

BOROUGH OF WALLINGTON
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF WALLINGTON

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BOROUGH OF WALLINGTON

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
KEVIN LOMSKI, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, 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 the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the 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, 2014 and 2013, 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, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 51 percent and 49 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

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, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

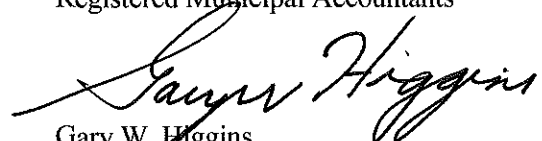
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 7, 2015 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
August 7, 2015

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash - Collector - Treasurer	A-4	\$ 2,614,795	\$ 3,698,829
Cash - Change Fund	A-5	100	100
Cash - Petty Cash	A-6	100	100
Federal and State Grants Receivable	A-20	<u>34,365</u>	<u>60,000</u>
		<u>2,649,360</u>	<u>3,759,029</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-8	545,936	591,603
Tax Title Liens Receivable	A-9	342,596	176,186
Due from Other Trust Fund	B-7	163,599	162,135
Due From Animal Control Fund	B-4	14,691	10,638
Due from Water Utility Operating Fund	D-17	195,772	
Revenue Accounts Receivable	A-10	<u>17,952</u>	<u>14,462</u>
		<u>1,280,546</u>	<u>955,024</u>
Deferred Charges:			
Special Emergency Authorizations	A-19	9,200	13,800
Overexpenditure of Appropriation Reserves	A-25	53,041	
Overexpenditure of Appropriations	A-26	<u>-</u>	<u>7,763</u>
		<u>62,241</u>	<u>21,563</u>
Total Assets		<u>\$ 3,992,147</u>	<u>\$ 4,735,616</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 274,601	\$ 351,552
Encumbrances Payable	A-12	83,742	75,104
Reserve for Revaluation	A-18	2,770	2,770
Reserve for Codification of Ordinances	A-24	10,925	18,146
Appropriated Reserves for Federal and State Grants	A-21	274,057	249,894
Unappropriated Reserves for Federal and State Grants	A-22	38,978	30,261
Prepaid Taxes	A-13	77,805	65,637
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-7	4,892	11,282
County Taxes Payable	A-15	-	1,627
Miscellaneous Fees Payable	A-17	4,559	3,401
Due to General Capital Fund	C-6	773,186	1,284,991
Due to Water Utility Operating Fund	D-17	-	146,769
Amount Due to Library - State Aid	A-23	9,893	4,966
Tax Overpayments	A-14	24,976	40,368
		1,580,384	2,286,768
Reserve for Receivables	A	1,280,546	955,024
Fund Balance	A-1	1,131,217	1,493,824
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,992,147</u>	<u>\$ 4,735,616</u>

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 563,049	\$ 455,638
Miscellaneous Revenues	A-2	1,794,895	3,636,251
Receipts from Delinquent Taxes	A-2	441,506	894,871
Receipts from Current Taxes	A-2	24,040,474	23,522,433
Non-Budget Revenues	A-2	170,950	467,413
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	<u>100,334</u>	<u>282,188</u>
Total Income		<u>27,111,208</u>	<u>29,258,794</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	3,579,999	3,585,468
Other Expenses	A-3	4,867,500	6,243,732
Capital Improvements	A-3	-	25,000
Municipal Debt Service	A-3	809,266	854,280
Deferred Charges and Statutory			
Expenditures	A-3	1,078,850	1,436,109
Judgments	A-3	11,278	
Local District School Tax	A-16	14,054,766	13,731,779
County Tax	A-15	2,199,823	2,276,454
County Share of Added and Omitted Taxes	A-15	944	1,627
County Open Space Tax	A-15	24,194	25,100
Prior Year Tax Appeals Granted	A-4	77,223	267,611
Refund of Prior Year Revenue	A-4	5,634	
Interfunds Established	A	<u>201,289</u>	<u>149,749</u>
Total Expenditures		<u>26,910,766</u>	<u>28,596,909</u>
Excess of Revenues over Expenditures		200,442	661,885
FUND BALANCE, JANUARY 1	A	<u>1,493,824</u>	<u>1,287,577</u>
		1,694,266	1,949,462
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>563,049</u>	<u>455,638</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,131,217</u>	<u>\$ 1,493,824</u>

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

		2014 <u>Anticipated</u>	2014 <u>Realized</u>	Excess or <u>(Deficit)</u>
	<u>Reference</u>	<u>Budget</u>		
Fund Balance Anticipated	A-1	\$ 563,049	\$ 563,049	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	A-10	17,600	17,692	\$ 92
Other	A-2	10,000	9,780	(220)
Fees and Permits				
Other	A-2	10,100	17,164	7,064
Fines and Costs				
Municipal Court	A-10	155,800	180,622	24,822
Interest and Costs on Taxes	A-10	104,000	117,593	13,593
Interest on Investments and Deposits	A-2	11,300	11,007	(293)
Energy Receipts Tax	A-10	574,188	591,750	17,562
Consolidated Municipal Property Tax Relief	A-10	99,266	81,704	(17,562)
Uniform Construction Code Fees	A-10	83,100	150,311	67,211
State and Federal Revenues Offset with Appropriations				
Reserve for Recycling Tonnage Grant	A-22	13,572	13,572	
Reserve for Clean Communities Program	A-22	2,355	2,355	
Reserve for Municipal Alliance on Alcoholism and Drug Abuse	A-22	6,510	6,510	
Non-Public Nursing	A-20	14,800	14,800	
Reserve for Municipal Recycling Grant	A-22	182	182	
Reserve for Alcohol Education & Rehabilitation	A-22	1,056	1,056	
Reserve for HAVA Grant	A-22	6,586	6,586	
Other Special Items				
Uniform Safety Act	A-10	10,800	13,590	2,790
Bergen County Open Space Trust Fund -				
HS Athletic Field Improvements	A-10	91,250	66,500	(24,750)
Reserve Due from Other Trust Fund	A	162,135		(162,135)
Cancellation of General Capital Fund Improvement				-
Authorizations - Funded	C-6	201,414	201,414	-
Contribution from Board of Education	C-6	125,000	125,000	-
Cell Tower Rental Fee	A-10	50,800	48,480	(2,320)
CATV Franchise Fee	A-10	92,227	117,227	25,000
Total Miscellaneous Revenues	A-1	1,844,041	1,794,895	(49,146)
Receipts from Delinquent Taxes	A-2	506,000	441,506	(64,494)

**BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

		2014 <u>Anticipated</u>		
	<u>Reference</u>	<u>Budget</u>	2014 <u>Realized</u>	Excess or <u>(Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax For Municipal Purposes Including				
Reserve for Uncollected Taxes		\$ 8,008,504	\$ 8,254,226	\$ 245,722
Minimum Library Tax		<u>326,521</u>	<u>326,521</u>	<u>-</u>
 Total Amount to be Raised by Taxes for Support of Municipal Budget	 A-2	 <u>8,335,025</u>	 <u>8,580,747</u>	 <u>245,722</u>
 Total General Revenue	 A-3	 <u>\$ 11,248,115</u>	 11,380,197	 <u>\$ 132,082</u>
 Non-Budget Revenue	 A-1,A-2		 <u>170,950</u>	
			 <u>\$ 11,551,147</u>	

**BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 24,040,474
Allocated to		
School and County Taxes	A-15,A-16	<u>16,279,727</u>
		7,760,747
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>820,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 8,580,747</u>
Analysis of Delinquent Taxes		
Taxes Receivable	A-8	\$ 441,506
Tax Title Liens Receivable	A-9	<u>-</u>
	A-2	<u>\$ 441,506</u>
Licenses - Other		
Borough Clerk	A-10	\$ 1,020
Registrar of Vital Statistics	A-10	285
Board of Health	A-10	<u>8,475</u>
	A-2	<u>\$ 9,780</u>
Fees and Permits - Other		
Borough Clerk	A-10	\$ 3,952
Registrar of Vital Statistics	A-10	6,012
Fire Prevention	A-10	1,985
Planning and Zoning Boards	A-10	211
Board of Health	A-10	4,667
Police	A-10	<u>337</u>
	A-2	<u>\$ 17,164</u>
Interest on Investments		
Cash Receipts	A-10	\$ 8,200
Due from Animal Control Fund	B-4	50
Due from Other Trust Fund	B-7	2,304
Due from General Capital Fund	C-6	<u>453</u>
	A-2	<u>\$ 11,007</u>
Non-Budget Revenues		
Cash Receipts	A-4	\$ 166,897
Due from Animal Control Fund - Statutory Excess	B-4	<u>4,053</u>
	A-2	<u>\$ 170,950</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, 2014

	<u>2014</u> <u>Appropriated</u>		<u>2014 Expended</u>		
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries and Wages	\$ 20,100	\$ 20,100	\$ 19,665	\$ 435	
Municipal Clerk/Elections					
Salaries and Wages	153,000	153,000	153,000	-	
Other Expenses	53,000	55,000	50,845	4,155	
Financial Administration					
Salaries and Wages	26,655	26,655	26,651	4	
Other Expenses	46,000	48,000	43,879	4,121	
Audit Services	12,000	12,000	11,750	250	
Revenue Administration					
Salaries and Wages	49,000	49,000	48,141	859	
Other Expenses	13,900	15,900	9,959	5,941	
Assessment Administration					
Salaries and Wages	13,675	13,675	13,674	1	
Other Expenses	76,400	76,400	76,308	92	
Legal Service and Costs					
Salaries and Wages	22,500	22,500	22,500	-	
Other Expenses	98,000	83,000	82,978	22	
Engineering Services and Costs					
Salaries and Wages	1,200	1,200	1,200	-	
Other Expenses	15,000	15,000	13,793	1,207	
Planning Board					
Salaries and Wages	3,569	3,569	3,569	-	
Other Expenses	7,800	3,800	3,792	8	
Zoning Board of Adjustment					
Salaries and Wages	1,560	1,560	1,560		
Other Expenses	6,000	6,000	5,441	559	
Insurance					
Unemployment Insurance	6,000	6,000		6,000	
Employee Group Insurance	1,552,827	1,572,027	1,525,582	46,445	
Health Benefit Waiver	42,762	42,762	42,762	-	
Liability	11,500	11,500	10,740	760	
Liability (South Bergen JIF)	207,008	207,008	207,008	-	
Worker's Compensation (South Bergen JIF)	142,460	147,460	136,504	10,956	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,900,000	2,900,000	2,899,814	186	
Other Expenses	165,000	175,000	154,302	20,698	
Fire					
Other Expenses	170,000	170,000	169,006	994	
Emergency Management Services					
Other Expenses	1,000	1,000	400	600	
Uniform Fire Safety					
Salaries and Wages	14,000	14,000	14,000		
Other Expenses	2,000	2,000	280	1,720	

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>		<u>2014 Expended</u>		
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
		<u>Modification</u>	<u>Charged</u>		
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS (Cont'd)					
Municipal Prosecutor					
Salaries and Wages	\$ 9,880	\$ 9,880	\$ 9,880	-	
Public Defender					
Other Expenses	5,000	5,000	5,000	-	
PUBLIC WORK FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	142,000	142,000	137,720	\$ 4,280	
Other Expenses	60,000	60,000	58,778	1,222	
Shade Tree					
Other Expenses	4,700	1,700	1,620	80	
Solid Waste Collection (Garbage and					
Trash, Recycling)					
Salaries and Wages	5,000	5,000	5,000	-	
Other Expenses	555,000	550,000	549,925	75	
Buildings and Grounds					
Other Expenses	65,000	65,000	64,928	72	
Municipal Services Act	1	1		1	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	95,000	95,000	94,618	382	
Other Expenses	23,500	25,500	19,691	5,809	
Animal Control Services					
Other Expenses	8,100	8,100	8,001	99	
PARK AND RECREATION FUNCTIONS					
Board of Recreation Commissioners					
(R.S. 40-17.1)					
Salaries and Wages	17,800	17,800	17,800	-	
Other Expenses	41,000	41,000	40,991	9	
Senior Citizens					
Other Expenses	5,000	5,000	1,040	3,960	
Maintenance of Parks					
Other Expenses	21,000	21,000	18,570	2,430	
Celebration of Public Events					
Other Expenses	4,000	4,000	3,963	37	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries and Wages	60,000	60,000	59,986	14	
Other Expenses	3,500	4,500	784	3,716	
Other Code Enforcement and Functions					
Rent Leveling Board					
Salaries and Wages	1,560	1,560	1,440	120	

