

BOROUGH OF WALLINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013

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BOROUGH OF WALLINGTON

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Wallington, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Wallington on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Wallington prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Wallington as of December 31, 2013 and 2012, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 49 percent and 58 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2013 and 2012.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Wallington as of December 31, 2013 and 2012, 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 expenditures – regulatory basis of the various funds for the year ended December 31, 2013 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

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

Other Information


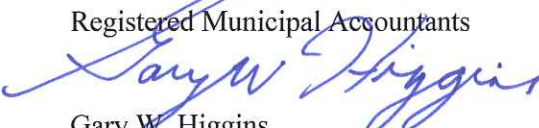
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Wallington as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 17, 2014 on our consideration of the Borough of Wallington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Wallington's internal control over financial reporting and compliance.


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

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
July 17, 2014

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash - Collector - Treasurer	A-4	\$ 3,698,829	\$ 3,531,413
Cash - Change Fund	A-5	100	100
Cash - Petty Cash	A-6	100	100
Federal and State Grants Receivable	A-20	<u>60,000</u>	<u>75,529</u>
		<u>3,759,029</u>	<u>3,607,142</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	591,603	497,775
Tax Title Liens Receivable	A-9	176,186	592,631
Due from Other Trust Fund	B-7	162,135	14,462
Due From Animal Control Fund	B-4	10,638	8,562
Revenue Accounts Receivable	A-10	<u>14,462</u>	<u>10,027</u>
		<u>955,024</u>	<u>1,123,457</u>
Deferred Charges:			
Special Emergency Authorizations	A-19	13,800	18,400
Emergency Authorizations	A-25		117,400
Overexpenditure of Appropriations	A-26	<u>7,763</u>	<u>6,144</u>
		<u>21,563</u>	<u>141,944</u>
Total Assets		<u>\$ 4,735,616</u>	<u>\$ 4,872,543</u>

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 351,552	\$ 318,088
Encumbrances Payable	A-12	75,104	236,985
Reserve for Revaluation	A-18	2,770	2,770
Reserve for Codification of Ordinances	A-24	18,146	18,146
Appropriated Reserves for Federal and State Grants	A-21	249,894	241,828
Unappropriated Reserves for Federal and State Grants	A-22	30,261	14,263
Prepaid Taxes	A-13	65,637	80,971
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-7	11,282	29,881
County Taxes Payable	A-15	1,627	
Miscellaneous Fees Payable	A-17	3,401	2,435
Due to General Capital Fund	C-6	1,284,991	1,445,285
Due to Water Utility Operating Fund	D-17	146,769	61,968
Amount Due to Library - State Aid	A-23	4,966	-
Tax Overpayments	A-14	40,368	8,889
		2,286,768	2,461,509
Reserve for Receivables	A	955,024	1,123,457
Fund Balance	A-1	1,493,824	1,287,577
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,735,616</u>	<u>\$ 4,872,543</u>

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 455,638	\$ 116,765
Miscellaneous Revenues	A-2	3,636,251	3,163,948
Receipts from Delinquent Taxes	A-2	894,871	568,557
Receipts from Current Taxes	A-2	23,522,433	22,807,813
Non-Budget Revenues	A-2	467,413	284,088
Other Credits to Income:			
Cancellation of Accounts Payable	A-1	-	4,941
Cancellation of Prior Year Liabilities	A-1		5,862
Cancellation of Tax Overpayments	A-1		11,381
Interfunds Liquidated	A		2
Unexpended Balance of Appropriation Reserves	A-11	282,188	568,101
Total Income		<u>29,258,794</u>	<u>27,531,458</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,585,468	3,456,385
Other Expenses	A-3	6,243,732	5,878,045
Capital Improvements	A-3	25,000	60,000
Municipal Debt Service	A-3	854,280	851,253
Deferred Charges and Statutory			
Expenditures	A-3	1,436,109	1,012,683
Judgments	A-3		7,400
Local District School Tax	A-16	13,731,779	13,201,286
County Tax	A-15	2,276,454	2,241,512
County Share of Added and Omitted Taxes	A-15	1,627	1,627
County Open Space Tax	A-15	25,100	25,877
Prior Year Tax Appeals Granted	A-4	267,611	
Refund of Prior Year Revenue	A-1		29,808
Interfunds Established	A	149,749	23,024
Total Expenditures		<u>28,596,909</u>	<u>26,788,900</u>
Excess of Revenues over Expenditures		661,885	742,558
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-1	-	123,544
Statutory Excess to Fund Balance		661,885	866,102
FUND BALANCE, JANUARY 1	A	<u>1,287,577</u>	<u>538,240</u>
		1,949,462	1,404,342
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>455,638</u>	<u>116,765</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,493,824</u>	<u>\$ 1,287,577</u>

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, 2013**

		2013 <u>Anticipated</u>	2013 <u>Realized</u>	Excess or <u>(Deficit)</u>
	<u>Reference</u>	<u>Budget</u>		
Fund Balance Anticipated	A-1	\$ 455,638	\$ 455,638	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-10	19,000	17,654	\$ (1,346)
Other	A-2	10,000	10,044	44
Fees and Permits				
Other	A-2	15,000	10,174	(4,826)
Fines and Costs				
Municipal Court	A-10	160,000	155,859	(4,141)
Interest and Costs on Taxes	A-10	104,000	314,795	210,795
Interest on Investments and Deposits	A-2	12,000	11,484	(516)
Energy Receipts Tax	A-10	574,188	574,188	-
Consolidated Municipal Property Tax Relief	A-10	99,266	99,266	-
Uniform Construction Code Fees	A-10	75,000	80,465	5,465
State and Federal Revenues Offset with Appropriations				
Reserve for Recycling Tonnage Grant	A-22	9,708	9,708	
Non-Public Nursing	A-20	13,168	13,168	
Reserve for Municipal Recycling Grant	A-22	186	186	
Reserve for Alcohol Education & Rehabilitation	A-22	486	486	
Reserve for Body Armor Replacement	A-22	2,151	2,251	100
Reserve for Non-Public Nursing	A-22	1,632	1,632	
Other Special Items				
Sewer Utility Charges	A-10	1,604,854	1,606,451	1,597
Uniform Safety Act	A-10	14,510	10,848	(3,662)
Utility Operating Surplus	D-1,D-17	400,000	77,199	(322,801)
Reserve for FEMA	C-6	378,855	378,856	1
Contribution from Board of Education	C-6	125,000	125,000	-
Cell Tower Rental Fee	A-10	47,700	50,865	3,165
CATV Franchise Fee	A-10	85,572	85,672	100
Total Miscellaneous Revenues	A-1	3,752,276	3,636,251	(116,025)
Receipts from Delinquent Taxes	A-2	585,000	894,871	309,871

**BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

		2013 <u>Anticipated</u>	2013 <u>Realized</u>	Excess or <u>(Deficit)</u>
	<u>Reference</u>	<u>Budget</u>		
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax For Municipal Purposes Including Reserve for Uncollected Taxes		\$ 7,818,293	\$ 7,954,091	\$ 135,798
Minimum Library Tax		<u>333,382</u>	<u>333,382</u>	<u>-</u>
 Total Amount to be Raised by Taxes for Support of Municipal Budget	 A-2	 <u>8,151,675</u>	 <u>8,287,473</u>	 <u>135,798</u>
 Total General Revenue	 A-3	 <u>\$ 12,944,589</u>	 13,274,233	 <u>\$ 329,644</u>
 Non-Budget Revenue	 A-1,A-2		 <u>467,413</u>	
			 <u>\$ 13,741,646</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 23,522,433
Allocated to		
School and County Taxes	A-15,A-16	<u>16,034,960</u>
		7,487,473
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>800,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 8,287,473</u>
Analysis of Delinquent Taxes		
Taxes Receivable	A-8	\$ 449,593
Tax Title Liens Receivable	A-9	<u>445,278</u>
	A-2	<u>\$ 894,871</u>
Licenses - Other		
Borough Clerk	A-10	\$ 1,140
Registrar of Vital Statistics	A-10	249
Board of Health	A-10	<u>8,655</u>
	A-2	<u>\$ 10,044</u>
Fees and Permits - Other		
Borough Clerk	A-10	\$ 3,547
Registrar of Vital Statistics	A-10	210
Fire Prevention	A-10	1,115
Planning and Zoning Boards	A-10	875
Board of Health	A-10	1,912
Police	A-10	<u>2,515</u>
	A-2	<u>\$ 10,174</u>
Interest on Investments		
Cash Receipts	A-10	\$ 5,253
Due from Animal Control Fund	B-4	42
Due from Other Trust Fund	B-7	1,432
Due from General Capital Fund	C-6	<u>4,757</u>
	A-2	<u>\$ 11,484</u>
Non-Budget Revenues		
Cash Receipts	A-4	\$ 465,337
Due from Animal Control Fund - Statutory Excess	B-4	<u>2,076</u>
	A-2	<u>\$ 467,413</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, 2013

	2013		2013 Expended		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpended</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries and Wages	\$ 20,100	\$ 20,100	\$ 20,099	\$ 1	
Municipal Clerk Elections					
Salaries and Wages	113,000	153,000	152,921	79	
Other Expenses	45,000	43,000	41,082	1,918	
Financial Administration					
Salaries and Wages	27,075	27,075	26,651	424	
Other Expenses	43,000	46,000	45,945	55	
Audit Services	11,550	11,550	11,550	-	
Revenue Administration					
Salaries and Wages	49,000	49,000	48,141	859	
Other Expenses	15,400	13,900	11,986	1,914	
Assessment Administration					
Salaries and Wages	13,942	13,942	13,674	268	
Other Expenses	1,400	1,400	1,189	211	
Legal Service and Costs					
Salaries and Wages	22,500	22,500	22,500		
Other Expenses	103,000	98,000	80,082	17,918	
Engineering Services and Costs					
Salaries and Wages	1,200	1,200	1,200		
Other Expenses	15,000	11,000	10,530	470	
Planning Board					
Salaries and Wages	3,569	3,569	3,568	1	
Other Expenses	7,500	7,800	7,616	184	
Zoning Board of Adjustment					
Salaries and Wages	1,560	1,560	1,560		
Other Expenses	7,500	6,000	5,180	820	
Insurance					
Unemployment Insurance	6,000	6,000		6,000	
Employee Group Insurance	1,555,320	1,555,320	1,552,727	2,593	
Liability	11,500	11,500	10,426	1,074	
Liability (South Bergen JIF)	190,842	190,842	145,014	45,828	
Worker's Compensation (South Bergen JIF)	140,361	140,361	139,665	696	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,900,000	2,900,000	2,882,075	17,925	
Other Expenses	165,000	155,000	122,386	32,614	
Fire					
Other Expenses	150,000	150,000	151,619		\$ 1,619
Emergency Management Services					
Other Expenses	1,000	1,000		1,000	
Uniform Fire Safety					
Salaries and Wages	14,000	14,000	14,000		
Other Expenses	2,000	2,000	280	1,720	
Municipal Prosecutor					
Salaries and Wages	9,880	9,880	9,880		
Public Defender					
Salaries and Wages	5,000	5,000	75	4,925	

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, 2013

	2013		2013 Expended		
	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>		
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC WORK FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	\$ 107,000	\$ 134,000	\$ 131,605	\$ 2,395	
Other Expenses	75,000	60,000	52,178	7,822	
Shade Tree					
Other Expenses	4,700	4,700	4,700		
Solid Waste Collection (Garbage and Trash, Recycling)					
Salaries and Wages	5,000	5,000	5,000		
Other Expenses	565,000	555,000	534,387	20,613	
Buildings and Grounds					
Other Expenses	65,000	65,000	63,138	1,862	
Municipal Services Act					
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	139,272	94,972	94,946	26	
Other Expenses	23,500	23,500	20,656	2,844	
Animal Control Services					
Other Expenses	7,844	7,844	7,844		
PARK AND RECREATION FUNCTIONS					
Board of Recreation Commissioners (R.S. 40-17.1)					
Salaries and Wages	33,736	18,736	16,983	1,753	
Other Expenses	31,000	41,000	40,828	172	
Senior Citizens					
Other Expenses	5,000	5,000	2,250	2,750	
Maintenance of Parks					
Other Expenses	20,000	21,000	20,751	249	
Celebration of Public Events					
Other Expenses	4,000	4,000	3,971	29	
Municipal Service Act-Other Expenses	1	1		1	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries and Wages	68,120	62,120	59,692	2,428	
Other Expenses	3,500	3,500	2,741	759	
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, 2013

