

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

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2022 AND 2021

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INTRODUCTORY SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Regulatory Financial Statements

Opinions on Regulatory Basis Financial Statements

We have audited the accompanying comparative balance sheets – regulatory basis of various funds of the Borough of Wallington, in the County of Bergen, State of New Jersey (the “Borough”), as of December 31, 2022 and 2021, and the related comparative statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues and expenditures – regulatory basis and comparative statement of general fixed assets group of accounts – regulatory basis for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the comparative financial position – regulatory basis, of each fund and account group of the Borough as of December 31, 2022 and 2021, and each fund’s respective operations and changes in financial position and fund balance – regulatory basis for the years then ended, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse and Unmodified Opinions” section of our audit report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough as of December 31, 2022 and 2021, or the changes in financial position for the years then ended.

Basis for Opinions

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 in compliance with audit requirements as prescribed by the Division. Our responsibilities under those standards and requirements are further described in the “Auditors’ Responsibility for the Audit of the Financial Statements” section of our report. We are required to be independent of the Borough of Wallington, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide our adverse and unmodified audit opinions.

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

As described in Note 1, the financial statements are prepared and presented by the Borough on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirement of the State of New Jersey for municipal government entities. The effect on financial statements of the variances between the regulatory accounting practices and GAAP, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis (the "financial statements") in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but not absolute assurance and therefore is not a guarantee that an audit conducted 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 Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplementary schedules and the audit comments and recommendations listed in the table of contents are presented for the purpose of additional analysis as required by the Division and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Report on Supplementary Information as Required by the Uniform Guidance and NJ OMB Circular 15-08

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*; and NJ OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and related notes to the schedules of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards, state financial assistance, and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 schedules of expenditures of federal awards, state financial assistance, and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2023 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.



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



Garbarini & Co. P.C.
Certified Public Accountants

December 14, 2023

FINANCIAL SECTION

CURRENT FUND

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022 AND 2021

A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Reference	<u>At December 31:</u>	
		<u>2022</u>	<u>2021</u>
ASSETS			
Current Assets:			
Cash - Collector - Treasurer	A-4	\$ 4,922,758.65	\$ 4,101,366.66
Cash - Change Fund	A-5	100.00	100.00
Cash - Petty Cash	A-6	100.00	100.00
Due from State of NJ - Senior Citizens' and Veterans' Deductions	A-14	552.74	789.04
Federal and State Grants Receivable	A-20	<u>681,805.32</u>	<u>737,570.41</u>
		<u>5,605,316.71</u>	<u>4,839,926.11</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-7	239,452.32	286,723.76
Tax Title Liens Receivable	A-8	-	-
Due from Capital Fund	C		22,053.00
Due From Trust Fund	B		62,938.81
Due From Affordable Housing Fund	B		
Due From Animal Control Fund	B	3,179.40	2,439.20
Due to Payroll Account	B		
Due from Water Operating Fund	D		
Revenue Accounts Receivable	A-10	<u>13,016.46</u>	<u>12,781.94</u>
	Contra	<u>255,648.18</u>	<u>386,936.71</u>
Deferred Charges:			
Emergency Authorizations	A-23	-	385,000.00
Special Emergency	A-23	539,069.60	718,837.00
Over-Expenditure of Grant Fund	A-23	<u>-</u>	<u>6,461.60</u>
		<u>539,069.60</u>	<u>1,110,298.60</u>
TOTAL ASSETS		<u>\$ 6,400,034.49</u>	<u>\$ 6,337,161.42</u>

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022 AND 2021

A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Reference	<u>At December 31:</u>	
		<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Liabilities:			
Appropriation Reserves	A-3,12	\$ 966,962.87	\$ 662,662.12
Encumbrances Payable	A-12,13	173,656.40	355,764.39
Reserve for Revaluation	A-11	2,770.00	2,770.00
Reserve for Codification of Ordinances	A-26	10,925.00	10,925.00
Appropriated Reserves for Federal and State Grants	A-21	374,576.46	564,816.18
Unappropriated Reserves for Federal and State Grants	A-22	924,824.05	604,854.60
Reserve for Municipal Relief Funds	A-4	35,129.98	
Prepaid Taxes	A-15	317,351.59	188,722.27
County Taxes Payable	A-17	6,561.89	5,220.61
Miscellaneous Fees Payable	A-19	3,569.00	675.00
Accounts Payable	A-29	168,570.55	94,609.56
Due to Other Trust Fund	B-6	15.00	
Due to General Capital Fund	C		
Due to Water Utility Operating Fund	D		
Special Emergency Notes Payable	A-24	324,000.00	835,000.00
Amount Due to Library - State Aid	A-25	-	-
Reserve for Insurance Proceeds	A-27	10,604.00	187,133.53
Reserve for Hurricane IDA- FEMA	A-28	127,454.86	107,135.22
Reserve for Tax Appeals	A-30	83,021.75	50,000.00
Tax Overpayments	A-16	-	3,592.85
		<u>3,529,993.40</u>	<u>3,673,881.33</u>
Reserve for Receivables	Contra	255,648.18	386,936.71
Fund Balance	A-1	<u>2,614,392.91</u>	<u>2,276,343.38</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 6,400,034.49</u>	<u>\$ 6,337,161.42</u>

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022 AND 2021

A-1

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

		<u>For the Years Ended December 31:</u>	
	Reference	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 960,573.00	\$ 543,940.00
Miscellaneous Revenue Anticipated	A-2	2,240,751.95	2,676,900.45
Receipts from Delinquent Taxes	A-2	284,164.80	350,612.90
Receipts from Current Taxes	A-2	30,706,794.40	30,104,332.21
Non-Budget Revenues	A-2	138,564.45	107,745.76
Other Credits to Income:			
Interfunds Returned		84,251.61	
Cancelled Tax Title Liens Outstanding	B-6		33,799.90
Cancelled Tax Overpayments	A-16	-	19,158.85
Cancelled Accounts Payable	A-29	12,796.91	
Unexpended Balance of Appropriations	A-3	7,014.23	22,053.00
Unexpended Balance of Appropriation Reserves	A-12	496,369.73	476,523.03
Statutory Excess- Animal License Fund	B-4	3,179.40	2,439.20
		<hr/>	<hr/>
Total revenue and other income		34,934,460.48	34,337,505.30
Expenditures:			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	4,183,010.16	4,273,241.00
Other Expenses	A-3	6,032,007.73	6,477,652.85
Capital Improvements	A-3	80,000.00	38,000.00
Municipal Debt Service	A-3	1,269,047.64	1,092,015.00
Deferred Charges and Statutory Expenditures	A-3	1,503,372.30	1,724,430.00
Judgments	A-3	-	-
Local District School Taxes	A-18	17,347,895.00	17,145,402.00
County Tax	A-17	3,026,738.00	2,950,918.06
County Share of Added and Omitted Taxes	A-17	6,561.89	5,220.61
County Open Space Tax	A-17	126,283.09	122,207.12
Prior Year Senior & Veteran Deductions	A-14	2,472.60	5,050.68
Bank Rec Adjustment/ Cash Variance		15.20	13,343.75
Marriage License State Fee- Adjustment	A-4	25.00	
Tax Title Lien Settlement	A-4	10,270.90	
PFRS- Retro Payment	A-4	48,138.44	
Interfunds Established			70,350.05
		<hr/>	<hr/>
Total expenditures		33,635,837.95	33,917,831.12
Excess in Revenues Over Expenditures		1,298,622.53	419,674.18
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-23	-	565,000.00
		<hr/>	<hr/>
Statutory Excess to Fund Balance		1,298,622.53	984,674.18
Fund Balance January 1	A	2,276,343.38	1,835,609.20
		<hr/>	<hr/>
Decreased by:		3,574,965.91	2,820,283.38
Utilization as Anticipated Revenue	A-2	960,573.00	543,940.00
		<hr/>	<hr/>
Fund Balance December 31	A	\$ 2,614,392.91	\$ 2,276,343.38

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

BOROUGH OF WALLINGTON
CURRENT FUND
YEAR ENDED DECEMBER 31, 2022

A-2

STATEMENT OF REVENUES - REGULATORY BASIS

	Reference	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	A-1	\$ 960,573.00	\$ 960,573.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages		15,500.00	15,370.00	(130.00)
Other		11,800.00	12,691.00	891.00
Fees and Permits - Other		63,000.00	43,080.61	(19,919.39)
Fines and Costs - Municipal Court		154,000.00	151,509.33	(2,490.67)
Interest and Costs on Taxes		63,000.00	57,130.45	(5,869.55)
Interest on Investments and Deposits		32,500.00	123,128.36	90,628.36
Anticipated Utility Operating Surplus				-
Energy Receipts Tax		673,454.00	673,454.00	-
Consolidated Municipal Property Tax Relief				-
Uniform Construction Code Fees		109,000.00	127,170.00	18,170.00
Uniform Fire Safety Act		17,414.00	25,735.00	8,321.00
CATV Franchise Fee		95,650.60	95,650.60	-
Cell Tower Rental Fee		64,000.00	56,436.53	(7,563.47)
JIF Settlement				-
Other Rental Revenue		175,430.00	165,470.00	(9,960.00)
Utility Operating Surplus		275,000.00	275,000.00	-
Accrued Interest on Bonds		6,639.03	6,639.03	-
Reserve for Debt Service Payments		41,783.40	41,783.40	-
Premium on Bonds		780.97	780.97	-
Premium on BANS		19,663.00	19,663.00	-
Grants:				
American Rescue Plan Funds		332,745.52	332,745.52	
Recycling Tonnage Grant		4,635.80	4,635.80	-
State Body Armor Grant		1,298.89	1,298.89	-
Reserve for Body Armor Grant		3,272.28	3,272.28	-
Municipal Alliance Grant		4,507.18	4,507.18	-
Patrick Leahy Bullet Proof Vest Partnership Program		3,600.00	3,600.00	-
Total Miscellaneous Revenues	A-1, Next Pg.	2,168,674.67	2,240,751.95	72,077.28
Receipts from Delinquent Taxes	A-1, Next Pg.	286,723.00	284,164.80	(2,558.20)
Subtotal General Revenues		3,415,970.67	3,485,489.75	69,519.08
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	Next Pg.	10,401,467.16	10,949,316.42	547,849.26
Total General Revenues - Adopted	A-3	<u>\$ 13,817,437.83</u>	14,434,806.17	<u>\$ 617,368.34</u>
Non-Budget Revenues	A-1, Next Pg.		138,564.45	
			<u>\$ 14,573,370.62</u>	

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

BOROUGH OF WALLINGTON
CURRENT FUND
YEAR ENDED DECEMBER 31, 2022

A-2

**STATEMENT OF REVENUES - REGULATORY BASIS
(CONTINUED)**

	<u>Reference</u>	<u>2022</u>
<u>ANALYSIS OF REALIZED REVENUES</u>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1	\$ 30,706,794.40
Allocated to School and County Taxes	A-17,18	20,507,477.98
Balance for Support of Municipal Appropriations		10,199,316.42
 Add: Appropriation "Reserve for Uncollected Taxes"	A-3	750,000.00
 Amount for Support of Municipal Budget Appropriations	Prev. Pg.	<u>\$ 10,949,316.42</u>
<u>RECEIPTS FROM DELINQUENT TAXES</u>		
Tax Title Liens Received in Trust Fund	B-6	-
Delinquent Tax	A-7	284,164.80
	A-1, Prev. Pg.	<u>\$ 284,164.80</u>
<u>MISCELLANEOUS REVENUES</u>		
Revenue Accounts Receivable	A-4,10	\$ 1,615,692.28
Due from Utility Fund- Operating Surplus	D-17	275,000.00
Unappropriated Grant Reserves	A-22	336,017.80
Grants Receivable	A-20	14,041.87
	A-1, Prev. Pg.	<u>\$ 2,240,751.95</u>
<u>ANALYSIS OF NON-BUDGET REVENUES</u>		
Miscellaneous Revenues Not Anticipated:		
Miscellaneous Refunds		\$ 6,965.08
Senior & Vet 2% Fee		802.86
Polling Rental		240.00
Tax Bill Copies		8.00
Death Certificate Copies		8,400.00
Marriage License Copies		1,080.00
Bank Charges/ Refunds/Bounced Check Fees		440.00
Photo Copies		9.00
FEMA-COVID		11,738.34
Streets and Roads (Bus)		4,230.00
SNJ Unclaimed Funds		481.09
Mid-Bergen Regional Health Commission		1,350.50
DMV Inspections		1,150.00
Little League Field-Lease Payment		1.00
Verizon Refund		250.23
FEMA Public Assistance Grant-Hurricane Ida		37,187.71
Restitution		126.75
Passaic Valley Sewerage Rebate		5,316.80
Scrap Metal		1,422.66
LexisNexis		3,146.63
Homestead Rebate Mailing		289.80
Carfax		1,025.00
Lien Premium Escheated		46,100.00
Police Donation		250.00
ADS SUJ Refunds		6,553.00
		<u>\$ 138,564.45</u>

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Lapsed</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council					
Salaries and Wages	\$ 21,000.00	\$ 22,396.29	\$ 22,396.29	\$ -	\$ -
General Administration					
Salaries and Wages	71,000.00	73,125.05	73,125.05	-	-
Municipal Clerk / Elections					
Salaries and Wages	205,000.00	82,000.00	76,041.76	5,958.24	-
Other Expenses	58,000.00	63,000.00	58,248.20	4,751.80	-
Financial Administration					
Salaries and Wages	81,000.00	82,775.00	82,775.00	-	-
Other Expenses	110,000.00	110,000.00	80,786.74	29,213.26	-
Grant Writer					
Other Expenses	38,000.00	38,000.00	37,999.92	0.08	-
Revenue Administration					
Salaries and Wages	38,500.00	36,720.00	36,720.00	-	-
Other Expenses	16,000.00	8,991.40	8,991.40	-	-
Assessment Administration					
Salaries and Wages	17,500.00	17,166.60	17,166.60	-	-
Other Expenses	79,000.00	77,300.00	75,036.62	2,263.38	-
Legal Services & Costs					
Other Expenses	165,000.00	179,300.00	164,039.05	15,460.95	-

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Lapsed
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (CONTD)					
Engineering Services and Costs					
Other Expenses	\$ 25,000.00	\$ 65,000.00	\$ 51,855.73	\$ 13,144.27	\$ -
Planning Board					
Salaries and Wages	4,000.00	2,925.00	2,925.00	-	-
Other Expenses	60,000.00	60,000.00	30,935.00	29,065.00	-
Zoning Board of Adjustment					
Salaries and Wages	4,000.00	4,047.50	4,047.50	-	-
Other Expenses	21,000.00	26,000.00	23,469.89	2,530.11	-
Insurance					
Unemployment Insurance	85,000.00	43,500.00	141.00	43,359.00	-
Employee Group Insurance	1,350,000.00	1,300,000.00	1,155,692.77	144,307.23	-
Health Benefit Waiver	30,000.00	19,999.92	19,999.92	-	-
General Liability	16,000.00	16,000.00	8,566.00	9,434.00	-
Liability (South Bergen JIF)	82,500.00	106,726.50	40,274.50	66,452.00	-
Worker's Compensation (South Bergen JIF)	82,500.00	106,726.50	40,274.50	66,452.00	-
PUBLIC SAFETY FUNCTIONS:					
Police					
Salaries and Wages	3,277,354.48	3,474,592.02	3,474,592.02	-	-
Salaries and Wages- ARP Funded	332,745.52	332,745.52	332,745.52	-	-
Other Expenses	175,000.00	200,000.00	188,413.72	11,586.28	-
Police Outside Dispatcher	-	-	-	-	-
Fire					
Other Expenses	170,000.00	170,000.00	169,907.99	92.01	-

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

BOROUGH OF WALLINGTON
- CURRENT FUND
DECEMBER 31, 2022

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended
OPERATIONS - WITHIN "CAPS" (CONTD)					
EMS					
Other Expenses	\$ 38,000.00	\$ 38,000.00	\$ 37,192.15	\$ 807.85	\$ -
Clothing Allowance	20,000.00	20,000.00	13,543.00	6,457.00	-
Uniform Fire Safety					
Salaries and Wages	17,000.00	17,725.52	17,725.52	-	-
Other Expenses	700.00	700.00		700.00	-
Fire Prevention Bureau					
Other Expenses	12,000.00	12,000.00	5,594.00	6,406.00	-
Emergency Management Services					
Other Expenses	1,000.00	1,000.00	557.78	442.22	-
Municipal Prosecutor					
Other Expenses	15,000.00	15,000.00	15,000.00	-	-
PUBLIC SAFETY FUNCTIONS:					
Streets and Roads Maintenance					
Salaries and Wages	230,000.00	209,984.30	209,984.30	-	-
Other Expenses	77,000.00	77,000.00	72,927.58	4,072.42	-
Shade Tree					
Other Expenses	25,000.00	25,000.00	24,945.00	55.00	-
Solid Waste Collection (Garbage and Trash, Recycling)					
Salaries and Wages	6,000.00	5,338.63	5,287.44	51.19	-
Other Expenses	1,000,000.00	817,000.00	687,685.52	129,314.48	-
Buildings and Grounds					
Other Expenses	80,000.00	102,000.00	97,900.41	4,099.59	-

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Unaudited
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS" (CONT'D)					
HEALTH AND HUMAN SERVICES:					
Board of Health					
Salaries and Wages	\$ 42,000.00	\$ 53,000.00	\$ 51,906.83	\$ 1,093.17	\$ -
Other Expenses	13,000.00	16,000.00	13,960.94	2,039.06	-
Animal Control Services					
Other Expenses	12,075.00	12,075.00	12,075.00	-	-
PARK AND RECREATION FUNCTIONS:					
Board of Recreation Commissioners (R.S. 40-17.1)					
Salaries and Wages	15,000.00	13,999.92	13,999.92	-	-
Other Expenses	40,000.00	40,000.00	39,227.64	772.36	-
Senior Citizens					
Other Expenses	1,500.00	1,500.00	1,075.92	424.08	-
Maintenance of Parks					
Other Expenses	19,000.00	19,000.00	18,916.15	83.85	-
Celebration of Public Events					
Other Expenses	10,000.00	27,000.00	25,800.88	1,199.12	-
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
Construction Code Official					
Salaries and Wages	72,500.00	72,214.33	72,214.33	-	-
Other Expenses	2,000.00	4,000.00	3,704.38	295.62	-
Municipal Court					
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-
Public Defender					
Other Expenses	5,000.00	5,000.00		5,000.00	-
				-	
UTILITIES:					
Electricity	110,000.00	115,000.00	106,642.86	8,357.14	-
Street Lighting	120,000.00	107,000.00	69,737.29	37,262.71	-
Communications	40,000.00	63,000.00	56,953.11	6,046.89	-
Sewerage Processing and Disposal - Other Expenses	33,000.00	38,000.00	32,972.11	5,027.89	-
Gasoline	30,000.00	30,000.00	2,610.98	27,389.02	-
TOTAL OPERATIONS WITHIN "CAPS"	8,716,775.00	8,691,775.00	8,000,308.73	691,466.27	-
		Detail:			
Salaries and Wages	4,116,754.48	4,183,010.16	4,175,907.56	7,102.60	-
Other Expenses (Including Contingent)	4,600,020.52	4,508,764.84	3,824,401.17	684,363.67	-