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 <u>Appropriated</u>		2014 Expended		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
UTILITIES					
Electricity	\$ 85,000	\$ 75,000	\$ 74,984	\$ 16	
Street Lighting	77,000	77,000	75,774	1,226	
Communications	40,000	38,500	38,499	1	
Sewerage Processing and Disposal					
Other Expenses	30,000	35,000	22,792	12,208	
Gasoline	75,000	75,000	69,876	5,124	
Salary and Wage Adjustment	1,000	1,000	-	1,000	
Municipal Court					
Salaries and Wages	45,500	37,500	37,445	55	
Other Expenses	8,000	7,000	6,938	62	-
Total Operations Within "CAPS"	7,322,457	7,323,157	7,175,146	148,011	-
Detail:					
Salaries and Wages	3,587,999	3,579,999	3,572,663	7,336	
Other Expenses	3,734,458	3,743,158	3,602,483	140,675	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Deficit in Other Reserves					
Parks	520	520	520	-	
Uniform Fire Safety Act Penalties	440	440	440	-	
Engineering	2,758	2,758	2,758	-	
Other	586	586	586	-	
Overexpenditure of Budget Appropriation	7,763	7,763	7,763	-	
Social Security System (O.A.S.I.)	125,000	125,000	122,342	2,658	
Public Employees' Retirement System	69,492	69,492	69,492	-	
Police and Firemen's Retirement System	593,025	593,025	593,025	-	
Police and Firemen's Retirement System - ERIP	33,539	33,539	33,539	-	
Public Employees' Retirement System - ERIP	14,337	14,337	14,337	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	847,460	847,460	844,802	2,658	-
Total General Appropriations for Municipal Purposes Within "CAPS"	8,169,917	8,170,617	8,019,948	150,669	-

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u> <u>Appropriated</u>		<u>2014 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage Commission	\$ 620,460	\$ 619,760	\$ 619,759	\$ 1	
East Rutherford Sewer Fees	6,500	6,500	-	6,500	
Recycling Tax Appropriation	11,800	11,800	-	11,800	
Maintenance of Free Public Library	326,521	326,521	326,403	118	
Interlocal Services Agreement (County of Bergen)	8,700	8,700	8,687	13	
Length of Service Award Program (LOSAP)	106,000	106,000	500	105,500	-
Total Other Operations Excluded from "CAPS"	<u>1,079,981</u>	<u>1,079,281</u>	<u>955,349</u>	<u>123,932</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Clean Communities Program	2,355	2,355	2,355	-	
Alcohol Education and Rehabilitation	1,056	1,056	1,056	-	
HAVA Grant	6,586	6,586	6,586	-	
Recycling Tonnage Grant	13,572	13,572	13,572	-	
Municipal Alliance on Alcoholism	6,510	6,510	6,510	-	
Municipal Recycling Grant	182	182	182	-	
NJ Nonpublic Nursing	14,800	14,800	14,800	-	-
Total Public and Private Programs Offset by Revenues	<u>45,061</u>	<u>45,061</u>	<u>45,061</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,125,042</u>	<u>1,124,342</u>	<u>1,000,410</u>	<u>123,932</u>	<u>-</u>
Detail:					
Other Expenses	<u>1,125,042</u>	<u>1,124,342</u>	<u>1,000,410</u>	<u>123,932</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	410,000	410,000	410,000	-	
Payment of Bond Anticipation Notes	153,306	153,306	83,306	-	\$ 70,000
Interest on Bonds	284,312	284,312	284,312	-	
Interest on Notes	18,527	18,527	18,527	-	
Green Trust Loan Program:					
Loan Repayments of Principal and Interest	13,121	13,121	13,121	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>879,266</u>	<u>879,266</u>	<u>809,266</u>	<u>-</u>	<u>70,000</u>

**BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014 Appropriated</u>		<u>2014 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES					
Special Emergency Authorizations - 3 Years (N.J.S. 40A:4-55.1 & 40A:4-55.13)	\$ 4,600	\$ 4,600	\$ 4,600	-	
Overexpenditure of Ordinance (Ord. 11-4)	225,955	225,955	225,955	-	
Overexpenditure of Ordinance (Ord. 13-8)	835	835	835	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	231,390	231,390	231,390	-	-
Judgements	22,500	22,500	11,278	-	\$ 11,222
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,258,198	2,257,498	2,052,344	\$ 123,932	81,222
Subtotal General Appropriations	10,428,115	10,428,115	10,072,292	274,601	81,222
Reserve for Uncollected Taxes	820,000	820,000	820,000	-	-
Total General Appropriations	\$ 11,248,115	\$ 11,248,115	\$ 10,892,292	\$ 274,601	\$ 81,222
<u>Reference</u>	A-2	A-2		A	

**BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	<u>Paid or Charged</u>
Cash Disbursed	A-4	\$ 9,598,199
Encumbrances Payable	A-12	83,742
Deferred Charges:		
Special Emergency Appropriations	A-19	4,600
Due to General Capital Fund		
Expenditures Paid by General Capital Fund	C-6	101,833
Overexpenditure of Ordinance	C-6	226,790
Transferred to Appropriated Grant Reserves	A-21	45,061
Due to Other Trust Fund - Deficits in Miscellaneous Reserves	B-7	4,304
Deferred Charge - Overexpenditure of Appropriation	A-26	7,763
Reserve for Uncollected Taxes	A-2	<u>820,000</u>
		<u>\$ 10,892,292</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 19,974	\$ 16,835
Due from State of New Jersey - Department of Health	B-3	<u>7</u>	<u>-</u>
Total Assets		<u>19,981</u>	<u>16,835</u>
OTHER TRUST FUND			
Cash	B-1	<u>874,893</u>	<u>806,255</u>
LENGTH OF SERVICE AWARDS PROGRAM(LOSAP) FUND (UNAUDITED)			
Investments	B	822,425	701,650
Intergovernmental Receivable	B	<u>97,016</u>	<u>99,994</u>
		<u>919,441</u>	<u>801,644</u>
Total Assets		<u>\$ 1,814,315</u>	<u>\$ 1,624,734</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey - Department of Health	B-3		\$ 1
Due to Current Fund	B-4	\$ 14,691	10,638
Reserve for Animal Control Expenditures	B-2	<u>5,290</u>	<u>6,196</u>
		<u>19,981</u>	<u>16,835</u>
OTHER TRUST FUND			
Reserve for Escrow Deposits	B-6	3,850	3,850
Payroll Deductions Payable	B-9	121,461	119,074
Due to Current Fund	B-7	163,599	162,135
Other Reserves	B-5	547,199	486,784
Due to Water Utility Operating Fund	B-10	16,512	17,254
Reserve for Unemployment Compensation Ins. Claims	B-8	<u>22,272</u>	<u>17,158</u>
		<u>874,893</u>	<u>806,255</u>
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>919,441</u>	<u>801,644</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,814,315</u>	<u>\$ 1,624,734</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	C-2,C-3	\$ 102,506	
Due from Current Fund	C-6	773,186	\$ 1,284,991
Due from Water Utility Capital Fund	C-5	1,621,923	749,540
Grants Receivable	C-4	346,180	233,674
Overexpenditure of Ordinance Appropriations	C-15		226,790
Deferred Charges to Future Taxation:			
Funded	C-7	7,583,554	8,004,578
Unfunded	C-8	<u>3,105,047</u>	<u>2,891,828</u>
Total Assets		<u>\$ 13,532,396</u>	<u>\$ 13,391,401</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Cash Overdraft	C-2,C-3		\$ 320,355
Serial Bonds Payable	C-12	\$ 7,487,000	7,897,000
Bond Anticipation Notes Payable	C-14	2,947,785	2,545,000
Green Acres Loan Payable	C-13	96,554	107,578
Improvement Authorizations			
Funded	C-10	602,039	748,732
Unfunded	C-10	1,017,126	1,154,938
Reserve for Grants Receivable	C-11	245,218	175,712
Due to Water Utility Operating Fund	D-16	1,058,393	374,789
Capital Improvement Fund	C-9	39,702	55,702
Reserve for Purchase of Fire Equipment	C-16	11,595	11,595
Fund Balance	C-1	<u>26,984</u>	<u>-</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 13,532,396</u>	<u>\$ 13,391,401</u>

There were bonds and notes authorized but not issued at December 31, 2014 and 2013 of \$171,193 and \$519,141 respectively (Exhibit C-17).

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Increased By:			
Cancellation of Fully Funded Improvement Authorization Balances	C-10	\$ 228,398	-
		228,398	-
Decreased By:			
Amount Anticipated in Current Fund Budget	C-6	201,414	-
Fund Balance, December 31	C	\$ 26,984	\$ -

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash - Treasurer	D-5	\$ 1,874,624	\$ 2,513,777
Change Fund - Collector	D-8	100	100
Due from General Capital Fund	D-16	1,058,393	374,789
Due from Other Trust Fund	B-10	16,512	17,254
Due from Current Fund	D-17	-	146,769
		<u>2,949,629</u>	<u>3,052,689</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-9	202,546	209,777
Water Utility Liens Receivable	D-10	<u>10,670</u>	<u>10,670</u>
		<u>213,216</u>	<u>220,447</u>
Deferred Charges			
Operating Deficit	D-28	<u>201,792</u>	<u>-</u>
Total Assets		<u>\$ 3,364,637</u>	<u>\$ 3,273,136</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	D-3,D-14	\$ 102,541	\$ 105,107
Encumbrances Payable	D-23	18,682	10,484
Accrued Interest on Bonds and Loans	D-22	8,786	10,556
Due to Water Utility Capital Fund	D-11	2,397,909	2,398,811
Due to Current Fund	D-17	195,772	
Equipment Reserves	D-15	<u>3,862</u>	<u>3,862</u>
		<u>2,727,552</u>	<u>2,528,820</u>
Reserve for Receivables	D	213,216	220,447
Fund Balance	D-1	<u>423,869</u>	<u>523,869</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,364,637</u>	<u>\$ 3,273,136</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	D-5,D-7	\$ 50,873	\$ 367,943
Fixed Capital	D-12	5,392,963	5,392,963
Fixed Capital Authorized and Uncompleted	D-13	3,435,000	2,740,000
Due from Water Utility Operating Fund	D-11	2,397,909	2,398,811
Grants Receivable	D-26	40,200	40,200
Total Assets		<u>\$ 11,316,945</u>	<u>\$ 10,939,917</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	D-24	\$ 253,000	\$ 308,000
Bond Anticipation Note Payable	D-25	4,182,215	4,205,000
Improvement Authorizations - Funded	D-18	75,221	75,221
Improvement Authorizations - Unfunded	D-18	860,726	632,833
Reserve for			
Amortization	D-20	3,282,290	3,204,505
Deferred Amortization	D-21	369,000	335,000
Grants Receivable	D-26	40,200	40,200
Due to General Capital Fund	C-5	1,621,923	749,540
Capital Improvement Fund	D-19	186,787	220,787
Encumbrances Payable	D-27	445,583	1,167,859
Fund Balance	D-4	-	972
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,316,945</u>	<u>\$ 10,939,917</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2014 and 2013 of \$741,458 and \$80,458 respectively (Exhibit D-29).

