$ 1,731,674</u>	<u>\$ 7,460,000</u>	<u>\$ 691,586</u>	<u>\$ 567,541</u>

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

Balance, January 1, 2010	\$ 80,002
Increased by:	
Budget Appropriation -Capital Improvement Fund	<u>40,000</u>
	120,002
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>82,650</u>
Balance, December 31, 2010	<u>\$ 37,352</u>

BOROUGH OF WALLINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord No.	Improvement Description	Balance, January 1, 2010		2010 Authorizations		Deferred Charges		Balance, December 31, 2010	
		Funded	Unfunded	Capital Improvement Fund	Grants Receivable	Unfunded	Expended	Funded	Unfunded
97-4/01-13	Emergency Services Building Impvts.	\$	219					\$	116 \$ 103
98-6	Various Road, Curb and Sidewalk Impvts.		37,203					37,203	
98-10/ 99-4	Reconst. of Recreation Field		44,825					44,825	
99-6	Acq. of Police Comm. Package		7,802					7,802	
99-7	Acq. of Fire Equipt.		131					131	
00-12/03-21	Maple Ave. Impvts.		18,297 \$					18,297	1,000
00-21/01-19	Acq. of Fire Truck		1,848					1,848	
02-3	Resurfacing of Hathaway								3
02-6	Sewer Relining		1,108					1,108	
02-8	Repair of Sanitary Sewer Line		2,887					2,887	
03-14	Resurface Various Streets		194,174					194,174	
03-15	Sanitary Sewer Repair - Maple Ave		2,175				\$ 2,175		
03-17	Replacement of Sanitary Sewer-Armm Ave		7,897				6,756	1,141	
03-19	Acq. of Real Property		643				643		
03-20	Replacement of Sanitary Sewer-Hathaway St.		8,473				5,518	2,955	
05-11/07-13	Purchase of Real Property		7,223				4,741	2,380	102
06-11	2006 Road Improvement Program		542,307				326,851	215,456	
07-10	Acquisition of New Automotive Vehicle		9,213				5,129	4,084	
07-12	Acquisition of Real Property		47,783				5,517	42,266	
10-3	Acquisition of Computer Network			\$		\$ 52,350	53,905	1,095	6,959
10-7	Refunding Tax Appeals					135,000	128,041		
10-8	Resurfacing Various Streets			50,000		950,000	67,647	932,353	
10-14	Acquisition of Ambulance Chasis			2,500 \$	61,676	46,824	99,126		11,874
10-15	Purchase of Fire Engine			27,500	-	547,500	-	27,500	547,500
		\$	308,494	\$	626,717	\$	1,731,674	\$ 1,537,621	\$ 567,541
				\$	82,650	\$	61,676	\$	
							\$ 468,199		
							112,090		
							125,760		
							\$ 706,049		

Cash Disbursements
Reserve for Encumbrances
Due to Current Fund

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

Balance, January 1, 2010	\$ 5,712
Increased by:	
Awarded in 2010	<u>472,191</u>
Balance, December 31, 2010	<u>\$ 477,903</u>

Analysis of Balance

Ord. 00-12	\$ 1,000
Ord. 10-15	472,191
Ord. 01-15	<u>4,712</u>
	<u>\$ 477,903</u>

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

Balance, January 1, 2010	<u>\$ 8,769</u>
Balance, December 31, 2010	<u>\$ 8,769</u>

BOROUGH OF WALLINGTON
STATEMENT OF SERIAL BONDS PAYABLE
GENERAL CAPITAL FUND

<u>Purpose of Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2010</u>
			<u>Date</u>	<u>Outstanding December 31, 2010</u>					
General Improvement Bonds	5/15/2002	\$ 1,700,000	5/15/2011	\$ 155,000	4.250%				
			5/15/2012	160,000	4.250%				
			5/15/2013-14	160,000	4.375%				
			5/15/2015	155,000	4.375%	\$ 945,000	\$ 155,000		\$ 790,000
General Improvement Bonds	10/15/2003	1,227,000	10/15/2011-12	95,000	3.750%				
			10/15/2013	100,000	3.750%				
			10/15/2014-17	100,000	4.000%				
			10/15/2018	97,000	4.000%	882,000	95,000		787,000
General Improvement Bonds	8/1/2010	7,460,000	8/1/2011	100,000	2.000%				
			8/1/2012	125,000	2.000%				
			8/1/13-15	150,000	2.000%				
			8/1/16-18	325,000	3.000%				
			8/1/19-21	450,000	3.000%				
			8/1/2022	475,000	4.000%				
			8/1/23-29	500,000	4.000%				
			8/1/2030	485,000	4.000%	-	\$ 7,460,000	-	7,460,000
						<u>\$ 1,827,000</u>	<u>\$ 7,460,000</u>	<u>\$ 250,000</u>	<u>\$ 9,037,000</u>
Budget Appropriation								<u>\$ 250,000</u>	