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Over-expenditure of Grants	\$ 6,461.60	\$ 6,461.60	\$ 6,461.60	\$ -	\$ -
Over-expenditure of Trust Reserves	1,737.30	1,737.30	1,737.30	-	-
Social Security System (O.A.S.I.)	130,000.00	130,000.00	129,512.75	487.25	-
Public Employees' Retirement System	171,573.00	171,573.00	87,028.48	84,544.52	-
Public Employees' Retirement System Adjustment	10,000.00	10,000.00	10,000.00	-	-
Police and Firemen's Retirement System	1,003,833.00	1,003,833.00	1,003,833.00	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	1,323,604.90	1,323,604.90	1,238,573.13	85,031.77	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	10,040,379.90	10,015,379.90	9,238,881.86	776,498.04	-

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Unreserved
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage Commission	\$ 710,000.00	\$ 710,000.00	\$ 705,922.93	\$ 4,077.07	\$ -
East Rutherford Sewer Fees	5,000.00	5,000.00	-	5,000.00	-
Maintenance of Free Public Library					-
Salaries and Wages	240,000.00	240,000.00	214,814.26	25,185.74	
Other Expense	199,050.94	199,050.94	187,281.42	11,769.52	
911 Interlocal Services Agreement (County of Bergen)	6,000.00	6,000.00	5,667.50	332.50	-
Recycling Tax Appropriation				-	-
Length of Service Award Program (LOSAP)	110,000.00	135,000.00		135,000.00	-
Tax Appeals	50,000.00	50,000.00	50,000.00	-	
Shared Services Municipal Court	124,651.00	124,651.00	124,651.00	-	
Shared Services Board of Health	35,100.00	35,100.00	26,000.00	9,100.00	
Total Other Operations Excluded from "CAPS"	1,479,801.94	1,504,801.94	1,314,337.11	190,464.83	-
Public and Private Programs Offset by Revenues					
Matching Funds For Grants	1,126.80	1,126.80	1,126.80		
Reserve for Recycling Tonnage	4,635.80	4,635.80	4,635.80	-	
Patrick Leahy Bulletproof Vest Partnership Program	3,600.00	3,600.00	3,600.00	-	
Body Armor Grant	3,272.28	3,272.28	3,272.28	-	
State Body Armor Replacement Fund	1,298.89	1,298.89	1,298.89	-	
Assistance to Firefighters Grant Program				-	
Municipal Alcohol Education and Rehabilitation Program	4,507.18	4,507.18	4,507.18	-	
NJDEP - Clean Communities Program				-	
Bulletproof Vest Partnership Grant				-	
Total Public and Private Programs Offset by Revenues	18,440.95	18,440.95	18,440.95	-	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	1,498,242.89	1,523,242.89	1,332,778.06	190,464.83	-
Detail:					
Salaries and Wages				-	-
Other Expenses	1,498,242.89	1,523,242.89	1,332,778.06	190,464.83	-

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2021

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ -	\$ -
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	80,000.00	80,000.00	80,000.00	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	775,000.00	775,000.00	775,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes	-	-	-	-	-
Interest on Bonds	313,250.00	313,250.00	313,250.00	-	-
Interest on Notes	25,600.00	25,600.00	25,523.60	-	76.40
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	13,120.64	13,120.64	12,411.83	-	-
Interest on Emergency Notes	1,232.00	1,232.00	1,228.58	-	708.81
Interest on Special Emergency Notes	1,512.00	1,512.00	1,286.40	-	225.60
2022 Refunding Note Principal	133,333.00	133,333.00	133,333.00	-	3.42
2022 Refunding Note Interest	6,000.00	6,000.00	-	-	6,000.00
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	1,269,047.64	1,269,047.64	1,262,033.41	-	7,014.23
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Emergency Authorizations	143,767.40	143,767.40	143,767.40	-	-
Special Emergency Authorization- 5 Years (N.J.S.A. 40A:4-55)	36,000.00	36,000.00	36,000.00	-	-
	179,767.40	179,767.40	179,767.40	-	-
JUDGMENTS	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	3,027,057.93	3,052,057.93	2,854,578.87	190,464.83	7,014.23
SUBTOTAL GENERAL APPROPRIATIONS	13,067,437.83	13,067,437.83	12,093,460.73	966,962.87	7,014.23
Reserve for Uncollected Taxes	750,000.00	750,000.00	750,000.00	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 13,817,437.83	\$ 13,817,437.83	\$ 12,843,460.73	\$ 966,962.87	\$ 7,014.23
Adopted Budget:	Reference A-2	A-1, 2, Below	Below	A	A-1
	\$ 13,817,437.83				
	\$ 13,817,437.83	Above			
	Reference				
Cash Expended	A-4		\$ 12,029,724.85		
Reserve for Uncollected Taxes	A-2		750,000.00		
Budget Offsets	A-4		(697,335.99)		
Grants Appropriated	A-21		351,186.47		
Reserve for Tax Appeals	A-30		50,000.00		
Due to Capital- Down payment on Improvements	C-7.9				
Due to Capital- Deferred Charges	C-7.9				
Deferred Charges- Emergency	A-23		186,229.00		
Encumbrance Payable	A-13		173,656.40		
	Above		\$ 12,843,460.73		

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

TRUST FUNDS

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2022 AND 2021

B

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Animal License Fund:			
Cash	B-1	\$ 10,071.00	\$ 10,087.20
		<u>10,071.00</u>	<u>10,087.20</u>
Other Trust Funds:			
Cash	B-1	1,286,416.19	1,316,088.18
Due from Current Fund-Trust Fund	B-6	15.00	
Deferred Charges- Deficit in Payroll Account	B-12	16,967.62	1,737.30
Total Assets		<u>1,303,398.81</u>	<u>1,317,825.48</u>
Length of Service Awards			
Investments	B-2	1,568,173.86	1,889,999.64
Contributions Receivable	B-11	100,857.79	
		<u>1,669,031.65</u>	<u>1,889,999.64</u>
TOTAL ASSETS		<u>\$ 2,982,501.46</u>	<u>\$ 3,217,912.32</u>

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

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2022 AND 2021

B

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Animal License Fund:			
Due to Current Fund	A,B-4	\$ 3,179.40	\$ 2,439.20
Due to State of New Jersey	B-5	24.60	19.80
Reserve for Animal License Expenditures	B-3	6,867.00	7,628.20
		<u>10,071.00</u>	<u>10,087.20</u>
Other Funds:			
Due to Current Fund- Other Trust	B-6		62,938.81
Due to Current Fund -Payroll Account	B-1	-	-
Reserve for Payroll Withholdings Payable	B-12	86,949.73	103,219.05
Reserve for Escrow Deposits	B-8	56,633.23	49,297.28
Tax Lien Redemptions & Tax Sale Premiums Payable	B-9	155,105.65	249,150.47
Miscellaneous Reserves	B-10	775,711.05	624,220.72
Reserve for Unemployment Compensation Insurance Claims	B-7	228,999.15	228,999.15
		<u>1,303,398.81</u>	<u>1,317,825.48</u>
Length of Service Awards			
Reserve for LOSAP Benefits	B-11	1,669,031.65	1,889,999.64
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,982,501.46</u>	<u>\$ 3,217,912.32</u>

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

GENERAL CAPITAL FUND

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022 AND 2021

C

COMPARATIVE BALANCE SHEETS- REGULATORY BASIS

ASSETS	Reference	At December 31:	
		2022	2021
Cash	C-2,C-3	\$ 3,287,786.70	\$ 2,673,695.87
Grants/ Other Funding Sources Receivable	C-4	1,720,639.27	2,975,718.00
Due from Current Fund	A,C-7		
Deferred Charges to Future Taxation:			
Funded	C-5	10,537,000.00	6,849,224.63
Unfunded	C-6	266,667.00	4,941,322.00
TOTAL ASSETS		\$ 15,812,092.97	\$ 17,439,960.50
LIABILITIES, RESERVE AND FUND BALANCE			
General Serial Bonds	C-13	\$ 10,537,000.00	\$ 6,837,000.00
Bond Anticipation Notes	C-12	266,667.00	3,690,228.00
Green Acres Loan Payable	C-11	-	12,224.63
Due to Current Fund	A,C-7	-	22,053.00
Improvement Authorizations			
Funded	C-8	926,650.82	2,694,501.72
Unfunded	C-8	-	2,742,088.77
Reserve for Premium on Bond Anticipation Notes	C-18	-	19,663.00
Capital Improvement Fund	C-9	25,964.00	9,714.00
Encumbrances Payable	C-15	3,178,786.21	416,895.86
Reserve for Purchase of Fire Equipment	C-14	8,099.75	11,595.00
Reserve for Payment of Bonds/BANS	C-10	766,587.93	801,955.56
Reserve for Grants Receivable	C-4	-	70,536.00
Fund Balance	C-1	102,337.26	111,504.96
TOTAL LIABILITIES, RESERVE AND FUND BALANCE		\$ 15,812,092.97	\$ 17,439,960.50

Bonds and notes authorized but not issued on December 31, 2022 and 2021
on Exhibit C-17 is \$0 and \$1,251,094 respectively.

C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Reference		
Balance December 31, 2021	C	\$	111,504.96
Increased by:			
Cancel Ordinances	C-8	\$ 946,406.20	
Wire Transfer - Test	C-2	4.10	
			946,410.30
Decreased by:			1,057,915.26
Fund Bond Ordinances	C-6,17	919,943.00	
Canceled Grants Receivable	C-4	35,635.00	
			955,578.00
Balance December 31, 2022	C	\$	102,337.26

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

WATER UTILITY FUND – OPERATING AND CAPITAL FUNDS

**BOROUGH OF WALLINGTON
WATER UTILITY FUND
DECEMBER 31, 2022 AND 2021**

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		D	
		At December 31,	
	Reference	2022	2021
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 572,421.70	\$ 224,899.18
Change Fund	D-8	100.00	100.00
Due from Water Utility Capital Fund	D-11	-	241,845.87
Due from Other Trust Fund	B-9	<u>572,521.70</u>	<u>466,845.05</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-9	325,465.73	447,403.19
Water Utility Liens Receivable	D-10	<u>-</u>	<u>-</u>
Total Receivables with Full Reserves		<u>325,465.73</u>	<u>447,403.19</u>
Deferred Charges:			
Over-expenditure of Appropriations	D-3	<u>80,566.98</u>	<u>-</u>
Total Assets Water Utility Fund		<u>\$ 978,554.41</u>	<u>\$ 914,248.24</u>
Capital Fund:			
Cash and Cash Equivalents	D-4,7	430,603.11	53,498.80
Fixed Capital	D-12	8,823,594.13	8,488,594.13
Fixed Capital Authorized and Uncompleted	D-13	1,055,000.00	1,390,000.00
Due From Current Fund	D-6	-	-
Grants Receivable	D-26	<u>-</u>	<u>40,200.00</u>
Total Capital Fund		<u>10,309,197.24</u>	<u>9,972,292.93</u>
TOTAL ASSETS		<u>\$ 11,287,751.65</u>	<u>\$ 10,886,541.17</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund			
Liabilities:			
Appropriation Reserves	D-3, D-14	(0.00)	\$ 130,080.07
Reserve for Encumbrances	D-23	202,869.75	4,641.43
Accounts Payable	D-4	-	28,538.00
Equipment Reserve:	D-15	3,862.00	3,862.00
Accrued Interest Payable	D-22	43,678.89	16,497.89
Water Rent Overpayments	D-16	10,519.45	-
Due to Current Fund	D-17	<u>-</u>	<u>-</u>
		<u>260,930.09</u>	<u>183,619.39</u>
Reserve for Receivables	D	325,465.73	447,403.19
Fund Balance	D-1	<u>392,158.59</u>	<u>283,225.66</u>
Total Operating Fund		<u>978,554.41</u>	<u>914,248.24</u>
Capital Fund			
Liabilities:			
Serial Bonds Payable	D-30	4,990,000.00	-
Bond Anticipation Notes	D-25	-	4,533,772.00
Improvement Authorizations - Funded	D-18	224,689.17	2,351.07
Improvement Authorizations - Unfunded	D-18	2,972.00	257,165.51
Capital Improvement Fund	D-19	59.00	59.00
Reserve for Preliminary Study	D-19	27,673.92	27,508.92
Reserve for Amortization	D-20	4,769,364.13	4,145,364.13
Deferred Reserve for Amortization	D-21	35,800.00	404,800.00
Reserve for Payment of Bond Anticipation Notes	D-24	159,099.83	159,099.83
Reserve for Grants Receivable	D-26	-	40,200.00
Encumbrance Payable	D-27	8,982.83	45,412.48
Due to Water Utility Fund	D-11	<u>-</u>	<u>241,845.87</u>
Fund Balance	D-5	<u>90,556.36</u>	<u>114,714.12</u>
Total Capital Fund		<u>10,309,197.24</u>	<u>9,972,292.93</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 11,287,751.65</u>	<u>\$ 10,886,541.17</u>
Bonds and Notes Authorized But Not Issued	D-29	<u>\$ 83,430.00</u>	<u>\$ 794,658.00</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

D-1

		December 31,	
	Reference	2022	2021
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-2	\$ 262,146.58	\$ 250,000.00
Water Rents	D-2	2,184,819.44	1,911,500.80
Fire Hydrant Service	D-2	98,829.61	48,477.94
Miscellaneous Anticipated Revenues	D-2	10,967.89	5,129.04
BAN Premium	D-2	24,157.76	
Reserve for Bond Premium	D-2	5,382.03	
Accrued Interest on Bonds	D-2	7,471.39	
Other Credits to Income:			
Other Misc. Revenue not Anticipated	D-4		
Lapsed Appropriations	D-3	38.83	17,127.51
Unexpended Balance of Appropriation Reserves	D-14	58,098.31	201,888.48
	D-23	-	
		<u>2,651,911.84</u>	<u>2,434,123.77</u>
<u>EXPENDITURES</u>			
Budgetary and Emergency Appropriations:			
Operating	D-3	1,770,762.66	1,793,675.00
Debt Service	D-3	118,350.00	158,525.00
Statutory Expenditures, Deferred Charges and Surplus	D-3	368,407.67	477,800.00
Accounts Payable-PY	D-4	23,312.00	46.72
		<u>2,280,832.33</u>	<u>2,430,046.72</u>
Excess in revenue		371,079.51	4,077.05
Fund Balance, beginning	D	283,225.66	529,148.61
Decreased by: Utilized by Water Operating Budget	D-2	262,146.58	250,000.00
Fund Balance, ending	D	<u>\$ 392,158.59</u>	<u>\$ 283,225.66</u>

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
YEAR ENDED DECEMBER 31, 2022

STATEMENT OF REVENUES - REGULATORY BASIS

D-2

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	D-1	\$ 262,146.58	\$ 262,146.58	\$ -
Water Rents	D-1	1,905,262.57	2,184,819.44	279,556.87
Fire Hydrant Service	D-1	48,000.00	98,829.61	50,829.61
Miscellaneous	D-1	5,100.00	10,967.89	5,867.89
BAN Premium	D-1	24,157.76	24,157.76	-
Reserve for Bond Premium	D-1	5,382.03	5,382.03	-
Accrued Interest on Bonds	D-1	7,471.39	7,471.39	-
		<u>\$ 2,257,520.33</u>	<u>\$ 2,593,774.70</u>	<u>\$ 336,254.37</u>
		D-3	Below, D-1	
Fund Balance Utilized	D-1		\$ 262,146.58	
Water Collections	D-4,9		2,283,649.05	
Bond Premium/ Accrued Interest	D-4,28		37,011.18	
Miscellaneous	D-4		<u>10,967.89</u>	
			<u>\$ 2,593,774.70</u>	

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
YEAR ENDED DECEMBER 31, 2022**

STATEMENT OF APPROPRIATIONS - REGULATORY BASIS

D-3						
<u>Reference</u>	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Lapsed/Cancelled Appropriations</u>	<u>Appropriation Reserve</u>	<u>Appropriation Over-Expenditure</u>
Operating:						
Salaries and Wages	\$ 465,000.00	\$ 436,701.67	\$ 436,701.67	\$ -	\$ -	\$ -
Other Expenses	1,307,170.33	1,334,060.99	1,370,949.08	-	(0.00)	36,888.09
Total Operating	D-1 1,772,170.33	1,770,762.66	1,807,650.75	-	(0.00)	36,888.09
Debt Service:						
Interest on Bonds	103,450.00	103,450.00	147,128.89		-	43,678.89
Interest on Notes	14,900.00	14,900.00	14,861.17	38.83	-	-
Total Debt Service	D-1 118,350.00	118,350.00	161,990.06	38.83	-	43,678.89
Statutory Expenditures & Deferred Charges:						
Deferred Charges:						
Emergency Authorization	-	-	-	-		
Contribution to:						
Public Employees' Retirement System	60,000.00	60,000.00	60,000.00	-	-	-
Social Security System (O.A.S.I.)	32,000.00	33,407.67	33,407.67	-	-	-
Total Statutory Expenditures	D-1 92,000.00	93,407.67	93,407.67	-	-	-
Surplus (General Budget)	D-1 275,000.00	275,000.00	275,000.00	-	-	-
	<u>\$ 2,257,520.33</u>	<u>\$ 2,257,520.33</u>	<u>\$ 2,338,048.48</u>	<u>\$ 38.83</u>	<u>\$ (0.00)</u>	<u>\$ 80,566.98</u>
<u>Reference</u>	<u>D-1</u>	<u>D-1</u>	<u>Below</u>	<u>D-1</u>	<u>D</u>	<u>D-28</u>
Cash Disbursements -Operating	D-4		\$ 1,698,116.92			
Encumbrance Payable	D-23		202,869.75			
Cash Disbursements- Paid in/ Due to Current Fund	D-17		134,880.81			
Due to Current Fund - Surplus General Budget	D-17		275,000.00			
Accrued Interest on Notes	D-22		27,181.00			
Above			<u>\$ 2,338,048.48</u>			

See independent auditor's report and accompanying notes.