	2013		2013 Expended		
	<u>Appropriated</u>				
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpended</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
UTILITIES					
Electricity	\$ 85,000	\$ 85,000	\$ 77,844	\$ 7,156	
Street Lighting	77,000	77,000	68,586	8,414	
Communications	30,000	40,000	39,962	38	
Sewerage Processing and Disposal	30,000	30,000	23,258	6,742	
Gasoline	95,000	75,000	68,605	6,395	
Salary and Wage Adjustment	1,000	1,000		1,000	
Municipal Court					
Salaries and Wages	47,254	47,254	45,409	1,845	
Other Expenses	8,000	8,000	7,353	647	-
Total Operations Within "CAPS"	<u>7,184,686</u>	<u>7,141,686</u>	<u>6,927,868</u>	<u>215,437</u>	<u>\$ 1,619</u>
Detail:					
Salaries and Wages	3,583,768	3,585,468	3,551,539	33,929	
Other Expenses	<u>3,600,918</u>	<u>3,556,218</u>	<u>3,376,329</u>	<u>181,508</u>	<u>1,619</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deficit in Other Reserves					
Parks	86	86	86		
Police Camp	118	118	118		
Memorial Day Parade	921	921	921		
Prior Year Bills					
Martin Cedzidio, Esq.-Legal Services-2010/11	5,610	5,610	5,610		
Social Security System (O.A.S.I.)	125,000	125,000	117,205	7,795	
Public Employees' Retirement System	91,358	104,158	104,093	65	
Police and Firemen's Retirement System	592,564	592,564	592,564		
Police and Firemen's Retirement System - ERIP	31,978	31,978	31,978		
Public Employees' Retirement System - ERIP	<u>13,674</u>	<u>13,674</u>	<u>13,674</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>861,309</u>	<u>874,109</u>	<u>866,249</u>	<u>7,860</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>8,045,995</u>	<u>8,015,795</u>	<u>7,794,117</u>	<u>223,297</u>	<u>1,619</u>

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2013 Expended		
	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>		
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage Commission	\$ 2,090,021	\$ 2,090,221	\$ 2,090,171	\$ 50	
East Rutherford Sewer Fees	6,500	6,500		6,500	
Recycling Tax Appropriation	11,800	11,800		11,800	
Maintenance of Free Public Library	333,382	358,382	358,370	12	
Interlocal Services Agreement (County of Bergen)	6,500	11,500	11,007	493	
Length of Service Award Program (LOSAP)	112,000	112,000	2,708	109,292	
Employee Group Health	69,680	69,680	69,680	-	-
Total Other Operations Excluded from "CAPS"	2,629,883	2,660,083	2,531,936	128,147	-
Public and Private Programs Offset by Revenues					
Clean Communities Program					
Reserve for Alcohol Education and Rehabilitation	486	486	486		
Recycling Tonnage Grant	9,708	9,708	9,708		
Body Armor Replacement Program	2,251	2,251	2,251		
Municipal Recycling Grant	186	186	186		
NJ Nonpublic Nursing	14,800	14,800	14,692	108	-
Total Public and Private Programs Offset by Revenues	27,431	27,431	27,323	108	-
Total Operations Excluded from "CAPS"	2,657,314	2,687,514	2,559,259	128,255	-
Detail:					
Other Expenses	2,657,314	2,687,514	2,559,259	128,255	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	25,000	25,000	25,000	-	-
Total Capital Improvements - Excluded from "CAPS"	25,000	25,000	25,000	-	-

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2013 Expended		
	<u>Appropriated</u>		<u>Paid or</u>		
	<u>Budget</u>	<u>Budget After</u>	<u>Charged</u>	<u>Reserved</u>	<u>Overexpended</u>
		<u>Modification</u>			
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 410,000	\$ 410,000	\$ 410,000		
Payment of Bond Anticipation Notes	116,255	116,255	116,255		
Interest on Bonds	298,062	298,062	298,062		
Interest on Notes	16,842	16,842	16,842		
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>854,280</u>	<u>854,280</u>	<u>854,280</u>	<u>-</u>	<u>-</u>
DEFERRED CHARGES					
Emergency Authorizations	117,400	117,400	117,400		
Special Emergency Authorizations - 3 Years					
(N.J.S. 40A4-55.1 & 40A:4-55.13)	4,600	4,600	4,600		
Deferred Charges - Ord. 12-5	<u>440,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal					
Excluded from "CAPS"	<u>562,000</u>	<u>562,000</u>	<u>562,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations for					
Municipal Purposes Excluded					
from "CAPS"	<u>4,098,594</u>	<u>4,128,794</u>	<u>4,000,539</u>	<u>\$ 128,255</u>	<u>-</u>
Subtotal General Appropriations	12,144,589	12,144,589	11,794,656	351,552	\$ 1,619
Reserve for Uncollected Taxes	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 12,944,589</u>	<u>\$ 12,944,589</u>	<u>\$ 12,594,656</u>	<u>\$ 351,552</u>	<u>\$ 1,619</u>
<u>Reference</u>	A-2	A-2		A	A-28

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Reference</u>	<u>Paid or</u> <u>Charged</u>
Cash Disbursed	A-4	\$ 11,002,541
Encumbrances Payable	A-12	75,104
Deferred Charges:		
Emergency Appropriations	A-25	117,400
Special Emergency Appropriations	A-19	4,600
Due to General Capital Fund		
Capital Improvement Fund	C-6	25,000
Deferred Charges Unfunded	C-6	440,000
Bills Paid	C-6	116,255
Transferred to Appropriated Grant Reserves	A-21	12,631
Due to Other Trust Fund - Miscellaneous Reserves	B-7	1,125
Reserve for Uncollected Taxes	A-2	<u>800,000</u>
		<u>\$ 12,594,656</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 16,835	\$ 13,774
OTHER TRUST FUND			
Cash	B-1	806,255	455,004
LENGTH OF SERVICE AWARDS PROGRAM(LOSAP) FUND (UNAUDITED)			
Investments	B	701,650	564,015
Intergovernmental Receivable	B	99,994	94,783
		801,644	658,798
Total Assets		\$ 1,624,734	\$ 1,127,576
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey - Department of Health	B-3	\$ 1	\$ 4
Due to Current Fund	B-4	10,638	8,562
Reserve for Animal Control Expenditures	B-2	6,196	5,208
		16,835	13,774
OTHER TRUST FUND			
Reserve for Escrow Deposits	B-6	3,850	3,850
Payroll Deductions Payable	B-9	119,074	117,650
Due to Current Fund	B-7	162,135	14,462
Other Reserves	B-5	486,784	306,748
Due to Water Utility Operating Fund	B-10	17,254	
Reserve for Unemployment Compensation Ins. Claims	B-8	17,158	12,294
		806,255	455,004
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	801,644	658,798
Total Liabilities, Reserves and Fund Balance		\$ 1,624,734	\$ 1,127,576

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, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	C-2,C-3		\$ 995,681
Due from Current Fund	C-6	\$ 1,284,991	1,445,285
Due from Water Utility Capital Fund	C-5	749,540	360,042
Grants Receivable	C-4	233,674	63,674
Overexpenditure of Ordinance Appropriations	C-16	226,790	-
Deferred Charges to Future Taxation:			
Funded	C-7	8,004,578	8,425,385
Unfunded	C-8	<u>2,891,828</u>	<u>2,455,316</u>
 Total Assets		 <u>\$ 13,391,401</u>	 <u>\$ 13,745,383</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Cash Overdraft	C-2,C-3	\$ 320,355	
Serial Bonds Payable	C-13	7,897,000	\$ 8,307,000
Bond Anticipation Notes Payable	C-15	2,545,000	2,279,317
Green Acres Loan Payable	C-14	107,578	118,385
Improvement Authorizations			
Funded	C-10	748,732	1,380,443
Unfunded	C-10	1,154,938	798,634
Reserve for Grants Receivable	C-11	175,712	5,712
Due to Water Utility Operating Fund	D-16	374,789	374,789
Capital Improvement Fund	C-9	55,702	90,652
Reserve for Purchase of Fire Equipment	C-17	11,595	11,595
Reserve for FEMA Reimbursements	C-12	<u>-</u>	<u>378,856</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 13,391,401</u>	 <u>\$ 13,745,383</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 of \$519,141 and \$524,262 respectively (Exhibit C-18).

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Fund Balance, January 1	C		\$ 10,236
Increased By:			
Cancellation of Fully Funded Improvement Authorization Balances	C-1	-	87,091
		-	97,327
Decreased By:			
Amount Anticipated in Current Fund Budget	C-1		10,236
Amount Appropriated to Finance Improvement Authorization	C-1	-	87,091
Fund Balance, December 31	C	\$ -	\$ -

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash - Treasurer	D-5	\$ 2,513,777	\$ 511,343
Change Fund - Collector	D-8	100	100
Due from Water Capital Fund	D-11	-	6,376
Due from General Capital Fund	D-16	374,789	374,789
Due from Other Trust Fund	B-10	17,254	
Due from Current Fund	D-17	<u>146,769</u>	<u>61,968</u>
		<u>3,052,689</u>	<u>954,576</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-9	209,777	230,363
Water Utility Liens Receivable	D-10	<u>10,670</u>	<u>10,670</u>
		<u>220,447</u>	<u>241,033</u>
Total Assets		<u>\$ 3,273,136</u>	<u>\$ 1,195,609</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	D-3,D-14	\$ 105,107	\$ 8,560
Encumbrances Payable	D-23	10,484	212,044
Accrued Interest on Bonds and Loans	D-22	10,556	6,241
Due to Water Utility Capital Fund	D-11	2,398,811	-
Equipment Reserves	D-15	<u>3,862</u>	<u>3,862</u>
		<u>2,528,820</u>	<u>230,707</u>
Reserve for Receivables	D	220,447	241,033
Fund Balance	D-1	<u>523,869</u>	<u>723,869</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,273,136</u>	<u>\$ 1,195,609</u>

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	D-5,D-7	\$ 367,943	\$ 368,130
Fixed Capital	D-12	5,392,963	5,392,963
Fixed Capital Authorized and Uncompleted	D-13	2,740,000	2,740,000
Due from Water Utility Operating Fund	D-11	2,398,811	-
Grants Receivable	D-26	<u>40,200</u>	<u>40,200</u>
Total Assets		<u>\$ 10,939,917</u>	<u>\$ 8,541,293</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Serial Bonds Payable	D-24	\$ 308,000	\$ 363,000
Bond Anticipation Note Payable	D-25	4,205,000	1,800,000
Improvement Authorizations - Funded	D-18	75,221	132,802
Improvement Authorizations - Unfunded	D-18	632,833	2,132,609
Reserve for			
Amortization	D-20	3,204,505	3,149,505
Deferred Amortization	D-21	335,000	335,000
Grants Receivable	D-26	40,200	40,200
Due to General Capital Fund	C-5	749,540	360,042
Due to Water Utility Operating Fund	D-11		6,376
Capital Improvement Fund	D-19	220,787	220,787
Encumbrances Payable	D-27	1,167,859	
Fund Balance	D-4	<u>972</u>	<u>972</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,939,917</u>	<u>\$ 8,541,293</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 of \$80,458 and \$2,485,458 respectively (Exhibit D-28).

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, 2013 AND 2012

Revenue and Other Income Realized	Reference	Year 2013	Year 2012
Fund Balance Utilized	D-2	\$ 200,000	\$ 241,863
Rents	D-2	1,940,197	2,476,452
Fire Hydrant Service	D-2	33,618	35,500
Miscellaneous Revenue Anticipated	D-2	3,211	46,778
Cancellation of Prior Year Accrued Interest	D-22	8,685	
Unexpended Balance of Appropriation Reserves	D-14	<u>90,442</u>	<u>96,903</u>
 Total Revenues		 <u>2,276,153</u>	 <u>2,897,496</u>
 Expenditures			
Operating			
Salaries and Wages	D-3	430,000	470,027
Other Expenses	D-3	1,615,000	1,555,000
Deferred Charges and Statutory Expenditures	D-3	72,000	57,000
Capital Improvements	D-1	-	100,000
Debt Service	D-3	81,954	93,252
Surplus (General Budget)	D-3	<u>77,199</u>	<u>410,000</u>
 Total Expenditures		 <u>2,276,153</u>	 <u>2,685,279</u>
 Statutory Excess to Fund Balance		 -	 212,217
 FUND BALANCE, JANUARY 1	D	 <u>723,869</u>	 <u>753,515</u>
		723,869	965,732
Decreased by:			
Utilized by Water Operating Budget	D-1	<u>200,000</u>	<u>241,863</u>
 FUND BALANCE, DECEMBER 31	D	 <u><u>\$ 523,869</u></u>	 <u><u>\$ 723,869</u></u>

**BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	2013 <u>Anticipated Budget</u>	2013 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	D-1	\$ 200,000	\$ 200,000	
Rents	D-1,D-6	2,318,454	1,940,197	\$ (378,257)
Fire Hydrant Service	D-1,D-5	35,500	33,618	(1,882)
Miscellaneous Charges	D-1,D-2	<u>45,000</u>	<u>3,211</u>	<u>(41,789)</u>
		<u>\$ 2,598,954</u>	<u>\$ 2,177,026</u>	<u>\$ (421,928)</u>
	<u>Reference</u>	D-3	D-1	