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

<u>Purpose of Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loan</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2010</u>	<u>Decreased</u>	<u>Balance, December 31, 2010</u>
			<u>Date</u>	<u>Outstanding December 31, 2010</u>				
Centennial Field Development	11/7/2002	\$ 211,000	2/14/2011 - 2022	\$10,180-\$12,926	2.00%	\$ 149,544	\$ 10,180	\$ 139,364
						Budget Appropriation	\$ 10,180	

BOROUGH OF WALLINGTON
STATEMENT OF BOND ANTICIPATION NOTES
GENERAL CAPITAL FUND

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2010	Increased	Decreased	Balance, December 31, 2010
03-15	Sanitary Sewer Repair - Maple Ave	\$ 119,000	8/17/2006	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	\$ 117,493	\$ 117,493	\$ 117,493	117,493
03-17	Replacement of Sanitary Sewer-Arrm Ave	42,800	8/17/2006	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	42,258	42,258	42,258	42,258
03-19	Acq. of Real Property	237,500	8/17/2006	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	100,328	100,328	100,328	100,328
03-20	Replacement of Sanitary Sewer-Hathaway Street	104,500	8/17/2006	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	103,177	103,177	103,177	103,177
05-11/07-13	Purchase of real Property	120,500	8/17/2006	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	223,339	223,373	223,339	223,373
05-15	Dul Field Improvements	115,000	8/17/2006	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	80,319	80,319	80,319	80,319
06-11	2006 Road Improvement Program	1,097,000	8/17/2006	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	942,052	942,052	942,052	942,052
07-10	Acquisition of New Automotive Vehicle	38,000	7/1/2008	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	38,000	38,000	38,000	38,000
07-12	Acquisition of Real Property	4,761,000	7/1/2008	5/11/2009 4/23/2010	5/11/2010 8/6/2010	1.25% 0.80%	4,761,000	4,761,000	4,761,000	-
							\$ 6,407,966	\$ 6,408,000	\$ 12,815,966	\$ -
							Notes Issued for Cash \$ 34			
							Paid with Bond Proceeds \$ 6,408,000			
							Renewals 6,407,966			
							\$ 6,408,000			
							\$ 12,815,966			

**BOROUGH OF WALLINGTON
STATEMENT OF RESERVE FOR PAYMENT OF DEBT
GENERAL CAPITAL FUND**

Increased by:

Cash Receipts in 2010	\$ <u>95,700</u>
-----------------------	------------------

Balance, December 31, 2010	\$ <u>95,700</u>
----------------------------	------------------

**STATEMENT OF OTHER ACCOUNTS RECEIVABLE
GENERAL CAPITAL FUND**

Increased by:

Cash Disbursements in 2010	\$ <u>36,891</u>
----------------------------	------------------

Balance, December 31, 2010	\$ <u>36,891</u>
----------------------------	------------------

**STATEMENT OF RESERVE FOR ENCUMBRANCES
GENERAL CAPITAL FUND**

Increased by:

Charges to Improvement Authorization	\$ <u>112,090</u>
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Balance, December 31, 2010	\$ <u>112,090</u>
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BOROUGH OF WALLINGTON
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
GENERAL CAPITAL FUND

<u>Ord. No. or Date</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2010</u>	<u>2010 Authorizations</u>	<u>Notes Issued</u>	<u>Bonds Issued</u>	<u>Balance, December 31, 2010</u>
	<u>General Improvements:</u>					
99-3/00-6	Improvements of Mt. Pleasant Ave.	\$ 103				\$ 103
00-12/03-21	Maple Ave. Impvts.	1,000				1,000
01-15	Improvements to Hathaway Street	6,712				6,712
02-3	Resurfacing of Hathaway	100				100
03-09	Acq. of Senior Citizen Bus	3,895				3,895
05-11/07-13	Purchase of Real Property	136		\$ 34		102
10-3	Acquisition of Computer Network		\$ 52,350		\$ 52,350	
10-7	Refunding Tax Appeals		135,000		49,650	85,350
10-8	Resurfacing Various Streets		950,000		950,000	
10-14	Acquisition of Ambulance Chasis		46,824			46,824
10-15	Purchase of Fire Engine	-	547,500	-	-	547,500
		<u>\$ 11,946</u>	<u>\$ 1,731,674</u>	<u>\$ 34</u>	<u>\$ 1,052,000</u>	<u>\$ 691,586</u>

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WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2010	\$ 361,468	\$ 67,337
Increased by Receipts:		
Receipts from Water Collector	\$ 2,091,253	
Fire Hydrant Service	41,878	
Miscellaneous	53,323	
Payments from Current Fund	12,823	
Payments from Water Utility Capital Fund	354	
Interest Earned		\$ 346
Proceeds of Bond Anticipation Notes	-	<u>72,500</u>
	<u>2,199,631</u>	<u>72,846</u>
	2,561,099	140,183
Decreased by Disbursements:		
2010 Budget Appropriations	1,592,078	
2009 Appropriation Reserves	27,281	
Improvement Authorizations		6,429
Payments to Water Utility Operating Fund		354
Encumbrances Payable	66,866	
Accrued Interest	22,485	
Payment of Bond Anticipation Notes	-	<u>72,500</u>
	<u>1,708,710</u>	<u>79,283</u>
Balance, December 31, 2010	<u>\$ 852,389</u>	<u>\$ 60,900</u>