GENERAL FIXED ASSETS

BOROUGH OF WALLINGTON
GENERAL FIXED ASSETS FUND
DECEMBER 31, 2022 AND 2021

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

E

	At December 31,	
	2022	2021
GENERAL FIXED ASSETS		
Land	\$ 10,009,000.00	\$ 9,811,500.00
Buildings	7,793,900.00	7,151,400.00
Machinery and Equipment	7,435,849.00	7,201,795.00
TOTAL GENERAL FIXED ASSETS	<u>\$ 25,238,749.00</u>	<u>\$ 24,164,695.00</u>
 LIABILITIES AND RESERVES		
Investments in General Fixed Assets	\$ 25,238,749.00	\$ 24,164,695.00
TOTAL LIABILITIES AND RESERVES	<u>\$ 25,238,749.00</u>	<u>\$ 24,164,695.00</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Summary of Significant Accounting Policies

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

The financial statements of the Borough of Wallington (the "Borough") have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than 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 the modified accrual basis of accounting, the Borough accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough was incorporated in 1896 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day-to-day operations of the Borough. The Borough Administrator is the Chief Administrative Officer of the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Fund Accounting

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

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

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

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

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

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

I. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (continued)

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

Budgets and Budgetary Accounting – An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services, in accordance with N.J.S.A. 40A:4 et seq. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line-item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line-item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line-item level. During 2022 and 2021, the Mayor and Council approved several budget transfers.

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

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

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

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

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

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

Inventories - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of financial position.

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

D. Basic Financial Statements

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

2. Cash and Cash Equivalents

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A: 5-15.1(a) that are treated as cash equivalents. As of December 31, 2022 and 2021, \$0 of the Borough's bank balance of \$10,761,292.42 and \$9,167,107.80, respectively, was exposed to custodial credit risk.

3. Investments

Interest Rate Risk. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A: 5-15.1(a) limits the length of time for most investments to 397 days.

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

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

3. Investments (Continued)

Concentration of Credit Risk. The Borough places no limit on the amount the Borough may invest in any one issuer. As of December 31, 2022 and 2021, the Borough had no investments, other than LOSAP Trust Fund investments which are reported at fair value.

4. Property Taxes Receivable, Tax Title Liens

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

For the years ended December 31, 2022 and 2021, property taxes receivables were \$239,452.32 and \$286,723.76, respectively and tax title liens receivable were \$0 and \$0, respectively.

5. Municipal Debt

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general municipal and utility capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

A. Summary of Municipal Debt (Excluding current fund debt).

	2022	2021	2020
<u>Issued</u>			
General Capital Fund:			
Bonds and Notes Payable	\$ 10,803,667	\$ 10,539,453	\$ 9,264,601
Water Utility Capital Fund:			
Bonds and Notes Payable	4,990,000	4,533,772	4,629,997
Less Funds Temporarily Held to Pay Bond and Notes	766,588	230,467	420,623
 Total Issued	 15,027,079	 14,842,758	 13,473,975
<u>Total Authorized But Not Issued</u>			
General Capital Fund:			
Bonds and Notes Payable	-	1,251,094	1,905,431
Water-Sewer Utility Capital Fund:			
Bonds and Notes Payable	83,430	794,658	794,658
Total Authorized But Not Issued	83,430	2,045,752	2,700,089
 Net Bonds and Notes Issued and Authorized But Not Issued	 \$ 15,110,509	 \$ 16,888,510	 \$ 16,174,064

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. Municipal Debt (Continued)

B. Summary of Statutory Debt Condition – Annual Statements

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .747 % and .939% on December 31, 2022 and 2021, respectively. The Equalized Valuation Basis of the Borough at December 31, 2022 and 2021 was \$1,307,896,957 and \$1,226,203,501, respectively.

<u>2022 Debt Authorized</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 9,570,530	\$ 9,570,530	\$ -
Water Utility Capital Fund	5,073,430	5,073,430	-
General Capital Fund	10,803,667	1,033,255	9,770,412
	<u>\$ 25,447,627</u>	<u>\$ 15,677,215</u>	<u>\$ 9,770,412</u>

<u>2021 Debt Authorized</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 2,672,000	\$ 2,672,000	\$ -
Water Utility Capital Fund	5,328,430	5,328,430	-
General Capital Fund	11,790,546	272,183	11,518,363
	<u>\$ 19,790,976</u>	<u>\$ 8,272,613</u>	<u>\$ 11,518,363</u>

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

	<u>2022</u>	<u>2021</u>
4% of Equalized Valuation Basis	\$ 52,315,878	\$ 49,048,140
Net Debt	9,770,412	11,518,363
Remaining Borrowing Power	<u>\$ 42,545,466</u>	<u>\$ 37,529,777</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. Municipal Debt (Continued)

C. Long-Term Debt

General Obligation Bonds:

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. The Borough's long-term debt consisted of the following at December 31, 2022:

	<u>2022</u>	<u>2021</u>
\$4,475,000, 2022 Bonds, due in annual installments of \$285,000 to \$570,000, through April 15, 2033, interest at 1.85% to 2.90%	\$ 4,475,000	\$ -
\$4,340,000, 2020 Refunding Bonds, due in annual installments of \$390,000 to \$450,000, through August 1, 2030, net interest cost at 1.35% (a)	3,525,000	3,950,000
\$4,087,000, 2017 Bonds, due in annual installments of \$225,000 to \$450,000 through September 15, 2028, interest at 2% to 2.50%	2,537,000	2,887,000
	<u>\$ 10,537,000</u>	<u>\$ 6,837,000</u>

- (a) The Borough refunded the General Improvement Bonds, Series 2010 with General Improvement Refunding Bonds, Series 2021 in the amount of \$4,340,000 dated July 9, 2021, a premium/principal reduction of \$1,020,000.

The Refunding Bonds included a premium of \$663,732 and net interest cost of 1.35%, providing a net present value savings of \$647,439.

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

<u>Green Acre Loans Payable:</u>	<u>2022</u>	<u>2021</u>
\$211,000, 2002 Loans, due in annual installments of \$11,937 to \$12,926 through August 14, 2022, interest rate at 2%	\$ -	\$ 12,225
	<u>\$ -</u>	<u>\$ 12,225</u>

Utility Bonds

The Borough pledges revenue from operations to pay debt service on water utility bonds issued. The water utility had the following outstanding bonds at December 31, 2022:

	<u>2022</u>	<u>2021</u>
\$4,475,000, 2022 Bonds, due in annual installments of \$330,000 to \$660,000, through April 15, 2033, interest at 3.00% to 5.00%	\$ 4,990,000	\$ -
	<u>\$ 4,990,000</u>	<u>\$ -</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. Municipal Debt (Continued)

C. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding at December 31, 2022 is as follows:

Calendar Year	General Bonds		Water Utility Bonds		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,110,000	\$ 373,650	\$ 330,000	\$ 198,650	\$ 2,012,300
2024	1,135,000	334,300	330,000	182,150	1,981,450
2025	1,155,000	294,050	330,000	165,650	1,944,700
2026	1,170,000	253,500	380,000	147,900	1,951,400
2027	1,175,000	211,550	385,000	128,775	1,900,325
2028-2033	4,792,000	445,325	3,235,000	351,475	8,823,800
	<u>\$ 10,537,000</u>	<u>\$ 1,912,375</u>	<u>\$ 4,990,000</u>	<u>\$ 1,174,600</u>	<u>\$ 18,613,975</u>

Long-term debt at December 31, 2022 and 2021 consisted of the following:

	Balance Dec. 31, 2022	Additions	Reductions	Balance Dec. 31, 2022	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	\$ 6,837,000	\$ 4,475,000	\$ 775,000	\$ 10,537,000	\$ 1,110,000
Water Utility Bonds		4,990,000		4,990,000	330,000
Total Bonds Payable	<u>6,837,000</u>	<u>9,465,000</u>	<u>775,000</u>	<u>15,527,000</u>	<u>1,440,000</u>
Other Liabilities:					
Pension Deferral	\$ 129,891		\$ 6,164	\$ 123,727	
Compensated					
Absences Payable	<u>2,167,194</u>			<u>2,167,194</u>	<u>Not Updated</u>
Total Other Liabilities	<u>2,297,085</u>	<u>-</u>	<u>6,164</u>	<u>2,290,921</u>	<u>-</u>
Totals	<u>\$ 9,134,085</u>	<u>\$ 9,465,000.00</u>	<u>\$ 781,164</u>	<u>\$ 17,817,921</u>	<u>\$ 1,440,000</u>
<u>Overlapping Debt</u>					

County of Bergen (1) – Borough's share (.664%)	\$9,823,444
Passaic Valley Sewerage Commission (2)	<u>2,067,271</u>
Total Overlapping Debt	\$11,890,715

(1) The County of Bergen has \$1,478,420,679 in gross long-term and temporary debt. The Borough's net share is obtained by dividing the Borough's equalized valuation \$1,395,715,679 by the County's equalized valuation \$210,054,130,835.

(2) Overlapping debt was computed as of December 31, 2021 based upon 2021 Wallington billing compared to 2021 total billing.

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

5. Municipal Debt (Continued)

D. Bond Anticipation Notes Payable

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

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

<u>General Capital Fund: Ordinance #</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>2022</u>	<u>2021</u>
17-07			\$ -	\$ 464,317
17-03				450,947
19-10				190,000
20-04				431,464
19-07				447,800
20-15				990,000
21-02				145,700
21-06				570,000
22-006	2.50%	08/18/2023	266,667	
			<u>\$ -</u>	<u>\$ 3,690,228</u>
<u>Water Capital Fund: Ordinance #</u>				
11-07				\$ 1,617,720
12-21				1,940,502
12-22				281,834
14-13				499,384
15-05				194,332
			<u>\$ -</u>	<u>\$ 4,533,772</u>

E. Bonds Authorized but not Issued

As of December 31, 2022 and 2021 the Borough had authorized but not issued bonds as follows:

	<u>2022</u>	<u>2021</u>
General Capital Fund	\$ -	\$ 1,251,094
Water Utility Capital Fund	83,430	794,658

F. Special Emergency Notes Payable

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/3 or 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the third or fifth year following the date of the special emergency resolution.

On December 31, 2022 and 2021, the Borough had \$324,000 and \$835,000 outstanding Current Fund Special Emergency notes.

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

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

<i>A. Water Utility</i>	<u>2022</u>	<u>2021</u>
Cash Receipts from Fees, Rents or Other Charges & Credits	\$ 2,651,911.84	\$ 2,434,123.77
Deductions:		
Operating and Maintenance Cost	\$ 2,162,482.33	\$ 2,271,475.00
Debt Service per Water Account	<u>118,350.00</u>	<u>158,525.00</u>
Total Deductions	<u>2,280,832.33</u>	<u>2,430,000.00</u>
Excess (Deficit) in Revenue - Self Liquidating	<u>371,079.51</u>	<u>4,123.77</u>
Deficit Capitalized at 5% for Inclusion in Net Debt	<u>\$ 7,421,590.20</u>	<u>\$ 82,475.40</u>

7. Capital Lease Agreements

The Borough entered into an agreement for leasing of 2021 Ford Police Vehicle with a value of \$52,099 under capital leases. The capital lease agreement for a term of 3 years.

The following is a schedule of future minimum lease payments under capital leases, and present value of the minimum lease payments at December 31, 2022.

<u>For the Years Ended December 31,</u>	<u>Amount</u>
2022	\$ 18,605
	<u>18,605</u>
Less: Amounts Representing Interest	<u>(1,078)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 17,527</u>

8. Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2022 and 2021 were as follows:

<u>Fund Type</u>	<u>2022</u>	<u>2021</u>
	Receivables	Payables
Current Fund	\$ 3,179.40	\$ 87,431.01
Trust Fund	15.00	65,378.01
Capital Fund		22,053.00
Water Operating Fund		241,845.87
Water Capital Fund		<u>241,845.87</u>
	<u>\$ 3,194.40</u>	<u>\$ 329,276.88</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

9. Fund Balances Appropriated

Fund balances at December 31, 2022 and 2021, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2022 and 2023, were as follows:

		<u>2023 Budget</u>		<u>2022 Budget</u>
Current Fund	\$	1,600,000.00	\$	911,000.00
Water Utility Operating Fund		270,359.43		275,000.00

10. Property Tax Calendar

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

School Taxes

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

County Taxes

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

Prepaid Taxes

Taxes collected in advance are recorded as cash liabilities in the financial statements and were \$317,351.59 and \$188,722.27 for the year ended December 31, 2022 and 2021, respectively.

Reserve for Uncollected Taxes

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

11. Deferred Pension Obligation

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS obligation and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$255,871 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to pay off the deferred PFRS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.65% effective July 1, 2016 and 7.90% effective July 1, 2012) at December 31, 2022 and 2021 is \$123,727 and \$129,891, respectively.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Pensions

Substantially all Borough employees participate in the Public Employees Retirement System (PERS) and the Police and Fireman's Retirement System of New Jersey (PFRS). The PERS and PFRS systems are cost sharing multiple-employer contributory defined benefit plans, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The PERS was established in January 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full-time employees and vesting occurs after 8 to 10 years of service. Employees who retire at or after age 55 are entitled to a retirement benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of credible service. The PFRS was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

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

Summary of Significant Accounting Policies -PERS and PFRS

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

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

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

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

Public Employees' Retirement System (PERS)

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

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

At June 30, 2022 and June 30, 2021, the most recent reports available, the Borough has disclosed a liability of \$2,098,627 and \$1,557,129, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the Borough's proportion was .01390613%, which was an increase of .00076192% from its proportion measured as of June 30, 2020 of .01314421%.

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Pension Plans (Continued)

Public Employees' Retirement System (PERS)

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

For the year ended December 31, 2022, the Borough recognized pension expense of \$153,934 as measured at June 30, 2021. At June 30, 2022, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2022		June 30, 2021	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflow of</u>	<u>Outflows of</u>	<u>Inflow of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ 15,147	\$ 13,357	\$ 24,558	\$ 11,147
Changes of assumptions	6,502	314,248	8,110	554,348
Net difference between projected and actual earnings on pension plan investments	86,860			410,189
Changes in proportion and differences between Borough and proportionate share of contributions	129,089	387,222	35,172	555,647
Borough contributions subsequent to the measurement date				
Total	<u>\$ 237,598</u>	<u>\$ 714,827</u>	<u>\$ 67,840</u>	<u>\$ 1,531,331</u>

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

	Year Ended June 30:
2023	\$ (180,018)
2024	(91,713)
2025	(44,727)
2026	97,577
2027	(214)
Total	<u>\$ (219,096)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years for the years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

	6/30/2022	6/30/2021
Collective deferred outflows of resources	\$ 1,660,772,008	\$ 248,531,007
Collective deferred inflows of resources	3,236,303,935	7,422,916,600
Collective net pension liability (Non-State-Local Group)	15,219,184,920	11,972,782,878
Borough's portion of net pension liability	2,098,627	1,557,129
Borough's proportion %	0.01391%	0.01314%

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Pension Plans (Continued)

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

Actuarial assumptions. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% — 6.55% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Pension Plans (Continued)

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

Discount rate. The discount rate used to measure the total pension liability was 7.00% and 7.00% and as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2022 and 2021, calculated using the discount rate of 7.00% and 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>June 30, 2022</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Borough's proportionate share of the net pension liability	\$ 2,696,121	\$ 2,098,627	\$ 1,590,136

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>June 30, 2021</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Borough's proportionate share of the net pension liability	\$ 2,120,494	\$ 1,557,129	\$ 1,079,034

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

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

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

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

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

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

At June 30, 2022 and June 30, 2021, the most recent reports available, the Borough has disclosed a liability of \$9,428,137 and \$5,782,905, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2021. The Borough's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2022 and 2021. At June 30, 2022, the Borough's proportion was 0.08236802%, which was an increase of 0.003249% from its proportion measured as of June 30, 2020 of .0791187%.

A special funding situation exists for Local employers of the PFRS, in which the State of New Jersey is required to pay additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. Since the local participating employers do not contribute under this legislation, there is no pension liability, deferred inflows or outflows to report. The amount of the Borough's proportionate share of collective net pension liability at June 30, 2022 and 2021 respectively was \$1,677,932 and \$1,626,441.

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

For the year ended December 31, 2022, the Borough recognized pension expense of \$1,003,833. At December 31, 2022 as measured on June 30, 2022, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	June 30, 2022		June 30, 2021	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 426,743	\$ 577,602	\$ 65,976	\$ 692,732
Changes of assumptions	25,839	1,186,816	30,771	1,733,110
Net difference projected and actual earnings on pension plan investments	863,340			2,464,284
Changes in proportion and differences between Borough's and proportionate share of contributions	776,259	159,019	569,566	241,840
Borough contributions subsequent to the measurement date				
Total	<u>\$ 2,092,181</u>	<u>\$ 1,923,437</u>	<u>\$ 666,313</u>	<u>\$ 5,131,966</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

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

	<u>Year Ended June 30:</u>
2023	\$ (471,557)
2024	(301,354)
2025	(287,073)
2026	599,652
2027	5,779
Thereafter	6,058
Total	<u>\$ (454,554)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which 6.22, 6.17, 5.90, 5.92, 5.73, and 5.59 years for the years for the 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

	<u>6/30/2022</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	2,163,793,985	817,271,932
Collective deferred inflows of resources	2,805,919,493	6,875,738,520
Collective net pension liability (Non-State-Local Group)	13,483,472,009	9,364,849,587
Borough's portion of net pension liability	9,428,137	5,782,905
Borough's proportion %	0.08237%	0.07912%

Actuarial assumptions. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25% – 16.25% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the PubS-2010 amount weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, postretirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability retirement rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-US Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount rate. The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2022 and 2021, calculated using the discount rate of 7.00% and 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

12. Pension Plans (Continued)

Police and Firemen's Retirement System (PFRS)

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2022 and 2021, calculated using the discount rate of 7.00% and 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>June 30, 2022</u> <u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00)</u>
Borough's proportionate share of the net pension liability	\$ 12,936,422	\$ 9,428,137	\$ 6,507,473
		<u>June 30, 2021</u> <u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00)</u>
Borough's proportionate share of the net pension liability	\$ 7,690,073	\$ 5,782,905	\$ 4,198,856

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

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

Funding Policy- PERS and PFRS

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

Year Ended December 31,	PERS Amount	PFRS Amount
2022	\$ 153,934.00	\$ 1,003,833.00
2021	155,054.00	950,043.00
2020	177,112.00	829,254.00

13. Defined Contribution Retirement Program

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

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

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**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
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14. Employee Deferred Compensation Plan

The Borough maintains a Deferred Compensation Plan (the "Plan") in accordance with IRC Section 457 and State of NJ Deferred Revenue Regulation. Employees of the Borough are eligible to participate in the Plan. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The Borough does not and is not required to make contributions to the Plan.