Analysis of Miscellaneous Charges

	<u>Reference</u>	
Due from Water Utility Capital Fund	D-11	\$ 932
Miscellaneous Cash Receipts	D-5	<u>2,279</u>
	D-2	<u>\$ 3,211</u>

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u> <u>Appropriated</u>		<u>2013 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
OPERATING					
Salaries	\$ 400,000	\$ 430,000	\$ 424,808	\$ 5,192	
Other Expenses	1,650,000	1,615,000	1,517,467	97,533	
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Charges:					
Contribution to:					
Public Employee Retirement System	50,000	50,000	50,000		
Social Security System (O.A.S.I.)	17,000	22,000	19,618	2,382	
Surplus (General Budget)	400,000	400,000	77,199		322,801
DEBT SERVICE					
Payment of Bond Principal	55,000	55,000	55,000		
Interest on Bonds	13,954	13,954	13,954		
Interest on Notes	13,000	13,000	13,000	-	-
Total Water Utility Appropriations	<u>\$ 2,598,954</u>	<u>\$ 2,598,954</u>	<u>\$ 2,171,046</u>	<u>\$ 105,107</u>	<u>\$ 322,801</u>

Reference D-2 D-2 D

	<u>Reference</u>	<u>Paid or</u> <u>Charged</u>
Cash Disbursements	D-5	\$ 1,818,409
Encumbrances Payable	D-23	10,484
Due to Current Fund	D-17	238,000
Due to Current Fund	D-17	77,199
Accrued Interest	D-22	26,954
		<u>\$ 2,171,046</u>

**BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Fund Balance, January 1	C	\$ 972	\$ 972
Fund Balance, December 31	C	\$ 972	\$ 972

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
General Fixed Assets		
Land	\$ 6,838,518	\$ 6,838,518
Buildings and Building Improvements	1,677,892	1,677,892
Vehicles and Machinery and Equipment	<u>5,185,030</u>	<u>4,054,650</u>
	<u>\$ 13,701,440</u>	<u>\$ 12,571,060</u>
 LIABILITIES		
Investment in General Fixed Assets	<u>\$ 13,701,440</u>	<u>\$ 12,571,060</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Wallington (the "Borough") was incorporated in 1896 and operates under an elected Mayor/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.

B. Description of Regulatory Basis of Accounting

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

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

C. Basis of Presentation – Financial Statements

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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 Awards 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.

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.

Financial Statements – Regulatory Basis

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$5,000.

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, 2011 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, 2011 are stated as follows:

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

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the water utility fund 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.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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, 2012 balances to conform to the December 31, 2013 presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013 and 2012 the Borough Council increased the original budget by \$-0- and \$117,400, respectively. The increase for 2012 was attributable to an emergency resolution. In addition, the governing body approved several budget transfers during 2013 and 2012.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	Modified <u>Budget</u>	<u>Actual</u>	Unfavorable <u>Variance</u>
2013			
Current Fund			
Fire – Other Expenses	\$150,000	\$151,619	\$1,619
2012			
Current Fund			
Fire – Other Expenses	150,000	156,144	6,144

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

C. Deficit Fund Balances

The Borough has an accumulated deficit of \$4,304 in the Other Trust Fund in certain reserves. The Borough anticipated funding this deficit through a budget contribution in 2014.

NOTE 3 DEPOSITS AND INVESTMENTS

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

A. Deposits

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Borough's deposits were \$7,083,584 and \$5,875,645 and bank and brokerage firm balances of the Borough's deposits amounted to \$7,826,511 and \$6,370,787, 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>2013</u>	<u>2012</u>
Insured	\$ <u>7,826,511</u>	\$ <u>6,370,787</u>

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, 2013 and 2012, none of the Borough's bank balances were exposed to custodial credit risk.

B. Investments

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2013 and 2012, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP-Unaudited)</u>	
	<u>2013</u>	<u>2012</u>
Investment:		
Lincoln Financial-Length of Service Award Program Investment Fund	\$ <u>701,650</u>	\$ <u>564,015</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2013 and 2012, \$701,650 and \$564,015 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>LOSAP Unaudited</u>	
	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ <u>701,650</u>	\$ <u>564,015</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. As of December 31, 2013 and 2012, the Borough's investment in Lincoln Financial, a subsidiary of Lincoln National Corporation, was rated Baa2 by Moody's Investors Service.

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

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

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 TAXES AND UTILITY RENTS RECEIVABLE

Receivables at December 31, 2013 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2013</u>			
Property Taxes	\$ 591,603		\$ 591,603
Tax Title Liens	176,186		176,186
Utility Rents		\$ 209,777	209,777
Utility Liens	<u>-</u>	<u>10,670</u>	<u>10,670</u>
	<u>\$ 767,789</u>	<u>\$ 220,447</u>	<u>\$ 988,236</u>

In 2013, the Borough collected \$894,871 and \$230,363 from delinquent taxes and utility rents, which represented 82% and 96% of the delinquent tax and water charges receivable at December 31, 2012.

Receivables at December 31, 2012 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2012</u>			
Property Taxes	\$ 497,775		\$ 497,775
Tax Title Liens	592,631		592,631
Utility Rents		\$ 230,363	230,363
Utility Liens	<u>-</u>	<u>10,670</u>	<u>10,670</u>
	<u>\$ 1,090,406</u>	<u>\$ 241,033</u>	<u>\$ 1,331,439</u>

In 2012, the Borough collected \$568,557 and \$224,955 from delinquent taxes and utility rents, which represented 55% and 95% of the delinquent tax and water charges receivable at December 31, 2011.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2013</u>		<u>2012</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	\$ 172,773	\$ 1,431,760	\$ 23,024	\$ 1,507,253
Trust Funds:				
Other Trust Fund		179,389		14,462
Animal Control Fund		10,638		8,562
General Capital Fund	2,034,531	374,789	1,805,327	374,789
Water Utility Operating Fund	538,812	2,398,811	443,133	
Water Utility Capital Fund	<u>2,398,811</u>	<u>749,540</u>	<u>-</u>	<u>366,418</u>
Total	<u>\$ 5,144,927</u>	<u>\$ 5,144,927</u>	<u>\$ 2,271,484</u>	<u>\$ 2,271,484</u>

The above balances are the result of expenditures being paid by and/or revenues received 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, 2013 AND 2012

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 13,800	\$ 4,600	\$ 9,200
Overexpenditure of Appropriation	7,763	7,763	-
Other Trust Fund			
Deficit in Uniform Fire Safety Act Penalties	440	440	-
Deficit in Parks Reserve	520	520	-
Deficit in Engineering	2,758	2,758	-
Deficit in Miscellaneous	586	586	-
General Capital Fund			
Overexpenditure of Ordinance	226,790		226,790
<u>2012</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 18,400	\$ 4,600	\$ 13,800
Emergency Authorizations	117,400	117,400	
Overexpenditure of Appropriation	6,144		6,144
Other Trust Fund			
Deficit in Parks Reserve	86	86	
Deficit in Police Camp Reserve	118	118	
Deficit in Memorial Day Parade Reserve	921	921	

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Water Utility Operating Fund 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>2013</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,412,261	\$ 563,049	\$ 1,070,104	\$ 455,638
Non-Cash Surplus	<u>81,563</u>	<u>-</u>	<u>217,473</u>	<u>-</u>
	<u>\$ 1,493,824</u>	<u>\$ 563,049</u>	<u>\$ 1,287,577</u>	<u>\$ 455,638</u>
Water Utility Operating Fund				
Cash Surplus	<u>\$ 523,869</u>	<u>\$ 100,000</u>	<u>\$ 723,869</u>	<u>\$ 200,000</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2013 and 2012.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land	\$ 6,838,518			\$ 6,838,518
Buildings and Building Improvements	1,677,892			1,677,892
Vehicles and Machinery and Equipment	<u>4,054,650</u>	<u>\$ 1,130,380</u>	<u>-</u>	<u>5,185,030</u>
	<u>\$ 12,571,060</u>	<u>\$ 1,130,380</u>	<u>\$ -</u>	<u>\$ 13,701,440</u>
	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land	\$ 6,838,518			\$ 6,838,518
Buildings and Building Improvements	1,677,892			1,677,892
Vehicles and Machinery and Equipment	<u>4,813,650</u>	<u>-</u>	<u>\$ 759,000</u>	<u>4,054,650</u>
	<u>\$ 13,330,060</u>	<u>\$ -</u>	<u>\$ 759,000</u>	<u>\$ 12,571,060</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 8 FIXED ASSETS (Continued)

B. Water Utility Fund Fixed Assets

The following is a summary of changes in the water utility fund fixed assets for the years ended December 31, 2013 and 2012.

<u>Water Utility Fund</u>	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	<u>\$ 5,392,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,392,963</u>
	Balance December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	<u>\$ 3,592,963</u>	<u>\$ 1,800,000</u>	<u>\$ -</u>	<u>\$ 5,392,963</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 10,549,578	\$ 10,704,702
Water Utility		
Bonds and Notes	<u>4,513,000</u>	<u>2,163,000</u>
	15,062,578	12,867,702
Less Funds Temporarily Held to Pay Bonds and Notes	<u>172,313</u>	<u>727,119</u>
Net Debt Issued	14,890,265	12,140,583
Authorized But Not Issued		
General		
Bonds and Notes	519,141	524,262
Water Utility		
Bonds and Notes	<u>80,458</u>	<u>2,485,458</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 15,489,864</u>	<u>\$ 15,150,303</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.12% and 1.00% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 11,068,719	\$ 172,313	\$ 10,896,406
School Debt	2,553,000	2,553,000	
Utility Debt	<u>4,593,458</u>	<u>4,154,898</u>	<u>438,560</u>
Total	<u>\$ 18,215,177</u>	<u>\$ 6,880,211</u>	<u>\$ 11,334,966</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	\$ 11,228,964	\$ 727,119	\$ 10,501,845
School Debt	2,757,631	2,757,631	
Utility Debt	<u>4,648,458</u>	<u>4,648,458</u>	<u>-</u>
Total	<u>\$ 18,635,053</u>	<u>\$ 8,133,208</u>	<u>\$ 10,501,845</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>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 35,057,650	\$ 36,517,775
Net Debt	<u>11,334,966</u>	<u>10,501,845</u>
Remaining Borrowing Power	<u>\$ 23,722,684</u>	<u>\$ 26,015,930</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

General Obligation Bonds	<u>2013</u>	<u>2012</u>
\$1,700,000, 2002 Bonds, due in annual installments of \$155,000 to \$160,000 through May 15, 2015, interest of 4.375%	\$ 315,000	\$ 475,000
\$1,227,000, 2003 Bonds, due in annual installments of \$97,000 to \$100,000 through October 15, 2018, interest at 3.750% to 4.00%	497,000	597,000
\$7,460,000, 2010 Bonds, due in annual installments of \$150,000 to \$500,000 through August 1, 2030, interest at 2.00% to 4.00%	<u>7,085,000</u>	<u>7,235,000</u>
	<u>\$ 7,897,000</u>	<u>\$ 8,307,000</u>

General Intergovernmental Loans Payable

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

	<u>2013</u>	<u>2012</u>
\$211,000, 2002 Loans, due in annual installments of \$11,024 to \$12,926 through August 14, 2022, interest at 2.00%	<u>\$ 107,578</u>	<u>\$ 118,385</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term 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:

Water Utility

	<u>2013</u>	<u>2012</u>
\$753,000, 2003 Bonds, due in annual installments of \$55,000 to \$68,000 through October 15, 2018, interest at 4.00%	\$ 308,000	\$ 363,000