STATEMENT OF CASH - WATER COLLECTOR

Increased by Receipts:	
Consumer Accounts Receivable	<u>\$ 2,091,253</u>
Decreased by Disbursements:	
Payments to Treasurer	<u>\$ 2,091,253</u>

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

		Balance, December 31, <u>2010</u>
Due from General Capital Fund		\$ (227,000)
Due from Water Operating Fund		(93,756)
Due to Current Fund		105,355
Capital Improvement Fund		131,244
<u>Improvement Authorizations:</u>		
97-2	Acq. of a Dump Truck	1,034
97-6	Various Impvts. To Water Supply System	206,888
00-16	Acq. of Two Dump Trucks	5,072
02-9	Acquisition of Pick-up Truck	750
03-12	Acquisition of Trucks	1,721
05-12	Acquisition of Vehicles and Equipment	10,050
06-12	Acquisition of Real Property	<u>(80,458)</u>
		<u>\$ 60,900</u>

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

Balance, January 1, 2010	\$ <u>100</u>
Balance, December 31, 2010	\$ <u>100</u>

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

Balance, January 1, 2010	\$ 136,660
Increased by:	
Billings	<u>2,104,445</u>
	2,241,105
Decreased by:	
Received in Current Fund	\$ 111
Collections	<u>2,091,253</u>
	<u>2,091,364</u>
Balance, December 31, 2010	\$ <u>149,741</u>

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

Balance, January 1, 2010

Water Charges	\$	1,470	
Fire Hydrant Charges		9,200	
			\$ 10,670

Balance, December 31, 2010

Water Charges		1,470	
Fire Hydrant Charges		9,200	
			\$ 10,670

Analysis of Balance

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

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

Balance, January 1, 2010	\$ 211,248
Increased by:	
Paid to Water Utility Operating - Interest on Investments	<u>354</u>
	211,602
Decreased by:	
Interest Earned	\$ 346
Budget Revenue - Reserve for Payment of Bonds	<u>117,500</u>
	<u>117,846</u>
Balance, December 31, 2010	<u>\$ 93,756</u>

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

	Balance, January 1, <u>2010</u>	Balance, December 31, <u>2010</u>
Water System	\$ 543,064	\$ 543,064
Water Storage Tank	81,000	81,000
Foundation for Water Storage Tank	38,967	38,967
Main Extension	1,200,055	1,200,055
Meters	28,082	28,082
Engineer - Exploration of Well Site	9,226	9,226
Wells:		
Construction	143,716	143,716
Consulting Engineer	2,754	2,754
Advertising	15	15
Vehicles and Equipment	<u>157,641</u>	<u>157,641</u>
	<u>\$ 2,204,520</u>	<u>\$ 2,204,520</u>

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

<u>Improvement Description</u>	<u>Ordinance</u>			<u>Balance,</u>	<u>Balance,</u>
	<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>January 1,</u>	<u>December 31,</u>
				<u>2010</u>	<u>2010</u>
General Improvements					
Acq. Of a Dump Truck	97-2	1/23/1997	\$ 40,000	\$ 40,000	\$ 40,000
Various Impvts. To Water Supply System	97-6	3/27/1997	1,200,000	1,115,000	1,115,000
Acq. of Two Dump Trucks	00-16	10/26/2000	60,000	60,000	60,000
Acquisition of Pick-up Truck	02-9	12/19/2002	21,000	21,000	21,000
Acquisition of Trucks	03-12	5/22/2003	60,000	60,000	60,000
Acquisition of Vehicles and Equipment	05-12	7/28/2005	85,000	85,000	85,000
Acquisition of Real Property	06-12	5/25/2006	270,000	<u>270,000</u>	<u>270,000</u>
				<u>\$ 1,651,000</u>	<u>\$ 1,651,000</u>

**BOROUGH OF WALLINGTON
STATEMENT OF 2009 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2010</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries	\$ 2,820	\$ 2,820		\$ 2,820
Other Expenses	88,376	88,376	\$ 41,681	46,695
Deferred Charges And Statutory Expenditures				
Social Security System (O.A.S.I.)	<u>2,775</u>	<u>2,775</u>	<u>-</u>	<u>2,775</u>
Total Water Utility Appropriations	<u>\$ 93,971</u>	<u>\$ 93,971</u>	<u>\$ 41,681</u>	<u>\$ 52,290</u>
			Cash Disbursements \$ 27,281	
			Amount Due To Current Fund 14,400	
			<u>\$ 41,681</u>	

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

Balance, January 1, 2010	\$ <u>3,862</u>
Balance, December 31, 2010	\$ <u><u>3,862</u></u>

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

Balance, January 1, 2010	\$ <u>8,769</u>
Balance, December 31, 2010	\$ <u><u>8,769</u></u>