The deferred compensation plan is administered by unrelated financial institutions. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts are held in trust for the exclusive benefit of participants and their beneficiaries and is reported in our Review of the Employee Deferred Compensation financial statements for December 31, 2022 and 2021.

Reporting Requirements

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

15. Volunteer Deferred Compensation Plan (LOSAP)

The Borough's Length of Services Awards Program (the "LOSAP") was created by the Borough ordinances adopted on July 22, 2004, pursuant to 457(e)(11)(13) of the IRC Section 457. Voters of the Borough of Wallington approved the adoption of the LOSAP at the general election held on November 2, 2004. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body. If a volunteer 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 DLGS issues the permitted maximum increase annually.

The Borough has contributed \$1,595 and \$1,510 for 2021 and 2020, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the plan. The total Borough contributions for 2021 deposited in 2022 were \$100,858. Borough contributions to be deposited in 2022 for 2022 will be deposited by October 2023.

In accordance with the amendments to IRC Section 457 of the Internal Revenue Code and the State of NJ 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 and is reported in our Review of the Volunteer Employee Deferred Compensation financial statements for December 31, 2022 and 2021.

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

Vesting and Benefits

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

Reporting Requirements

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

**BOROUGH OF WALLINGTON
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16. Other Post Retirement Benefits

Plan Description

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

Funding Status and Funding Progress

The Borough funds its post-retirement medical benefits on a pay-as-you-go basis. For the 2021, 2020, and 2019 year the Borough paid \$ 676,296, \$ 672,901, and \$747,193, respectively for post-retirement health coverage premiums for eligible retirees and their dependents. The actuarial report for December 31, 2022, was not available for inspection.

As of December 31, 2021, the most recent actuarial valuation date, there was no plan assets to offset the OPEB liability. The actuarial accrued OPEB liability for benefits was \$45,356,765 based upon a discount rate of 2.06% per annum and the plan provisions in effect on December 31, 2021. The covered payroll (annual payroll of active employees covered by the plan) was \$3,120,000. The liability is broken down as follows:

Total OPEB Liability Active	\$	19,828,428
Total OPEB Liability Retired		25,528,337
Total OPEB Liability		45,356,765
Plan Fiduciary Net Position		-
Net OPEB Liability	\$	45,356,765
Net Position/ OPEB Liability		0.00%

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post-employment benefit (OPEB) cost (expense) is actuarially determined in accordance with the parameters of GASB Statement 75. The following table shows the components of the Borough's annual OPEB cost for the year 2021, 2020 2019, and 2018, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	2021	2020	2019	2018
Annual Required Contribution- Service Costs	\$ 519,826	\$ 519,826	\$ 586,107	\$ 586,107
Interest on Net OPEB Obligation- Over Measurement Period	973,181	1,161,178	1,527,910	1,468,478
Changes in Assumptions	(1,183,478)	2,490,892	3,689,465	
Annual OPEB Cost (Expense)	309,529	4,171,896	5,803,482	2,054,585
Contributions Made	(675,372)	(616,356)	(632,784)	(577,308)
Increase in Net OPEB Obligation	(365,843)	3,555,540	5,170,698	1,477,277
Net OPEB Obligation- Beginning of Year	45,722,608	42,167,069	36,996,371	35,519,094
GASB 75 Adjustment *				
Net OPEB Obligation- End of Year	\$ 45,356,765	\$ 45,722,609	\$ 42,167,069	\$ 36,996,371

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**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

16. Other Post Retirement Benefits (Continued)

Total OPEB Expense

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

Expense Calculation:

Service Cost	\$ 519,826
Interest on Total OPEB Liability- Over Measurement Period	973,181
Recognition of Assumption Charges	<u>500,837</u>
Total GASB 75 OPEB Expense Recognized	<u>\$ 1,993,844</u>

Summary of Deferred Outflows and Inflows to OPEB Expense:

	<u>For Year Ended 12/31/2021</u>		<u>For Year Ended 12/31/2020</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflow of</u>	<u>Outflows of</u>	<u>Inflow of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	4,536,842	1,051,761	5,169,396	-
Total	<u>\$ 4,536,842</u>	<u>\$ 1,051,761</u>	<u>\$ 5,169,396</u>	<u>\$ -</u>

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

	<u>Year Ended December 31:</u>
2022	\$ 500,837
2023	500,837
2024	800,837
2025	500,837
2026	500,837
Thereafter	<u>980,896</u>
Total	<u>\$ 3,785,081</u>

Actuarial Methods, Assumptions and Basis of Valuation

Basis of Valuation

The valuation performed by Cirkiel Actuarial Consulting LLC, was conducted as of December 31, 2021 based upon census, plan design and claims information provided by The Fund. The census includes 37 retirees and spouses currently receiving retiree benefits, and 32 active participants of whom 9 are eligible to retire as of the valuation date. The average age of the active population is 46 and the average age of the retiree population is 73.

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

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2021 report from Cheiron. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2021 report from Aon Consultants.

See independent auditor's report.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
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16. Other Post Retirement Benefits (Continued)

Key Actuarial Assumptions

Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward One Year and Adjusted for Generational Improvement
Turnover	NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility
Assumed Retirement Age	At first eligibility after completion of 25 years of service
Full Attribution Period	Service to Assumed Retirement Age
Annual Discount Rate	2.12% Based on the Bond Buyer 20 Index December 31, 2020 2.06% Based on the Bond Buyer 20 Index December 31, 2021
Rate of Salary Increase	2.5%
Consumer Price Index	2.5%
Medical Trend	Medical: 5.5% in 2021, reducing by .2% per annum, leveling at 4.5% per annum in 2026 Drug: 7 % in 2021, reducing by .5% per annum, leveling at 5% per annum in 2026 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

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

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2021 medical premiums and the plan option selected. The age specific cost was derived based on per person costs at the average age of the active population (46) and scaled to each age based on the medical cost aging factors. At age 65, Medicare Advantage becomes the primary form of medical benefit.

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

Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2021 salaries were reported as \$3.120 million.

Sensitivity of Net OPEB Liability to Changes in Discount Rate

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

	<u>1% Decrease (1.05%)</u>	<u>Current Discount Rate (2.06%)</u>	<u>1% Increase (3.06%)</u>
Borough's proportionate share of OPEB Liability	\$ 52,478,641	\$ 45,356,765	\$ 39,634,754

Sensitivity of Net OPEB Liability to Changes in Health Trend Rate

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the medical trend rate were to increase by 1% per annum, the Net OPEB Liability as of December 31, 2021 would increase, and if it were to decrease by 1% the Net OPEB liability would decrease.

	<u>Decrease</u>	<u>Health Care Trend Rate</u>	<u>Increase</u>
Borough's proportionate share of OPEB Liability	\$ 39,978,090	\$ 45,356,765	\$ 51,877,545

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**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

17. Risk Management

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

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

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

The Funds are risk-sharing public entity pools. The SBJIF and MEL coverage amounts are on file with the Borough. The Borough pays actuarial assessments annually. If these assessments prove deficient, additional assessments may be levied. The Funds can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared. In addition, the MEL also provides for a Faithful Performance and Employee Dishonesty Blanket Bond with a \$1,000,000 limit.

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

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

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

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

Year Ended December 31,	Borough/ Employee Contributions	Ending Balance
2022	\$ -	\$ 228,999
2021	3,958	228,999
2020	213,483	225,263

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

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**BOROUGH OF WALLINGTON
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18. Compensated Absences

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

As of December 31, 2022 and 2021, the total accumulated absence liability was unavailable and \$2,167,194, respectively. These amounts, which are considered material to the financial statements, are not reported as either an expenditure or liability.

19. Contingent Liabilities

Litigation

The Borough is involved in certain legal proceedings, none of a kind unusual for a municipality of its size and scope of operation. The resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

Tax Appeals

Various tax appeal cases were pending in the tax court. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division, the Borough does not recognize a liability, if any, until these cases have been adjudicated and may be material. Immaterial appeals are funded through budget appropriations or fund balance.

As of September 22, 2023, there are four pending tax appeals against the Borough:

Morningside at Wallington LLC v. Borough of Wallington, it is anticipated that a settlement is to be made whereby the Borough will have no liability to the taxpayer.

The Wallington Group/New Wallington Home v. Borough of Wallington, it is anticipated that a settlement is to be made whereby the Borough will have no liability to the taxpayer.

Wallington Ind. Development 2 Associates v. Borough of Wallington, it is anticipated that a settlement is to be made whereby the Borough will have no liability to the taxpayer.

Wallington Plaza LLC v. Borough of Wallington, it is anticipated that a settlement is to be made which will result in a refund to the taxpayer in the range of \$0 to \$75,000.

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, 2022 and 2021, significant amounts of grant expenditure have not been audited by the various grantor agencies, but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Borough.

Health Insurance Waiver

The Borough offers health insurance waivers in an amount of the lesser of \$5,000 or 25% of actual net insurance cost to employees that can show that coverage is provided by a spouse or other means. In 2022 and 2021 the Borough paid four and four employees a total of \$19,999.92 and \$29,097.94 respectively, and included the waiver as wages on their respective W-2's.

20. Joint Ventures with Other Municipalities

The Borough participates in an interlocal agreement with the Borough of Carlstadt to share the services of a Municipal Court and Board of Health. The Borough has appropriations in the budget to cover the cost of these shared services.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

21. Federal Arbitrage Regulations

Municipalities are subject to Section 148 of the IRC as it pertains to the "arbitrage rebate" on all tax-exempt obligations. Under 1986 TRA, the IRS required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for the purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. Excess earnings may be required to be rebated to the IRS. Bond Counsel should be engaged to calculate the estimated arbitrage earnings due to the IRS, if any.

22. Liquidity, Management Plans and Intentions

Due to COVID-19 Pandemic, the Borough had to adjust its operations in 2021 and 2022 to continue to provide services to taxpayers. The Pandemic did not have a significant impact on the financial statements of the Borough for the year ended December 31, 2022. However, the Pandemic did result in the State of New Jersey taking steps to award additional grant monies to help offset some additional costs incurred related to public health. On March 11, 2022 President Biden signed the American Rescue Plan Act of 2022 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer, or broadband infrastructure. The amount of federal aid available to the Borough of Wallington is \$1,203,165, which will be available until December 31, 2024. The first installment of half the amount was received during 2022 and the remainder will be received during 2022. Additionally, the Borough prepared and balanced the 2022 budget and considered the potential impact the Pandemic could have on Borough operations. Management believes that the fund balance available as of December 31, 2022, and the anticipated revenues from taxes, grants, and other revenues will be sufficient to meet the Borough's financial needs for one year from the date of issuance of this report.

23. Subsequent Events

The Borough has evaluated subsequent events through December 14, 2023, which is the date the financial statements were available to be issued. The 2023 Municipal Budget was adopted on May 18, 2023.

On March 30, 2023, the Borough adopted Ord. 2023-02 for additional funds needed for Library Construction, in the amount of \$425,000, \$200,000 funding from the library and \$225,000 authorized not issued. The original ordinance 21-01 was in the amount of \$3,350,000 of which \$1,525,475 was from NJ Library Construction Bond Act Grant, \$1,220,000 from the library and \$604,525 authorized not issued. The \$604,525 was included in the 2022 Bond Issue.

See independent auditor's report.

SUPPLEMENTARY DATA – CURRENT FUND

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

SCHEDULE OF CASH - TREASURER

A-4

	<u>Reference</u>		
Balance December 31, 2021	A	\$	4,101,366.66
Increased by:			
Budgeted Revenue	A-2	\$	1,615,692.28
Non-Budget Revenues	A-2		138,564.45
Taxes Receivable	A-7		30,759,857.48
Prepaid Taxes	A-15		317,351.59
Budget Offsets	A-3		697,335.99
Reserve for Municipal Relief Funds	A		35,129.98
Due from State of New Jersey -			
Senior Citizens' & Veterans' Deductions	A-14		40,143.15
Tax Overpayments	A-16		29,156.33
Miscellaneous Fees Received	A-19		7,247.00
Grants Unappropriated	A-22		655,987.05
Grants Receivable	A-20		69,806.96
Special Emergency Notes	A-24		324,000.00
Reserve for Library Aid	A-25		6,111.00
Reserve for Wind Storm Proceeds	A-27		-
Reserve for Hurricane IDA- FEMA Reimb.	A-28		82,177.67
Received from Capital- Deferred Charge	A-23		385,000.00
Due to Affordable Housing Trust	B-6		
Due from Animal License Fund	B-4		2,439.20
Due from Other Trust Fund	B-12		62,938.81
Intrafunds Contra	Contra		332,745.52
Due to Capital Fund- Interfunds	C-7		22,053.00
Capital Grants Received in Current Fund	Contra		479,218.25
BAN Premiums Received in Current	C-7		
Due to Water Capital- BANS Received	D-25		
Water BAN Premiums Received in Current	D-5		
Due from Water Operating Fund	D-17		409,880.81
			<hr/>
			36,472,836.52
			<hr/>
			40,574,203.18
Decreased by:			
2022 Budget Appropriations	A-3		12,029,724.85
2021 Appropriation Reserves	A-12		415,056.78
Refund of Tax Overpayments	A-16		32,749.18
County Tax	A-17		3,158,241.70
Local District School Tax	A-18		17,347,895.00
Miscellaneous Fees Payable	A-19		4,353.00
Appropriated Grant Reserves	A-21		541,426.19
Grant Encumbrance Expended	A-21		-
Emergency Notes Paid	A-24		835,000.00
State Library Aid Expenditures	A-25		6,111.00
Reserve for Insurance Proceeds Expenditure	A-27		176,529.53
Reserve for Hurricane IDA- Expenditures	A-28		61,858.03
Accounts Payable	A-29		20,242.10
Reserve for Tax Appeals	A-30		16,978.25
Intrafunds Contra	Contra		332,745.52
Due from Capital Fund- Interfunds	Contra		479,218.25
BANS Paid In Current Fund	C-7		
Due from Trust Fund	B-6		
Due from Water Operating- Expenditures	D-17		134,880.81
PFRS- Retro Payment	A-1		48,138.44
Tax Title Lien Settlement	A-1		10,270.90
Marriage License - State Fee Adjustment-O/P	A-1		25.00
			<hr/>
			35,651,444.53
			<hr/>
Balance December 31, 2022	A	\$	4,922,758.65

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-5

SCHEDULE OF CASH - CHANGE FUND

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 100.00
Balance December 31, 2022	A	<u>\$ 100.00</u>

A-6

SCHEDULE OF PETTY CASH FUND

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 100.00
Balance December 31, 2022	A	<u>\$ 100.00</u>

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-7

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

	Balance Dec. 31, 2021	2022 Levy	Collections		Transfer to Lien	Added Canceled/ Judgments	Balance Dec. 31, 2022
			2021	2022			
2021 & Prior Yr Taxes	\$ 286,723.76	\$ -	\$ -	\$ 284,164.80	\$ -	\$ (2,531.04)	\$ 27.92
2022 Taxes		30,973,109.95	188,722.27	30,518,072.13		(26,891.15)	239,424.40
	<u>\$ 286,723.76</u>	<u>\$ 30,973,109.95</u>	<u>\$ 188,722.27</u>	<u>\$ 30,802,236.93</u>	<u>\$ -</u>	<u>\$ (29,422.19)</u>	<u>\$ 239,452.32</u>
Reference	A	Below	A-16	Below	A-8		A
<u>Reference</u>							
Cash Receipts			A-4	\$ 30,759,857.48			
State of NJ - Realized Seniors' and Veterans' Deductions			A-14	<u>42,379.45</u>			
			Above	<u>\$ 30,802,236.93</u>			
<u>Analysis of 2022 Property Tax Levy</u>							
General Purpose Tax		\$ 30,903,983.43					
Added Taxes (54:4-63.1 et. seq.)		64,110.39					
Additional taxes added - 6% Penalty		<u>5,016.13</u>					
		<u>\$ 30,973,109.95</u>	Above, Below				
<u>Tax Levy</u>							
Local District School							
Tax (Abstract)		\$ 17,347,895.00	A-18				
County Taxes		3,026,738.00	A-17				
Added County Taxes/Open Space		6,561.89	A-17				
County Open Space		126,283.09	A-17				
Local Tax for Municipal Purposes		10,401,467.16	A-2				
Added Taxes - Local Purposes		<u>64,164.81</u>					
		<u>\$ 30,973,109.95</u>	Above				

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-8

SCHEDULE OF TAX TITLE LIENS

	<u>Reference</u>	
Balance December 31, 2021	A	\$ -
Increased by:		
Interest and Costs / 6% Penalty		
Transfer from Taxes	A-7	_____

Decreased by:		
Payments- Received in Trust Fund	B-6	_____
Canceled- Prior Year Adjustment for foreclosures		_____

Balance December 31, 2022	A, Below	\$ _____

A-9

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

	<u>Reference</u>	
Balance December 31, 2021	A	\$ _____
Balance December 31, 2022	A	\$ _____

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-10

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance December 31, <u>2021</u>	Accrued <u>in 2022</u>	Collected <u>in 2022</u>	Balance December 31, <u>2022</u>
Licenses				
Alcoholic Beverages	\$ -	\$ 15,370.00	\$ 15,370.00	\$ -
Other		12,691.00	12,691.00	
Fees & Permits		43,080.61	43,080.61	
Fines and Costs	12,781.94	151,743.85	151,509.33	13,016.46
Interest and Costs on Taxes		57,130.45	57,130.45	
Interest on Investments and Deposits		123,128.36	123,128.36	
Energy Receipts Taxes		673,454.00	673,454.00	
Uniform Construction Code Fees		127,170.00	127,170.00	
Uniform Fire Safety		25,735.00	25,735.00	
Cell Tower Rental Fee		56,436.53	56,436.53	
Other Rental Income		165,470.00	165,470.00	
CATV Franchise Fee		95,650.60	95,650.60	
Reserve for Premium on BANS		19,663.00	19,663.00	
Bond Premium		780.97	780.97	
Reserve for Debt Service Payment		41,783.40	41,783.40	
Accrued Interest on Bonds		6,639.03	6,639.03	
	<u>\$ 12,781.94</u>	<u>\$ 1,615,926.80</u>	<u>\$ 1,615,692.28</u>	<u>\$ 13,016.46</u>
<u>Reference</u>	A		A-2	A