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-2	\$ 100,000	\$ 200,000
Rents	D-2	1,805,192	1,940,197
Fire Hydrant Service	D-2	41,948	33,618
Miscellaneous Revenue Anticipated	D-2	2,974	3,211
Water Capital Fund Balance	D-2	972	
Other Credits to Income:			
Cancellation of Prior Year Accrued Interest	D-22	4,585	8,685
Unexpended Balance of Appropriation Reserves	D-14	<u>8,276</u>	<u>90,442</u>
Total Revenues		<u>1,963,947</u>	<u>2,276,153</u>
EXPENDITURES			
Operating			
Salaries and Wages	D-3	440,000	430,000
Other Expenses	D-3	1,535,667	1,615,000
Deferred Charges and Statutory Expenditures	D-3	67,000	72,000
Debt Service	D-3	123,072	81,954
Surplus (General Budget)	D-1	<u>-</u>	<u>77,199</u>
Total Expenditures		<u>2,165,739</u>	<u>2,276,153</u>
Deficit in Current Year Operations	D-28	<u>\$ (201,792)</u>	
Statutory Excess to Fund Balance		-	-
FUND BALANCE, JANUARY 1	D	<u>\$ 523,869</u>	<u>723,869</u>
		523,869	723,869
Decreased by:			
Utilized by Water Operating Budget	D-1	<u>100,000</u>	<u>200,000</u>
FUND BALANCE, DECEMBER 31	D	<u>\$ 423,869</u>	<u>\$ 523,869</u>

**BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	2014 <u>Anticipated Budget</u>	2014 <u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	D-1	\$ 100,000	\$ 100,000	
Rents	D-1,D-6	1,940,197	1,805,192	\$ (135,005)
Additional Water Rents	D-1,D-6	87,970	-	(87,970)
Water Capital Fund Balance	D-1,D-4	972	972	-
Fire Hydrant Service	D-1,D-5	33,600	41,948	8,348
Miscellaneous Charges	D-1,D-2	<u>3,000</u>	<u>2,974</u>	<u>(26)</u>
		<u>\$ 2,165,739</u>	<u>\$ 1,951,086</u>	<u>\$ (214,653)</u>

<u>Reference</u>	D-3	D-1
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Analysis of Miscellaneous Charges

	<u>Reference</u>	
Interest Earnings Received in Water Capital Fund	D-11	\$ 320
Miscellaneous Cash Receipts	D-5	<u>2,654</u>
	D-2	<u>\$ 2,974</u>

**BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u> <u>Appropriated</u>		<u>2014 Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
OPERATING				
Salaries	\$ 440,000	\$ 440,000	\$ 415,101	\$ 24,899
Other Expenses	1,535,667	1,535,667	1,459,086	76,581
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	17,000	15,939	1,061
DEBT SERVICE				
Payment of Bond Principal	55,000	55,000	55,000	
Payment of Note Principal	22,785	22,785	22,785	
Interest on Bonds	11,861	11,861	11,861	
Interest on Notes	33,426	33,426	33,426	-
Total Water Utility Appropriations	<u>\$ 2,165,739</u>	<u>\$ 2,165,739</u>	<u>\$ 2,063,198</u>	<u>\$ 102,541</u>

<u>Reference</u>	D-2	D-2	D
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	<u>Reference</u>	<u>Paid or Charged</u>
Cash Disbursements	D-5	\$ 1,616,649
Encumbrances Payable	D-23	18,682
Paid by Other Trust Fund	B-10	17,254
Due to General Capital Fund	D-16	22,785
Due to Current Fund	D-17	342,541
Accrued Interest	D-22	45,287
		<u>\$ 2,063,198</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Fund Balance, January 1	C	\$ 972	\$ 972
Decreased By:			
Anticipated as Revenue in the Water Operating Fund	D-11	<u>972</u>	<u>-</u>
Fund Balance, December 31	C	<u>\$ -</u>	<u>\$ 972</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</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>5,232,126</u>	<u>5,185,030</u>
	<u>\$ 13,748,536</u>	<u>\$ 13,701,440</u>
 LIABILITIES		
Investment in General Fixed Assets	<u>\$ 13,748,536</u>	<u>\$ 13,701,440</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Regulatory Basis of Accounting

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

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

Length of Service 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.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Reclassifications - Certain reclassifications have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

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

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

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting (Continued)

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. The governing body approved several budget transfers during 2014 and 2013.

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		Unfavorable
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>2014</u>			
Current Fund - 2013 Appropriation Reserves			
Legal Services - Other Expenses	\$ 17,918	\$ 35,724	\$ 17,806
Buildings and Grounds - Other Expenses	14,880	30,459	15,579
Utilities - Street Lighting	16,414	29,855	13,441
Utilities - Communications	4,038	8,903	4,865
Passaic Valley Sewerage Commission	50	1,400	1,350
<u>2013</u>			
Current Fund			
Fire-Other Expenses	150,000	151,619	1,619

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 Reserves

The Borough has an accumulated deficit of \$5,736 and \$440 in the Uniform Fire Safety Act Penalties Reserve reported within the Other Trust Fund at December 31, 2014 and 2013, respectively. The Borough anticipated funding this deficit through a budget contribution in the 2015 and 2014 budgets, respectively.

Additionally, the Borough had deficits of \$520, \$2,758 and \$586 in the Other Trust Fund parks, engineering and miscellaneous reserves at December 31, 2013. These reserves were funded in the 2014 Current Fund budget.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$5,537,965 and \$7,083,584 and bank and brokerage firm balances of the Borough's deposits amounted to \$5,797,253 and \$7,826,511, 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>2014</u>	<u>2013</u>
Insured	\$ <u>5,797,253</u>	\$ <u>7,826,511</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, 2014 and 2013, 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, 2014 AND 2013

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2014 and 2013, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP-Unaudited)</u>	
	<u>2014</u>	<u>2013</u>
Investment:		
Lincoln Financial-Length of Service Awards Program Investment Fund	\$ 822,425	\$ 701,650

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, 2014 and 2013, \$822,425 and \$701,650 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>LOSAP Unaudited</u>	
	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 822,425	\$ 701,650

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, 2014 and 2013, the Borough's investment in Lincoln Financial a subsidiary of Lincoln National Corporation was rated Baal and Baa2, respectively, by Moody's Investors Service.

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

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

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2014 consisted of the following:

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

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

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 Charges and Fees		\$ 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 charges and fees, which represented 82% and 96% of the delinquent tax and water charges receivable at December 31, 2012.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2014</u>		<u>2013</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 374,062	\$ 773,186	\$ 172,773	\$ 1,431,760
Trust Funds:				
Other Trust Fund		180,111		179,389
Animal Control Fund		14,691		10,638
General Capital Fund	2,395,109	1,058,393	2,034,531	374,789
Water Utility Operating Fund	1,074,905	2,593,681	538,812	2,398,811
Water Utility Capital Fund	<u>2,397,909</u>	<u>1,621,923</u>	<u>2,398,811</u>	<u>749,540</u>
 Total	 <u>\$ 6,241,985</u>	 <u>\$ 6,241,985</u>	 <u>\$ 5,144,927</u>	 <u>\$ 5,144,927</u>

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

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 9,200	\$ 4,600	\$ 4,600
Overexpenditure of Appropriation Reserves	53,041	53,041	-
Other Trust Fund			
Deficit in Uniform Fire Safety Act Penalties	5,736	5,736	-
Water Utility Operating Fund			
Operating Deficit	201,792	201,792	-
<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	-

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 7 FUND BALANCES APPROPRIATED

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

	2014		2013	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,034,611	\$ 657,894	\$ 1,412,261	\$ 563,049
Non-Cash Surplus	<u>96,606</u>	<u>-</u>	<u>81,563</u>	<u>-</u>
	<u>\$ 1,131,217</u>	<u>\$ 657,894</u>	<u>\$ 1,493,824</u>	<u>\$ 563,049</u>
Water Utility Operating Fund				
Cash Surplus	\$ 222,077	\$ 222,000	\$ 523,869	\$ 100,000
Non-Cash Surplus	<u>201,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 423,869</u>	<u>\$ 222,000</u>	<u>\$ 523,869</u>	<u>\$ 100,000</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 6,838,518			\$ 6,838,518
Buildings and Building Improvements	1,677,892			1,677,892
Vehicles and Machinery and Equipment	<u>5,185,030</u>	<u>\$ 47,096</u>	<u>-</u>	<u>5,232,126</u>
	<u>\$ 13,701,440</u>	<u>\$ 47,096</u>	<u>\$ -</u>	<u>\$ 13,748,536</u>
	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>

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, 2014 and 2013.

<u>Water Utility Fund</u>	Balance December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
<u>2014</u>		
Fixed Capital		
System and System Improvements/ Buildings/Equipment	<u>\$ 5,392,963</u>	<u>\$ 5,392,963</u>
	Balance December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
<u>2013</u>		
Fixed Capital		
System and System Improvements/ Buildings/Equipment	<u>\$ 5,392,963</u>	<u>\$ 5,392,963</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds, Notes and Loans	\$ 10,531,339	\$ 10,549,578
Water Utility		
Bonds and Notes	<u>4,435,215</u>	<u>4,513,000</u>
	14,966,554	15,062,578
Less Funds Temporarily Held to Pay Bonds and Notes	<u>13,931</u>	<u>172,313</u>
Net Debt Issued	14,952,623	14,890,265
Authorized But Not Issued		
General		
Bonds and Notes	171,193	519,141
Water Utility		
Bonds and Notes	<u>741,458</u>	<u>80,458</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 15,865,274</u>	<u>\$ 15,489,864</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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 1.34% and 1.12% at December 31, 2014 and 2013, respectively.

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

	<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>

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>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 34,268,692	\$ 35,057,650
Less: Net Debt	<u>13,150,041</u>	<u>11,334,966</u>
Remaining Borrowing Power	<u>\$ 21,118,651</u>	<u>\$ 23,722,684</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2014</u>	<u>2013</u>
\$1,700,000, 2002 Bonds, due in annual installments of \$155,000 to \$160,000 through May 15, 2015, interest of 4.375%	\$ 155,000	\$ 315,000
\$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%	397,000	497,000
\$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>6,935,000</u>	<u>7,085,000</u>
	<u>\$7,487,000</u>	<u>\$ 7,897,000</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>2014</u>	<u>2013</u>
\$211,000, 2002 Loans, due in annual installments of \$11,024 to \$12,926 through August 14, 2022, interest at 2.00%	<u>\$ 96,554</u>	<u>\$ 107,578</u>

Utility Bonds

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

Water Utility

	<u>2014</u>	<u>2013</u>
\$753,000, 2003 Bonds, due in annual installments of \$55,000 to \$68,000 through October 15, 2018, interest at 4.00%	<u>\$ 253,000</u>	<u>\$ 308,000</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

	<u>General</u>				<u>Water Utility Fund</u>			
Calendar	<u>Bonds</u>		<u>Loan</u>		<u>Bonds</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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	450,000	218,900	12,177	943			682,020	
2020-2024	2,375,000	874,500	38,020	1,342			3,288,862	
2025-2029	2,500,000	397,000					2,897,000	
2030	<u>485,000</u>	<u>19,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,400</u>	
	<u>\$ 7,487,000</u>	<u>\$ 2,519,061</u>	<u>\$ 96,554</u>	<u>\$ 8,411</u>	<u>\$ 253,000</u>	<u>\$ 25,880</u>	<u>\$ 10,389,906</u>	

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	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>					
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>

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2012	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2013
<u>2013</u>						
<u>General Capital Fund</u>						
Purpose						
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 Equipnent						
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>						
Purpose						
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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2014</u>		
Water Main Replacements	\$ 332,177	2015
Municipal Road Program	14,204	2015
Hathaway Street Park Basketball Courts	2,460	2015
 <u>2013</u>		
Water Main Replacements	\$ 1,167,859	2014
Municipal Road Program	14,204	2014
Hathaway Street Park Basketball Courts	2,460	2014

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

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 \$1,450,546 and \$1,342,505 at December 31, 2014 and 2013, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Capital Lease Agreement

The Borough has entered into two agreements for the leasing of vehicles totaling \$123,159 under capital leases. The capital lease agreements are for terms of 3 years payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2014.

<u>Years Ended</u> <u>December 31,</u>	<u>Amount</u>
2015	\$ 43,542
2016	<u>16,697</u>
Total	60,239
Less: Amounts Representing Interest	<u>(4,514)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 55,725</u>

	<u>2014</u>	<u>2013</u>
Balance, January 1	\$ 49,218	
Additions	47,096	\$ 76,063
Reductions	<u>(40,589)</u>	<u>(26,845)</u>
Balance, December 31	<u>\$ 55,725</u>	<u>\$ 49,218</u>
Due Within One Year	<u>\$ 40,047</u>	<u>\$ 23,892</u>

C. Deferred Pension Obligation

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS obligation and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$255,871 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to payoff the deferred PFRS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at December 31, 2014 and 2013 is \$276,946 and \$296,478, respectively.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
Compensated Absences	\$ 1,342,505	\$ 108,041		\$ 1,450,546	
Deferred Pension Obligation	<u>296,478</u>	<u>18,127</u>	<u>\$ 37,659</u>	<u>276,946</u>	<u>\$ 38,410</u>
Other Long-Term Liabilities	<u>\$ 1,638,983</u>	<u>\$126,168</u>	<u>\$ 37,659</u>	<u>\$ 1,727,492</u>	<u>\$ 38,410</u>
	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>

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. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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 for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- 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.