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	<u>General</u>		<u>Water Utility Fund</u>				<u>Total</u>
	<u>Bonds</u>		<u>Loan</u>		<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
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	425,000	260,030	11,472	1,649	60,000	7,720	765,871
2017	425,000	246,280	11,702	1,419	65,000	5,320	754,721
2018	422,000	232,530	11,937	1,183	68,000	2,720	738,370
2019-2023	2,325,000	954,000	50,197	2,285			3,331,482
2024-2028	2,500,000	497,000					2,997,000
2029-2030	985,000	58,800	-	-	-	-	1,043,800
	<u>\$ 7,897,000</u>	<u>\$ 2,803,373</u>	<u>\$ 107,578</u>	<u>\$ 10,508</u>	<u>\$ 308,000</u>	<u>\$ 38,200</u>	<u>\$ 11,164,659</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within One Year
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 8,307,000		\$ 410,000	\$ 7,897,000	\$ 410,000
Intergovernmental Loans Payable	<u>118,385</u>	<u>-</u>	<u>10,807</u>	<u>107,578</u>	<u>11,024</u>
General Capital Fund Long-Term Liabilities	<u>\$ 8,425,385</u>	<u>\$ -</u>	<u>\$ 420,807</u>	<u>\$ 8,004,578</u>	<u>\$ 421,024</u>
Water Utility Capital Fund					
Bonds Payable	<u>\$ 363,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 308,000</u>	<u>\$ 55,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 363,000</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ 308,000</u>	<u>\$ 55,000</u>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within One Year
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 8,687,000		\$ 380,000	\$ 8,307,000	\$ 410,000
Intergovernmental Loans Payable	<u>128,979</u>	<u>-</u>	<u>10,594</u>	<u>118,385</u>	<u>10,807</u>
General Capital Fund Long-Term Liabilities	<u>\$ 8,815,979</u>	<u>\$ -</u>	<u>\$ 390,594</u>	<u>\$ 8,425,385</u>	<u>\$ 420,807</u>
Water Utility Capital Fund					
Bonds Payable	<u>\$ 413,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 363,000</u>	<u>\$ 55,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 413,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 363,000</u>	<u>\$ 55,000</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2012	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2013
2013						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Acquisition of Ambulance						
Chasis	0.73	9/26/2014	\$ 46,824	\$ 46,824	\$ 46,824	\$ 46,824
Purchase of Fire Engine	0.73	9/26/2014	41,976	41,976	41,976	41,976
Construction of Turf Field	0.73	9/26/2014	1,249,217	784,729	1,249,217	784,729
Acquisition of Firefighting						
Equipment	0.73	9/26/2014	333,300	333,300	333,300	333,300
Streetscape Improvements						
to Paterson Avenue and						
Union Boulevard	0.73	9/26/2014	238,000	238,000	238,000	238,000
Funding of Various Expenses						
Relating to Hurricane Irene			370,000	-	370,000	-
Acquisition of New Communication						
and Signal Systems Equipment						
for Use of Police and Fire Dept.	0.73	9/26/2014		663,121		663,121
Acquisition of Self Contained						
Breathing Apparatus Equipment						
for the Fire Department	0.73	9/26/2014		384,750		384,750
Reconstruction of Basketball						
Courts at Hathaway Street Park	0.73	9/26/2014	-	52,300	-	52,300
Total General Capital Fund			2,279,317	2,545,000	2,279,317	2,545,000
<u>Water Utility Capital Fund</u>						
<u>Purpose</u>						
Replacement of Various						
Water Mains	0.73	9/26/2014	1,800,000	4,205,000	1,800,000	4,205,000
Total Water Utility Capital Fund			1,800,000	4,205,000	1,800,000	4,205,000
Total Bond Anticipation Notes Payable			\$ 4,079,317	\$ 6,750,000	\$ 4,079,317	\$ 6,750,000

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2011	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2012
<u>2012</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Acquisition of Ambulance						
Chasis	0.70	9/27/2013	\$ 46,824	\$ 46,824	\$ 46,824	\$ 46,824
Purchase of Fire Engine	0.70	9/27/2013	547,500	41,976	547,500	41,976
Construction of Turf Field	0.70	9/27/2013	1,425,000	1,249,217	1,425,000	1,249,217
Acquisition of Firefighting Equipment	0.70	9/27/2013		333,300		333,300
Streetscape Improvements to Paterson Avenue and Union Boulevard	0.70	9/27/2013		238,000		238,000
Funding of Various Expenses Relating to Hurricane Irene	1.30	2/15/2013	-	370,000	-	370,000
Total General Capital Fund			<u>2,019,324</u>	<u>2,279,317</u>	<u>2,019,324</u>	<u>2,279,317</u>
<u>Water Utility Capital Fund</u>						
<u>Purpose</u>						
Replacement of Various Water Mains	0.70	9/27/2013	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Total Water Utility Capital Fund			<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Total Bond Anticipation Notes Payable			<u>\$ 3,819,324</u>	<u>\$ 4,079,317</u>	<u>\$ 3,819,324</u>	<u>\$ 4,079,317</u>

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or 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 2013 and 2012 as follows:

Emergency Notes

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

	Rate	Maturity	Balance, December 31, 2011	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2012
	(%)	Date				
<u>2013</u>						
There were none.						
<u>2012</u>						
<u>Emergency Notes</u>						
	<u>Purpose</u>					
Hurricane Irene Expense	1.30	5/22/2012	\$ 575,000	\$ -	\$ 575,000	\$ -
Total Emergency Notes			\$ 575,000	\$ -	\$ 575,000	\$ -

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2013</u>		
Water Main Replacements	\$1,167,859	2014
Municipal Road Program	14,204	2014
Hathaway Street Park Basketball Courts	2,460	2014

2012

There are none.

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

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 \$1,448,771 and \$1,564,540 at December 31, 2013 and 2012, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

B. Deferred Pension Obligation

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS 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 deferred liability including accrued interest (at 8.25%) at December 31, 2013 and 2012 is \$296,478 and \$309,502, respectively.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

The Borough's changes in other long-term liabilities for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 1,564,540		\$ 222,035	1,342,505	
Deferred Pension Obligation	<u>309,502</u>	<u>\$ 23,659</u>	<u>36,683</u>	<u>296,478</u>	<u>\$ 37,659</u>
Other Long-Term Liabilities	<u>\$ 1,874,042</u>	<u>\$ 23,659</u>	<u>\$ 258,718</u>	<u>\$ 1,638,983</u>	<u>\$ 37,659</u>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
Compensated Absences	\$ 1,501,909	\$ 62,631		\$ 1,564,540	
Deferred Pension Obligation	<u>318,383</u>	<u>25,987</u>	<u>\$ 34,868</u>	<u>309,502</u>	<u>\$ 36,683</u>
Other Long-Term Liabilities	<u>\$ 1,820,292</u>	<u>\$ 88,618</u>	<u>\$ 34,868</u>	<u>\$ 1,874,042</u>	<u>\$ 36,683</u>

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after 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 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.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employers who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

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, but are currently suspended as a result of reform legislation.

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

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases, which vary by fund.

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 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

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.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2013, 2012 and 2011, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2013	\$ 624,542	\$ 167,767
2012	570,524	156,375
2011	593,531	144,307

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Borough provides a post-employment healthcare plan for its eligible retirees and their dependents. The plan is a single-employer defined 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 2013, 2012 and 2011, the Borough paid \$521,328, \$489,246 and \$449,304, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution	\$ 2,304,661
Interest on Net OPEB Obligation	168,942
Annual OPEB Cost (Expense)	2,473,603
Contributions Made	(521,328)
Increase in Net OPEB Obligation	1,952,275
Net OPEB Obligation - Beginning of Year	3,754,263
Net OPEB Obligation - End of Year	<u>\$ 5,706,538</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2013, 2012 and 2011 are as follows:

<u>Year Ended</u> <u>December 31,</u>		<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>		<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2013	\$	2,473,603	21%	\$	5,706,538
2012		2,388,152	20%		3,754,263
2011		2,304,661	19%		1,855,357

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$26,240,427, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$26,240,427. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the December 31, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by .5% decrements to an ultimate rate of 5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level (dollar amount on an open basis). The remaining amortization period at December 31, 2013 was 28 years.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 14 RISK MANAGEMENT

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

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

The Borough is also a member of the Bergen Municipal Employees 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, 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>Ending</u> <u>Balance</u>
2013		\$ 4,864	\$ 17,158
2012		4,475	12,294
2011	\$ 201	3,318	7,819

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013 and 2012. 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, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2013 and 2012, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

The Borough of Wallington has contributed \$1,384 and \$1,354 for 2013 and 2012, respectively, for each eligible volunteer fire department member and eligible 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.

NOTE 18 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2013. As of December 31, 2013, the Borough has received \$57,836 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

CURRENT FUND

BOROUGH OF WALLINGTON
STATEMENT OF CASH - COLLECTOR - TREASURER

Balance, January 1, 2013		\$ 3,531,413
Increased by:		
Taxes Receivable	\$ 23,791,956	
State of NJ Senior Citizens' and Veterans' Deductions	80,500	
Miscellaneous Revenues Not Anticipated	465,337	
Revenue Accounts Receivable	3,021,534	
Tax Title Liens	445,278	
Tax Overpayments	40,368	
Prepaid Taxes	65,637	
Federal and State Grants Receivable	28,697	
Due to Library - State Aid	4,966	
Receipts from Animal Control Fund	42	
Receipts from Other Trust Fund	1,243	
Receipts Due to General Capital Fund	172,283	
Receipts from General Capital Fund	4,781	
Receipts from Water Operating Utility Fund	400,000	
Federal and State Grants - Unappropriated	30,261	
Miscellaneous Fees Payable	9,491	
		<u>28,562,374</u>
		32,093,787
Decreased by Disbursements:		
2013 Budget Appropriations	11,002,541	
2012 Appropriation Reserves	272,885	
Tax Overpayments	8,889	
County Taxes	2,301,554	
Local District School Taxes	13,731,779	
Appropriated Grant Reserves	4,565	
Disbursements to Other Trust Fund	148,609	
Disbursements to General Capital Fund	410,000	
Water Operating Utility Fund Expenditures Paid by Current Fund	238,000	
Miscellaneous Fees Payable	8,525	
Prior Year Tax Appeals Granted	267,611	
		<u>28,394,958</u>
Balance, December 31, 2013		<u>\$ 3,698,829</u>

**BOROUGH OF WALLINGTON
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, January 1, <u>2013</u>	Balance, December 31, <u>2013</u>
Collector - Treasurer	\$ <u>100</u>	\$ <u>100</u>

STATEMENT OF PETTY CASH

<u>Office</u>	Balance, January 1, <u>2013</u>	Balance, December 31, <u>2013</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, 2013		\$	29,881	
Increased by:				
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector - 2013	\$	750		
Received in Cash from State		<u>80,500</u>		
			<u>81,250</u>	
				111,131
Decreased by:				
Senior Citizens' and Veterans' Deductions Per Tax Billings- 2013	\$	98,500		
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - 2013		<u>1,349</u>		
			<u>99,849</u>	
Balance, December 31, 2013		\$	<u>11,282</u>	

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

<u>Year</u>	<u>Balance, January 1, 2013</u>	<u>2013 Levy</u>	<u>Senior Citizens and Veterans Deductions Disallowed</u>	<u>Collected in Cash 2012</u>	<u>2013</u>	<u>Senior Citizens and Transferred Veterans' Deductions Allowed</u>	<u>to Tax Title Liens</u>	<u>Cancelled</u>	<u>Balance, December 31, 2013</u>
2010	\$ 1,158					\$ 1,158		\$ -	
2011	28,226					25,277		2,949	
2012	468,391		-	-	449,593	-	-	2,284	16,514
2013	497,775				449,593			28,719	19,463
	-	\$24,222,428	750	\$ 80,971	23,342,363	\$ 99,849	\$ 28,833	\$ 99,022	572,140
	\$ 497,775	\$24,222,428	\$ 750	\$ 80,971	\$ 23,791,956	\$ 99,849	\$ 28,833	\$ 127,741	\$ 591,603

Analysis of 2013 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 24,185,008
Added Taxes (54:4-63.1 et seq.)	37,420
	<u>\$ 24,222,428</u>
Tax Levy	
Local District School Tax (Abstract)	\$ 13,731,779
County Taxes	\$ 2,276,454
Due County for Added Taxes (54:4-63.1 et seq)	1,627
County Open Space Taxes	25,100
	<u>2,303,181</u>
Local Tax for Municipal Purposes	7,818,293
Minimum Library Tax	333,382
Add Additional Tax Levied	35,793
	<u>8,187,468</u>
	<u>\$ 24,222,428</u>

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

Balance, January 1, 2013	\$ 592,631
Increased by:	
Transferred from Taxes Receivable	<u>28,833</u>
	621,464
Decreased by:	
Collections	<u>445,278</u>
Balance, December 31, 2013	<u>\$ 176,186</u>

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2013</u>	Accrued in <u>2013</u>	Collected in <u>2013</u>	Balance, December 31, <u>2013</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 17,654	\$ 17,654	
Other		1,140	1,140	
Fees and Permits		3,547	3,547	
Board of Health				
Licenses		8,655	8,655	
Fees and Permits		1,912	1,912	
Registrar of Vital Statistics				
Licenses		249	249	
Fees and Permits		210	210	
Fire Prevention				
Fees and Permits		1,115	1,115	
Police				
Fees and Permits		2,515	2,515	
Planning & Zoning Boards				
Fees and Permits		875	875	
Municipal Court				
Fines and Costs	\$ 10,027	160,294	155,859	\$ 14,462
Interest and Costs on Taxes		314,795	314,795	
Interest on Investments and Deposits		5,253	5,253	
Energy Receipts Taxes		574,188	574,188	
Consolidated Municipal Property Tax Relief Aid		99,266	99,266	
Uniform Construction Code Fees		80,465	80,465	
Sewer Utility Charges		1,606,451	1,606,451	
Uniform Safety Act		10,848	10,848	
Cell Tower Rental Fee		50,865	50,865	
CATV Franchise Fee	-	85,672	85,672	-
	<u>\$ 10,027</u>	<u>\$ 3,025,969</u>	<u>\$ 3,021,534</u>	<u>\$ 14,462</u>