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

Balance, January 1, 2010	\$ 132,453
Increased by:	
Consumer Accounts Receivable Receipts Deposited into Current Fund	<u>111</u>
	132,564
Decreased by:	
Cash Received	\$ 12,823
Appropriation Reserve Bills Paid By Current Fund	14,400
Bond Anticipation Note Interest Paid By Current Fund	3,165
Bond Anticipation Notes Paid By Current Fund	<u>63,253</u>
	<u>93,641</u>
Balance, December 31, 2010	\$ <u><u>38,923</u></u>

BOROUGH OF WALLINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2010		Expended	Balance, December 31, 2010	
				Funded	Unfunded		Funded	Unfunded
97-2	Acq. of a Dump Truck	1/23/1997	\$ 40,000	\$ 1,034			\$ 1,034	
97-6	Various Impvts. To Water Supply System	3/27/1997	1,200,000	213,317		\$ 6,429	206,888	
00-16	Acq. of Two Dump Trucks	10/26/2000	60,000	5,072			5,072	
02-9	Acquisition of Pick-up Truck	12/19/2002	21,000	750			750	
03-12	Acquisition of Trucks	5/22/2003	60,000	1,721			1,721	
05-12	Acquisition of Vehicles & Equipment	7/28/2005	85,000	10,050			10,050	
06-12	Acquisition of Real Property	5/25/2006	270,000	-	\$ 37,042	-	-	\$ 37,042
				\$ 231,944	\$ 37,042	\$ 6,429	\$ 225,515	\$ 37,042

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

Balance, January 1, 2010	\$ <u>131,244</u>
Balance, December 31, 2010	\$ <u>131,244</u>

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

Balance, January 1, 2010	\$ <u>2,204,520</u>
Balance, December 31, 2010	\$ <u>2,204,520</u>

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2010	\$ 117,500
Decreased by:	
Budgeted Revenue - Water Utility Operating Fund	<u>117,500</u>
Balance, December 31, 2010	<u>\$ -</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Date of</u> <u>Ordinance</u>	<u>Balance,</u> <u>January 1,</u> <u>2010</u>	<u>Bonds</u>	<u>Paid by Operating Budget</u> <u>Bond Anticipation</u> <u>Note</u>	<u>Loans</u>	<u>Balance,</u> <u>December 31,</u> <u>2010</u>
	General Improvements						
97-2	Acq. Of a Dump Truck	1/23/1997	\$ 40,000				\$ 40,000
97-6	Various Impvts. To Water Supply System	3/27/1997	601,687	\$ 45,000	\$ 44,373		691,060
00-16	Acq. of Two Dump Truck	10/26/2000	60,000				60,000
02-9	Acquisition of Pick-up Truck	12/19/2002	21,000				21,000
03-12	Acquisition of Trucks	5/22/2003	60,000				60,000
06-12	Acquisition of Real Property	5/25/2006	16,747	-	\$ 63,253	-	80,000
			<u>\$ 799,434</u>	<u>\$ 45,000</u>	<u>\$ 63,253</u>	<u>\$ 44,373</u>	<u>\$ 952,060</u>

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

Balance, January 1, 2010	\$ 6,225
Increased by:	
Budget Appropriations	<u>25,650</u>
	31,875
Decreased by:	
Cash Disbursements	\$ 22,485
Amount Due to Current Fund	3,165
Cancelled	<u>1,909</u>
	<u>27,559</u>
Balance, December 31, 2010	<u>\$ 4,316</u>

Analysis of Balance

<u>Principal Outstanding December 31, 2010</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Bonds Payable					
\$463,000	Various	10/15/2010	12/31/2010	2.5/6 Months	\$ 3,778
Loan Payable					
\$45,940	3.50%	12/23/2010	12/31/2010	7/180 Days	31
Notes Payable					
\$72,500	1.00%	4/23/2010	12/31/2010	252/360 days	<u>508</u>
					<u>\$ 4,316</u>

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

Balance, January 1, 2010	\$ 66,866
Increased by:	
Charges to 2010 Budget Appropriations	<u>6,379</u>
	73,245
Decreased by:	
Cash Disbursements	<u>66,866</u>
Balance, December 31, 2010	<u>\$ 6,379</u>

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

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2010	Increased	Decreased	Balance, December 31, 2010
06-12	Acquisition of Real Property	\$ 119,000	8/17/2006	5/11/2009 4/23/2010	5/11/2010 4/21/2011	1.25% 1.00%	\$ 253,253 -	\$ 72,500	\$ 253,253 -	\$ 72,500
							<u>\$ 253,253</u>	<u>\$ 72,500</u>	<u>\$ 253,253</u>	<u>\$ 72,500</u>
							Paydown by Budget			
							Amount Due to Current Fund			
								\$ 72,500	117,500 72,500	
								<u>\$ 72,500</u>	<u>\$ 253,253</u>	<u>\$ 253,253</u>

**BOROUGH OF WALLINGTON
STATEMENT OF DUE FROM/(TO) CURRENT FUND
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2010 (Due From)	\$ 12,145
Decreased by:	
Payment of Note by Current Fund	<u>117,500</u>
Balance, December 31, 2010 (Due To)	<u>\$ (105,355)</u>