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 of 4.22 percent for PERS and 6.01 percent for PFRS.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

During the years ended December 31, 2014, 2013 and 2012, 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>
2014	\$ 626,564	\$ 133,829
2013	624,542	167,767
2012	570,524	156,375

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

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

Funding Policy

The Borough funds its post-retirement medical benefits on a pay-as-you-go basis. For the years 2014, 2013, and 2012, the Borough paid \$610,000, \$521,328 and \$489,246, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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 2014 and 2013, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	<u>2014</u>	<u>2013</u>
Annual Required Contribution	\$ 2,398,504	\$ 2,304,661
Interest on Net OPEB Obligation	256,794	168,942
Annual OPEB Cost (Expense)	2,655,298	2,473,603
Contributions Made	(610,000)	(521,328)
Increase in Net OPEB Obligation	2,045,298	1,952,275
Net OPEB Obligation - Beginning of Year	5,706,538	3,754,263
[*] Net OPEB Obligation - End of Year	<u>\$ 7,751,836</u>	<u>\$ 5,706,538</u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2014, 2013 and 2012 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2014	\$ 2,655,298	23%	\$ 7,751,836
2013	2,473,603	21%	5,706,538
2012	2,388,152	20%	3,754,263

Funded Status and Funding Progress

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

In the December 31, 2014, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.50 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements of .5% per annum to an ultimate rate of 5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 27 years.

NOTE 14 RISK MANAGEMENT

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

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 14 RISK MANAGEMENT (Continued)

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Ending</u> <u>Balance</u>
2014	\$ 5,114	\$ 22,272
2013	4,864	17,158
2012	4,475	12,294

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.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. 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, 2014 and 2013, 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, 2014 and 2013, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Wallington Length of Service Awards Program (the Plan) was created by a Borough ordinance adopted on July 22, 2014 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 Awards 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.

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

The Borough of Wallington has contributed \$1,406 and \$1,384 for 2014 and 2013, respectively, for each eligible volunteer fire department member and eligible volunteer emergency squad members into the Plan. The total Borough contributions were \$97,016 and \$99,994 for 2014 and 2013, respectively.

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

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 SUBSEQUENT EVENTS

Debt Authorized

On March 26, 2015 the Borough adopted two bond ordinances authorizing the issuance of \$614,700 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

BOROUGH OF WALLINGTON
STATEMENT OF CASH - COLLECTOR - TREASURER

Balance, January 1, 2014		\$ 3,698,829
Increased by:		
Taxes Receivable	\$ 24,323,953	
State of NJ Senior Citizens' and Veterans' Deductions	86,000	
Miscellaneous Revenues Not Anticipated	166,897	
Revenue Accounts Receivable	1,420,613	
Tax Overpayments	24,976	
Prepaid Taxes	77,805	
Federal and State Grants Receivable	40,435	
Due to Library - State Aid	4,927	
Receipts from Animal Control Fund	50	
Receipts from Other Trust Fund	2,275	
Receipts from General Capital Fund	418	
Federal and State Grants - Unappropriated	38,978	
Miscellaneous Fees Payable	12,500	
		<u>26,199,827</u>
		29,898,656
Decreased by Disbursements:		
2014 Budget Appropriations	9,598,199	
2013 Appropriation Reserves	379,363	
Tax Overpayments	40,368	
County Taxes	2,226,588	
Local District School Taxes	14,054,766	
Appropriated Grant Reserves	20,898	
Disbursements to Other Trust Fund	5,739	
Disbursements to General Capital Fund	521,200	
Water Operating Utility Fund Expenditures Paid by Current Fund	342,541	
Miscellaneous Fees Payable	11,342	
Refund of Prior Year Revenue	5,634	
Prior Year Tax Appeals Granted	77,223	
		<u>27,283,861</u>
Balance, December 31, 2014		<u>\$ 2,614,795</u>

**BOROUGH OF WALLINGTON
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, January 1, <u>2014</u>	Balance, December 31, <u>2014</u>
Collector - Treasurer	\$ <u>100</u>	\$ <u>100</u>

STATEMENT OF PETTY CASH

<u>Office</u>	Balance, January 1, <u>2014</u>	Balance, December 31, <u>2014</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, 2014		\$	11,282
Increased by:			
Received in Cash from State			<u>86,000</u>
			97,282
Decreased by:			
Senior Citizens' and Veterans' Deductions Per Tax Billings- 2014	\$	86,500	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - 2014		<u>5,890</u>	
			<u>92,390</u>
Balance, December 31, 2014		\$	<u>4,892</u>

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

Year	Balance, January 1, 2014	2014 Levy	Collected in Cash		Senior Citizens and Veterans' Deductions Allowed	Transferred to Tax Title Liens	Cancelled	Balance, December 31, 2014
			2013	2014				
2011	\$ 2,949							\$ 2,949
2012	16,514			\$ 6,673				9,841
2013	572,140	-	-	434,833	-	\$ 107,313	\$ 6,277	23,717
	591,603			441,506		107,313	6,277	36,507
2014	-	\$ 24,625,451	\$ 65,637	23,882,447	\$ 92,390	59,097	\$ 16,451	509,429
	<u>\$ 591,603</u>	<u>\$ 24,625,451</u>	<u>\$ 65,637</u>	<u>\$ 24,323,953</u>	<u>\$ 92,390</u>	<u>\$ 166,410</u>	<u>\$ 22,728</u>	<u>\$ 545,936</u>

Analysis of 2014 Property Tax Levy

Tax Yield		
General Purpose Tax	\$ 24,617,476	
Added Taxes (54:4-63.1 et seq.)	7,975	
	<u>\$ 24,625,451</u>	
Tax Levy		
Local District School Tax (Abstract)		\$ 14,054,766
County Taxes	\$ 2,199,823	
Due County for Added Taxes (54:4-63.1 et seq)	944	
County Open Space Taxes	24,194	
		<u>2,224,961</u>
Local Tax for Municipal Purposes	8,008,504	
Minimum Library Tax	326,521	
Add Additional Tax Levied	10,699	
		<u>8,345,724</u>
		<u>\$ 24,625,451</u>

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

Balance, January 1, 2014	\$ 176,186
Increased by:	
Transferred from Current Year Taxes	\$ 59,097
Transferred from Prior Year Taxes Receivable	<u>107,313</u>
	<u>166,410</u>
Balance, December 31, 2014	<u>\$ 342,596</u>

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2014</u>	Accrued <u>in 2014</u>	Collected <u>in 2014</u>	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 17,692	\$ 17,692	
Other		1,020	1,020	
Fees and Permits		3,952	3,952	
Board of Health				
Licenses		8,475	8,475	
Fees and Permits		4,667	4,667	
Registrar of Vital Statistics				
Licenses		285	285	
Fees and Permits		6,012	6,012	
Fire Prevention				
Fees and Permits		1,985	1,985	
Police				
Fees and Permits		337	337	
Planning & Zoning Boards				
Fees and Permits		211	211	
Municipal Court				
Fines and Costs	\$ 14,462	184,112	180,622	\$ 17,952
Interest and Costs on Taxes		117,593	117,593	
Interest on Investments and Deposits		8,200	8,200	
Energy Receipts Taxes		591,750	591,750	
Consolidated Municipal Property Tax Relief Aid		81,704	81,704	
Uniform Construction Code Fees		150,311	150,311	
Bergen County Open Space - HS Athletic Field Impvts.		66,500	66,500	
Uniform Safety Act		13,590	13,590	
Cell Tower Rental Fee		48,480	48,480	
CATV Franchise Fee	-	<u>117,227</u>	<u>117,227</u>	-
	<u>\$ 14,462</u>	<u>\$ 1,424,103</u>	<u>\$ 1,420,613</u>	<u>\$ 17,952</u>

BOROUGH OF WALLINGTON
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, January 1, 2014	Encumbrances <u>Cancelled</u>	<u>Transfers</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>	<u>Overexpended</u>
Mayor and Council							
Salaries & Wages	\$ 1			\$ 1		\$ 1	
Municipal Clerk Elections							
Salaries & Wages	79			79		79	
Other Expenses	1,918	\$ 818	\$ 700	3,436	\$ 3,188	248	
Financial Administration							
Salaries & Wages	424			424		424	
Other Expenses	55	1,218	700	1,973	1,807	166	
Revenue Administration							
Salaries & Wages	859			859		859	
Other Expenses	1,914		(500)	1,414	1,048	366	
Assessment of Taxes							
Salaries & Wages	268			268		268	
Other Expenses	211			211	200	11	
Legal Services and Costs							
Other Expenses	17,918			17,918	35,724	-	\$ 17,806
Engineering Services and Costs -							
Other Expenses	470			470	189	281	
Planning Board							
Salaries & Wages	1			1		1	
Other Expenses	184		1,800	1,984	1,834	150	
Zoning Bd of Adjustment							
Other Expenses	820			820	258	562	
Construction Code Official							
Salaries & Wages	2,428		(2,000)	428		428	
Other Expenses	759			759		759	
Police							
Salaries & Wages	17,925		(10,000)	7,925		7,925	
Other Expenses	32,614	6,206	(17,700)	21,120	4,708	16,412	
Fire							
Other Expenses	-	20,568		20,568	20,121	447	
LOSAP	109,292			109,292	99,994	9,298	
Emergency Management							
Other Expenses	1,000			1,000		1,000	
Uniform Fire Safety							
Other Expenses	1,720			1,720		1,720	
Streets and Roads Maintenance							
Salaries & Wages	2,395			2,395		2,395	
Other Expenses	7,822	2,350		10,172	6,817	3,355	
Buildings and Grounds							
Other Expenses	1,862	10,018	3,000	14,880	30,459	-	15,579
Solid Waste Collection (Garbage and Trash, Recycling)							
Other Expenses	20,613		10,000	30,613	29,532	1,081	
Board of Health							
Salaries & Wages	26			26		26	
Other Expenses	2,844	201		3,045	297	2,748	
Senior Citizens							
Other Expenses	2,750			2,750	1,040	1,710	
Board of Recreation Commissioners							
Salaries & Wages	1,753			1,753		1,753	
Other Expenses	172	6,675		6,847	6,664	183	

**BOROUGH OF WALLINGTON
STATEMENT OF 2013 APPROPRIATION RESERVES**

	Balance, January 1, 2014	Encumbrances Cancelled	Transfers	Modified Balance	Paid or Charged	Balance Lapsed	Overexpended
Maintenance of Parks							
Other Expenses	\$ 249	\$ 50		\$ 299	\$ 224	\$ 75	
Celebration of Public Events							
Other Expenses	29			29		29	
Municipal Services Act							
Other Expenses	1			1		1	
Utilities							
Electricity	7,156		\$ 4,000	11,156	10,629	527	
Street Lighting	8,414		8,000	16,414	29,855	-	\$ 13,441
Gasoline	6,395	25,000		31,395	27,895	3,500	
Communications	38		4,000	4,038	8,903	-	4,865
Public Defender							
Salaries & Wages	4,925		100	5,025	4,950	75	
Sewerage Processing and Disposal							
Other Expenses	6,742			6,742	800	5,942	
Passaic Valley Sewerage Commission	50			50	1,400	-	1,350
East Rutherford Sewer Fees	6,500			6,500		6,500	
Recycling Tax Appropriation	11,800			11,800		11,800	
911 Interlocal Services Agreement	493			493		493	
Maintenance of Free Public Library	12		3,000	3,012	2,543	469	
Municipal Court							
Salaries & Wages	1,845		(600)	1,245		1,245	
Other Expenses	647		500	1,147	1,030	117	
Salary and Wage Adjustment	1,000			1,000		1,000	
Social Security System	7,795		(5,000)	2,795		2,795	
Public Employees Retirement System	65			65		65	
Public and Private Programs Offset by Revenues							
NJ Nonpublic Nursing	108	2,000		2,108	730	1,378	
Insurance							
Unemployment	6,000			6,000		6,000	
Employee Group	2,593			2,593		2,593	
Liability	1,074			1,074		1,074	
Liability (South Bergen JIF)	45,828			45,828	45,828	-	
Worker's Compensation (South Bergen JIF)	696	-	-	696	696	-	-
	<u>\$ 351,552</u>	<u>\$ 75,104</u>	<u>\$ -</u>	<u>\$ 426,656</u>	<u>\$ 379,363</u>	<u>\$ 100,334</u>	<u>\$ 53,041</u>
Appropriation Reserves				\$ 351,552			
Transferred from Reserve for Encumbrances				75,104			
				<u>\$ 426,656</u>			
Cash Disbursements					<u>\$ 379,363</u>		