A-11

SCHEDULE OF RESERVE FOR REVALUATION

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 2,770.00
Increased by:		
		<u>2,770.00</u>
Decreased by:		
		<u>-</u>
Balance December 31, 2022	A	<u>\$ 2,770.00</u>

BOROUGH OF WALLINGTON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

A-12

SCHEDULE OF 2021 APPROPRIATION RESERVES

	Balance Dec. 31, 2021	Encumbrances	Transfers	Balance After Transfers	Paid or Charged	Balance Lapsed	Over Expenditure
OPERATIONS -WITHIN "CAPS"							
GENERAL GOVERNMENT							
Mayor and Council Salaries and Wages	\$ 0.52	\$ -	\$ -	\$ 0.52	\$ -	\$ 0.52	\$ -
General Administration Salaries and Wages	4,908.27			4,908.27	-	4,908.27	-
Borough Clerk Salaries and Wages	3,022.53			3,022.53	-	3,022.53	-
Other Expenses	15.18	300.00		315.18	315.18	-	-
Financial Administration Salaries and Wages	0.64			0.64	-	0.64	-
Other Expenses & Audit Services	15,643.85			15,643.85	15,643.85	-	-
Grant Writer Other Expenses	3,000.00			3,000.00	-	3,000.00	-
Revenue Administration Salaries and Wages	3,083.33		(5,000.00)	83.33	-	83.33	-
Other Expenses	3,261.34			3,261.34	3,261.34	-	-
Assessment Administration Salaries and Wages					-	-	-
Other Expenses	2,824.76			2,824.76	500.00	2,324.76	-
Legal Services and Costs Other Expenses	17,742.68			17,742.68	17,742.68	-	-
Engineering Services and Costs Other Expenses	324.44		5,000.00	5,324.44	3,611.25	1,713.19	-
Planning Board Salaries and Wages	2,100.00			2,100.00	-	2,100.00	-
Other Expenses	1,092.36	5,000.00		6,092.36	175.00	5,917.36	-
Zoning Board of Adjustment Salaries and Wages	-			-	-	-	-
Other Expenses	2,367.40			2,367.40	480.00	1,917.40	-
Insurance							
Unemployment Insurance	56,935.00			56,935.00	-	56,935.00	-
Employee Group Health	19,310.84		(5,000.00)	14,310.84	64.89	14,245.95	-
Health Benefit Waiver	0.06			0.06	-	0.06	-
Liability	813.00			813.00	-	813.00	-
Liability (South Bergen JIF)	8,953.12	63,158.38	(7,500.00)	64,611.50	63,158.38	1,453.12	-
Worker's Compensation (South Bergen JIF)	8,953.13	63,158.37	(7,500.00)	64,611.50	63,158.37	1,453.13	-

Continued - Next Page

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

BOROUGH OF WALLINGTON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

A-12

SCHEDULE OF 2021 APPROPRIATION RESERVES

	Balance Dec. 31, 2021	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over- Expenditure
OPERATIONS -WITHIN "CAPS" (Continued)								
PUBLIC SAFETY FUNCTIONS								
Police:								
Salaries and Wages	\$ 0.56	\$ -	\$ -	\$ 0.56	\$ -	\$ -	\$ 0.56	\$ -
Other Expenses	-	33,294.53	-	33,294.53	-	29,118.27	4,176.26	-
Uniform Fire Safety:								
Salaries and Wages	34.48	-	-	34.48	-	-	34.48	-
Other Expenses	620.00	-	-	620.00	-	-	620.00	-
Fire Department- Other Expense	3,971.33	77,020.43	-	80,991.76	-	24,705.67	56,286.00	-
Fire Prevention Bureau:								
Other Expenses	11,690.54	-	-	11,690.54	-	1,350.00	10,140.54	-
Emergency Management Services:								
Other Expenses	1,000.00	-	-	1,000.00	-	-	1,000.00	-
EMS:								
Other Expenses	109.06	5,925.73	-	6,034.79	-	4,393.89	1,640.90	-
Clothing Allowance	2,641.98	500.00	-	3,141.98	-	-	3,141.98	-
Municipal Prosecutor:								
Salaries and Wages	-	1,250.00	-	1,250.00	-	1,250.00	-	-
Public Defender:								
Other Expenses	-	-	-	-	-	-	-	-
PUBLIC WORK FUNCTIONS								
Street and Road Maintenance:								
Salaries and Wages	6,872.29	-	-	6,872.29	-	-	6,872.29	-
Other Expenses	5,733.74	22,488.60	-	28,222.34	-	13,882.85	14,339.49	-
Shade Tree:								
Other Expenses	66.23	10,300.00	-	10,366.23	-	9,950.00	416.23	-
Solid Waste Collection:								
Salaries and Wages	0.31	-	-	0.31	-	-	0.31	-
Other Expenses	261,291.21	-	-	261,291.21	-	27,350.74	233,940.47	-
Buildings and Grounds:								
Other Expenses	1,804.60	2,460.30	5,000.00	8,864.90	-	8,262.20	602.70	-

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

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BOROUGH OF WALLINGTON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

A-12

SCHEDULE OF 2021 APPROPRIATION RESERVES

	Balance Dec. 31, 2021	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
OPERATIONS -WITHIN "CAPS" (Continued)								
HEALTH AND WELFARE								
Board of Health								
Salaries and Wages	\$ 579.03	\$ -	\$ -	\$ 579.03	\$ -	\$ -	\$ 579.03	\$ -
Other Expenses	230.17	-	-	230.17	-	-	230.17	-
Animal Control Services								
Other Expenses								
PARK AND RECREATION FUNCTIONS								
Board of Recreation Commissioners (R.S. 40-17.1)								
Salaries and Wages	2,133.40			2,133.40			2,133.40	-
Other Expenses	3,295.43	100.00	5,000.00	8,395.43		8,395.43	-	-
Senior Citizens								
Other Expenses	1,800.00			1,800.00			1,800.00	-
Maintenance of Parks								
Other Expenses	127.77			127.77			127.77	-
Celebration of Public Events								
Other Expenses	0.90			0.90			0.90	-
UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)								
Construction Code Official								
Salaries and Wages	0.02			0.02			0.02	-
Other Expenses	344.44	290.28		334.72		334.72	-	-

BOROUGH OF WALLINGTON
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

A-12

SCHEDULE OF 2021 APPROPRIATION RESERVES

	Balance Dec. 31, 2021	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
OPERATIONS - WITHIN "CAPS" (Continued)								
UTILITIES								
Electricity	\$ 56.51	\$ 202.65	\$ -	\$ 259.16	\$ -	\$ -	\$ 259.16	\$ -
Street Lighting	1,574.96			1,574.96	-	1,574.96	-	-
Communications	2,905.48			2,905.48	-		2,905.48	-
Sewerage Processing and Disposal					-			-
Other Expenses	2,649.96			2,649.96	-	2,649.96	-	-
Gasoline	16.72		10,000.00	10,016.72	-	9,256.61	760.11	-
Municipal Court					-			-
Salaries and Wages					-			-
Other Expenses	228.20	37.40		265.60	-	(734.40)	1,000.00	-
Special Emergency-Tropical Storm IDA & Recovery	248.03			248.03			248.03	-
Public Defender								
Other Expenses	50.00			50.00			50.00	
TOTAL OTHER EXPENSES WITHIN "CAPS"	<u>467,929.80</u>	<u>285,486.67</u>	<u>-</u>	<u>753,416.47</u>	<u>-</u>	<u>310,221.84</u>	<u>443,194.63</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"								
Social Security System (O.A.S.I.)	0.44			0.44	-	-	0.44	-
Public Employees' Retirement System	22,223.00			22,223.00	-	-	22,223.00	-
Public Employees' Retirement System- Adjustment	10,000.00			10,000.00		9,999.61	0.39	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	<u>32,223.44</u>	<u>-</u>	<u>-</u>	<u>32,223.44</u>	<u>-</u>	<u>9,999.61</u>	<u>22,223.83</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"								
Passaic Valley Sewerage	22,229.48			22,229.48	-	-	22,229.48	-
East Rutherford Sewer Fees	5,000.00			5,000.00	-	-	5,000.00	-
Recycling Tax Appropriation	1,900.00			1,900.00	-	-	1,900.00	-
Maintenance of Free Public Library	25,322.65	5.45		25,328.10	-	25,322.65	5.45	-
Shared Services Municipal Court	793.00	61,103.50		61,896.50	-	61,103.50	793.00	-
Interlocal Services Agreement (County of Bergen)	198.75			198.75	-		198.75	-
Length of Service Award Program (LOSAP)	107,000.00			107,000.00	-	107,000.00	-	-
Shared Services Board of Health	65.00	9,168.77		9,233.77	-	8,409.18	824.59	-
TOTAL OTHER EXPENSES EXCLUDED FROM "CAPS"	<u>162,508.88</u>	<u>70,277.72</u>	<u>-</u>	<u>232,786.60</u>	<u>-</u>	<u>201,835.33</u>	<u>30,951.27</u>	<u>-</u>
JUDGMENTS								
TOTAL RESERVES EXCLUDED FROM "CAPS"	<u>162,508.88</u>	<u>70,277.72</u>	<u>-</u>	<u>232,786.60</u>	<u>-</u>	<u>201,835.33</u>	<u>30,951.27</u>	<u>-</u>
TOTAL RESERVES	<u>\$ 662,662.12</u>	<u>\$ 355,764.39</u>	<u>\$ -</u>	<u>\$ 1,018,426.51</u>	<u>\$ -</u>	<u>\$ 522,056.78</u>	<u>\$ 496,369.73</u>	<u>\$ -</u>
	A	A-13		A	A-4		A-1	
				Paid	A-4	\$ 415,056.78		
				Moved to Accounts Payable	A-29	107,000.00		
						<u>\$ 522,056.78</u>		

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-13

SCHEDULE OF ENCUMBRANCES

	<u>Reference</u>		
Balance December 31, 2021	A		\$ 355,764.39
Increased by:			
Charges to 2021 Appropriations	A-12	-	
Charges to 2022 Appropriations	A-3	\$ 173,656.40	
			<u>173,656.40</u>
			529,420.79
Decreased by:			
Applied to 2021 Appropriations	A-12	355,764.39	
Applied to Accounts Payable	A-29	-	
			<u>355,764.39</u>
Balance December 31, 2022	A		<u>\$ 173,656.40</u>

A-14

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

	<u>Reference</u>		
Balance December 31, 2021	A		\$ 789.04
Increased by:			
Senior Citizens' Deductions Per Tax Billings		\$ 12,250.00	
Veterans' Deductions Per Tax Billings		29,750.00	
Senior Citizens'/Veterans' Deductions - Allowed by Tax Collector		<u>500.00</u>	
			<u>42,500.00</u>
			43,289.04
Decreased by:			
Received in Cash from State	A-4	40,143.15	
Senior Citizens'/Veterans' Deductions - Disallowed by Tax Collector		120.55	
PY 2021 Senior Citizens Deductions Disallowed	A-1	<u>2,472.60</u>	
			<u>42,736.30</u>
Balance December 31, 2022	A		<u>\$ 552.74</u>
Calculation of Amount Realized			
Senior Citizens			\$ 12,250.00
Veterans			29,750.00
Senior Citizens'/Veterans' Deductions Allowed by Tax Collector			<u>500.00</u>
			42,500.00
Less: Senior Citizens'/Veterans' Deductions Disallowed by Tax Collector			<u>120.55</u>
Realized as Tax Revenue	A-7		<u>\$ 42,379.45</u>

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

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-15

SCHEDULE OF PREPAID TAXES

Balance December 31, 2021	A	\$ 188,722.27
Increased by:		
Collection of 2023 Taxes	A-4	317,351.59
		<u>506,073.86</u>
Decreased by:		
Applied to 2022 Taxes Receivable	A-7	188,722.27
		<u>188,722.27</u>
Balance December 31, 2022	A	<u>\$ 317,351.59</u>

A-16

SCHEDULE OF TAX OVERPAYMENTS

	<u>Reference</u>		
Balance December 31, 2021	A	\$ 3,592.85	
Increased by:			
Appeals	A-1	-	
Overpayments received	A-4	\$ 29,156.33	
			<u>29,156.33</u>
Decreased by:			<u>32,749.18</u>
Overpayments Refunded	A-4	32,749.18	
Canceled Tax Overpayments	A-1	-	
			<u>32,749.18</u>
Balance December 31, 2022	A	<u>\$ -</u>	

A-17

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Reference</u>		
Balance December 31, 2021	A	\$ 5,220.61	
Increased by:			
2022 Tax Levy	A-1,2,7	\$ 3,026,738.00	
2022 Added County Taxes	A-1,2,7	6,561.89	
2022 Open Space	A-1,2,7	126,283.09	
			<u>3,159,582.98</u>
			<u>3,164,803.59</u>
Decreased by:			
Payments	A-4	3,158,241.70	
			<u>3,158,241.70</u>
Balance December 31, 2022	A	<u>\$ 6,561.89</u>	

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-18

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>Reference</u>	
Balance December 31, 2021	A	\$ -
Increased by:		
Levy - School Year		
July 1, 2022 to June 30, 2023	A-1,2,7	17,347,895.00
		<u>\$17,347,895.00</u>
Decreased by:		
Payments	A-4	17,347,895.00
		<u>17,347,895.00</u>
Balance December 31, 2022	A	<u>\$ -</u>

A-19

SCHEDULE OF MISCELLANEOUS FEES PAYABLE

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Marriage License Fees	\$ 675.00	\$ 700.00	\$ 1,375.00	\$ -
DCA Training Fees	-	6,547.00	2,978.00	3,569.00
	<u>\$ 675.00</u>	<u>\$ 7,247.00</u>	<u>\$ 4,353.00</u>	<u>\$ 3,569.00</u>
	A	A-4	A-4	A

A-20

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Anticipated</u> <u>2022 Budget</u>	<u>Received/Canceled</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Non-Public Nursing	\$ 2,028.00	\$ -	\$ -	\$ 2,028.00
Recycling Tonnage Grant		4,635.80	4,635.80	-
Municipal Alliance	4,909.42	4,507.18	4,027.71	5,388.89
Safe and Secure Communities Program	32,400.00		32,400.00	-
FEMA Civic Center Generator	1,167.90			1,167.90
State Body Armor	-	1,298.89		1,298.89
FEMA- Covid 19	786.01		786.01	(0.00)
US Treasury Cares Act	20,202.08		4,579.65	15,622.43
Patrick Leahy Bulletproof Vest Partners	-	3,600.00		3,600.00
NJ Department of Transportation	218,000.00			218,000.00
NJ Safer Grant (Volunteer Firefighters)	17,680.00		6,400.00	11,280.00
Assistance to Firefighter Grant	389,447.00			389,447.00
Bullet Proof Vest Partnership Program	50,950.00		16,977.79	33,972.21
	<u>\$ 737,570.41</u>	<u>\$ 14,041.87</u>	<u>\$ 69,806.96</u>	<u>\$ 681,805.32</u>
Reference	A	A-2	A-4	A

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-21

SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance <u>Dec. 31, 2021</u>	Transferred from 2022 <u>Appropriations</u>	Canceled/ <u>Expended</u>	Deferred <u>Charge</u>	Balance <u>Dec. 31, 2022</u>
Municipal Court					
Alcohol and Education Fund	\$ 16,196.67	\$ -	\$ -	\$ -	\$ 16,196.67
Municipal Alliance - State	8,067.42	4,507.18	2,968.61		9,605.99
Municipal Alliance - Local	3,334.00	1,126.80	1,525.00		2,935.80
Municipal Alliance- State	0.38				0.38
Safe & Secure Grant	-				-
Domestic Preparedness Grant	50,000.00				50,000.00
Bullet Proof Vest Program	30,810.21		1,211.00		29,599.21
Body Armor Replacement Grant	2,430.49	3,272.28	5,702.77		-
State-Body Armor Grant		1,298.89	1,298.89		-
FEMA Firefighters Scuba Grant	7,950.00				7,950.00
FEMA Civic Center Generator	626.04				626.04
FEMA- COVID	2,844.51				2,844.51
US Treasury- CARES Act	3.09				3.09
2020 Census Grant	6,000.00				6,000.00
Recycling Tonnage Grant	3,141.71	4,635.80	2,315.13		5,462.38
Patrick Leahy Bulletproof Vest Partnership Grant	-	3,600.00			3,600.00
Assistance to Firefighters Grant	408,920.00		193,172.25		215,747.75
Drunk Driving Enforcement Fund	24,491.66		487.00		24,004.66
American Rescue Plan Grant		332,745.52	332,745.52		-
	<u>\$ 564,816.18</u>	<u>\$ 351,186.47</u>	<u>\$ 541,426.19</u>	<u>\$ -</u>	<u>\$ 374,576.46</u>
Reference	A	Below	Below	A-23	A

Cash Disbursements A-4 \$ 541,426.19

\$ 541,426.19

A-22

SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance <u>Dec. 31, 2021</u>	<u>Increases</u>	Utilized as <u>2022 Revenue</u>	Balance <u>Dec. 31, 2022</u>
American Rescue Plan Grant	\$ 601,582.52	\$ 601,582.52	\$ 332,745.52	\$ 870,419.52
Body Armor Grant	3,272.28	1,842.93	3,272.28	1,842.93
Safe & Secure Communities		32,400.00		32,400.00
Clean Communities	-	20,161.60		20,161.60
	<u>\$ 604,854.80</u>	<u>\$ 655,987.05</u>	<u>\$ 336,017.80</u>	<u>\$ 924,824.05</u>
		A-4	A-2	

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-23

SCHEDULE OF DEFERRED CHARGES - EMERGENCY AUTHORIZATIONS

	Balance Dec. 31, 2021	Amount Resulting From Operations	Raised In Budget/Capital	Balance Dec. 31, 2022
Special Emergency	\$ 270,000.00	\$ -	\$ 90,000.00	\$ 180,000.00
Special Emergency- COVID Revenue Deficits	211,837.00		42,367.40	169,469.60
Special Emergency- COVID- Expenditures	57,000.00		11,400.00	45,600.00
Special Emergency- Tropical Storm IDA	180,000.00		36,000.00	144,000.00
Emergency Authorization	385,000.00		385,000.00	-
Over-expenditure- Grant Fund	6,461.60		6,461.60	-
	<u>\$ 1,110,298.60</u>	<u>\$ -</u>	<u>\$ 571,229.00</u>	<u>\$ 539,069.60</u>
Reference	A	A-1,3,12,21	Below	A
Budget Appropriation		A-3	186,229.00	
Received from Capital - Ordinance		A-4	<u>385,000.00</u>	
		Above	<u>\$ 571,229.00</u>	