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

	Balance, January 1, <u>2010</u>	Balance, December 31, <u>2010</u>
County of Bergen		
Acquisition of Real Property	<u>\$ 40,200</u>	<u>\$ 40,200</u>
	<u>\$ 40,200</u>	<u>\$ 40,200</u>

Analysis of Balance

Pledged to Reserve-Ord 2006-12 \$ 40,200

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

<u>Ord. No. or Date</u>	<u>Improvement Description</u>	Bond Anticipation Note Not <u>Renewed</u>	Balance, December 31, <u>2010</u>
06-12	Acquisition of Real Property	<u>\$ 117,500</u>	<u>\$ 117,500</u>
		<u>\$ 117,500</u>	<u>\$ 117,500</u>

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BOROUGH OF WALLINGTON
PART II
GOVERNMENT AUDITING STANDARDS

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

We have audited the financial statements – regulatory basis of the Borough of Wallington as of and for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Fund and the omission of the footnote disclosure regarding the other post employment benefit obligations for the year ended December 31, 2010. Except as discussed in the preceding sentence, 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Wallington's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2010-1, 2010-3 and 2010-4 to be material weaknesses.

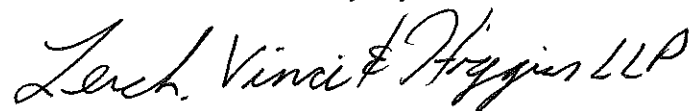
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Wallington'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 of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as items 2010-1 through 2010-4.

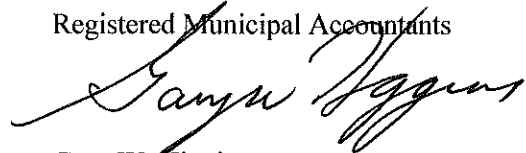
We also noted certain matters that we reported to management of the Borough of Wallington in Part III of this report of audit entitled "Letter of Comments and Recommendations".

The Borough of Wallington's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Borough's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the governing body, management, New Jersey Department of Community Affairs and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 30, 2011

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal CFDA Number	Original Grant Award Amount	Current Year Grant Receipt	Grant Year	Balance, January 1, 2010	Revenue Realized	Expenditures	Adjustment	Balance, December 31, 2010	Cumulative Expended
U.S. Department of Justice COPS More	16.710 \$ 16,500 1,000		2004 2008	\$ 579 1,000				\$ 579 1,000	\$ 15,921
COPS in School	16.710 25,000		1999	73				73	24,927
U.S. Department of Transportation State Aid Highway Projects	20.205 95,700		2010		\$ 95,700	\$ 95,700			95,700
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development) Community Development Block Grant Acquisition of Ambulance Chasis	14.219 61,676		2010	-	61,676	61,676	-	-	61,676
				<u>\$ 1,652</u>	<u>\$ 157,376</u>	<u>\$ 157,376</u>	<u>\$ -</u>	<u>\$ 1,652</u>	

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

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF STATE ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Grant Number</u>	<u>State Grant Program</u>	<u>Grant Award</u>	<u>Current Year Grant Receipt</u>	<u>Grant Award Year</u>	<u>Balance, January 1, 2010</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2010</u>	<u>Cumulative Expended</u>
8030-150-041650-60	Supplemental Fire Services Program	\$ 1,573	Prior Years	\$ 1,573					\$ 1,573	
4250-760-050000-63-260	Alcohol Education and Rehabilitation Fund	1,469	2002	1,469					1,469	
		1,922	2003	1,922					1,922	
		624	2005	624					624	
		1,941	2007	1,941					1,941	
		1,804	2008	1,804					1,804	
		1,232	2009	1,232					1,232	
1110-448-031020-22	Drunk Driving Enforcement Fund	4,784	2007	2,607			\$ 64		2,543	\$ 2,241
		7,946	2009	7,946		\$ 2,792			7,946	
		2,792	2010						2,792	
N/A	DEP Stormwater Grant	14,265	Prior Years	13,369					13,369	896
		2,552	2008	2,552					2,552	
		2,039	2009	2,039					2,039	
N/A	Clean Communities	16,122	\$ 16,122	2010		16,122			16,122	
4900-752-178840-60	Municipal Recycling Assistance Grant	10,329	2010			10,329			10,329	
N/A	Local Domestic Preparedness Grant	50,000	2004	50,000					50,000	
N/A	Non Public Nursing	10,232	2010			10,232	10,232			
		11,102	2009	499		239			738	
N/A	Municipal Alliance Program	14,670	2000	2,986					2,986	11,684
		11,500	2001	5,648					5,648	5,852
		11,500	2002	55					55	11,445
		11,500	2004	114					114	11,386
		14,670	2005	2,435					2,435	12,235
		11,500	2006	2,378					2,378	9,122
		10,388	2007	10,388					10,388	
		11,500	2009	11,500			2,526		8,974	2,526
		11,706	2010			11,706	4,953		6,753	4,953
N/A	Livable Communities Grant	100,000	2005	1,977					1,977	98,023
1020-789-066-1020	Acquisition of Fire Equipment									
	Safe and Secure Communities	58,717	2009			60,000	60,000			58,717
		60,000	2010							60,000
100-022-8030-620-FFFF-6120	Legislative Grant - Emergency Services Building	16,230	2001	16,230			6,700		9,530	6,700
N/A	NJ Dept of Transportation									
	Purchase of Real Property - Ord 07-13	25,000	2007	17,223		-	4,741	10,102	2,380	22,620
						\$ 111,420	\$ 89,216	\$ 10,102	\$ 172,613	