**BOROUGH OF WALLINGTON
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2014	\$ 75,104
Increased by:	
Charges to 2014 Budget Appropriations	<u>83,742</u>
	158,846
Decreased by:	
Restored to Appropriation Reserves	<u>75,104</u>
Balance, December 31, 2014	<u><u>\$ 83,742</u></u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2014	\$ 65,637
Increased by:	
Collection - 2015 Taxes	<u>77,805</u>
	143,442
Decreased by:	
Application to 2014 Taxes Receivable	<u>65,637</u>
Balance, December 31, 2014	<u><u>\$ 77,805</u></u>

**BOROUGH OF WALLINGTON
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2014	\$ 40,368
Increased by:	
Cash Receipts	<u>24,976</u>
	65,344
Decreased by:	
Cash Disbursements	<u>40,368</u>
Balance, December 31, 2014	<u><u>\$ 24,976</u></u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2014	\$ 1,627
Increased by:	
2014 Tax Levy	\$ 2,199,823
Open Space Taxes	24,194
2014 Added Taxes (54:4-63.1 et seq.)	<u>944</u>
	<u>2,224,961</u>
	2,226,588
Decreased by:	
Payments	<u>2,226,588</u>
Balance, December 31, 2014	<u><u>\$ -</u></u>

STATEMENT OF SCHOOL TAXES PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 14,054,766</u>
Decreased by:	
Payments	<u><u>\$ 14,054,766</u></u>

BOROUGH OF WALLINGTON
STATEMENT OF MISCELLANEOUS FEES PAYABLE

	Balance, January 1, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2014</u>
Marriage License Fees	\$ 525	\$ 2,375	\$ 2,350	\$ 550
DCA Training Fees	<u>2,876</u>	<u>10,125</u>	<u>8,992</u>	<u>4,009</u>
	<u>\$ 3,401</u>	<u>\$ 12,500</u>	<u>\$ 11,342</u>	<u>\$ 4,559</u>

STATEMENT OF RESERVE FOR REVALUATION

Balance, January 1, 2014	\$ <u>2,770</u>
Balance, December 31, 2014	\$ <u><u>2,770</u></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>2014</u>	<u>Raised</u> <u>in 2014</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
3/8/2010	Codification Of Ordinances	\$ 23,000	\$ 4,600	\$ 13,800	\$ 4,600	\$ 9,200
				<u>\$ 13,800</u>	<u>\$ 4,600</u>	<u>\$ 9,200</u>

BOROUGH OF WALLINGTON
STATEMENT OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance, January 1, <u>2014</u>	<u>Accrued</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2014</u>
Non-Public Nursing		\$ 14,800	\$ 12,772	\$ 2,028
Safe and Secure Communities Program	<u>\$ 60,000</u>	<u>-</u>	<u>27,663</u>	<u>32,337</u>
	<u>\$ 60,000</u>	<u>\$ 14,800</u>	<u>\$ 40,435</u>	<u>\$ 34,365</u>
		Cash Receipts	<u>\$ 40,435</u>	

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

	Balance, January 1, <u>2014</u>	Transferred from 2014 <u>Appropriations</u>	<u>Expended</u>	Balance, December 31, <u>2014</u>
Supplemental Fire Services Program State Entitlement:				
Fire - Other Expenses	\$ 1,573			\$ 1,573
Alcohol Education and Rehabilitation Fund				
Municipal Court				
Salaries & Wages	9,049	\$ 1,056		10,105
Drunk Driving Enforcement Fund				
Police				
Salaries & Wages	12,477			12,477
Clean Communities	46,362	2,355	\$ 3,548	45,169
COPS Fast Programs	73			73
Municipal Alliance- State	35,076	6,510	2,078	39,508
Municipal Alliance- Local	5,476			5,476
Legislative Grant- Emergency Services	9,530			9,530
Non Public Nursing	11,748	14,800	12,272	14,276
Body Armor Replacement	6,696		3,000	3,696
Municipal Recycling Assistance Program	17,173	182		17,355
Recycling Tonnage Grant	23,145	13,572		36,717
COPS More	1,579			1,579
Livable Communities -Acquisition of Fire Equipment	1,977			1,977
Domestic Preparedness Grant	50,000			50,000
HAVA Grant		6,586		6,586
DEP Stormwater Grant	17,960	-	-	17,960
	<u>\$ 249,894</u>	<u>\$ 45,061</u>	<u>\$ 20,898</u>	<u>\$ 274,057</u>
		Cash Disbursements	<u>\$ 20,898</u>	

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

	Balance, January 1, <u>2014</u>	Cash <u>Received</u>	Utilized as <u>2014 Revenue</u>	Balance, December 31, <u>2014</u>
Alcohol Education and Rehabilitation Fund	\$ 1,056	\$ 236	\$ 1,056	\$ 236
Municipal Alliance	6,510	3,377	6,510	3,377
HAVA Grant	6,586		6,586	-
Clean Communities	2,355	16,386	2,355	16,386
Body Armor Replacement	-	2,187		2,187
Municipal Recycling Assistance	182	125	182	125
Drunk Driving Enforcement Fund		1,977		1,977
Recycling Tonnage Grant	<u>13,572</u>	<u>14,690</u>	<u>13,572</u>	<u>14,690</u>
	<u>\$ 30,261</u>	<u>\$ 38,978</u>	<u>\$ 30,261</u>	<u>\$ 38,978</u>
Cash Receipts		<u>\$ 38,978</u>		

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

Balance, January 1, 2014	\$ 4,966
Increased by:	
Cash Receipts	<u>4,927</u>
Balance, December 31, 2014	<u>\$ 9,893</u>

STATEMENT OF RESERVE FOR CODIFICATION OF ORDINANCES

Balance, January 1, 2014	\$ 18,146
Decreased by:	
Payments made by General Capital Fund	<u>7,221</u>
Balance, December 31, 2014	<u>\$ 10,925</u>

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

Balance, January 1, 2014	\$ -
Increased by:	
Overexpended in 2014	<u>53,041</u>
Balance, December 31, 2014	<u>\$ 53,041</u>

STATEMENT OF DEFERRED CHARGE - OVEREXPENDITURE OF APPROPRIATION

Balance, January 1, 2014	\$ 7,763
Decreased by:	
Budget Appropriation	<u>7,763</u>
Balance, December 31, 2014	<u>\$ -</u>

TRUST FUND

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

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, January 1, 2014	\$ 16,835	\$ 806,255
Increased by Receipts:		
Other Reserves		\$ 639,078
Payroll Salaries and Deductions		7,104,884
Payroll Deductions - Unemployment		5,114
Interest Earned	\$ 50	2,304
Receipts from Current Fund		5,739
Receipts from Water Utility Operating Fund		16,512
Due to State of New Jersey	820	
Dog License Fees/Cat/Late Fees	<u>3,147</u>	<u>-</u>
	<u>4,017</u>	<u>7,773,631</u>
	20,852	8,579,886
Decreased by Disbursements:		
Payroll Salaries and Deductions		7,119,751
Due to State of New Jersey	828	
Expenditures Under (RS 4:19-15.11)		
Payments to Current Fund	50	2,275
Other Reserves	<u>-</u>	<u>582,967</u>
	<u>878</u>	<u>7,704,993</u>
Balance, December 31, 2014	<u>\$ 19,974</u>	<u>\$ 874,893</u>

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

Balance, January 1, 2014	\$ 6,196
Increased by:	
Dog License Fees/Cat/Late Fees	<u>3,147</u>
	9,343
Decreased by:	
Statutory Excess - Due to Current Fund	<u>4,053</u>
Balance, December 31, 2014	<u><u>\$ 5,290</u></u>

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

Balance, January 1, 2014 - Due To	\$ 1
Increased by:	
State Fees Collected in 2014	<u>820</u>
	821
Decreased by:	
Payments to State of New Jersey	<u>828</u>
Balance, December 31, 2014 (Due from)	<u><u>\$ (7)</u></u>

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

Balance, January 1, 2014	\$ 10,638
Increased by:	
Interest Earned	\$ 50
Statutory Excess	<u>4,053</u>
	<u>4,103</u>
	14,741
Decreased by:	
Payments to Current Fund	<u>50</u>
Balance, December 31, 2014	<u><u>\$ 14,691</u></u>

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

	Balance, (Deficit) January 1, <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, (Deficit) December 31, <u>2014</u>
Uniform Fire Safety Act Penalties	\$ (440)	\$ 494	\$ 5,790	\$ (5,736)
Planning Board-Escrow	50,365	30,405	34,265	46,505
Road Opening	6,575			6,575
Third Party Lien Redemptions	196,638	100,756	233,515	63,879
Tax Sale Premiums	132,563	170,400		302,963
Iron & Steel (Recycling)	128			128
Zoning Board-Escrow	21,192	4,000	5,167	20,025
Police Vests	354			354
Handicap Trust	37			37
Police Off Duty	52,322	267,920	284,299	35,943
Recreation	13,479	15,762	10,649	18,592
Parks	(520)	5,020	1,045	3,455
P.O.A.A.	15,170	1,668		16,838
Police Camp	585	650	937	298
Memorial Day Parade	930	2,950	2,300	1,580
Fire Department Deduction	750			750
Engineering	(2,758)	2,758		-
Developer's Agreement		40,013	5,000	35,013
Miscellaneous	(586)	586	-	-
Total	<u>\$ 486,784</u>	<u>\$ 643,382</u>	<u>\$ 582,967</u>	<u>\$ 547,199</u>
Due from Current Fund	\$ 4,304			
Cash Receipts/Cash Disbursements		<u>639,078</u>	<u>\$ 582,967</u>	
		<u>\$ 643,382</u>	<u>\$ 582,967</u>	

EXHIBIT B-6

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

Balance, January 1, 2014	<u>\$ 3,850</u>
Balance, December 31, 2014	<u>\$ 3,850</u>

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

Balance, January 1, 2014		\$ 162,135
Increased by:		
Interest Earned	\$ 2,304	
Receipts from Current Fund	<u>5,739</u>	
		<u>8,043</u>
		170,178
Decreased by:		
Payments to Current Fund	2,275	
Budget Appropriation - Trust Fund Deficits	<u>4,304</u>	
		<u>6,579</u>
Balance, December 31, 2014		<u>\$ 163,599</u>

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

Balance, January 1, 2014		\$ 17,158
Increased by:		
Payroll Deductions		<u>5,114</u>
Balance, December 31, 2014		<u>\$ 22,272</u>

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

Balance, January 1, 2014		\$ 119,074
Increased by:		
Cash Receipts	\$ 7,104,884	
Payroll Applied from Water Utility Operating	<u>17,254</u>	
		<u>7,122,138</u>
		7,241,212
Decreased by:		
Cash Disbursements		<u>7,119,751</u>
Balance, December 31, 2014		<u>\$ 121,461</u>

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

Balance, January 1, 2014	\$ 17,254
Increased by:	
Cash Receipts	<u>16,512</u>
	33,766
Decreased by:	
Prepaid Payroll Applied	<u>17,254</u>
Balance, December 31, 2014	<u>\$ 16,512</u>