A-24

SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 835,000.00
Increased by		
Special Emergency Notes Received	A-4	324,000.00
		<u>1,159,000.00</u>
Decreased by		
Emergency Note Paid	A-4	835,000.00
		<u>835,000.00</u>
Balance December 31, 2022	A	<u>\$ 324,000.00</u>

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-25

SCHEDULE OF AMOUNT DUE TO LIBRARY - STATE AID

	<u>Reference</u>	
Balance December 31, 2021	A	\$ -
Increased by:		
Cash Receipts	A-4	6,111.00
		<u>6,111.00</u>
Decreased by:		
Cash Disbursements	A-4	6,111.00
		<u>6,111.00</u>
Balance December 31, 2022	A	<u>\$ -</u>

A-26

SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 10,925.00
Balance December 31, 2022	A	<u>\$ 10,925.00</u>

A-27

SCHEDULE OF RESERVE FOR INSURANCE PROCEEDS

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 187,133.53
Increased by:		
Cash Receipts	A-4	187,133.53
		<u>187,133.53</u>
Decreased by:		
Cash Disbursements	A-4	176,529.53
		<u>176,529.53</u>
Balance December 31, 2022	A	<u>\$ 10,604.00</u>

A-28

SCHEDULE OF RESERVE FOR HURRICANE IDA- FEMA REIMBURSEMENT

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 107,135.22
Increased by:		
Cash Receipts- Other		\$ 44,989.96
Cash Receipts- Hurricane IDA		
FEMA Reimbursements		<u>37,187.71</u>
	A-4	82,177.67
		<u>189,312.89</u>
Decreased by:		
Cash Disbursements	A-4	61,858.03
		<u>61,858.03</u>
Balance December 31, 2022	A	<u>\$ 127,454.86</u>

BOROUGH OF WALLINGTON
CURRENT FUND
DECEMBER 31, 2022

A-29

SCHEDULE OF ACCOUNTS PAYABLE

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 94,609.56
Increased by:		
Transfer from Budget App. Reserve	A-12	107,000.00
Decreased by:		<u>201,609.56</u>
Cancel	A-1	\$ 12,796.91
Cash Disbursements	A-4	<u>20,242.10</u>
		<u>33,039.01</u>
Balance December 31, 2022	A	<u><u>\$ 168,570.55</u></u>

A-30

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>Reference</u>	
Balance December 31, 2021	A	\$ 50,000.00
Increased by:		
Transfer from 2022 Budget	A-3	50,000.00
Decreased by:		<u>100,000.00</u>
Cash Disbursements	A-4	<u>16,978.25</u>
Balance December 31, 2022	A	<u><u>\$ 83,021.75</u></u>

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

SUPPLEMENTARY DATA – TRUST FUNDS

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2022

B-1

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Reference</u>	<u>Animal License</u>	<u>Other Trust</u>
Balance December 31, 2021	B	\$ 10,087.20	\$ 1,316,088.18
Increased by:			
Current Fund Appropriations/Transfers-Payroll Account	B-12		6,689,666.49
Current Fund Budget Appropriations- Deferred Charge	B	-	1,737.30
Due to Current Fund - Interest Income/Interfunds	B-4,6		
Payroll Deductions- Unemployment	B-7		-
Cat License Fees Collected	B-3	173.00	
Dog License Official Fees Collected	B-3	2,825.20	
Due State of NJ - Fees Payable	B-5	610.20	-
Redemption of Tax Title Liens and Tax Sale Premiums	B-9		79,537.78
Miscellaneous Reserves	B-10		458,894.83
Escrow Deposits	B-8		13,500.00
		<u>3,608.40</u>	<u>7,243,336.40</u>
		13,695.60	8,559,424.58
Decreased by:			
Payroll Disbursements	B-12		6,722,903.43
Expenditures Under R.S. 4:19-15.11	B-3	580.00	
To State of NJ - Fees Payable	B-5,	261.00	
Transfer to Current Fund	B-1,4,6	2,783.60	62,953.81
Redemption of Tax Title Liens and Tax Sale Premiums	B-9		173,582.60
Miscellaneous Reserves	B-10		307,404.50
Unemployment Disbursements	B-7		-
Escrow Disbursements	B-8		6,164.05
		<u>3,624.60</u>	<u>7,273,008.39</u>
Balance December 31, 2022	B	\$ 10,071.00	\$ 1,286,416.19

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

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2022

B-2

SCHEDULE OF LOSAP INVESTMENTS

	<u>Reference</u>		
Balance December 31, 2021	B		\$ 1,889,999.64
Increased by:			
Receipts- Receivable Contributions-2022		\$ -	
Net Investment Earnings	B-11		-
Decreased by:			1,889,999.64
Net Investment Loss	B-11	281,288.79	
Fees	B-11	2,325.00	
Withdrawals	B-11	38,211.99	
			321,825.78
Balance December 31, 2022	B		\$ 1,568,173.86

B-3

SCHEDULE OF RESERVE FOR ANIMAL LICENSE FUND EXPENDITURES

	<u>Reference</u>		
Balance December 31, 2021	B		\$ 7,628.20
Increased by:			
Cat License Fees Collected	B-1	\$ 173.00	
Dog License Fees Collected by Dog License Official	B-1	2,825.20	
	B-1		2,998.20
			10,626.40
Decreased by:			
Canceled- Due to State of New Jersey	B-5		
Statutory Excess	B-4	3,179.40	
Expenditures Under R.S. 4:19-15.11	B-1	580.00	
			3,759.40
Balance December 31, 2022	B		\$ 6,867.00

License Fees Collected

2020	\$ 3,652.80
2021	3,214.20
	<u>\$ 6,867.00</u>

B-4

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

	<u>Reference</u>		
Balance December 31, 2021	B		\$ 2,439.20
Increased by:			
Payment of State of NJ Fees	B-5	\$ 344.40	
Statutory Excess	A-1, B-3	3,179.40	
			3,523.80
			5,963.00
Decreased by:			
Transfer to Current Fund	A-4, B-1	2,783.60	
			2,783.60
Balance December 31, 2022	B		\$ 3,179.40

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

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2022

B-5

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

	<u>Reference</u>		
Balance December 31, 2021	B	\$	19.80
Increased by:			
2022 State Fees Collected by Dog License Official	B-1	\$ 610.20	
			<u>610.20</u>
			630.00
Decreased by:			
Payments made in Current Fund	B-4	344.40	
Payments	B-1	<u>261.00</u>	
			<u>605.40</u>
Balance December 31, 2022	B	<u>\$</u>	<u>24.60</u>

B-6

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

	<u>Reference</u>		
Balance December 31, 2021	B	\$	62,938.81
Decreased by:			
Transfer to Current Fund	A-4, B-1	\$ 62,953.81	
	B-1		<u>62,953.81</u>
Balance December 31, 2022	B, Below	<u>\$</u>	<u>(15.00)</u>
Analysis of Balance			
Due from Current - Other Trust	A	\$	15.00
			<u>15.00</u>
	B, Above	<u>\$</u>	<u>15.00</u>

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

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2022

B-7

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

	<u>Reference</u>	
Balance December 31, 2021	B	\$ 228,999.15
Increased by:		
Payroll Deductions/ Budget Contributions	B-1	<u>228,999.15</u>
Decreased by:		
Deposits Refunded	B-1	<u> </u>
Balance December 31, 2022	B	<u><u>\$ 228,999.15</u></u>

B-8

SCHEDULE OF ESCROW FUND DEPOSITS

	<u>Reference</u>	
Balance December 31, 2021	B	\$ 49,297.28
Increased by:		
Escrow Deposits	B-1	<u>\$ 13,500.00</u>
		<u>13,500.00</u>
		62,797.28
Decreased by:		
Escrow Disbursements	B-1	<u>6,164.05</u>
		<u>6,164.05</u>
Balance December 31, 2022	B	<u><u>\$ 56,633.23</u></u>

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

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2022

B-9

SCHEDULE OF TAX TITLE LIEN REDEMPTIONS & TAX SALE PREMIUMS PAYABLE

	Balance Dec. 31, 2021	Due to Current fund	Receipts	Disbursements	Balance Dec. 31, 2022
Tax Sale Premiums	\$ 180,400.00	\$ -	\$ 35,500.00	\$ 90,300.00	\$ 125,600.00
Third Party Lien Redemption	27,765.12		43,912.30	42,171.77	29,505.65
Due back to Outside Lienholder	40,985.35			40,985.35	-
Lien Redemption Water Lienholder			125.48	125.48	-
	<u>\$ 249,150.47</u>	<u>\$ -</u>	<u>\$ 79,537.78</u>	<u>\$ 173,582.60</u>	<u>\$ 155,105.65</u>
	B	B-6	B-1	B-1	B

B-10

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2021	Deferred-Charges Over-Expenditure	Receipts	Disbursements	Balance Dec. 31, 2022
Uniform Fire Safety Act Penalties	\$ 6,440.00	\$ -	\$ -	\$ -	\$ 6,440.00
Planning Board/Zoning Board - Escrow	32,708.67		26,314.96	44,511.64	14,511.99
Road Opening	38,255.00				38,255.00
Hometown Heroes and Flags & Banners	-		310.00	225.00	85.00
Youth Banners			780.00		780.00
Holiday Festival			16,750.00	16,750.00	-
911 Memorial Donations/Bricks	11,292.13				11,292.13
Shade Tree Donations	3,250.00		250.00		3,500.00
Police Vests	-				-
Police Off Duty	295,892.45		222,598.87	138,134.75	380,356.57
Recreation	20,842.62		119,449.00	104,955.61	35,336.01
Parks	3,960.00				3,960.00
P.O.A.A.	37,228.50		736.00	2,677.50	35,287.00
Police Camp	2,272.52				2,272.52
Memorial Day Parade	4,000.00			150.00	3,850.00
Fire Department Deduction	342.00				342.00
COAH	103,863.83		71,036.00		174,899.83
Developer's Agreement	60,738.00				60,738.00
Reserve for Fire Prevention	3,135.00		670.00		3,805.00
	<u>\$ 624,220.72</u>	<u>\$ -</u>	<u>\$ 458,894.83</u>	<u>\$ 307,404.50</u>	<u>\$ 775,711.05</u>
Reference	B	B	B-1	B-1	B

BOROUGH OF WALLINGTON
TRUST FUND
DECEMBER 31, 2022

B-11

SCHEDULE OF RESERVE FOR LOSAP BENEFITS

	<u>Reference</u>		
Balance December 31, 2021	B		\$ 1,889,999.64
Increased by:			
LOSAP 2021 Contributions	B	\$ 100,857.79	
Investment Earnings	B-2	-	
			<u>100,857.79</u>
Decreased by:			1,990,857.43
Fees	B-2	2,325.00	
Investment Loss	B-2	281,288.79	
Withdrawals	B-2	38,211.99	
			<u>321,825.78</u>
Balance December 31, 2022	B		<u>\$ 1,669,031.65</u>

B-12

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

	<u>Reference</u>		
Balance December 31, 2021	B		\$ 103,219.05
Increased by:			
Deficit Payroll Account	B	\$ 16,967.62	
Transfers from Current /Water/ Trust Fund	B-1	6,689,666.49	
			<u>6,706,634.11</u>
			6,809,853.16
Decreased by:			
Disbursements	B-1	6,722,903.43	
			<u>6,722,903.43</u>
Balance December 31, 2022	B, Below		<u>\$ 86,949.73</u>
<u>Analysis of Balance</u>			
Payroll Withholdings Payable	B		\$ 86,949.73
Due from Current Fund	B		-
			<u>\$ 86,949.73</u>
	Above		<u>\$ 86,949.73</u>

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

SUPPLEMENTARY DATA –GENERAL CAPITAL FUND

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-2

SCHEDULE OF CASH - TREASURER

	Reference		
Balance December 31, 2021	C,C-3		\$ 2,673,695.87
Increased by:			
Grants Received	C-4	\$ 1,530,932.73	
Capital Improvement Fund	C-9	80,000.00	
Bond Anticipation Note Received	C-12	400,000.00	
Premium/ Accrued Int on Bond Sale	C-18	7,420.00	
Proceeds from Serial Bond	C-6	4,705,000.00	
Proceeds from Serial Bond- Due to Water Capital	Contra	5,257,853.42	
Wire Transfer - Test	C-1	4.10	
			<u>11,981,210.25</u>
			14,654,906.12
Decreased by:			
Reserve for Payment of Debt - Current Fund Revenue	C-10	41,783.40	
Transfer to Current Revenue Realized	C-18	27,083.00	
Bond Anticipation Note Paid	C-12	3,690,228.00	
Transfer to Current	C-7	22,053.00	
Proceeds from Serial Bond- Due to Water Capital	Contra	5,257,853.42	
Purchase of Fire Equipment	C-14	3,495.25	
Improvement Authorizations	C-8	2,324,623.35	
			<u>11,367,119.42</u>
Balance December 31, 2022	C,C-3		<u>\$ 3,287,786.70</u>

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-3

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH

	Balance Dec. 31, 2021	Receipts	Disbursements	Transfer To/(From)	Balance Dec. 31, 2022
Capital Improvement Fund	\$ 9,714.00	\$ 80,000.00	\$ -	\$ (63,750.00)	\$ 25,964.00
Due from Water Utility Capital Fund	-				-
Due to Water Utility Operating Fund	-				-
Due from Current Fund	22,053.00		22,053.00		-
Grants Receivable	(2,905,182.00)	1,530,932.73		(346,390.00)	(1,720,639.27)
Reserve for Premium on Bond Anticipation Notes	19,663.00	7,420.00	27,083.00		-
Encumbrances Payable	416,895.86			2,761,890.35	3,178,786.21
Reserve for Purchase of Fire Equipment	11,595.00		3,495.25		8,099.75
Reserve to Pay Debt Service	801,955.56		41,783.40	6,415.77	766,587.93
Fund Balance	111,504.96	4.10		(9,171.80)	102,337.26
Serial Bond Proceeds	-	4,705,000.00	3,690,228.00	(1,014,772.00)	-
Serial Bond Proceeds Due to Water Capital	-	5,257,853.42	5,257,853.42		-
Improvement Authorizations:					
Ord. #	Improvement Description				
01-15	Improvements to Hathaway Street	(6,712.00)		6,712.00	-
02-3	Resurfacing of Hathaway Street	(97.00)		97.00	-
03-9	Acq. of Senior Citizen Bus	(3,895.00)		3,895.00	-
06-11	2006 Road Improvement Program	-			-
10-7	Refunding Tax Appeals	(80,014.00)		80,014.00	-
15-14	Various Park Improvements	5,769.54		(5,769.54)	(0.00)
16-13	Acquisition of a New Pumper Fire Engine	-			-
16-16	Replacement of Curbs and Sidewalks on Anderson Ave.	(0.00)			(0.00)
16-17	Acquisition of Ambulance	-			-
16-21	Replacement of Alden Street Sewer Main	0.00			0.00
17-3	Various Public Improvements	335,416.05	70,282.95	(265,133.10)	-
18-10	King Street	(62,490.62)	19,616.00	82,106.62	-
19-07	Reconstruction or Resurfacing of Various Roads	387,572.29	101,088.67	(604.85)	285,878.77
19-10	Acquisition of Office Equipment	70,906.68	28,638.25	1,386.25	43,654.68
20-04	2020 Road Program	278,360.15	222,800.06	127,356.40	182,916.49
20-15	Hathaway Street Sewer	438,349.02	139,078.77	(293,998.85)	5,271.40
21-01	New Library Construction	2,473,582.16	1,045,505.31	(1,422,455.89)	5,620.96
21-02	Crescent Road Park Drainage Improvements	116,126.82	56,304.33	(55,564.50)	4,257.99
21-06	Acq. Of Real Property- 159-161 Maple Avenue	17,472.38	658.20	(16,814.18)	0.00
21-23	Resurfacing of Various Roads	215,150.02	192,343.25	178,206.78	201,013.55
22-006	Refunding Bonds		400,000.00	393,584.23	(6,415.77)
22-016	Various Public Improvements		54,723.33	252,760.31	198,036.98
		<u>\$ 2,673,695.87</u>	<u>\$ 11,981,210.25</u>	<u>\$ 11,367,119.42</u>	<u>\$ 3,287,786.70</u>
Reference		C,C-2	C-2	C-2	C,C-2

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-4

SCHEDULE OF GRANTS / OTHER FUNDING SOURCES RECEIVABLE

	Reference		
Balance December 31, 2021	C	\$	2,975,718.00
Increased by:			
Community Development Block Grant - Ord 2022-016 Improvement to Parkview		\$	146,025.00
NJ DOT- 2022 Streetscape- Ord # 2022-016			236,000.00
	C-6,17		<u>382,025.00</u>
			3,357,743.00
Decreased by:			
Canceled Grants w/ reserves	C		70,536.00
Cancel Grants to Fund Balance	C-1		35,635.00
Cash Receipts	C-2		<u>1,530,932.73</u>
			1,637,103.73
Balance December 31, 2022	C, Below	\$	<u>1,720,639.27</u>
Analysis of Above - Grants Offset With Reserves:			
	C	\$	<u>-</u>
Grants not Offset with Reserves:			
Ord #19-07 NJ Department of Transportation		\$	50,500.00
Ord # 20-04 NJ Department of Transportation			53,750.00
Ord # 21-01 NJ Library Construction Bond Act Grant			1,144,106.25
Ord #21-23 County Open Space Grant			29,147.50
Ord # 21-23 NJ Department of Transportation			61,110.52
Ord # 22-016 Community Development Grant-Impr to Parview			146,025.00
Ord # 22-016 NJ Department of Transportation			<u>236,000.00</u>
	C-3		<u>1,720,639.27</u>
	Above	\$	<u>1,720,639.27</u>

C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	Reference		
Balance December 31, 2021	C	\$	6,849,224.63
Increased by:			
Serial Bonds Issued	C-13		<u>4,475,000.00</u>
			11,324,224.63
Decreased by:			
2022 Budget Appropriation for Serial Bond Payment	C-13	\$	775,000.00
2022 Budget Appropriation/Adjustment for Green Acres Loan	C-11		<u>12,224.63</u>
			787,224.63
Balance December 31, 2022	C	\$	<u>10,537,000.00</u>