**BOROUGH OF WALLINGTON
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, January 1, <u>2013</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Mayor and Council				
Salaries & Wages	\$ 1	\$ 1		\$ 1
Municipal Clerk Elections				
Salaries & Wages	209	209		209
Other Expenses	366	1,366	\$ 1,326	40
Financial Administration				
Other Expenses	93	1,093	671	422
Audit Services	3,950	3,950		3,950
Revenue Administration				
Other Expenses	1,978	1,978	373	1,605
Assessment of Taxes				
Salaries & Wages	10	10		10
Other Expenses	240	240	220	20
Legal Services and Costs				
Other Expenses	23,960	23,960	10,641	13,319
Engineering Services and Costs -				
Other Expenses	1,650	1,650		1,650
Planning Board				
Other Expenses	12	1,012	344	668
Zoning Bd of Adjustment				
Other Expenses	12	1,012	352	660
Construction Code Official				
Salaries & Wages	330	330		330
Other Expenses	981	981	33	948
Police				
Salaries & Wages	10,968	968		968
Other Expenses	3,140	14,998	7,368	7,630
Fire				
Other Expenses		18,239	18,239	-
LOSAP	16,417	110,400	95,283	15,117
Emergency Management				
Other Expenses	1,000	1,000		1,000
Uniform Fire Safety				
Other Expenses	6,208	6,208	2,846	3,362
Streets and Roads Maintenance				
Salaries & Wages	2,818	2,818		2,818
Other Expenses	5,476	8,366	7,983	383
Hurricane Sandy - Response and Recovery	94,572	96,572	42	96,530
Buildings and Grounds				
Other Expenses	35,135	41,424	21,927	19,497

**BOROUGH OF WALLINGTON
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, January 1, <u>2013</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Solid Waste Collection (Garbage and Trash, Recycling)				
Other Expenses		\$ 36,334	\$ 36,190	\$ 144
Board of Health				
Salaries & Wages	3,920	3,920		3,920
Other Expenses	61	561	46	515
Senior Citizens				
Other Expenses	635	635		635
Board of Recreation Commissioners				
Salaries & Wages	32	32		32
Other Expenses	90	840	750	90
Maintenance of Parks				
Other Expenses	1,169	11,169	11,169	-
Celebration of Public Events				
Other Expenses	1,012	1,012	510	502
Utilities				
Electricity	33,701	33,701	7,386	26,315
Street Lighting	769	15,769	15,203	566
Gasoline	9,756	33,756	5,729	28,027
Communications	23	5,962	4,234	1,728
Public Defender				
Salaries & Wages	834	834		834
Sewerage Processing and Disposal				
Other Expenses	5,554	2,084	1,255	829
Passaic Valley Sewerage Commission	13	13		13
East Rutherford Sewer Fees	6,500	6,500		6,500
911 Interlocal Services Agreement		486	486	-
Maintenance of Free Public Library	31,701	31,701	2,758	28,943
Municipal Court				
Other Expenses	370	370	335	35
Salary and Wage Adjustment	1,000	1,000		1,000
Social Security System	2,806	2,806		2,806
Insurance				
Unemployment	6,000	6,000		6,000
Employee Group	1,265	265		265
Liability	1,351	1,351		1,351
Liability (South Bergen JIF)		8,088	8,088	-
Worker's Compensation (South Bergen JIF)	-	11,099	11,098	1
	<u>\$ 318,088</u>	<u>\$ 555,073</u>	<u>\$ 272,885</u>	<u>\$ 282,188</u>
Appropriation Reserves	\$ 318,088			
Transferred from Reserve for Encumbrances		<u>236,985</u>		
		<u>\$ 555,073</u>		
Cash Disbursements			<u>\$ 272,885</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2013	\$ 236,985
Increased by:	
Charges to 2013 Budget Appropriations	<u>75,104</u>
	312,089
Decreased by:	
Transferred to Appropriation Reserves	<u>236,985</u>
Balance, December 31, 2013	<u><u>\$ 75,104</u></u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2013	\$ 80,971
Increased by:	
Collection - 2014 Taxes	<u>65,637</u>
	146,608
Decreased by:	
Application to 2013 Taxes Receivable	<u>80,971</u>
Balance, December 31, 2013	<u><u>\$ 65,637</u></u>

**BOROUGH OF WALLINGTON
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2013	\$ 8,889
Increased by:	
Cash Receipts	<u>40,368</u>
	49,257
Decreased by:	
Cash Disbursements	<u>8,889</u>
Balance, December 31, 2013	<u><u>\$ 40,368</u></u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
2013 Tax Levy	\$ 2,276,454	
Open Space Taxes	25,100	
2013 Added Taxes (54:4-63.1 et seq.)	<u>1,627</u>	
		2,303,181
Decreased by:		
Payments		<u>2,301,554</u>
Balance, December 31, 2013		<u><u>\$ 1,627</u></u>

STATEMENT OF SCHOOL TAXES PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 13,731,779</u>
Decreased by:	
Payments	<u><u>\$ 13,731,779</u></u>

BOROUGH OF WALLINGTON
STATEMENT OF MISCELLANEOUS FEES PAYABLE

	Balance, January 1, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2013</u>
Marriage License Fees	\$ 275	\$ 2,075	\$ 1,825	\$ 525
Blood Screening Fees		4,235	4,235	
DCA Training Fees	<u>2,160</u>	<u>3,181</u>	<u>2,465</u>	<u>2,876</u>
	<u>\$ 2,435</u>	<u>\$ 9,491</u>	<u>\$ 8,525</u>	<u>\$ 3,401</u>

STATEMENT OF RESERVE FOR REVALUATION

Balance, January 1, 2013	<u>\$ 2,770</u>
Balance, December 31, 2013	<u>\$ 2,770</u>

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

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>January 1,</u> <u>2013</u>	<u>Raised</u> <u>in 2013</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
3/8/2010	Codification Of Ordinances	\$ 23,000	\$ 4,600	\$ 18,400	\$ 4,600	\$ 13,800
				\$ 18,400	\$ 4,600	\$ 13,800

BOROUGH OF WALLINGTON
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance, January 1, <u>2013</u>	<u>Accrued</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2013</u>
Clean Communities Program	15,120	\$ -	\$ 15,120	-
Non-Public Nursing		13,168	13,168	-
Municipal Alliance Grant	409		409	-
Safe and Secure Communities Program	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
	<u>\$ 75,529</u>	<u>\$ 13,168</u>	<u>\$ 28,697</u>	<u>\$ 60,000</u>
		Cash Receipts	<u>\$ 28,697</u>	

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

	Balance, January 1, <u>2013</u>	Transferred from 2013 <u>Appropriations</u>	<u>Expended</u>	Balance, December 31, <u>2013</u>
Supplemental Fire Services Program State Entitlement:				
Fire - Other Expenses	\$ 1,573			\$ 1,573
Alcohol Education and Rehabilitation Fund				
Municipal Court				
Salaries & Wages	10,179	\$ 486	\$ 1,616	9,049
Drunk Driving Enforcement Fund				
Police				
Salaries & Wages	15,426		\$ 2,949	12,477
Clean Communities	46,362			46,362
COPS Fast Programs	73			73
Municipal Alliance- State	35,076			35,076
Municipal Alliance- Local	5,476			5,476
Recycling Assistance Program	10,329	186		10,515
Legislative Grant- Emergency Services	9,530			9,530
Non Public Nursing	11,748			11,748
Body Armor Replacement	4,445	2,251		6,696
Municipal Recycling Assistance Program	6,658			6,658
Recycling Tonnage Grant	13,437	9,708		23,145
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	17,960	-	-	17,960
	<u>\$ 241,828</u>	<u>\$ 12,631</u>	<u>\$ 4,565</u>	<u>\$ 249,894</u>
		Cash Disbursements	<u>\$ 4,565</u>	

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

	Balance, January 1, <u>2013</u>	Cash <u>Received</u>	Utilized as <u>2013 Revenue</u>	Balance, December 31, <u>2013</u>
Alcohol Education and Rehabilitation Fund	\$ 486	\$ 1,056	\$ 486	\$ 1,056
Municipal Alliance		6,510		6,510
HAVA Grant		6,586		6,586
Clean Communities		2,355		2,355
Body Armor Replacement	2,251		2,251	-
Non-Public Nursing	1,632		1,632	-
Municipal Recycling Assistance	186	182	186	182
Recycling Tonnage Grant	<u>9,708</u>	<u>13,572</u>	<u>9,708</u>	<u>13,572</u>
	<u>\$ 14,263</u>	<u>\$ 30,261</u>	<u>\$ 14,263</u>	<u>\$ 30,261</u>

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

Increased by:

Cash Receipts	\$ <u>4,966</u>
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Balance, December 31, 2013	\$ <u>4,966</u>
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STATEMENT OF RESERVE FOR CODIFICATION OF ORDINANCES

Balance, January 1, 2013	\$ <u>18,146</u>
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Balance, December 31, 2013	\$ <u>18,146</u>
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**BOROUGH OF WALLINGTON
STATEMENT OF EMERGENCY AUTHORIZATIONS**

Balance, January 1, 2013	\$ 117,400
Decreased by:	
Budget Appropriation	<u>117,400</u>
Balance, December 31, 2013	<u>\$ -</u>

STATEMENT OF OVEREXPENDITURE OF APPROPRIATION

Balance, January 1, 2013	\$ 6,144
Increased by:	
Overexpended in 2013	<u>1,619</u>
Balance, December 31, 2013	<u>\$ 7,763</u>

TRUST FUND

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

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, January 1, 2013	\$ 13,774	\$ 455,004
Increased by Receipts:		
Other Reserves		\$ 1,830,917
Payroll Salaries and Deductions		7,254,678
Payroll Deductions - Unemployment		4,864
Interest Earned	\$ 42	1,432
Receipts from Current Fund		17,254
Receipts from Water Operating Fund		148,609
Receipts from Current Fund	850	
Due to State of New Jersey	3,073	-
Dog License Fees/Cat/Late Fees	<u>3,965</u>	<u>9,257,754</u>
	17,739	9,712,758
Decreased by Disbursements:		
Payroll Salaries and Deductions		7,253,254
Due to State of New Jersey	853	
Expenditures Under (RS 4:19-15.11)	9	
Payments to Current Fund	42	1,243
Other Reserves	<u>-</u>	<u>1,652,006</u>
	<u>904</u>	<u>8,906,503</u>
Balance, December 31, 2013	<u>\$ 16,835</u>	<u>\$ 806,255</u>

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

Balance, January 1, 2013		\$ 5,208
Increased by:		
Dog License Fees/Cat/Late Fees		<u>3,073</u>
		8,281
Decreased by:		
Expenditures Under RS 4:19-15.11:		
Cash Disbursements	9	
Statutory Excess - Due to Current Fund	<u>2,076</u>	
		<u>2,085</u>
Balance, December 31, 2013		<u>\$ 6,196</u>

EXHIBIT B-3

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

Balance, January 2, 2013		\$ 4
Increased by:		
State Fees Collected in 2013		<u>850</u>
		854
Decreased by:		
Payments to State of New Jersey		<u>853</u>
Balance, December 31, 2013		<u>\$ 1</u>

EXHIBIT B-4

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

Balance, January 1, 2013		\$ 8,562
Increased by:		
Interest Earned	\$ 42	
Statutory Excess	<u>2,076</u>	
		<u>2,118</u>
		10,680
Decreased by:		
Payments to Current Fund		<u>42</u>
Balance, December 31, 2013		<u>\$ 10,638</u>

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

	Balance, (Deficit) January 1, <u>2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, (Deficit) December 31, <u>2013</u>
Uniform Fire Safety Act Penalties	\$ 1,280	\$ 390	\$ 2,110	\$ (440)
Planning Board-Escrow	39,311	34,101	23,047	50,365
Road Opening	4,475	2,100		6,575
Third Party Lien Redemptions	12,496	1,271,730	1,087,588	196,638
Tax Sale Premiums	155,263	1,300	24,000	132,563
Iron & Steel (Recycling)	128			128
Zoning Board-Escrow	23,838	8,096	10,742	21,192
Police Vests	685	2,669	3,000	354
Handicap Trust	37			37
Police Off Duty	44,043	476,019	467,740	52,322
Recreation	12,461	18,597	17,579	13,479
Parks	(86)	146	580	(520)
P.O.A.A.	13,856	1,314		15,170
Police Camp	(118)	2,918	2,215	585
Memorial Day Parade	(921)	4,051	2,200	930
Fire Department Deduction		750		750
Engineering		5,199	7,957	(2,758)
Miscellaneous	-	2,662	3,248	(586)
Total	<u>\$ 306,748</u>	<u>\$ 1,832,042</u>	<u>\$ 1,652,006</u>	<u>\$ 486,784</u>