GENERAL CAPITAL FUND

BOROUGH OF WALLINGTON
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance (Overdraft), January 1, 2014		\$ (320,355)
Increased by Receipts:		
Receipts due to Current Fund - Board of Education Contribution	\$ 125,000	
Receipts from Current Fund	521,200	
Receipts from Water Utility Capital Fund	317,000	
Receipts from Water Utility Operating Fund	737,000	
Bond Anticipation Notes	658,404	
Interest Earned	<u>453</u>	
		<u>2,359,057</u>
		2,038,702
Decreased by Disbursements:		
Payments to Current Fund	418	
Payments for Current Fund	109,054	
Payments for Water Utility Capital Fund	1,189,383	
Payments for Water Utility Operating Fund	53,396	
Improvement Authorizations	411,632	
Bond Anticipation Notes	<u>172,313</u>	
		<u>1,936,196</u>
Balance, December 31, 2014		<u>\$ 102,506</u>

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

	Balance, December 31, <u>2014</u>
Capital Improvement Fund	\$ 39,702
Due from Water Utility Capital Fund	(1,621,923)
Due to Water Utility Operating Fund	1,058,393
Due from Current Fund	(773,186)
Grants Receivable	(100,962)
Reserve for Purchase of Fire Equipment	11,595
Fund Balance	26,984
Excess Note Proceeds	13,931
Improvement <u>Authorizations:</u>	
01-15 Improvements to Hathaway Street	(6,712)
02-3 Resurfacing of Hathaway	(97)
03-9 Acq. of Senior Citizen Bus	(3,895)
06-11 2006 Road Improvement Program	215,456
10-7 Refunding Tax Appeals	(80,014)
10-8 Resurfacing Various Streets	127,386
11-5 Resurface Hathaway Street	89,205
11-10 Acq. Firefighter Equipment	12,569
12-5 Funding of Various Expenses Relating to Hurricane Irene	8,750
12-9 Various Public Improvements	102,242
12-13 Streetscape Improvements to Paterson Avenue and Union Boulevard	231,230
12-20/13-9 Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	52,602
13-7 Acquisition of Self Contained Breathing Apparatus Equipment for Fire Department	4,630
13-10 Various Public Improvements	397,620
14-8 Resurface of Various Streets	250,000
14-9 Rehabilitation of the Elevator at the Police Station	43,000
14-14 Replacement of the Roof on the Public Library	<u>4,000</u>
	<u>\$ 102,506</u>

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

Balance, January 1, 2014	\$ 233,674
Increased by:	
Grants Awarded in 2014	<u>112,506</u>
Balance, December 31, 2014	<u>\$ 346,180</u>

Analysis of Balance, December 31, 2014

<u>Ord. No.</u>		<u>Total</u>	<u>Pledged to Reserve</u>	<u>Pledged to Ordinance</u>
00-12	Locust Avenue/Main Avenue Intersection	\$ 1,000	\$ 1,000	
01-15	Hathaway Street	4,712	4,712	
11-5	Resurface Hathaway Street (U.S. Department of Transportation)	37,962		\$ 37,962
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	150,000	150,000	-
14-9	Rehabilitation of the Elevator at the Police Station	43,000		43,000
14-14	Replacement of the Roof on the Public Library	<u>69,506</u>	<u>69,506</u>	<u>-</u>
		<u>\$ 346,180</u>	<u>\$ 245,218</u>	<u>\$ 100,962</u>

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

Balance, January 1, 2014	\$ 749,540
Increased by:	
Water Utility Capital Fund Expenditures Paid by General Capital Fund	<u>1,189,383</u>
	1,938,923
Decreased by:	
Cash Receipts	<u>317,000</u>
Balance, December 31, 2014	<u>\$ 1,621,923</u>

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

Balance, January 1, 2014		\$ 1,284,991
Increased by:		
Budget Appropriation:		
Overexpenditure of Ordinance Appropriation	\$ 226,790	
Payments Made to Current Fund	418	
Current Fund expenditures paid by General Capital Fund - Note Paydown and Interest	101,833	
Current Fund expenditures paid by General Capital Fund - Codification of Ordinances	<u>7,221</u>	
		<u>336,262</u>
		1,621,253
Decreased By:		
General Capital Fund - Fund Balance Utilized as Current Fund Revenue	201,414	
Interest Earned	453	
Cash Received from Current Fund	521,200	
Contribution from Board of Education Due to Current Fund	<u>125,000</u>	
		<u>848,067</u>
Balance, December 31, 2014		<u>\$ 773,186</u>

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

Balance, January 1, 2014		\$ 8,004,578
Decreased by:		
Current Fund Budget Appropriations:		
Serial Bonds Payable	\$ 410,000	
Green Acres Loan Payable	<u>11,024</u>	
		<u>421,024</u>
Balance, December 31, 2014		<u>\$ 7,583,554</u>

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

Ord. No.	General Improvements	Balance January 1, 2014	2014 Authorizations	Notes Paid By Budget Appropriation	Cancelled	Balance, December 31, 2014	Bond Anticipation Notes Issued	Analysis of Balance, December 31, 2014	
								Expenditures	Unexpended Improvement Authorizations
97-4/01-13	Emergency Services Building Impvts.	\$ 103			\$ 103				
00-12/03-21	Maple Avenue Impvts.	1,000			1,000				
01-15	Improvements to Hathaway Street	6,712				\$ 6,712		\$ 6,712	
02-3	Resurfacing of Hathaway	100			3	97		97	
03-9	Acq. of Senior Citizen Bus	3,895				3,895		3,895	
05-11/07-13	Purchase of Real Property	102			102	-			
10-7	Refunding Tax Appeals	85,350			5,336	80,014		80,014	
10-14	Acquisition of Ambulance Chassis	46,824		5,203	771	40,850	\$ 40,850		
10-15	Purchase of Fire Engine	41,976		\$ 28,816	13,160	-	-		
11-4	Construction of Turf Field	784,699		49,287		735,412	735,412		
11-10	Acq. Firefighting Equipment	333,300				333,300	333,300		
12-5	Funding of Various Expenses Relating to Hurricane Irene	-				-			
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 Equipment for Use of the Police and Fire Departments	666,000				666,000	664,525		\$ 1,475
13-7	Acquisition of Self Contained Breathing Apparatus Equipment for Fire Department	212,467				212,467	212,467		
13-8	Reconstruction of Basketball Courts at Hathaway Street Park	52,300				52,300	52,300		
13-10	Various Public Improvements	419,000				419,000	419,000		
14-8	Resurface Various Streets	-	\$ 238,000			238,000	238,000		
14-14	Replacement of the Roof on the Public Library	-	79,000	-	-	79,000	-	-	79,000
		<u>\$ 2,891,828</u>	<u>\$ 317,000</u>	<u>\$ 83,306</u>	<u>\$ 20,475</u>	<u>\$ 3,105,047</u>	<u>\$ 2,933,854</u>	<u>\$ 90,718</u>	<u>\$ 80,475</u>
	Bond Anticipation Notes Outstanding						\$ 2,947,785		
	Less: Excess Proceeds								
	Ord. No. 10-14					\$ (771)			
	Ord. No. 10-15					(13,160)			
							(13,931)		
							<u>\$ 2,933,854</u>		
	Improvement Authorizations-Unfunded								\$ 1,017,126
	Less: Unexpended Proceeds of Bond Anticipation Notes								
	Ord. 11-10					\$ 12,569			
	Ord. 12-13					231,230			
	Ord. 12-20/13-9					52,602			
	Ord. 13-7					4,630			
	Ord. 13-10					397,620			
	Ord. 14-8					238,000			
									<u>936,651</u>
									<u>\$ 80,475</u>

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

Balance, January 1, 2014	\$ 55,702
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>16,000</u>
Balance, December 31, 2014	<u>\$ 39,702</u>

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

Balance, January 1, 2014	\$ 175,712
Increased by:	
Grants Awarded	<u>69,506</u>
Balance, December 31, 2014	<u>\$ 245,218</u>

Analysis of Balance

Ord. 00-12	\$ 1,000
Ord. 01-15	4,712
Ord. 13-08	20,000
Ord. 13-10	150,000
Ord. 14-14	<u>69,506</u>
	<u>\$ 245,218</u>

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

<u>Purpose of Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds	5/15/2002	\$ 1,700,000	5/15/2015	\$ 155,000	4.375%	\$ 315,000	\$ 160,000	\$ 155,000
General Improvement Bonds	10/15/2003	1,227,000	10/15/2015-17	100,000	4.000%			
			10/15/2018	97,000	4.000%	497,000	100,000	397,000
General Improvement Bonds	8/1/2010	7,460,000	8/1/2015	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%	<u>7,085,000</u>	<u>150,000</u>	<u>6,935,000</u>
						<u>\$ 7,897,000</u>	<u>\$ 410,000</u>	<u>\$ 7,487,000</u>
					Budget Appropriation		\$ 410,000	

**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, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
Centennial Field Development	11/7/2002	\$ 211,000	2/14/2015 - 2022	\$11,246-\$12,926	2.00%	<u>\$ 107,578</u>	<u>\$ 11,024</u>	<u>\$ 96,554</u>
					Budget Appropriation		<u>\$ 11,024</u>	

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

Ord. No.	Improvement Description	Original Amount of Note	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2014	Increased	Decreased	Balance, December 31, 2014
10-14	Acquisition of Ambulance Chassis	\$ 46,824	9/29/2011	9/27/2013 9/26/2014	9/26/2014 9/25/2015	0.73% 0.62%	\$ 46,824	\$ 41,621	\$ 46,824	\$ 41,621
10-15	Purchase of Fire Engine	547,500	9/29/2011	9/27/2013 9/26/2014	9/26/2014 9/25/2015	0.73% 0.62%	41,976 -	13,160	41,976 -	13,160
11-4	Construction of Turf Field	1,425,000	9/29/2011	9/27/2013 9/26/2014	9/26/2014 9/25/2015	0.73% 0.62%	784,729 -	735,412	784,729 -	735,412
11-10	Acq. Firefighting Equipment	333,300	9/28/2012	9/27/2013 9/26/2014	9/26/2014 9/25/2015	0.73% 0.62%	333,300	333,300	333,300	333,300
12-13	Streetscape Improvements to Paterson Avenue and Union Boulevard	238,000	9/28/2012	9/27/2013 9/26/2014	9/26/2014 9/25/2015	0.73% 0.62%	238,000	238,000	238,000	238,000
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	9/26/2014 9/25/2015	0.73% 0.62%	357,000	357,000	357,000	- 357,000
12-20/13-9	Acquisition of New Communication and Signal Systems Equipment for Use of the Police and Fire Departments	306,121	9/27/2013	9/27/2013 9/26/2014	9/26/2014 9/25/2015	0.73% 0.62%	306,121	307,525	306,121	- 307,525
13-7	Acquisition of Self Contained Breathing Apparatus Equipment for Fire Department	384,750	9/27/2013	9/27/2013 9/26/2014	9/26/2014 9/25/2015	0.73% 0.62%	384,750	212,467	384,750	- 212,467
13-8	Reconstruction of Basketball Courts at Hathaway Street Park	52,300	9/27/2013	9/27/2013 9/26/2014	9/26/2014 9/25/2015	0.73% 0.62%	52,300	52,300	52,300	- 52,300
13-10	Various Public Improvements	419,000	9/26/2014	9/26/2014	9/25/2015	0.62%		419,000		419,000
14-8	Resurface Various Streets	238,000	9/26/2014	9/26/2014	9/25/2015	0.62%		238,000		238,000
							<u>\$ 2,545,000</u>	<u>\$ 2,947,785</u>	<u>\$ 2,545,000</u>	<u>\$ 2,947,785</u>
								\$ 658,404		
								2,289,381	\$ 2,289,381	
									83,306	
									172,313	
								<u>\$ 2,947,785</u>	<u>\$ 2,545,000</u>	

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

Balance, January 1, 2014	\$ 226,790
Decreased by:	
Raised in 2014 Budget	<u>226,790</u>
Balance, December 31, 2013	<u>\$ -</u>

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

Balance, January 1, 2014	<u>\$ 11,595</u>
Balance, December 31, 2014	<u>\$ 11,595</u>

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

Ord. No. or Date	Improvement Description	Balance, January 1, 2014	2014 Authorizations	Cancelled	Notes Issued	Balance, December 31, 2014
	<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		3		97
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		5,336		80,014
12-20/13-9	Acquisition of New Communication and Signal Systems					
	Equipment for Use of the Police and Fire Departments	2,879			\$ 1,404	1,475
13-10	Various Public Improvements	419,000			419,000	-
14-8	Resurface Various Streets		\$ 238,000		238,000	-
14-14	Replacement of the Roof on the Public Library	-	79,000	-	-	79,000
		<u>\$ 519,141</u>	<u>\$ 317,000</u>	<u>\$ 6,544</u>	<u>\$ 658,404</u>	<u>\$ 171,193</u>

WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2014	\$ 2,513,777	\$ 367,943
Increased by Receipts:		
Receipts from Water Collector	\$ 1,805,192	
Fire Hydrant Service	41,948	
Miscellaneous	2,654	
Receipts from Water Utility Capital Fund	390	
Interest Earned	<u>-</u>	<u>\$ 320</u>
	<u>1,850,184</u>	<u>320</u>
	4,363,961	368,263
Decreased by Disbursements:		
2014 Budget Appropriations	1,616,649	
2013 Appropriation Reserves	107,315	
Payments to Water Utility Operating Fund		390
Payments to General Capital Fund	737,000	317,000
Payments to Other Trust Fund	16,512	
Accrued Interest	<u>11,861</u>	<u>-</u>
	<u>2,489,337</u>	<u>317,390</u>
Balance, December 31, 2014	<u>\$ 1,874,624</u>	<u>\$ 50,873</u>

STATEMENT OF CASH - WATER COLLECTOR

Increased by Receipts:	
Consumer Accounts Receivable	<u>\$ 1,805,192</u>
Decreased by Disbursements:	
Payments to Treasurer	<u>\$ 1,805,192</u>

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

		Balance, December 31, <u>2014</u>
Due to General Capital Fund		\$ 1,621,923
Due from Water Utility Operating Fund		(2,397,909)
Encumbrances Payable		445,583
Capital Improvement Fund		186,787
<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	238,292
12-22	Replacement of Various Water Mains	305,000
14-13	Acquisition of Vehicles & Equipment	<u>(343,566)</u>
		<u>\$ 50,873</u>

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

Balance, January 1, 2014	\$ <u>100</u>
Balance, December 31, 2014	\$ <u><u>100</u></u>

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

Balance, January 1, 2014	\$ 209,777
Increased by:	
Billings	<u>1,797,961</u>
	2,007,738
Decreased by:	
Collections	<u>1,805,192</u>
Balance, December 31, 2014	\$ <u><u>202,546</u></u>

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

Balance, January 1, 2014

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

Balance, December 31, 2014

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

Analysis of Balance

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

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

Balance, January 1, 2014		\$ 2,398,811
Increased by:		
Cash Disbursements		<u>390</u>
		2,399,201
Decreased by:		
Water Capital Fund Balance Anticipated as Operating Revenue	\$ 972	
Interest Earned	<u>320</u>	
		<u>1,292</u>
Balance, December 31, 2014		<u>\$ 2,397,909</u>

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

	Balance, January 1, <u>2014</u>	Balance, December 31, <u>2014</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>			Balance, January 1,	2014	Balance, December 31,
	<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>2014</u>	<u>Authorizations</u>	<u>2014</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
Acquisition of Vehicles & Equipment	14-13	9/25/2014	695,000	-	\$ 695,000	695,000
				<u>\$2,740,000</u>	<u>\$ 695,000</u>	<u>\$ 3,435,000</u>

**BOROUGH OF WALLINGTON
STATEMENT OF 2013 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2014</u>	Prior Year Encumbrances <u>Restored</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries	\$ 5,192			\$ 5,192
Other Expenses	97,533	\$ 10,484	\$ 107,315	702
Deferred Charges And Statutory Expenditures				
Social Security System (O.A.S.I.)	<u>2,382</u>	<u>-</u>	<u>-</u>	<u>2,382</u>
Total Water Utility Appropriation Reserves	<u>\$ 105,107</u>	<u>\$ 10,484</u>	<u>\$ 107,315</u>	<u>\$ 8,276</u>
		Cash Disbursements	<u>\$ 107,315</u>	

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

Balance, January 1, 2014	\$ 3,862
Balance, December 31, 2014	<u>\$ 3,862</u>

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

Balance, January 1, 2014	\$ 374,789
Increased by:	
Cash Disbursements	<u>737,000</u>
	1,111,789
Decreased by:	
Expenditures Paid By General Capital Fund - 2014 Budget	\$ 22,785
Expenditures Paid By General Capital Fund - Accrued Interest	<u>30,611</u>
	<u>53,396</u>
Balance, December 31, 2014	<u>\$ 1,058,393</u>

**STATEMENT OF DUE FROM/(TO) CURRENT FUND
WATER UTILITY OPERATING FUND**

Balance, January 1, 2014 (Due From)	\$ 146,769
Decreased by:	
Expenditures Paid By Current Fund - 2014 Budget	<u>342,541</u>
Balance, December 31, 2014 (Due To)	<u>\$ (195,772)</u>

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

Ord. No.	Improvement Description	Ordinance		Balance, January 1, 2014		2014 Authorizations	Prior Year Encumbrances Restored	Expended	Balance, December 31, 2014	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
11-3	Acquisition of Two Dump Trucks with Plows	3/24/2011	\$ 110,000	\$ 52					\$ 52	
11-8	Acquisition of Vehicles & Equipment	7/21/2011	225,000	75,169					75,169	
12-21	Replacement of Various Water Mains	12/20/2012	2,100,000		\$ 327,833		\$ 1,167,859	\$ 1,257,400		\$ 238,292
12-22	Replacement of Various Water Mains (Amend Ord. 11-7)	12/20/2012	305,000	-	305,000			-	-	305,000
14-13	Acquisition of New Additional or Replacement Vehicles & Equipment	9/25/2014	695,000	-	-	\$ 695,000	-	377,566	-	317,434
				<u>\$ 75,221</u>	<u>\$ 632,833</u>	<u>\$ 695,000</u>	<u>\$ 1,167,859</u>	<u>\$ 1,634,966</u>	<u>\$ 75,221</u>	<u>\$ 860,726</u>
Capital Improvement Fund						\$ 34,000				
Deferred Charges to Future Revenue						661,000				
						<u>\$ 695,000</u>				
Due to General Capital Fund								\$ 1,189,383		
Encumbrances Payable								445,583		
								<u>\$ 1,634,966</u>		

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

Balance, January 1, 2014	\$ 220,787
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>34,000</u>
Balance, December 31, 2014	<u>\$ 186,787</u>

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

Balance, January 1, 2014	\$ 3,204,505
Increased by:	
Notes Paid by Operating Budget	\$ 22,785
Bonds Paid by Operating Budget	<u>55,000</u>
	<u>77,785</u>
Balance, December 31, 2014	<u>\$ 3,282,290</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>	Balance, January 1, <u>2014</u>	2014 <u>Authorizations</u>	Balance, December 31, <u>2014</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	225,000		225,000
14-13	Acquisition of Vehicles & Equipment	9/25/2014	-	\$ 34,000	34,000
			<u>\$ 335,000</u>	<u>\$ 34,000</u>	<u>\$ 369,000</u>

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

Balance, January 1, 2014		\$	10,556
Increased by:			
Charge to 2014 Budget Appropriations			<u>45,287</u>
			55,843
Decreased by:			
Cancelled to Operations	\$	4,585	
Cash Disbursements		11,861	
Due to General Capital Fund		<u>30,611</u>	
			<u>47,057</u>
Balance, December 31, 2014		\$	<u>8,786</u>

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

Balance, January 1, 2014	\$ 10,484
Increased by:	
Charges to 2014 Budget Appropriations	<u>18,682</u>
	29,166
Decreased by:	
Restored to Appropriation Reserves	<u>10,484</u>
Balance, December 31, 2014	<u>\$ 18,682</u>

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

<u>Purpose of Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
Water Capital Improvement Bonds	10/15/2003	\$ 753,000	10/15/2015-16	\$ 60,000	4.000%			
			10/15/2017	65,000	4.000%			
			10/15/2018	68,000	4.000%	\$ 308,000	\$ 55,000	\$ 253,000
					Paid by Budget Appropriation		\$ 55,000	

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

Ord. No.	Improvement Description	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2014	Increased	Decreased	Balance, December 31, 2014
11-7	Replacement of Various Water Mains	9/28/2013	9/28/2013 9/26/2014	9/27/2014 9/25/2015	0.73% 0.62%	\$ 1,800,000	\$ 1,777,215	\$ 1,800,000	\$ 1,777,215
12-21	Replacement of Various Water Mains	9/28/2013	9/28/2013 9/26/2014	9/27/2014 9/25/2015	0.73% 0.62%	2,100,000	- 2,100,000	2,100,000	- 2,100,000
12-22	Replacement of Various Water Mains	9/28/2013	9/28/2013 9/26/2014	9/27/2014 9/25/2015	0.73% 0.62%	305,000 -	- 305,000	305,000 -	- 305,000
						<u>\$ 4,205,000</u>	<u>\$ 4,182,215</u>	<u>\$ 4,205,000</u>	<u>\$ 4,182,215</u>
						Paid by Budget Appropriation		\$ 22,785	
						Renewals	<u>\$ 4,182,215</u>	<u>4,182,215</u>	
							<u>\$ 4,182,215</u>	<u>\$ 4,205,000</u>	

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

	Balance, January 1, <u>2014</u>	Balance, December 31, <u>2014</u>
County of Bergen		
Acquisition of Real Property	\$ 40,200	\$ 40,200

Analysis of Balance

Offset by Reserve for Receivable \$ 40,200

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

Balance, January 1, 2014	\$ 1,167,859
Increased by:	
Charges to Improvement Authorizations	<u>445,583</u>
	1,613,442
Decreased by:	
Restored to Improvement Authorizations	<u>1,167,859</u>
Balance, December 31, 2014	\$ <u>445,583</u>

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

Increased by:

Deficit in Current Year Operations

\$ 201,792

Balance, December 31, 2014

\$ 201,792

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

<u>Ord. No.</u> <u>or Date</u>	<u>Improvement Description</u>	Balance, January 1, <u>2014</u>	2014 <u>Authorizations</u>	Balance, December 31, <u>2014</u>
06-12	Acquisition of Real Property	\$ 80,458		\$ 80,458
14-13	Acquisition of Vehicles & Equipment	<u>-</u>	<u>\$ 661,000</u>	<u>661,000</u>
		<u>\$ 80,458</u>	<u>\$ 661,000</u>	<u>\$ 741,458</u>

BOROUGH OF WALLINGTON
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
KEVIN LOMSKI, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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, 2014, and the related notes to the financial statements, and have issued our report thereon dated August 7, 2015. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2014-001 through 2014-004 that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Wallington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and responses as items 2014-001 through 2014-004.