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-6

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

		<u>Analysis of Balance - Dec. 31, 2022</u>				
<u>Ord. #</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2021</u>	<u>2022 Authorizations</u>	<u>Funded/Canceled Transferred</u>	<u>Balance Dec. 31, 2022</u>	<u>Unexpended Improvement Authorizations</u>
01-15	Improvements to Hathaway Street	\$ 6,712.00	\$ -	\$ 6,712.00	\$ -	\$ -
02-3	Resurfacing of Hathaway Street	97.00		97.00	-	-
03-9	Acq. of Senior Citizen Bus	3,895.00		3,895.00	-	-
10-7	Refunding Tax Appeals	80,014.00		80,014.00	-	-
17-3	Various Public Improvements	464,317.00		464,317.00	-	-
17-7	Resurface Various Streets	450,947.00		450,947.00	-	-
18-10	King Street	376,400.00		376,400.00	-	-
19-07	Reconstruction or Resurfacing of Various Roads	447,800.00		447,800.00	-	-
19-10	Acquisition of Office Equipment	190,000.00		190,000.00	-	-
20-04	2020 Road Program	431,775.00		431,775.00	-	-
20-15	Hathaway Street Sewer	990,000.00		990,000.00	-	-
21-01	New Library Construction	604,525.00		604,525.00	-	-
21-02	Crescent Road Park Drainage Improvements	145,700.00		145,700.00	-	-
21-06	Acq. Of Real Property- 159-161 Maple Avenue	570,000.00		570,000.00	-	-
21-23	Resurfacing of Various Roads	179,140.00		179,140.00	-	-
22-006	Refunding Bonds		400,000.00	133,333.00	266,667.00	-
22-016	Various Public Improvements		1,275,000.00	1,275,000.00	-	-
		<u>\$ 3,441,957.00</u>	<u>\$ 400,000.00</u>	<u>\$ 6,349,655.00</u>	<u>\$ 266,667.00</u>	<u>\$ -</u>
		C	C-8,17	Below	C	C-8

Analysis of Funded:

Down Payments on Improvements
Proceeds from Serial Bond
Fund Balance
Cancel Ordinance Balance
Grants/Other Funding Applied
Ban Paydowns

Reference

C-6 \$ 63,750.00
C-2 4,705,000.00
C-1,17 919,943.00
C-8,17 145,604.00
C-4,17 382,025.00
C-12 133,333.00
Above \$ 6,349,655.00

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-7

SCHEDULE OF DUE (TO) FROM CURRENT FUND

	Reference		
Balance December 31, 2021	C	\$	22,053.00
Increased by:			
Interfund Transfer	A-4, C-2	\$	-
			<u>-</u>
			22,053.00
Decreased by:			
Interfund Transfer	A-4, C-2	22,053.00	
			<u>22,053.00</u>
Balance December 31, 2022	C	\$	<u>-</u>

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Balance December 31, 2021		2022 Authorizations	Paid or Charged	Canceled	Balance December 31, 2022	
		Funded	Unfunded				Funded	Unfunded
15-14	Various Park Improvements	\$ 5,769.54	\$ -	\$ -	\$ -	\$ 5,769.54	\$ 0.00	\$ -
17-3	Various Public Improvements	-	335,416.05	-	70,282.95	265,133.10	-	-
18-10	King Street	-	313,909.38	-	19,616.00	294,293.38	-	-
19-07	Reconstruction or Resurfacing of Various Roads	-	387,572.29	-	101,693.52	-	285,878.77	-
19-10	Acquisition of Office Equipment	-	70,906.68	-	27,252.00	-	43,654.68	-
20-04	2020 Road Program	-	278,671.15	-	95,754.66	-	182,916.49	-
20-15	Hathaway Street Sewer	-	438,349.02	-	13,077.62	420,000.00	5,271.40	-
21-01	New Library Construction	2,473,582.16	604,525.00	-	3,072,486.20	-	5,620.96	-
21-02	Crescent Road Park Drainage Improvements	-	116,126.82	-	21,868.83	90,000.00	4,257.99	-
21-06	Acq. Of Real Property- 159-161 Maple Avenue	-	17,472.38	-	658.20	16,814.18	-	-
21-23	Resurfacing of Various Roads	215,150.02	179,140.00	-	193,276.47	-	201,013.55	-
22-006	Refunding Bonds	-	-	400,000.00	393,584.23	6,415.77	0.00	-
22-016	Various Public Improvements	-	-	1,275,000.00	1,076,963.02	-	198,036.98	-
		<u>\$ 2,694,501.72</u>	<u>\$ 2,742,088.77</u>	<u>\$ 1,675,000.00</u>	<u>\$ 5,086,513.70</u>	<u>\$ 1,098,425.97</u>	<u>\$ 926,650.82</u>	<u>\$ -</u>
		C	C	C-6,17	Below	Below	C	C,C-6
				Cash Disbursements	C-2	\$ 2,324,623.35		
				Encumbrance Payable	C-15	3,178,786.21		
				Encumbrances Restored to Improvement Auth.	C-15	(416,895.86)		
				Paid in Current Fund	C-7	-		
				Above		<u>\$ 5,086,513.70</u>		
				Canceled to Reserve for Payment of Debt	C-10	6,415.77		
				Canceled to Fund Balance	C-1	946,406.20		
				Canceled to Unfunded	C-6	145,604.00		
						<u>\$ 1,098,425.97</u>		

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-9

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Reference		
Balance December 31, 2021	C	\$	9,714.00
Increased by:			
Transfer from Current Fund-Budget Appropriation	A-3,C-2	\$ 80,000.00	<u>80,000.00</u>
Decreased by:			<u>89,714.00</u>
Appropriated to Finance Improvement Authorizations	C-6,17		<u>63,750.00</u>
Balance December 31, 2022	C	\$	<u><u>25,964.00</u></u>

C-10

SCHEDULE OF RESERVE FOR PAYMENT OF BONDS/BANS

	Reference		
Balance December 31, 2021	C	\$	801,955.56
Increased by:			
Canceled Ordinances	C-8	\$ 6,415.77	<u>6,415.77</u>
Decreased by:			<u>808,371.33</u>
Grants Applied to Unfunded Ordinances	C-6,12		
Anticipated Budget Revenue-Due to Current Fund	A-2,C-2	41,783.40	<u>41,783.40</u>
Balance December 31, 2022	C, Below	\$	<u><u>766,587.93</u></u>

Analysis of Balance:

<u>Ordinance #</u>	
Ord #06-11 Cancel Ordinance	\$ 271,585.42
Ord #10-08 Cancel Ordinance	52,186.00
Ord #11-10 Cancel Ordinance	3,005.00
Ord #12-13 Cancel Ordinance	854.00
Ord #12-20/13-9 Cancel Ordinance	755.00
Ord #13-10 Cancel Ordinance	1,015.51
Ord #15-04 Cancel Ordinance	144,891.26
Ord #15-14 Cancel Ordinance	61,003.29
Ord #16-13 Cancel Ordinance	255.00
Ord #16-16 Cancel Ordinance	19,958.06
Ord #16-21 Cancel Ordinance	15,979.62
Ord #12-13 Department of Transportation	188,684.00
Ord # 22-006 Cancel Ordinance	<u>6,415.77</u>
Above	<u><u>\$ 766,587.93</u></u>

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-11

SCHEDULE OF GREEN ACRES LOAN PAYABLE

	Reference		
Balance December 31, 2021	C	\$	12,224.63
Decreased by:			
Loan Paid by Budget Appropriation		\$	12,224.63
	C-5		12,224.63
Balance December 31, 2022	C	\$	-

Schedule of Green Acres Loan Payable

<u>Due</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
			\$
02-14-22	\$ 194.00	\$ 12,224.63	-
	<u>\$ 194.00</u>	<u>\$ 12,224.63</u>	

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-12

SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Description	Date of Original Issue	Date of Maturity	Interest Rate	Balance December 31, 2021	Increased by Bond Ant. Note	Decreased by Bond Anticipation Note Payments	Balance December 31, 2022
17-3	Various Public Improvements	08/23/18	04/29/2022		\$ 450,947.00	\$ -	\$ 450,947.00	\$ -
17-7	Resurface Various Streets	08/23/18	04/29/2022		464,317.00		464,317.00	-
19-10	Acquisition of Computer Equipment	08/21/20	04/29/2022		190,000.00		190,000.00	-
20-04	2020 Road Improvements	08/21/20	04/29/2022		431,464.00		431,464.00	-
19-07	Reconstruction or Resurfacing of Various Roads	08/20/21	04/29/2022		447,800.00		447,800.00	-
20-15	Hathaway Street Sewer Replacement	08/20/21	04/29/2022		990,000.00		990,000.00	-
21-02	Crescent Road Park Drainage Improvements	08/20/21	04/29/2022		145,700.00		145,700.00	-
21-06	Acq. Of Real Property- 159-161 Maple Avenue	08/20/21	04/29/2022		570,000.00		570,000.00	-
22-006	Refunding Bonds	08/19/22	08/18/2023	2.50%		400,000.00	133,333.00	266,667.00
					<u>\$ 3,690,228.00</u>	<u>\$ 400,000.00</u>	<u>\$ 3,823,561.00</u>	<u>\$ 266,667.00</u>
					C	Below	Below	C

Analysis of New Issue:

Rollover - Received and Disbursed in Current Fund
BAN Paydown-Budget Appropriation
Grants Applied
New BAN Issued
Bond Anticipation Notes Paid off

C-2,6
C-10
C-2,17
C-2

Receipts

Disbursements

-	133,333.00
-	-
400,000.00	-
	3,690,228.00
<u>\$ 400,000.00</u>	<u>\$ 3,823,561.00</u>
Above	Above

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-13

SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturates of Bonds Outstanding				Balance Dec. 31, 2021	Refunding/ Issued	Decreased	Balance Dec. 31, 2022
			December 31, 2021	Amount	Coupon Rate	Yield				
General Improvement Bonds	09/15/2017	4,087,000.00	09/15/2023	375,000.00	2.000%	1.600%	\$ 2,887,000.00	\$ -	\$ 350,000.00	\$ 2,537,000.00
			09/15/2024	400,000.00	2.000%	1.700%				
			09/15/2025	425,000.00	2.000%	1.850%				
			09/15/2026	440,000.00	2.250%	2.100%				
			09/15/2027	450,000.00	2.500%	2.250%				
			09/15/2028	447,000.00	2.500%	2.500%				
G.O. Refunding Bonds, Series 2020 (\$5,360,000 - 44,340,000 - \$1,020,000 premium/principal reduction)	07/09/2020	4,340,000.00	08/01/2023	450,000.00	4.000%	0.630%	3,950,000.00		425,000.00	3,525,000.00
			08/01/2024	450,000.00	4.000%	0.700%				
			08/01/2025	445,000.00	4.000%	0.820%				
			08/01/2026	445,000.00	4.000%	1.000%				
			08/01/2027	440,000.00	4.000%	1.160%				
			08/01/2028	440,000.00	4.000%	1.320%				
			08/01/2029	435,000.00	4.000%	1.420%				
			08/01/2030	420,000.00	4.000%	1.520%				
G.O. Bonds, Series 2022	4/15/22	\$ 4,475,000	4/15/2023	285,000	5.000%	1.850%		\$ 475,000.00		4,475,000.00
			4/15/2024	285,000	5.000%	2.190%				
			4/15/2025	285,000	5.000%	2.300%				
			4/15/2026	285,000	5.000%	2.430%				
			4/15/2027	285,000	5.000%	2.480%				
			4/15/2028	285,000	5.000%	2.530%				
			4/15/2029	485,000	5.000%	2.600%				
			4/15/2030	570,000	5.000%	2.750%				
			4/15/2031	570,000	5.000%	2.800%				
			4/15/2032	570,000	5.000%	2.850%				
			4/15/2033	570,000	5.000%	2.900%				
							\$ 6,837,000.00	\$ 4,475,000.00	\$ 775,000.00	\$ 10,337,000.00
							C	C-5	C-5	C

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-14

SCHEDULE OF RESERVE FOR PURCHASE OF FIRE EQUIPMENT

	Reference	
Balance December 31, 2021	C	\$ 11,595.00
Decreased by:		
Cash Disbursements	C-4	<u>3,495.25</u>
Balance December 31, 2022	C	<u><u>\$ 8,099.75</u></u>

C-15

SCHEDULE OF ENCUMBRANCES PAYABLE

	Reference	
Balance December 31, 2021	C	\$ 416,895.86
Increased by:		
Charges to Improvement Authorizations	C-8	<u>3,178,786.21</u>
		3,595,682.07
Decreased by:		
Restored to Improvement Authorizations	C-8	<u>416,895.86</u>
Balance December 31, 2022	C	<u><u>\$ 3,178,786.21</u></u>

C-16

SCHEDULE OF DEFERRED CHARGES- CAPITAL IMPROVEMENT FUND

	Reference	
Balance December 31, 2021	C	\$ -
Decreased by:		
Raised in 2021 Budget- Due from Current	C-7	<u> </u>
Balance December 31, 2022	C	<u><u>\$ -</u></u>

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-17

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description <u>General Improvements</u>	Balance Dec. 31, 2021	2022 Authorizations	Down Payments	Funded/Canceled Issued	Balance Dec. 31, 2022
01-15	Improvements to Hathaway Street	\$ 6,712.00	\$ -	\$ -	\$ 6,712.00	\$ -
02-03	Resurfacing of Hathaway Street	97.00			97.00	-
03-09	Acq. of Senior Citizen Bus	3,895.00			3,895.00	-
10-7	Refunding Tax Appeals	80,014.00			80,014.00	-
18-10	Various Curbs and Sidewalk Improvements to King Street	376,400.00			376,400.00	-
19-07	Reconstruction or Resurfacing of Various Roads	-				-
20-04	2020 Road Program	311.00			311.00	-
20-15	Hathaway Street Sewer	-				-
21-01	New Library Construction	604,525.00			604,525.00	-
21-02	Crescent Road Park Drainage Improvements	-				-
21-06	Acq. Of Real Property- 159-161 Maple Avenue	-				-
21-23	Resurfacing of Various Roads	179,140.00			179,140.00	-
22-006	2022 Refunding Bonds		400,000.00		400,000.00	-
22-016	Various Public Improvements		1,275,000.00	63,750.00	1,211,250.00	-
		<u>\$ 1,251,094.00</u>	<u>\$ 1,675,000.00</u>	<u>\$ 63,750.00</u>	<u>\$ 2,862,344.00</u>	<u>\$ -</u>
		C	C-6,C-8	C-6,C-9	Below	C

Funded Through:

Bond Anticipation Note	C-12	\$ 400,000.00
Fund Balance	C-1	919,943.00
Cancel Ordinance Balance	C-6	145,604.00
Grants / Other Funding Applied	C-4,6	382,025.00
Serial Bonds		<u>1,014,772.00</u>
	Above	<u>\$ 2,862,344.00</u>

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

BOROUGH OF WALLINGTON
CAPITAL FUND
DECEMBER 31, 2022

C-18

SCHEDULE OF RESERVE FOR PREMIUM/ ACCRUED INT ON BONDS & BOND ANTICIPATION NOTES

	Reference	
Balance December 31, 2021	C	\$ 19,663.00
Increased by:		
Premium/ Accrued Int Bond Sale	C-2	<u>7,420.00</u>
		27,083.00
Decreased by:		
Realized as Revenue in Current Fund Budget	C-2	<u>27,083.00</u>
Balance December 31, 2022	C	<u>\$ -</u>

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

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

BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING & CAPITAL FUND
DECEMBER 31, 2022

SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER

D-4

	<u>Reference</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2021	D	\$ 224,899.18	\$ 53,498.80
Increased by Cash Receipts:			
Receipts from Water Collector	D-2,9	2,283,649.05	-
Miscellaneous Receipts	D-2	10,967.89	
Bond Premium/ Accrued Interest	D-2	37,011.18	
Transfer From Water Capital	D-11	241,845.87	-
Utility Rents Overpayments	D-16	10,519.45	
Prior Year Voided Check- Preliminary Expenses	D-19		165.00
Bond Sale Premium	D-28		5,382.03
Bond Sale Accrued Interest	D-28		7,471.39
Bond Sale Proceeds- Serial Bond	D-30		4,990,000.00
Bond Sale Proceeds- Re-offering Premium	D-20		255,000.00
Due from Trust Fund	B-9		
		<u>2,808,892.62</u>	<u>5,311,517.22</u>
Decreased by Cash Disbursements:			
Budget Appropriations	D-3	1,698,116.92	
Improvement Authorizations	D-18	-	68,285.06
Reserve for Preliminary Expenses	D-19	-	-
Accounts Payable	D	28,538.00	
Accounts Payable- Charged to Fund Balance	D-1	23,312.00	
Appropriation Reserves	D-14	76,623.19	-
Transfer to Payroll Account	D-16		
Transfers to Current Fund	D-17	409,880.81	-
BAN/ Bond Interest Paid	D-22		
Bond Anticipation Note Payment	D-25		4,533,772.00
Anticipated Water Operating Budget	D-28		37,011.18
Transfer to Water Operating Fund	D-11	<u>-</u>	<u>241,845.87</u>
		<u>2,236,470.92</u>	<u>4,880,914.11</u>
Balance, December 31, 2022	D	\$ 572,421.70	\$ 430,603.11

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF WATER CAPITAL FUND BALANCE

D-5

	<u>Reference</u>	
Balance, December 31, 2021	D	\$ 114,714.12
Decreased by:		
Re-allocation BAN Premium Received PY	D-28	<u>24,157.76</u>
Balance, December 31, 2022	D	<u><u>\$ 90,556.36</u></u>

SCHEDULE OF DUE FROM CURRENT FUND

D-6

	<u>Reference</u>	
Balance, December 31, 2021	D	\$ -
Increased by:		
Bond Anticipations Notes Received in Current Fund	A-4,D-25	<u>-</u>
Decreased by:		
Bond Anticipation Notes Paid In Current Fund	A-4,D-25	<u>-</u>
Balance, December 31, 2022	D	<u><u>\$ -</u></u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF WATER UTILITY CAPITAL CASH