Due from Current Fund	\$ 1,125
Cash Receipts/Cash Disbursements	<u>1,830,917</u>
	<u>\$ 1,832,042</u>
	<u>\$ 1,652,006</u>

EXHIBIT B-6

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

Balance, January 1, 2013	<u>\$ 3,850</u>
Balance, December 31, 2013	<u>\$ 3,850</u>

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

Balance, January 1, 2013		\$ 14,462
Increased by:		
Interest Earned	\$ 1,432	
Receipts from Current Fund	<u>148,609</u>	
		<u>150,041</u>
		164,503
Decreased by:		
Payments to Current Fund	1,243	
Budget Appropriation - Trust Fund Deficits	<u>1,125</u>	
		<u>2,368</u>
Balance, December 31, 2013 (Due To)		<u>\$ 162,135</u>

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

Balance, January 1, 2013	\$ 12,294
Increased by:	
Payroll Deductions	<u>4,864</u>
Balance, December 31, 2013	<u>\$ 17,158</u>

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

Balance, January 1, 2013	\$ 117,650
Increased by:	
Cash Receipts	<u>7,254,678</u>
	7,372,328
Decreased by:	
Cash Disbursements	<u>7,253,254</u>
Balance, December 31, 2013	<u>\$ 119,074</u>

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

Increased by:
Cash Receipts

\$ 17,254

Balance, December 31, 2013

\$ 17,254

GENERAL CAPITAL FUND

BOROUGH OF WALLINGTON
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, January 1, 2013		\$ 995,681
Increased by Receipts:		
Receipts due to Current Fund	\$ 125,000	
Receipts from Current Fund	410,000	
Bond Anticipation Notes	1,100,171	
Interest Earned	<u>4,757</u>	
		<u>1,639,928</u>
		2,635,609
Decreased by Disbursements:		
Payments to Current Fund	4,781	
Payments for Current Fund	116,255	
Payments for Water Capital Fund	389,498	
Encumbrances Payable		
Improvement Authorizations	1,727,197	
Bond Anticipation Notes	<u>718,233</u>	
		<u>2,955,964</u>
Balance (Overdraft), December 31, 2013		\$ <u>(320,355)</u>

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

	Balance, (Overdraft) December 31, 2013
Capital Improvement Fund	\$ 55,702
Due from Water Utility Capital Fund	(749,540)
Due to Water Utility Operating Fund	374,789
Due from Current Fund	(1,284,991)
Grants Receivable	(57,962)
Reserve for Purchase of Fire Equipment	11,595
Excess Note Proceeds	172,313
Overexpenditure of Ordinance Appropriations	(226,790)
Improvement <u>Authorizations:</u>	
97-4/01-13 Emergency Services Building Impvts.	116
98-6 Various Road, Curb and Sidewalk Impvts.	37,203
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	125,962
03-17 Replacement of Sanitary Sewer - Armm Ave	141
03-20 Replacement of Sanitary Sewer - Hathaway Street	455
05-11/07-13 Purchase of Real Property	2,380
06-11 2006 Road Improvement Program	215,456
07-10 Acquisition of New Automotive Vehicle	3,084
10-7 Refunding Tax Appeals	(80,014)
10-8 Resurfacing Various Streets	128,210
10-14 Acquisition of Ambulance Chassis	771
10-15 Purchase of Fire Engine	40,144
11-5 Resurface Hathaway Street	89,205
11-10 Acq. Firefighter Equipment	12,873
12-5 Funding of Various Expenses Relating to Hurricane Irene	8,750
12-9 Various Public Improvements	102,242
12-13 Streetscape Improvements to Paterson Avenue and Union Boulevard	231,534
12-20/13-9 Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	436,259
13-7 Acquisition of Sself Contained Breathing Apparatus Equipment for Fire Department	4,934
13-10 Various Public Improvements	<u>3,455</u>
	<u>\$ (320,355)</u>

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

Balance, January 1, 2013	\$ 63,674
Increased by:	
Grants Awarded in 2013	<u>170,000</u>
Balance, December 31, 2013	<u>\$ 233,674</u>

Analysis of Balance, December 31, 2013

<u>Ord. No.</u>		<u>Total</u>	<u>Pledged to Reserve</u>	<u>Deferred Charges to Future Taxation Unfunded</u>
00-12	Locust Avenue/Main Avenue Intersection	\$ 1,000	\$ 1,000	
01-15	Hathaway Street	4,712	4,712	
11-5	Resurface Hathaway Street (U.S. Department of Transportation)	37,962		\$ 37,962
12-9	Various Public Improvements (Bergen County Open Space Grant)	20,000		20,000
13-8	Reconstruction of Basketball Courts at Hathaway	-		
	Street Park	20,000	20,000	
13-10	Various Public Improvements	<u>150,000</u>	<u>150,000</u>	<u>-</u>
		<u>\$ 233,674</u>	<u>\$ 175,712</u>	<u>\$ 57,962</u>

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

Balance, January 1, 2013	\$ 360,042
Increased by:	
Bills paid by General Capital Fund for Water Utility Capital Fund	<u>389,498</u>
Balance, December 31, 2013	<u>\$ 749,540</u>

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

Balance, January 1, 2013		\$ 1,445,285
Increased by:		
Budget Appropriation:		
Capital Improvement Fund	\$ 25,000	
Deferred Charges - Unfunded	440,000	
General Capital Fund		
Receipts Deposited in Current Fund		
State Aid Relating to Ord. #13-7	172,283	
Payments Made to Current Fund	4,781	
Current Fund bills paid by General Capital Fund	116,255	
		<u>758,319</u>
		2,203,604
Decreased By:		
Reserve for FEMA Utilized as Current Fund Revenue	378,856	
Interest Earned	4,757	
Cash Received from Current Fund	410,000	
Contribution from Board of Education Due to Current Fund	125,000	
		<u>918,613</u>
Balance, December 31, 2013		<u>\$ 1,284,991</u>

EXHIBIT C-7

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

Balance, January 1, 2013		\$ 8,425,385
Decreased by:		
Current Fund Budget Appropriations:		
Serial Bonds Payable	\$ 410,000	
Green Acres Loan Payable	10,807	
		<u>420,807</u>
Balance, December 31, 2013		<u>\$ 8,004,578</u>

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

Analysis of Balance, December 31, 2013									
Ord. No.	General Improvements	Balance January 1, 2013	2013 Authorizations	Notes Paid By Budget Appropriation	Raised in 2013 Budget	Cash Receipts	Balance, December 31, 2013	Bond Anticipation Notes Issued	Unexpended Improvement Authorizations
97-4/01-13	Emergency Services Building Impvts.	\$ 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	3
03-9	Acq. of Senior Citizen Bus	3,895					3,895	3,895	
05-11/07-13	Purchase of Real Property	102					102		102
10-7	Refunding Tax Appeals	85,350					85,350	80,014	5,336
10-14	Acquisition of Ambulance Chassis	46,824					46,824	\$ 46,824	
10-15	Purchase of Fire Engine	41,976					41,976	41,976	
11-4	Construction of Turf Field	900,954					784,699	784,699	
11-10	Acq. Firefighting Equipment	333,300		\$ 116,255			333,300	333,300	
12-5	Funding of Various Expenses Relating to Hurricane Irene	440,000			\$ 440,000		-		
12-13	Streetscape Improvements to Paterson Avenue and Union Boulevard	238,000					238,000	238,000	
12-20/13-9	Acquisition of New Communication and Signal Systems	357,000	\$ 309,000				666,000	663,121	2,879
13-7	Equipment for Use of the Police and Fire Departments								
	Acquisition of Self Contained Breathing Apparatus		384,750			\$ 172,283	212,467	212,467	
13-8	Equipment for Fire Department								
	Reconstruction of Basketball Courts at Hathaway		52,300				52,300	52,300	
13-10	Street Park		419,000				419,000	-	419,000
	Various Public Improvements								
		<u>\$ 2,455,316</u>	<u>\$ 1,165,050</u>	<u>\$ 116,255</u>	<u>\$ 440,000</u>	<u>\$ 172,283</u>	<u>\$ 2,891,828</u>	<u>\$ 2,372,687</u>	<u>\$ 428,423</u>
					Notes Outstanding			\$ 2,545,000	
					Less: Excess Proceeds				
					Ord. No. 11-4	\$ (30)			
					Ord. No. 13-7	(172,283)		(172,313)	
								\$ 2,372,687	
									\$ 1,154,938
					Improvement Authorizations-Unfunded				
					Less: Unexpended Proceeds of Bond Anticipation Notes				
					Ord. 10-14	\$ 771			
					Ord. 10-15	40,144			
					Ord. 11-10	12,873			
					Ord. 12-13	231,534			
					Ord. 12-20/13-9	436,259			
					Ord. 13-7	4,934			726,515
									<u>\$ 428,423</u>

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

Balance, January 1, 2013	\$ 90,652
Increased by:	
Budget Appropriation -Capital Improvement Fund	<u>25,000</u>
	115,652
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>59,950</u>
Balance, December 31, 2013	<u>\$ 55,702</u>

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

Balance, January 1, 2013	\$ 5,712
Increased by:	
Grants Awarded	<u>170,000</u>
Balance, December 31, 2013	<u>\$ 175,712</u>

Analysis of Balance

Ord. 00-12	\$ 1,000
Ord. 01-15	4,712
Ord. 13-08	20,000
Ord. 13-10	<u>150,000</u>
	<u>\$ 175,712</u>

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

Balance, January 1, 2013	\$ 378,856
Decreased by:	
Utilized as Revenue in Current Fund	<u>378,856</u>
Balance, December 31, 2013	<u>\$ -</u>

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

Purpose of Issue	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance, January 1, 2013	Decreased	Balance, December 31, 2013
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds	5/15/2002	\$ 1,700,000	5/15/2014	\$ 160,000	4.375%	\$ 475,000	\$ 160,000	\$ 315,000
			5/15/2015	155,000	4.375%			
General Improvement Bonds	10/15/2003	1,227,000	10/15/2014-17	100,000	4.000%			
			10/15/2018	97,000	4.000%	597,000	100,000	497,000
General Improvement Bonds	8/1/2010	7,460,000	8/1/14-15	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%	7,235,000	150,000	7,085,000
						\$ 8,307,000	\$ 410,000	\$ 7,897,000

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

<u>Purpose of Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loan Outstanding</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2013</u>		<u>Balance, December 31, 2013</u>	
			<u>Date</u>	<u>Amount</u>		<u>Decreased</u>			
Centennial Field Development	11/7/2002	\$ 211,000	2/14/2014 - 2022	\$11,024-\$12,926	2.00%	\$ 10,807	\$ 10,807	\$ 107,578	
						Budget Appropriation	\$ 10,807		

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

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2013	Increased	Decreased	Balance, December 31, 2013
10-14	Acquisition of Ambulance Chasis	\$ 46,824	9/29/2011	9/28/2012 9/27/2013	9/27/2013 9/26/2014	0.70% 0.73%	\$ 46,824	\$ 46,824	\$ 46,824	\$ 46,824
10-15	Purchase of Fire Engine	547,500	9/29/2011	9/28/2012 9/27/2013	9/27/2013 9/26/2014	0.70% 0.73%	41,976	41,976	41,976	41,976
11-4	Construction of Turf Field	1,425,000	9/29/2011	9/28/2012 9/27/2013	9/27/2013 9/26/2014	0.70% 0.73%	1,249,217	1,249,217	1,249,217	784,729
11-10	Acq. Firefighting Equipment	333,300	9/28/2012	9/28/2012 9/27/2013	9/27/2013 9/26/2014	0.70% 0.73%	333,300	333,300	333,300	333,300
12-13	Streetscape Improvements to Paterson Avenue and Union Boulevard	238,000	9/28/2012	9/28/2012 9/27/2013	9/27/2013 9/26/2014	0.70% 0.73%	238,000	238,000	238,000	238,000
12-05	Funding of Various Expenses Relating to Hurricane Irene	370,000	5/22/2012	5/22/2012	2/15/2013	1.30%	370,000	370,000	370,000	-
12-20/13-9	Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	357,000	9/27/2013	9/27/2013	9/26/2014	0.73%		357,000		357,000
12-20/13-9	Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	306,121	9/27/2013	9/27/2013	9/26/2014	0.73%		306,121		306,121
13-7	Acquisition of Self Contained Breathing Apparatus Equipment for Fire Department	384,750	9/27/2013	9/27/2013	9/26/2014	0.73%		384,750		384,750
13-8	Reconstruction of Basketball Courts at Hathaway Street Park	52,300	9/27/2013	9/27/2013	9/26/2014	0.73%		52,300		52,300
							<u>\$ 2,279,317</u>	<u>\$ 2,545,000</u>	<u>\$ 2,279,317</u>	<u>\$ 2,545,000</u>
							Issued for Cash Renewals Paid by Budget Appropriation Paid by Capital Cash - Raised in 2013 Budget Paid by Capital Cash - Excess Note Proceeds			
							\$ 1,100,171	\$ 1,444,829	\$ 1,444,829	
								116,255	370,000	
								348,233		
							<u>\$ 2,545,000</u>	<u>\$ 2,279,317</u>	<u>\$ 2,279,317</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF OVEREXPENDITURE OF ORDINANCE APPROPRIATIONS
GENERAL CAPITAL FUND**