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

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

BOROUGH OF WALLINGTON
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund		\$ 111,420	\$ 111,420
General Capital	<u>\$ 157,376</u>	<u>-</u>	<u>157,376</u>
Total Financial Awards	<u>\$ 157,376</u>	<u>\$ 111,420</u>	<u>\$ 268,796</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

BOROUGH OF WALLINGTON
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2010, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
N.J. Water Supply Rehabilitation Loan	4840-527-052220-60	\$ 45,940
N.J. Green Acres Loan	4800-533-857000-60	<u>139,364</u>
		<u>\$ 185,304</u>

BOROUGH OF WALLINGTON

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2010</u>			<u>Year 2009</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 293,800	1.22 %	\$	153,800	0.64 %
Miscellaneous - From Other Than Local					
Property Tax Levies	1,786,097	7.41		2,960,082	12.27
Collection of Delinquent Taxes					
and Tax Title Liens	422,049	1.75		319,434	1.33
Collection of Current Tax Levy	<u>21,612,078</u>	<u>89.62</u>		<u>20,683,597</u>	<u>85.76</u>
Total Income	<u>24,114,024</u>	<u>100.00 %</u>		<u>24,116,913</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	9,119,281	38.31 %		9,897,564	41.09 %
County Taxes	2,306,433	9.69		2,350,649	9.76
Local School Taxes	12,231,990	51.39		11,774,837	48.88
Other Expenditures	<u>144,331</u>	<u>0.61</u>		<u>65,194</u>	<u>0.27</u>
Total Expenditures	<u>23,802,035</u>	<u>100.00 %</u>		<u>24,088,244</u>	<u>100.00 %</u>
Excess in Revenue	311,989			28,669	
Fund Balance, January 1	<u>512,090</u>			<u>637,221</u>	
	824,079			665,890	
Less Amount of Fund Balance Utilized as Revenue	<u>293,800</u>			<u>153,800</u>	
Fund Balance, December 31	<u>\$ 530,279</u>			<u>\$ 512,090</u>	

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2010</u>			<u>Year 2009</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 22,440	0.94 %	\$	163,414	8.37 %
Collection of Water Rents	2,091,364	87.84		1,598,821	81.92
Miscellaneous - From Other Than Rents	<u>267,246</u>	<u>11.22</u>		<u>189,477</u>	<u>9.71</u>
Total Income	<u>2,381,050</u>	<u>100.00 %</u>		<u>1,951,712</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Operating	1,686,264	87.65 %		1,649,314	85.77 %
Deferred Charges and Statutory					
Expenditures	59,200	3.08		153,000	7.96
Debt Service	<u>178,276</u>	<u>9.27</u>		<u>120,625</u>	<u>6.27</u>
Total Expenditures	<u>1,923,740</u>	<u>100.00 %</u>		<u>1,922,939</u>	<u>100.00 %</u>
Excess in Revenue to Fund Balance	457,310			28,773	
Fund Balance, January 1	<u>103,080</u>			<u>237,721</u>	
	560,390			266,494	
Less: Utilized as Revenue:					
Water Operating Fund	<u>22,440</u>			<u>163,414</u>	
Fund Balance, December 31	<u>\$ 537,950</u>			<u>\$ 103,080</u>	

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	<u>\$1.837</u>	<u>\$1.764</u>	<u>\$1.691</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.627	.587	.544
County	.192	.197	.188
Local School	1.018	.980	.959

Assessed Valuation

2010	<u>\$1,200,813,430</u>	
2009		<u>\$1,200,637,032</u>
2008		<u>\$1,200,977,432</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2010	\$ 22,180,710	\$ 21,612,078	97.43%
2009	21,201,235	20,683,597	97.55%
2008	20,318,240	19,852,594	97.70%

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2010	\$ 294,354	\$ 370,270	\$ 664,624	3.00%
2009		608,377	608,377	2.87%
2008		437,743	437,743	2.15%

Comparison of Water Utility Billings

<u>Year</u>	<u>Levy</u>	<u>Collections *</u>
2010	\$2,104,445	\$2,091,364
2009	1,710,500	1,670,301
2008	1,764,948	1,735,097

* Includes collections of prior years receivables

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2010	\$ 530,279	\$113,000
	2009	512,090	273,800
	2008	637,221	153,800
	2007	1,166,221	529,000
	2006	1,123,981	600,000
Water Utility Operating Fund	2010	537,950	-0-
	2009	103,080	22,440
	2008	237,721	163,414
	2007	295,248	145,060
	2006	238,416	108,570