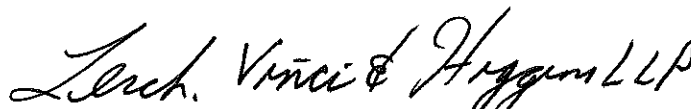
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Wallington in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

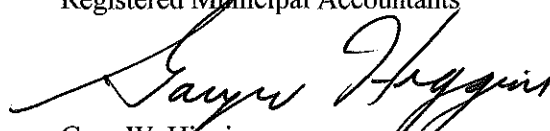
Borough of Wallington's Responses to Findings

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

Purpose of this Report

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


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


Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
August 7, 2015

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Federal CFDA Number</u>	<u>Original Grant Award Amount</u>	<u>Current Year Grant Receipt</u>	<u>Grant Year</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expended</u>
U.S. Department of Justice									
COPS More	16.710	\$ 16,500		2004	\$ 579			\$ 579	\$ 15,921
		1,000		2008	1,000			1,000	-
COPS in School	16.710	25,000		1999	73			73	24,927
U.S. Department of Law and Public Safety									
Public Assistance - Hurricane Sandy	97.036		10,161			\$ 10,161	\$ 10,161		
U.S. Department of Transportation									
Resurface Hathaway Street - Ord. 11-5	20.205	110,000		2011	37,962			37,962	72,038
U.S. Department of Housing and Urban Development (Passed through County Dept. of Community Development)									
Community Development Block Grant	14.219								
Rehabilitation of the Elevator at Police Station		43,000		2014		43,000		43,000	
Replacement of Roof on the Public Library		69,506		2014		69,506		69,506	
					-	-	-	-	
					<u>\$ 39,614</u>	<u>\$ 122,667</u>	<u>\$ 10,161</u>	<u>\$ 152,120</u>	

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

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Grant Number</u>	<u>State Grant Program</u>	<u>Grant Award</u>	<u>Current Year Grant Receipt</u>	<u>Grant Award Year</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expended</u>
8030-150-041650-60	Supplemental Fire Services Program	\$ 1,573		Prior Years	\$ 1,573			\$ 1,573	\$ -
4250-760-050000-63-260	Alcohol Education and Rehabilitation Fund	1,922		2003	1,775			1,775	147
		624		2005	624			624	-
		1,941		2007	1,941			1,941	-
		1,804		2008	1,804			1,804	-
		1,232		2009	1,232			1,232	-
		1,187		2012	1,187			1,187	-
		486		2013	486			486	-
		1,056		2014		\$ 1,056		1,056	-
1110-448-031020-22	Drunk Driving Enforcement Fund	7,946		2009	6,475			6,475	1,471
		2,792		2010	2,792			2,792	-
		3,210		2012	3,210			3,210	-
N/A	DEP Stormwater Grant	14,265		Prior Years	13,369			13,369	896
		2,552		2008	2,552			2,552	-
		2,039		2009	2,039			2,039	-
N/A	Clean Communities	16,122		2010	16,122		3,548	12,574	3,548
		15,120		2011	15,120			15,120	-
		15,120		2012	15,120			15,120	-
		2,535		2014		2,355		2,355	180
4900-752-178840-60	Municipal Recycling Assistance Grant	10,329		2010	10,329			10,329	-
		220		2011	220			220	-
		6,438		2012	6,438			6,438	-
		186		2013	186			186	-
		182		2014		182		182	-
N/A	Recycling Tonnage Grant	13,437		2011	13,437			13,437	-
		9,708		2013	9,708			9,708	-
		13,572		2014		13,572		13,572	-
N/A	Body Armor Replacement	2,156		2011	2,156		2,156	-	2,156
		2,289		2012	2,289		844	1,445	844
		2,251		2013	2,251			2,251	-
N/A	Local Domestic Preparedness Grant	50,000		2004	50,000			50,000	-
N/A	Non Public Nursing	11,102		2009	738		738	-	11,102
		10,510		2011	500		500	-	10,510
		10,510		2012	10,510		10,510	-	10,510
		14,800	\$ 12,772	2014		14,800	524	14,276	524
N/A	Municipal Alliance Program	11,500		2001	3,979		2,078	1,901	9,599
		11,500		2002	55			55	11,445
		11,500		2004	114			114	11,386
		14,670		2005	2,435			2,435	12,235
		11,500		2006	2,378			2,378	9,122
		10,388		2007	10,388			10,388	-
		11,500		2009	8,974			8,974	2,526
		11,706		2010	6,753			6,753	4,953
		6,510		2014		6,510		6,510	-
	Livable Communities Grant Acquisition of Fire Equipment								
		100,000		2005	1,977			1,977	98,023
N/A	HAVA Grant	6,586		2014		6,586		6,586	-
1020-789-066-1020	Safe and Secure Communities	60,000	27,663	2011					60,000
100-022-8030-620-FFFF-6120	Legislative Grant - Emergency Services Building	16,230		2001	9,530			9,530	6,700
					<u>\$ 242,766</u>	<u>\$ 45,061</u>	<u>\$ 20,898</u>	<u>\$ 266,929</u>	

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

**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, 2014**

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	\$ 10,161	\$ 45,061	\$ 55,222
General Capital	<u>112,506</u>	<u>-</u>	<u>112,506</u>
Total Financial Awards	<u>\$ 122,667</u>	<u>\$ 45,061</u>	<u>\$ 167,728</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, 2014

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2014, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
N.J. Green Acres Loan	4800-533-857000-60	\$ <u>96,554</u>

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

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, 2014**

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 2014-001:

Our audit revealed the following:

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

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 2014-001.

Questioned Costs:

None.

Context:

- Bills in the amount of \$445,583 were not recorded as liabilities at December 31, 2014 in the Water Capital Fund.
- Purchase orders are not being encumbered prior to receipt of goods/services.
- 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, 2014**

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 2014-002

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

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, 2014**

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 2014-003:

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

Criteria or specific requirement:

P.L. 2011, C. 78

Condition:

See Finding 2014-003.

Questioned Costs:

Not applicable.

Context:

Certain employees' contributions were not calculated in accordance with Chapter 78.

Effect:

Health benefit costs were overstated as a result of not receiving the proper amount of 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
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 2014-004:

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

Criteria or specific requirement:

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

Local Budget Law

Condition:

Expenditures were incurred and charged to budgetary line items in the Current Fund in excess of available appropriations. Expenditures exceeded revenues in the Water Utility Operating Fund.

Questioned Costs:

None.

Context:

The following expenditures were incurred in excess of available 2013 appropriation reserves:

Current Fund	
Appropriation Reserves	
Legal Services-Other Expenses	\$17,806
Buildings and Grounds – Other Expenses	15,579
Unclassified	
Street Lighting	13,441
Communications	4,865
Passaic Valley Sewerage Commission	1,350

The Borough incurred an operating deficit of \$201,792 in the Water Utility Fund due to a shortfall in water rents.

Effect:

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

**BOROUGH OF WALLINGTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 2014-004: (Continued)

Cause:

See condition.

Recommendation:

Appropriations be made available prior to the commitment of Borough funds for expenditure. Also, controls be enhanced to prevent operating deficits in the Water Utility Fund.

Management's Response:

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

**BOROUGH OF WALLINGTON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 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.

Status

See Finding 2014-001.

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.

Status

Corrective action has been taken.

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 Water Operating and Trust Funds were posted as a single general journal entry.

Status

See Finding 2014-002.

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.

Status

Corrective action has been taken.

Finding 2013-005

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

Status

See Finding 2014-003.

BOROUGH OF WALLINGTON

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>			<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 563,049	2.08 %	\$	455,638	1.56 %
Miscellaneous - From Other Than Local					
Property Tax Levies	2,066,179	7.62		4,385,852	14.99
Collection of Delinquent Taxes					
and Tax Title Liens	441,506	1.63		894,871	3.06
Collection of Current Tax Levy	<u>24,040,474</u>	<u>88.67</u>		<u>23,522,433</u>	<u>80.39</u>
Total Income	<u>27,111,208</u>	<u>100.00</u> %		<u>29,258,794</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	10,346,893	38.45 %		12,144,589	42.47 %
County Taxes	2,224,961	8.27		2,303,181	8.05
Local School Taxes	14,054,766	52.23		13,731,779	48.02
Other Expenditures	<u>284,146</u>	<u>1.06</u>		<u>417,360</u>	<u>1.46</u>
Total Expenditures	<u>26,910,766</u>	<u>100.00</u> %		<u>28,596,909</u>	<u>100.00</u> %
Excess of Revenues Over Expenditures	200,442			661,885	
Fund Balance, January 1	<u>1,493,824</u>			<u>1,287,577</u>	
	1,694,266			1,949,462	
Less Amount of Fund Balance Utilized					
as Revenue	<u>563,049</u>			<u>455,638</u>	
Fund Balance, December 31	<u>\$ 1,131,217</u>			<u>\$ 1,493,824</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 2013</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 100,000	5.09 %	\$ 200,000	8.79	
Collection of Water Rents	1,805,192	91.92	1,940,197	85.24	%
Miscellaneous - From Other Than Rents	<u>58,755</u>	<u>2.99</u>	<u>135,956</u>	<u>5.97</u>	
Total Income	<u>1,963,947</u>	<u>100.00</u> %	<u>2,276,153</u>	<u>100.00</u>	%
EXPENDITURES					
Budget Expenditures					
Operating	1,975,667	91.22 %	2,045,000	89.84	%
Deferred Charges and Statutory					
Expenditures	67,000	3.09	72,000	3.16	
Debt Service	123,072	5.68	81,954	3.60	
Surplus (General Budget)	<u>-</u>	<u>-</u>	<u>77,199</u>	<u>3.39</u>	
Total Expenditures	<u>2,165,739</u>	<u>100.00</u> %	<u>2,276,153</u>	<u>100.00</u>	%
Deficit in Current Year Operations	<u>\$ (201,792)</u>				
Fund Balance, January 1	<u>\$ 523,869</u>		<u>723,869</u>		
	523,869		723,869		
Less: Utilized as Revenue:					
Water Operating Fund	<u>100,000</u>		<u>200,000</u>		
Fund Balance, December 31	<u>\$ 423,869</u>		<u>\$ 523,869</u>		

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>2.596</u>	<u>\$2.206</u>	<u>\$2.133</u>

Apportionment of Tax Rate

Municipal (Including Library Levy)	.878	.743	.723
County	.235	.211	.208
Local School	1.483	1.252	1.202

Assessed Valuation

2014	<u>\$948,284,902</u>	
2013		<u>\$1,096,806,432</u>
2012		<u>\$1,098,393,412</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>
2014	\$ 24,625,451	\$ 24,040,474	97.62%
2013	24,222,428	23,522,433	97.11%
2012	23,445,416	22,807,813	97.28%

**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>
2014	\$ 342,596	\$ 545,936	\$ 888,532	3.61%
2013	176,186	591,603	767,789	3.17%
2012	592,631	497,775	1,090,406	4.65%

Comparison of Water Utility Billings

<u>Year</u>	<u>Levy</u>	<u>Collections *</u>
2014	\$1,797,961	\$1,805,192
2013	1,919,611	1,940,197
2012	2,481,860	2,476,452

* 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	2014	\$1,131,217	\$657,894
	2013	1,493,824	563,049
	2012	1,287,577	455,638
	2011	538,240	116,765
	2010	530,279	113,000
Water Utility Operating Fund	2014	\$423,869	\$222,000
	2013	523,869	100,000
	2012	723,869	200,000
	2011	753,515	241,863
	2010	537,950	-0-

**BOROUGH OF WALLINGTON
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS AS OF DECEMBER 31, 2014

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

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

BOROUGH OF WALLINGTON SUPPLEMENTARY DATA

GENERAL COMMENTS

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

The audit revealed that certain purchases in excess of the bid threshold made through the use of State contracts or Cooperative Purchasing programs were not approved by resolution. It is recommended that all purchases made through the use of State contracts or Cooperative Purchasing programs in excess of the bid threshold be approved by resolution.

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 balance in the payroll bank accounts. It is recommended that the excess balance in the payroll bank accounts be reviewed.

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

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

The audit indicated that there are various interfunds outstanding at December 31, 2014 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 319 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 the Trust Fund reserve for Uniform Fire Safety Act Penalty is in a deficit position. The balance has been raised in the Borough's 2015 budget and therefore, a recommendation is not warranted.

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

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

**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 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 22, 2014 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>
2014	Unknown
2013	2
2012	3

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:

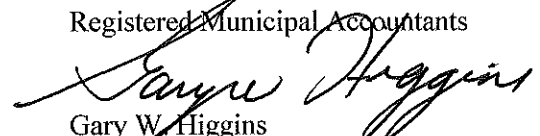
- * 1. Procedures over cash disbursements and liabilities be reviewed and enhanced to ensure the appropriate recording of expenditures and the payment of bills.
- * 2. The general ledgers be reconciled to the respective subsidiary ledgers and records on a monthly basis.
- * 3. Employee health benefit contributions be made in accordance with State law.
- 4. Appropriations be made available prior to the commitment of Borough funds for expenditure. Also, controls be enhanced to prevent operating deficits in the Water Utility Fund.
- 5. The Borough maintain a detailed analysis of all municipal and third party liens.
- 6. All purchases made through the use of State contracts or Cooperative Purchasing programs in excess of the bid threshold be approved by resolution.
- * 7. The excess balance in the payroll bank accounts be reviewed.
- * 8. Appropriated grant reserves be reviewed for proper disposition.
- * 9. The Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.
- * 10. All interfunds be cleared of record as of December 31 and all interfund transactions be recorded in both funds affected.
- * 11. With respect to the Municipal Court:
 - 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.
- 12. The Borough's address and not the payroll service company's address be properly reported on all federal tax returns and correspondence.
- 13. The signature certifying the receipt of goods/services be obtained on purchase orders prior to payment.

* * * * *

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