Increased by:

Overexpenditure of Ordinances in 2013	\$ <u>226,790</u>
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Balance, December 31, 2013	\$ <u><u>226,790</u></u>
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EXHIBIT C-17

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

Balance, January 1, 2013	\$ <u>11,595</u>
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Balance, December 31, 2013	\$ <u><u>11,595</u></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, 2013</u>	<u>2013 Authorizations</u>	<u>Raised in 2013 Budget</u>	<u>Notes Issued</u>	<u>Balance, December 31, 2013</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	102				102
10-7	Refunding Tax Appeals	85,350				85,350
12-05	Funding of Various Expenses Relating to Hurricane Irene	70,000		\$ 70,000		-
12-20/13-9	Acquisition of New Communication and Signal Systems					
	Equipment for Use of the Police and Fire Departments	357,000	\$ 309,000		\$ 663,121	2,879
13-7	Acquisition of Self Contained Breathing Apparatus					
	Equipment for Fire Department		384,750		384,750	-
13-8	Reconstruction of Basketball Courts at Hathaway					
	Street Park		52,300		52,300	-
13-10	Various Public Improvements	-	419,000	-	-	419,000
		<u>\$ 524,262</u>	<u>\$ 1,165,050</u>	<u>\$ 70,000</u>	<u>\$ 1,100,171</u>	<u>\$ 519,141</u>

WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2013	\$ 511,343	\$ 368,130
Increased by Receipts:		
Receipts from Water Collector	\$ 1,940,197	
Fire Hydrant Service	33,618	
Miscellaneous	2,279	
Receipts due to Water Capital Fund	2,405,000	
Receipts from Water Utility Capital Fund	1,119	
Interest Earned	<u>-</u>	<u>932</u>
	4,382,213	932
	4,893,556	369,062
Decreased by Disbursements:		
2013 Budget Appropriations	1,818,409	
2012 Appropriation Reserves	130,162	
Payments to Water Utility Operating Fund		1,119
Payments to Other Trust Fund	17,254	
Payments to Current Fund	400,000	
Accrued Interest	<u>13,954</u>	<u>-</u>
	2,379,779	1,119
Balance, December 31, 2013	<u>\$ 2,513,777</u>	<u>\$ 367,943</u>

EXHIBIT D-6

STATEMENT OF CASH - WATER COLLECTOR

Increased by Receipts:	
Consumer Accounts Receivable	<u>\$ 1,940,197</u>
Decreased by Disbursements:	
Payments to Treasurer	<u>\$ 1,940,197</u>

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

		Balance, December 31, <u>2013</u>
Due to General Capital Fund		\$ 749,540
Due from Water Utility Operating Fund		(2,398,811)
Encumbrances Payable		1,167,859
Capital Improvement Fund		220,787
Fund Balance		972
<u>Improvement Authorizations:</u>		
06-12	Acquisition of Real Property	(80,458)
11-3	Acquisition of Two Dump Trucks with Plows	52
11-8	Acquisition of Vehicles & Equipment	75,169
12-21	Replacement of Various Water Mains	327,833
12-22	Replacement of Various Water Mains	<u>305,000</u>
		<u>\$ 367,943</u>

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

Balance, January 1, 2013	\$ <u>100</u>
Balance, December 31, 2013	\$ <u><u>100</u></u>

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

Balance, January 1, 2013	\$ 230,363
Increased by:	
Billings	<u>1,919,611</u>
	2,149,974
Decreased by:	
Collections	<u>1,940,197</u>
Balance, December 31, 2013	\$ <u><u>209,777</u></u>

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

Balance, January 1, 2013

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

Balance, December 31, 2013

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

Analysis of Balance

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

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

Balance, January 1, 2013 (Due To)	\$ 6,376
Increased by:	
Interest Earned	\$ 932
	7,308
Decreased by:	
Bond Anticipation Notes Received in Water Operating Fund	\$ 2,405,000
Cash Disbursements	<u>1,119</u>
	<u>2,406,119</u>
Balance, December 31, 2013 (Due From)	<u>\$ (2,398,811)</u>

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

	Balance, January 1, <u>2013</u>	Balance, December 31, <u>2013</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	157,641	157,641
Acq. Of a Dump Truck	38,966	38,966
Various Impvts. To Water Supply System	908,112	908,112
Acq. of Two Dump Trucks	54,928	54,928
Acquisition of Pick-up Truck	20,250	20,250
Acquisition of Trucks	58,279	58,279
Acquisition of Vehicles and Equipment	74,950	74,950
Acquisition of Real Property	232,958	232,958
Replacement of Various Water Mains	<u>1,800,000</u>	<u>1,800,000</u>
	<u>\$ 5,392,963</u>	<u>\$ 5,392,963</u>

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

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance, January 1, 2013</u>		<u>Balance, December 31, 2013</u>
	<u>Number</u>	<u>Date</u>	<u>Amount</u>		
General Improvements					
Acquisition of Two Dump Trucks with Plows	11-3	3/24/2011	\$ 110,000	\$ 110,000	\$ 110,000
Acquisition of Vehicles & Equipment	11-8	7/21/2011	225,000	225,000	225,000
Replacement of Various Water Mains	12-21	12/20/2012	2,100,000	2,100,000	2,100,000
Replacement of Various Water Mains - (Amend Ord. 11-7)	12-22	12/20/2012	305,000	305,000	305,000
				<u>\$2,740,000</u>	<u>\$ 2,740,000</u>

**BOROUGH OF WALLINGTON
STATEMENT OF 2012 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2013</u>	Prior Year <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries	\$ 2,124			\$ 2,124
Other Expenses	3,514	212,044	\$ 130,162	85,396
Deferred Charges And Statutory Expenditures				
Social Security System (O.A.S.I.)	<u>2,922</u>	<u>-</u>	<u>-</u>	<u>2,922</u>
Total Water Utility Appropriations	<u>\$ 8,560</u>	<u>\$ 212,044</u>	<u>\$ 130,162</u>	<u>\$ 90,442</u>
		Cash Disbursements	<u>\$ 130,162</u>	

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

Balance, January 1, 2013	\$ <u>3,862</u>
Balance, December 31, 2013	\$ <u>3,862</u>

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

Balance, January 1, 2013	\$ <u>374,789</u>
Balance, December 31, 2013	\$ <u>374,789</u>

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

Balance, January 1, 2013	\$ 61,968
Increased by:	
Payments Made to Current Fund	<u>400,000</u>
	461,968
Decreased by:	
Expenditures Paid By Current Fund	\$ 238,000
Surplus Anticipated as Current Fund Revenue	<u>77,199</u>
	<u>315,199</u>
Balance, December 31, 2013	\$ <u>146,769</u>

BOROUGH OF WALLINGTON
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2013		Balance, December 31, 2013	
				Funded	Unfunded	Funded	Unfunded
11-3	Acquisition of Two Dump Trucks with Plows	3/24/2011	110,000	\$ 52		\$ 52	
11-8	Acquisition of Vehicles & Equipment	7/21/2011	225,000	132,750		75,169	
12-21	Replacement of Various Water Mains	12/20/2012	2,100,000		\$ 1,827,609	\$ 1,499,776	\$ 327,833
12-22	Replacement of Various Water Mains (Amend Ord. 11-7)	12/20/2012	305,000	-	305,000	-	305,000
				<u>\$ 132,802</u>	<u>\$ 2,132,609</u>	<u>\$ 1,557,357</u>	<u>\$ 632,833</u>
				Due to General Capital Fund		\$ 389,498	
				Encumbrances Payable		<u>1,167,859</u>	
						<u>\$ 1,557,357</u>	

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

Balance, January 1, 2013	\$ <u>220,787</u>
Balance, December 31, 2013	\$ <u>220,787</u>

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

Balance, January 1, 2013	\$ 3,149,505
Increased by:	
Bonds Paid by Operating Budget	<u>55,000</u>
Balance, December 31, 2013	\$ <u>3,204,505</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>2013</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
	General Improvements			
11-3	Acquisition of Two Dump Trucks with Plows	3/24/2011	\$ 110,000	\$ 110,000
11-8	Acquisition of Vehicles & Equipment	7/21/2011	<u>225,000</u>	<u>225,000</u>
			<u>\$ 335,000</u>	<u>\$ 335,000</u>

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

Balance, January 1, 2013		\$	6,241
Increased by:			
Budget Appropriations			<u>26,954</u>
			33,195
Decreased by:			
Cancelled	\$	8,685	
Cash Disbursements		<u>13,954</u>	
			<u>22,639</u>
Balance, December 31, 2013		\$	<u>10,556</u>

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

Balance, January 1, 2013	\$ 212,044
Increased by:	
Charges to 2013 Budget Appropriations	<u>10,484</u>
	222,528
Decreased by:	
Restored to Appropriation Reserves	<u>212,044</u>
Balance, December 31, 2013	<u>\$ 10,484</u>

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

Purpose of Issue	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Amount	Balance, January 1, 2013	Decreased	Balance, December 31, 2013
			Date						
Water Capital Improvement Bonds	10/15/2003	\$ 753,000		\$					
			10/15/2014		55,000	4.000%			
			10/15/2015-16		60,000	4.000%			
			10/15/2017		65,000	4.000%			
			10/15/2018		68,000	4.000%	\$ 363,000	\$ 55,000	\$ 308,000
						Paid by Budget Appropriation		\$ 55,000	

BOROUGH OF WALLINGTON
STATEMENT OF BOND ANTICIPATION NOTES PAYABLE
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, 2013	Increased	Decreased	Balance, December 31, 2013
11-7	Replacement of Various Water Mains	\$ 1,800,000	9/29/2012	9/28/2012	9/27/2013	0.70%	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000	\$ 1,800,000
12-21	Replacement of Various Water Mains	2,100,000	9/28/2013	9/28/2013	9/27/2014	0.73%		2,100,000		2,100,000
12-22	Replacement of Various Water Mains	305,000	9/28/2013	9/28/2013	9/27/2014	0.73%	-	305,000	-	305,000
							<u>\$ 1,800,000</u>	<u>\$ 4,205,000</u>	<u>\$ 1,800,000</u>	<u>\$ 4,205,000</u>
							Issued - Due from Water Operating Fund Renewals			
								<u>\$ 2,405,000</u>	<u>\$ 1,800,000</u>	
								<u>\$ 4,205,000</u>	<u>\$ 1,800,000</u>	

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

	Balance, January 1, <u>2013</u>	Balance, December 31, <u>2013</u>
County of Bergen		
Acquisition of Real Property	\$ 40,200	\$ 40,200
		<u>Analysis of Balance</u>
		Offset by Reserve for Receivable \$ 40,200

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

Increased by:	
Charges to Improvement Authorizations	\$ 1,167,859
Balance, December 31, 2013	<u>\$ 1,167,859</u>

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

<u>Ord. No.</u> <u>or Date</u>	<u>Improvement Description</u>	Balance, January 1, <u>2013</u>	Notes <u>Issued</u>	Balance, December 31, <u>2013</u>
06-12	Acquisition of Real Property	\$ 80,458		\$ 80,458
12-21	Replacement of Various Water Mains	2,100,000	\$2,100,000	-
12-22	Replacement of Various Water Mains (Suppl. Ord. 11-7)	<u>305,000</u>	<u>305,000</u>	<u>-</u>
		<u>\$ 2,485,458</u>	<u>\$2,405,000</u>	<u>\$ 80,458</u>

BOROUGH OF WALLINGTON
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

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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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Wallington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated July 17, 2014. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Wallington's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Wallington's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Wallington's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2013-001 through 2013-005 that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Wallington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as items 2013-001 through 2013-005.