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS AS OF DECEMBER 31, 2010

<u>Name</u>	<u>Title</u>
Walter G. Wargacki	Mayor
Katherine Polten	Council President
Mark Tomko	Councilman
Robert Ryaby	Councilman
Christopher Sinisi	Councilman
Kenneth Kanter	Councilman
Stephen Adzima	Councilman
Witold T. Baginski	Borough Clerk
	Borough Administrator
	Officer for Searches for Municipal Improvements
Charles Cuccia	Chief Financial Officer
Dorothy Siek	Acting Tax Collector
Katarzyna Rapacz	Water Rent Collector
Nick Melfi	Building Inspector
Thomas E. Simpson	Fire - Subcode Official
Stuart Stolarz	Tax Assessor
Lynda Branick	Sec. of Board of Health
	Licensing Official and Registrar of Vital Statistics
	Dog Licensing Official
Frank Recanati	Plumbing Inspector
Casimer Sondey	Magistrate
Krystyna Moskal	Court Administrator
Monica Fuchs	Deputy Court Administrator
Richard Cedzidlo	Borough Attorney
Thomas A. Sarlo	Borough Prosecutor
Kenneth Job	Borough Engineer
Marianne Willms	Library Director

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

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES**

Finding 2010-1:

The Borough's fixed asset accounting and reporting system was not updated through December 31, 2010. The account group has been updated by audit adjustments to include fixed asset additions compiled from the accounting records.

Criteria or specific requirement:

N.J.A.C. 5:30-5.6, "Accounting for Governmental Fixed Assets".

Condition:

Fixed asset records were not updated during 2010 for assets acquired or disposed of during the calendar year.

Questioned Costs:

None.

Context:

Financial reporting would be enhanced through the implementation of an integrated fixed asset accounting and reporting system.

Effect:

Fixed assets may be acquired or disposed of and not be recorded by the Borough.

Cause:

Unknown.

Recommendation:

The Borough's fixed asset accounting and reporting system be currently maintained.

Management's Response:

Management will review its options pertaining to the funding of an update to the fixed asset accounting records subject to providing a municipal appropriation within the budget "CAPS".

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES**

Finding 2010-2:

Our audit revealed that the Borough's notes to the financial statements did not disclose the other post employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents.

Criteria or specific requirement:

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

Condition:

Notes to the Financial Statements did not contain disclosures required by Government Accounting Standards Board Statement Number 45 and the Division of Local Government Services.

Questioned Costs:

Not Applicable.

Context:

See Finding 2010-2.

Effect:

Qualified opinion due to the omission of the note disclosure.

Cause:

Unknown.

Recommendation:

The Borough obtain the actuarial report for valuations of Other Post-Employment Benefit (OPEB) obligations for disclosures required to be made in the notes to the financial statements.

Management's Response:

Management agrees with finding and indicated that procedures have been implemented by administration to obtain the required actuary report.

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES**

Finding 2010-3:

Our audit revealed the following:

- Certain checks relating to 2010 expenditures and recorded in the 2010 accounting records were dated January 3, 2011.
- Certain bills that related to 2010 were not properly recorded as liabilities at December 31, 2010.
- A duplicate payment was made to a vendor for a 2010 invoice.
- Certain bills were allocated between the Current and Water Operating Funds, however no supporting documentation pertaining to the allocation was available.

Criteria or specific requirement:

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

Condition:

See Finding 2010-3.

Questioned Costs:

Duplicate payment of General Capital Fund expenditure in the amount of \$36,891.

Context:

- Checks relating to 2010 expenditures and recorded in the 2010 accounting records in the amounts of \$90,760 as \$82,756 in the Current Fund and Water Utility Operating Fund respectively were dated January 3, 2011.
- Bills in the amount of \$46,381, \$6,229 and \$112,090 were not properly recorded as liabilities at December 31, 2010 in the Current Fund, Water Operating Fund and General Capital Fund, respectively.
- A duplicate payment in the amount of \$36,891 was made to a vendor in the General Capital Fund. This amount has been recorded as an accounts receivable in the General Capital Fund.
- Insurance bills were allocated without supporting documentation.
- One pending General Capital Fund change order has not been formally received from the consulting engineer and approved as of December 31, 2010.

Cause:

Unknown.

Recommendation:

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

Management's Response:

- The Borough's long time budget clerk became ill and left her position abruptly. A new employee was transferred to this position, however complete training pertaining to the utilization of the budget software system was not completed until December 31, 2010 resulting in several procedural deficiencies.
- The duplicate payment to a vendor was reimbursed to the Borough in June 2011.

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES**

Finding 2010-4:

Purchase of street sweeping services exceeded the bid threshold in aggregate and was not awarded by public bid in accordance with 40A:11 et seq.

Purchases of sewer maintenance and repairs exceeded the quote threshold in aggregate and quotations were not obtained.