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"

Borough of Wallington's Responses to Findings

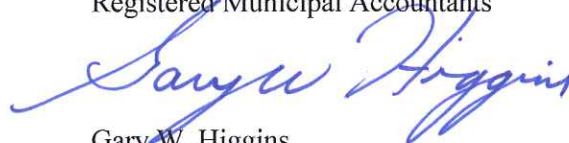
The Borough of Wallington's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Borough of Wallington's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Wallington's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Wallington's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
July 17, 2014

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal CFDA Number	Original Grant Award Amount	Current Year Grant Receipt	Grant Year	Balance, January 1, 2013	Revenue Realized	Expenditures	Balance, December 31, 2013	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
Federal Emergency Administration FEMA - Superstorm Sandy	97.036	\$ 57,836	2012		\$ 57,836	\$ 57,836		57,836
U.S. Department of Transportation Resurface Hathaway Street - Ord. 11-5	20.205 110,000	72,038	2011	37,962			37,962	72,038
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development) Community Development Block Grant Acquisition of Self Contained Breathing Apparatus for the Fire Department - Ord. 13-7	14.219 172,283	172,283	2013		172,283	172,283		172,283
				\$ 39,614	\$ 230,119	\$ 230,119	\$ 39,614	

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

**BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF STATE ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2012

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 57,836	\$ 27,431	\$ 85,267
General Capital	<u>172,283</u>	<u>-</u>	<u>172,283</u>
Total Financial Awards	<u>\$ 230,119</u>	<u>\$ 27,431</u>	<u>\$ 257,550</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, 2012

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loan outstanding at December 31, 2013, which is not required to be reported on the schedule of expenditures of state financial assistance, is as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
N.J. Green Acres Loan	4800-533-857000-60	<u>\$ 107,578</u>

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part I – Summary of Auditor's Results

Financial Statements

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

Federal Awards Section - NOT APPLICABLE

State Awards Section - NOT APPLICABLE

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2013-001:

Our audit revealed the following:

- Certain bills that related to 2013 were not recorded as liabilities at December 31, 2013.
- 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 2013-001.

Questioned Costs:

None.

Context:

- Bills in the amount of \$1,167,859 were not recorded as liabilities at December 31, 2013 in the Water Capital Fund.
- Insurance bills were allocated without supporting documentation.

Cause:

Unknown.

Recommendation:

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

Management's Response:

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

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2013-002:

Our audit revealed that Ordinances 11-4 and 13-8 in the General Capital Fund were overexpended at December 31, 2013 in the amount of \$226,790.

Criteria or specific requirement:

N.J.S.A. 40A:4-57, expenditures void without appropriation.

Condition:

Ordinances 11-4 and 13-8 were not amended for additional funds required.

Questioned Costs:

None.

Context:

Ordinances 11-4 and 13-8 were overexpended in the amount of \$226,790.

Effect:

The funding of Ordinances 11-4 and 13-8 was not sufficient to fund liabilities incurred resulting in deferred charges that must be raised in future years' budgets.

Cause:

Unknown.

Recommendation:

Appropriation be provided prior to incurring expenditures.

Management's Response:

Management is reviewing internal controls relating to the funding of capital ordinances.

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2013-003

Certain accounts in the Current, General Capital, Water Utility and Trust Funds general ledgers for the year ended December 31, 2013 were not in agreement with the subsidiary records and bank reconciliations. In addition, certain transactions were not properly recorded in the general ledgers and year to date cash receipts in the General Capital, Water Operating, Water Capital and Trust Funds were posted as a single general journal entry.

Criteria

NJAC 5:30-5.7 General Ledger Accounting Systems

Condition

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

Context

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

Effect

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

Recommendation

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

Management's Response

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

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2013-004:

The following exceptions were noted with respect to the New Jersey Public Contracts Law:

- Certain change orders were not approved by Council resolution.
- The Borough did not solicit competitive quotations and/or bids for the purchase of sewer repair work, automobile repairs, street sweeping services, and fencing/gates.

Criteria or specific requirement:

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

Condition:

The Borough did not comply with certain provisions of the Local Public Contracts Law.

Questioned Costs:

Not applicable.

Context:

See Finding 2013-004.

Effect:

Unknown.

Cause:

Unknown.

Recommendation:

All contracts for goods and services which in the aggregate exceed the quote and/or bid threshold be made in accordance with the New Jersey Local Public Contracts Law and all contract change orders be presented to the governing body for approval.

Management’s Response:

Management is reviewing internal controls relating to the New Jersey Local Public Contracts Law.

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2013-005:

The audit indicated health benefit employee contributions were not withheld from certain eligible employees.

Criteria or specific requirement:

P.L. 2011, C. 78

Condition:

See Finding 2013-005.

Questioned Costs:

Not applicable.

Context:

The employees in two Borough bargaining units whose contracts expired on December 31, 2012 had no health benefit contributions withheld from January to November 2013. Additionally, certain employees' contributions were calculated in error.

Effect:

Health benefit costs were overstated as a result of not receiving employee contributions.

Cause:

Unknown.

Recommendation:

Employee health benefit contributions be made in accordance with State law.

Management's Response:

Management is reviewing internal controls relating to employee health benefit contributions.

**BOROUGH OF WALLINGTON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-1

Our audit revealed the following:

- Certain bills that related to 2013 were not recorded as liabilities at December 31, 2013.
- Certain bills were allocated between the Current and Water Operating Funds; however no supporting documentation pertaining to the allocation was available.

Status

See Finding 2013-001.

Finding 2012-2

The audit indicated that certain vouchers did not contain a certification that the goods or services have been received.

Status

Corrective action has been taken.

Finding 2012-3

Certain accounts in the Current, General Capital, Water Utility and Trust Funds general ledgers for the year ended December 31, 2013 were not in agreement with the subsidiary records and bank reconciliations. In addition, certain transactions were not properly recorded in the general ledgers and year to date cash receipts in the Water Operating and Trust Funds were posted as a single general journal entry.

Status

See Finding 2013-003

Finding 2012-4

The Borough's fixed asset accounting and reporting system was not updated through December 31, 2013. The account group has been updated by audit adjustments to include \$759,000 of fixed asset deletions compiled from the accounting records.

Status

Corrective action has been taken.

BOROUGH OF WALLINGTON

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 455,638	1.56 %	\$ 116,765	0.42 %
Miscellaneous - From Other Than Local				
Property Tax Levies	4,385,852	14.99	4,038,323	14.67
Collection of Delinquent Taxes				
and Tax Title Liens	894,871	3.06	568,557	2.07
Collection of Current Tax Levy	<u>23,522,433</u>	<u>80.39</u>	<u>22,807,813</u>	<u>82.84</u>
Total Income	<u>29,258,794</u>	<u>100.00 %</u>	<u>27,531,458</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	12,144,589	42.47 %	11,265,766	42.05 %
County Taxes	2,303,181	8.05	2,269,016	8.47
Local School Taxes	13,731,779	48.02	13,201,286	49.28
Other Expenditures	<u>417,360</u>	<u>1.46</u>	<u>52,832</u>	<u>0.20</u>
Total Expenditures	<u>28,596,909</u>	<u>100.00 %</u>	<u>26,788,900</u>	<u>100.00 %</u>
Excess (Deficit) of Revenue Over (Under) Expenditures	661,885		742,558	
Adjustments to Income before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>123,544</u>	
Statutory Excess to Fund Balance	661,885		866,102	
Fund Balance, January 1	<u>1,287,577</u>		<u>538,240</u>	
	1,949,462		1,404,342	
Less Amount of Fund Balance Utilized				
as Revenue	<u>455,638</u>		<u>116,765</u>	
Fund Balance, December 31	<u>\$ 1,493,824</u>		<u>\$ 1,287,577</u>	

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2013</u>			<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 200,000	8.79 %	\$ 241,863	8.35	
Collection of Water Rents	1,940,197	85.24	2,476,452	85.47	%
Miscellaneous - From Other Than Rents	<u>135,956</u>	<u>5.97</u>	<u>179,181</u>	<u>6.18</u>	
Total Income	<u>2,276,153</u>	<u>100.00</u> %	<u>2,897,496</u>	<u>100.00</u>	%
EXPENDITURES					
Budget Expenditures					
Operating	2,045,000	89.84 %	2,025,027	75.41	%
Deferred Charges and Statutory					
Expenditures	72,000	3.16	57,000	2.12	
Capital Improvements	-	-	100,000	3.72	
Debt Service	81,954	3.60	93,252	3.47	
Surplus (General Budget)	<u>77,199</u>	<u>3.39</u>	<u>410,000</u>	<u>15.27</u>	
Total Expenditures	<u>2,276,153</u>	<u>100.00</u> %	<u>2,685,279</u>	<u>100.00</u>	%
Excess in Revenue to Fund Balance			212,217		
Fund Balance, January 1	<u>723,869</u>		<u>753,515</u>		
	723,869		965,732		
Less: Utilized as Revenue:					
Current Fund					
Water Operating Fund	<u>200,000</u>		<u>241,863</u>		
Fund Balance, December 31	<u>\$ 523,869</u>		<u>\$ 723,869</u>		

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$2.206</u>	<u>\$2.133</u>	<u>\$2.073</u>

Apportionment of Tax Rate

Municipal (Including Library Levy)	.743	.723	.704
County	.211	.208	.208
Local School	1.252	1.202	1.161

Assessed Valuation

2013	<u>\$1,096,806,432</u>	
2012		<u>\$1,098,393,412</u>
2011		<u>\$1,099,687,029</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>
2013	\$ 24,222,428	\$ 23,522,433	97.11%
2012	23,445,416	22,807,813	97.28%
2011	22,814,428	22,053,186	96.66%

**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>
2013	\$ 176,186	\$ 591,603	\$ 767,789	3.17%
2012	592,631	497,775	1,090,406	4.65%
2011	448,107	591,199	1,039,306	4.56%

Comparison of Water Utility Billings

<u>Year</u>	<u>Levy</u>	<u>Collections *</u>
2013	\$1,919,611	\$1,940,197
2012	2,481,860	2,476,452
2011	2,477,436	2,402,222

* 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	2013	\$1,493,824	\$563,049
	2012	1,287,577	455,638
	2011	538,240	116,765
	2010	530,279	113,000
	2009	512,090	293,800
Water Utility Operating Fund	2013	523,869	100,000
	2012	723,869	200,000
	2011	753,515	241,863
	2010	537,950	-0-
	2009	103,080	22,440

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS AS OF DECEMBER 31, 2013

<u>Name</u>	<u>Title</u>
Walter G. Wargacki	Mayor
Mark Tomko	Council President
Izabela Bacza	Councilwoman
Katherine Polten	Councilwoman
Celina Urbankowski	Councilwoman
Krystyna Surowiec	Councilman
Roman Kruk	Councilman
Witold T. Baginski	Borough Clerk
	Borough Administrator
	Officer for Searches for Municipal Improvements
Charles Cuccia	Chief Financial Officer
Dorothy Siek	Tax Collector
Katarzyna Rapacz	Water Rent Collector
Nick Melfi	Building Inspector
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
Ilana Sleszynski	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
SUPPLEMENTARY DATA**

GENERAL COMMENTS

The audit revealed the Fire – Other Expenses line item was overexpended by \$1,619 in the Current Fund. No recommendation is warranted since the amount was deemed to be immaterial. The Fire – Other Expenses line item overexpended amount will be raised in a succeeding budget.

The audit of the Municipal Court indicated disbursements were not made to the respective third party agencies by the 15th of the month following receipt. It is recommended that disbursements be made to each respective third party agency by the 15th of the month following receipt.

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

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

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

The audit indicated there are certain inactive improvement authorization balances in the General Capital Fund. No recommendation is warranted since the governing body cancelled various inactive improvement authorizations on March 27, 2014.

The audit indicated that there are various interfunds outstanding at December 31, 2013 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.

The audit of the Municipal Court indicated that the Tickets Assigned Not Issued Report includes 328 tickets that were outstanding in excess of six months.

It is recommended that with respect to the Municipal Court, tickets assigned not issued in excess of six months be recalled.

The audit indicated that certain Trust Fund reserves are in a deficit position. These balances have been raised in the Borough's 2014 budget and therefore, a recommendation is not warranted.

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

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

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

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Water Main Replacement Program

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 \$36,000 "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 2013 taxes and utility charges was held on December 19, 2013 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>
2013	2
2012	3
2011	4

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

Suggestions to Management

Old outstanding checks included on certain Borough bank reconciliations be reviewed and cleared of record.

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**


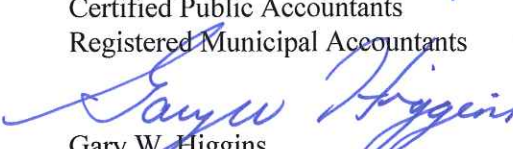
RECOMMENDATIONS

It is recommended that:

- * 1. Procedures over cash disbursements and liabilities be reviewed and enhanced to ensure the appropriate recording of expenditures and the payment of bills.
- * 2. All interfunds be cleared of record as of December 31 and all interfund transactions be recorded in both funds affected.
- 3. Appropriation be provided prior to incurring expenditures.
- 4. The excess balance in the payroll bank accounts be reviewed.
- * 5. With respect to the Municipal Court, it is recommended that:
 - a) Tickets assigned not issued in excess of six months be recalled.
 - b) Disbursements be made to each respective third party agency by the 15th of the month following receipt.
- * 6. Appropriated grant reserves be reviewed for proper disposition.
- * 7. The Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.
- 8. The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.
- 9. Employee health benefit contributions be made in accordance with State law.
- 10. All contracts for goods and services which in the aggregate exceed the quote and/or bid threshold be made in accordance with the New Jersey Local Public Contracts Law and all contract change orders be presented to the governing body for approval.

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

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


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

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405