Criteria or specific requirement:

New Jersey Local Public Contracts Law – NJSA 40A:11-4, “Contracts Required to be Advertised”.

Condition:

See Finding 2010-4.

Questioned Costs:

Undeterminable.

Context:

The Borough contracted for goods and without public bids as follows:

Street Sweeping Services - \$42,370

The Borough contracted for goods or services without obtaining quotes as follows:

Sewer Maintenance and Repairs - \$21,375

Effect:

The Borough is not in compliance with NJ Local Public Contracts Law.

Cause:

Unknown.

Recommendation:

All contracts for goods and services which in the aggregate exceed the bid and/or quote threshold be awarded in accordance with the New Jersey Local Public Contracts Law.

Management's Response:

Internal controls over compliance with the New Jersey Local Public Contracts Law will be reviewed and enhanced.

BOROUGH OF WALLINGTON SUPPLEMENTARY DATA

GENERAL COMMENTS

The audit revealed that certain fees charged for Construction Code permits did not agree with fees set forth in the Borough's fee ordinance. It is recommended that Construction Code fees be charged in accordance with the appropriate Borough ordinance.

The audit indicated that there were three properties that were transferred to Borough tax title liens in 2010 however, a subsidiary tax title lien ledger was not properly maintained. It is recommended that a tax title lien ledger be properly maintained.

The audit indicated that the Police Department did not turn over to the Borough Treasurer receipts from April 2010 through June 2011 until June 2011. It is recommended that the Police Department turn over receipts to the Borough Treasurer for deposit within forty-eight hours of collection.

General Comments Also Included in Prior Years' Audits

The audit indicated there are certain inactive improvement authorization balances in the General and Water Capital Funds. It is recommended that old improvement authorizations balances of completed projects in the General and Water Capital Funds be reviewed and cleared of record.

The audit indicated that there are various interfunds outstanding at December 31, 2010 resulting from current and prior year transactions. Additionally, certain transactions undertaken in the Current Fund on behalf of other funds were not reported in the respective corresponding funds general ledger. It is recommended that all interfunds be cleared of record as of December 31 and all interfund transactions be recorded in both funds affected.

A payroll deductions ledger and certain subsidiary Trust Fund account ledgers are maintained however, the balance is not in agreement with the respective monthly bank reconciliations. It is recommended that all subsidiary Trust Fund ledgers be reconciled to the bank reconciled balance on a monthly basis.

The audit of the Municipal Court indicated the following with regards to reports issued from the Automated Traffic System (ATS).

- Tickets Assigned Not Issued Report – The report includes 277 tickets that were outstanding in excess of six months.

It is recommended that reports issued by the Municipal Court from the Automated Traffic System be in compliance with the Administrative Office of the Courts Financial Procedures Manual.

The audit disclosed that business registration certificates and/or political disclosure contribution forms were not on file for certain vendors utilized. It is recommended that all business registration certificates and political disclosure contribution forms be on file as required.

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$26,000, except by contract or agreement."

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

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

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Rechassising of Ambulance Body
Collection and Disposal of Garbage
Curbside Collection of Co-mingled Recyclables

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11-5.

Our examination of expenditures did not reveal any instances where individual payments exceeded \$26,000 "for the performance of any work or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

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

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

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

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

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The tax sale for 2010 taxes and utility charges was held on December 17, 2010 and was complete.

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 and assessment liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2010	3
2009	0
2008	0

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

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The Borough's fixed asset and accounting and reporting system be currently maintained.
- * 2. The Borough obtain the actuarial report for valuations of Other Post-Employment Benefit (OPEB) obligations for disclosures required to be made in the notes to the financial statements.
- * 3. Old improvement authorization balances in the General and Water Capital Funds be reviewed and cleared of record.
- * 4. All interfunds be cleared of record as of December 31 and all interfund transactions be recorded in both funds affected.
- * 5. All subsidiary Trust Fund ledgers be reconciled to the bank reconciled balance on a monthly basis.
- * 6. Reports issued by the Municipal Court from the Automated Traffic System be in compliance with the Administrative Office of the Courts Financial Procedures Manual.
- 7. Construction Code fees be charged in accordance with the appropriate Borough ordinance.
- 8. A tax title lien ledger be properly maintained.
- 9. The Police Department turn over receipts to the Borough Treasurer for deposit within forty-eight hours of collection.
- 10. Procedures over cash disbursements and liabilities be reviewed and enhanced to ensure the appropriate recording of expenditures and the payment of bills.
- 11. All contracts for goods and services which in the aggregate exceed the bid and/or quote threshold be awarded in accordance with the New Jersey Local Public Contracts Law.
- 12. All business registration certificates and political disclosure contribution forms be on file as required.

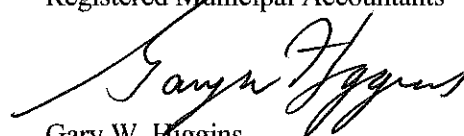
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A review was performed on all prior year's recommendations. Those recommendations which have not been corrected and which are repeated in this audit are denoted with an asterisk (*).

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



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