D-7

	For the Years Ended December 31,				Balance Dec. 31, 2022
	Balance Dec. 31, 2021	Receipts	Disbursements	Transfer To/(From)	
Due to General Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Water Utility Operating Fund	241,845.87		278,857.05	37,011.18	-
Encumbrance Payable	45,412.48			(36,429.65)	8,982.83
Capital Improvement Fund	59.00				59.00
Reserve for Preliminary Expenses	27,508.92	165.00			27,673.92
Due from Current Fund	-				-
Fund Balance	114,714.12			(24,157.76)	90,556.36
Reserve for Payment of Bond Anticipation Notes	159,099.83				159,099.83
Reserve for BAN/Bond Premiums- Accrued Interest		12,853.42		(12,853.42)	-
Serial Bonds Proceeds Used to Pay Bond Anticipations Notes		5,245,000.00	4,533,772.00	(711,228.00)	-
<u>Improvement Authorizations</u>					
Acquisition of Real Property	(80,458.00)				(80,458.00)
Acquisition of Two Dump Trucks with Plows	52.43				52.43
Acquisition of Vehicles & Equipment	2,298.64		2,298.64		(0.00)
Replacement of Various Water Mains	1,400.00				1,400.00
Replacement of Various Water Mains	61,525.42		557.50	(252.35)	60,715.57
Acquisition of New Add'l or Rep. Veh & Equip	8,240.60		8,240.60		-
Hathaway Street Water Main	6,086.59		557.50		5,529.09
Water Main Replacement, Water Pump Equipment & Vehicles	(534,287.10)		56,630.82	747,910.00	156,992.08
	<u>\$ 53,498.80</u>	<u>\$ 5,258,018.42</u>	<u>\$ 4,880,914.11</u>	<u>\$ -</u>	<u>\$ 430,603.11</u>
		D-4	D-4		
Ref	D				D

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
DECEMBER 31, 2022**

SCHEDULE OF CHANGE FUND

D-8

	<u>Reference</u>		
Balance, December 31, 2021	D	\$	100.00
Balance, December 31, 2022	D	\$	<u>100.00</u>

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-9

	<u>Reference</u>		
Balance, December 31, 2021	D	\$	447,403.19
Increased by:			
Billings			<u>2,161,711.59</u>
			2,609,114.78
Decreased by:			
Collections	D-4	\$ <u>2,283,649.05</u>	<u>2,283,649.05</u>
Balance, December 31, 2022	D	\$	<u>325,465.73</u>

SCHEDULE OF WATER UTILITY LIENS RECEIVABLE

D-10

	<u>Reference</u>		
Balance, December 31, 2021	D	\$	-
Decreased by:			
Cancelled/Adjustment			<u>-</u>
Balance, December 31, 2022	D	\$	<u>-</u>

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

D-11

	<u>Reference</u>		
Balance, December 31, 2021	D	\$	241,845.87
Increased by:			
Cash Receipts	D-4		<u>241,845.87</u>
Decreased by:			
Cash Disbursements	D-4		<u>241,845.87</u>
Balance, December 31, 2022	D	\$	<u>-</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF FIXED CAPITAL

D-12

For the Years Ended December 31,

	2021	Completed Projects	2022
Water System	\$ 543,064.00	\$ -	\$ 543,064.00
Water Storage Tank	81,000.00	-	81,000.00
Foundation for Water Storage Tank	38,967.00	-	38,967.00
Main Extension	1,200,055.00	-	1,200,055.00
Meters	28,082.00	-	28,082.00
Engineer- Exploration of Well Site	9,226.00	-	9,226.00
Wells:	-	-	-
Construction	143,716.00	-	143,716.00
Consulting Engineer	2,754.00	-	2,754.00
Advertising	15.00	-	15.00
Vehicles and Equipment	157,641.00	-	157,641.00
Acq. of a Dump Truck	38,966.00	-	38,966.00
Various Improvements to Water Supply System	908,112.00	-	908,112.00
Acq. of Two Dump Trucks	54,928.00	-	54,928.00
Acquisition of Pick-up Truck	20,250.00	-	20,250.00
Acquisition of Trucks	58,279.00	110,000.00	168,279.00
Acquisition of Vehicles and Equipment	850,570.00	225,000.00	1,075,570.00
Acquisition of Real Property	232,958.00	-	232,958.00
Replacement of Various Water Mains	2,020,011.13	-	2,020,011.13
Replacement of Various Water Mains	2,100,000.00	-	2,100,000.00
	<u>\$ 8,488,594.13</u>	<u>\$ 335,000.00</u>	<u>\$ 8,823,594.13</u>

Ref

D

D-13

D

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

							D-13
Ord. Number	Improvement Description	Original Issue Date	Amount	Balance December 31, 2021	Completed Projects	Improvement Authorizations	Balance December 31, 2022
11-3	Acquisition of Two Dump Trucks with Plows	03/24/11	110,000.00	\$ 110,000.00	\$ (110,000.00)	\$ -	\$ -
11-8	Acquisition of Vehicles & Equipment	07/21/11	225,000.00	225,000.00	(225,000.00)	-	-
12-22	Replacement of Various Water Mains (Amend Ord 11-7)	12/20/12	305,000.00	305,000.00	-	-	305,000.00
20-16	Water Main Repl., Water Pump Equip. & Vehicles	10/13/20	750,000.00	750,000.00			750,000.00
				<u>\$ 1,390,000.00</u>	<u>\$ (335,000.00)</u>	<u>\$ -</u>	<u>\$ 1,055,000.00</u>
<u>Reference</u>				D	D-12		D

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
DECEMBER 31, 2022**

STATEMENT OF 2021 APPROPRIATION RESERVES

D-14

	Balance December 31, 2021	Balance After Transfers & Encumbrances	Paid or Charged	Balance Lapsed	Appropriation Reserves Over-Expenditure
Operating:					
Salaries and Wages	\$ 53,675.27	\$ 53,675.27	\$ -	\$ 53,675.27	\$ -
Other Expenses	73,973.43	78,614.86	76,623.19	1,991.67	
Statutory Expenditures:					
Public Employees' Retirement System	-	-		-	
Social Security System (O.A.S.I.)	2,431.37	2,431.37	-	2,431.37	
	<u>\$ 130,080.07</u>	<u>\$ 134,721.50</u>	<u>\$ 76,623.19</u>	<u>\$ 58,098.31</u>	<u>\$ -</u>
<u>Reference</u>	D, Below	Below	D-4	D-1	

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
DECEMBER 31, 2022**

SCHEDULE RESERVE FOR EQUIPMENT

D-15

	<u>Reference</u>	
Balance, December 31, 2021	D	\$ 3,862.00
Balance, December 31, 2022	D	\$ 3,862.00

SCHEDULE OF UTILITY RENT OVERPAYMENTS

D-16

	<u>Reference</u>	
Balance, December 31, 2021	D	\$ -
Increased by:		
Cash Receipts- Utility Rent Overpayments	D-4	10,519.45
Balance, December 31, 2022	D	\$ 10,519.45

SCHEDULE OF DUE FROM (TO) CURRENT FUND - WATER UTILITY OPERATING FUND

D-17

	<u>Reference</u>	
Balance, December 31, 2021	D	\$ -
Increased by:		
Payments to Current Fund	A-4, D-4	\$ 409,880.81
	A-4	409,880.81
		409,880.81
Decreased by:		
Water Operating Surplus Anticipated in Current	A-2, D-3	275,000.00
Expenditures Paid in Current Fund- 2022 Budget	A-4, D-3	134,880.81
		409,880.81
Balance, December 31, 2022	D	\$ -

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-18

Ord. Number	Improvement Description	Original Authorization	Balance December 31, 2021		Improvement Authorizations	Paid or Charged	Balance December 31, 2022	
			Funded	Unfunded			Funded	Unfunded
11-3	Acquisition of Two Dump Trucks with Plows (03/24/11	\$ 110,000.00	\$ 52.43	\$ -	\$ -	\$ -	\$ 52.43	\$ -
11-8	Acquisition of Vehicles and Equipment (07/21/11)	225,000.00	2,298.64	-		2,298.64	-	-
12-21	Replacement of Various Water Mains (12/20/2012)	2,100,000.00	-	1,400.00			1,400.00	
12-22	Replacement of Various Water Mains (12/20/2012)	305,000.00	-	61,525.42		809.85	60,715.57	
	Acquisition of New Additional or Replacement							
14-13	Vehicles and Equipment (09/25/2014)	695,000.00	-	8,240.60		8,240.60	-	-
15-5	Hathaway Street Water Main (03/26/2015)	215,000.00	-	6,086.59		557.50	5,529.09	
20-16	Water Main Repl., Water Pump Equip. & Veh. (10/13/2020)	750,000.00		179,912.90		19,948.82	156,992.08	2,972.00
			<u>\$ 2,351.07</u>	<u>\$ 257,165.51</u>	<u>\$ -</u>	<u>\$ 31,855.41</u>	<u>\$ 224,689.17</u>	<u>\$ 2,972.00</u>

Reference

D

D

D-13

Below

D

D

Cash Disbursements	D-4	\$ 68,285.06
Encumbrances Restored	D-27	(45,412.48)
Encumbrance Payable	D-27	8,982.83
	Above	<u>\$ 31,855.41</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF CAPITAL IMPROVEMENT FUND /RESERVE FOR PRELIMINARY EXPENSES

	<u>Reference</u>		D-19
Balance, December 31, 2021	D	\$	27,567.92
Increased by:			
Canceled Py Check	D-4		165.00
			27,732.92
Decreased by:			
Reserve for Preliminary Expenses	D-4		
Balance, December 31, 2022	Below	\$	27,732.92
Analysis of Balance			
Capital Improvement Fund	D	\$	59.00
Reserve for Preliminary Expenses	D		27,673.92
	Above	\$	27,732.92

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Reference</u>			D-20
Balance, December 31, 2021	D	\$		4,145,364.13
Increased by:				
Bond Sale Re-offering Premium- Funding	D-4	\$	255,000.00	
Completed Projects	D-21		369,000.00	
Notes Paid by Operating Budget	D-25		-	
				624,000.00
Balance, December 31, 2022	D	\$		4,769,364.13

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

	<u>Reference</u>			D-21
Balance, December 31, 2021	D	\$		404,800.00
Increased by:				
Down Payment Improvement Authorizations	D-19		-	
Decreased by:				
Completed Projects - Move to Reserve for Amortization	D-20		369,000.00	
Balance, December 31, 2022	D, Below	\$		35,800.00
Analysis of Balance General Improvements:				
Ord. # 20-16 Water Main Replacement, Water Pump Equipment & Vehicles	Date of Ordinance			
	10/13/2020			35,800.00
	Above	\$		35,800.00

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - OPERATING FUND
DECEMBER 31, 2022**

SCHEDULE OF ACCRUED INTEREST ON BONDS & NOTES

D-22

	<u>Reference</u>	
Balance, December 31, 2021	D	\$ 16,497.89
Increased by:		
Charges to 2022 Budget	D-3	161,990.06
		<u>178,487.95</u>
Decreased by:		
Cash Disbursements	Below	<u>134,809.06</u>
Balance, December 31, 2022	D	<u>\$ 43,678.89</u>
Analysis:		
Charges to Budget		\$ 161,990.06
Cash Disbursements	Above	(134,809.06)
Accrued Interest	D-3, Above	<u>\$ 27,181.00</u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES

D-23

	<u>Reference</u>	
Balance, December 31, 2021	D	\$ 4,641.43
Increased by:		
Charges to 2022 Budget	D-3	\$ 202,869.75
		<u>202,869.75</u>
		<u>202,869.75</u>
Decreased by:		
Canceled	D-1	
Restored to Appropriation Reserves	D-14	<u>4,641.43</u>
		<u>4,641.43</u>
Balance, December 31, 2022	D	<u>\$ 202,869.75</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF RESERVE FOR PAYMENT OF BOND ANTICIPATION NOTES

D-24

	<u>Reference</u>	
Balance December 31, 2021	D	\$ 159,099.83
Increased by:		
Cancelled Ordinance	D-18	<u> </u>
Balance December 31, 2022	D, Below	<u>\$ 159,099.83</u>
<u>Analysis of Balance</u>		
Ordinance # 12-21		\$ 47,395.83
Ordinance # 12-22		<u>111,704.00</u>
	D, Above	<u>\$ 159,099.83</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

D-25

Ord. Number	Purpose	Original Date of Issued	Maturity Date	Interest Rate	Balance December 31, 2021	Issued	Paid	Balance December 31, 2022
11-7	Replacement of Various Water Mains	9/29/2011	04/29/22	1.00%	\$ 1,617,720.00	\$ -	\$ 1,617,720.00	\$ -
12-21	Replacement of Various Water Mains	9/28/2013	04/29/22	1.00%	1,940,502.00		1,940,502.00	-
12-22	Replacement of Various Water Mains	9/28/2013	04/29/22	1.00%	281,834.00		281,834.00	-
14-13	Acquisition of Vehicles & Equipment	9/25/2015	04/29/22	1.00%	499,384.00		499,384.00	-
15-5	Hathaway Street Water Main	9/25/2015	04/29/22	1.00%	194,332.00		194,332.00	-
					<u>\$ 4,533,772.00</u>	<u>\$ -</u>	<u>\$ 4,533,772.00</u>	<u>\$ -</u>
				<u>Reference:</u>	D	Below	Below	D
	<u>Analysis of New Issue:</u>							
	Budget Appropriation Payment				D-3,20	\$ -		
	Renewals of BAN				A-4			
	Paid through Serial Bond				D-4		4,533,772.00	
						<u>\$ -</u>	<u>\$ 4,533,772.00</u>	
						Above	Above	

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF GRANTS RECEIVABLE

D-26

	<u>Reference</u>	
Balance December 31, 2021	D	\$ 40,200.00
Decreased by:		
Cancellation to Reserve for Grants Receivable		<u>40,200.00</u>
Balance December 31, 2022	D, Below	<u>\$ -</u>
<u>Analysis of Balance</u>		
Offset by Reserve for Receivables	D, Above	<u>\$ -</u>

SCHEDULE OF ENCUMBRANCE PAYABLE

D-27

	<u>Reference</u>	
Balance December 31, 2021	D	\$ 45,412.48
Increased by:		
Encumbrance Payables	D-18	\$ 8,982.83
		<u>8,982.83</u>
		54,395.31
Decreased by:		
Encumbrances Restored to Ordinances	D-18	<u>45,412.48</u>
Balance December 31, 2022	D	<u>\$ 8,982.83</u>

SCHEDULE OF BAN/ BOND PREMIUM

D-28

	<u>Reference</u>	
Balance December 31, 2021	D	\$ -
Increased by:		
PY Reallocation from Fund Balance	D-5	\$ 24,157.76
Bond Sale Premium	D-4	5,382.03
Bond Sale Accrued Interest	D-4	<u>7,471.39</u>
		\$ 37,011.18
Decreased by:		
Anticipated in Budget	D-2,4	<u>37,011.18</u>
		<u>37,011.18</u>
Balance December 31, 2022	D	<u>\$ -</u>

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-29

Ord. Number	Improvement Description	Balance December 31, 2021	Improvement Authorizations	Bond Issue	Balance December 31, 2022
06-12	Acquisition of Real Property	\$ 80,458.00	\$ -	\$ -	\$ 80,458.00
20-16	Water Main Replacement, Water Pump Equipment & Vehicles	714,200.00		711,228.00	2,972.00
		<u>\$ 794,658.00</u>	<u>\$ -</u>	<u>\$ 711,228.00</u>	<u>\$ 83,430.00</u>
	<u>Reference</u>	D	D-18		D

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON
WATER UTILITY FUND - CAPITAL FUND
DECEMBER 31, 2022**

SCHEDULE OF WATER OPERATING UTILITY BONDS

D-30

Purpose	Date of Issue	Maturates of Bonds		Interest Rate	Yield	Balance			Balance Dec. 31, 2022
		Date	Amount			Dec. 31, 2021	Increased	Decreased	
Water Operating Utility Bond	04/15/22	4/15/2023	330,000	5.00%	1.850%	\$ -	\$ 4,990,000	\$ -	\$ 4,990,000
		4/15/2024	330,000	5.00%	2.190%				
		4/15/2025	330,000	5.00%	2.300%				
		4/15/2026	380,000	5.00%	2.430%				
		4/15/2027	385,000	5.00%	2.480%				
		4/15/2028	385,000	5.00%	2.530%				
		4/15/2029	480,000	5.00%	2.600%				
		4/15/2030	480,000	4.00%	2.750%				
		4/15/2031	570,000	3.00%	2.800%				
		4/15/2032	660,000	3.00%	2.850%				
		4/15/2033	660,000	3.00%	2.900%				
						\$ -	\$ 4,990,000	\$ -	\$ 4,990,000
						D	D-4	D-3,19	D

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

**BOROUGH OF WALLINGTON
LAST TEN FISCAL YEARS ENDED JUNE 30,**

Exhibit F-1

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

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Borough's proportionate share of the net pension liability (asset) **	0.08237%	0.07912%	0.07789%	0.07431%	0.07741%	0.07725%	0.07562%			
Borough's proportionate share of the net pension liability (asset) associated with the Borough Total	\$ 9,428,137	\$ 5,782,905	\$ 10,064,353	\$ 9,094,078	\$ 10,474,644	\$ 11,927,428	\$ 14,445,974	\$ -	\$ -	
	9,428,137	5,782,905	10,064,353	9,094,078	10,474,644	11,927,428	14,445,974	-	-	-
Borough's covered employee payroll	2,880,612	2,950,392	2,878,538	2,710,719	2,519,591	Not Available	Not Available	Not Available	Not Available	Not Available
Borough's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	327%	350%	350%	335%	416%	Not Available	Not Available	Not Available	Not Available	Not Available
Plan fiduciary net position as a percentage of the total pension liability (Local)	68.33%	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%	58.70%

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Borough's proportionate of the net pension liability (asset)	0.01391%	0.01314%	0.01464%	0.01647%	0.01623%	0.01684%	0.01624%			
Borough's proportionate share of the net pension liability (asset)	\$ 2,098,627	\$ 1,557,129	\$ 2,386,742	\$ 2,967,985	\$ 3,194,872	\$ 3,921,902	\$ 4,810,361	\$ -	\$ -	\$ -
Borough's covered employee payroll	901,678	954,276	982,528	1,051,752	1,136,074	Not Available	Not Available	Not Available	Not Available	Not Available
Borough's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll	233%	163%	243%	282%	281%	Not Available	Not Available	Not Available	Not Available	Not Available
Plan fiduciary net position as a percentage of the total pension liability (Local)	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

**BOROUGH OF WALLINGTON
LAST TEN FISCAL YEARS ENDED JUNE 30,**

Exhibit F-2

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

	Fiscal Year Ended June 30,									
	2021	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution*	\$ 1,071,240	\$ 922,100	\$ 870,159	\$ 834,076	\$ 723,057	\$ 692,135	\$ 676,287	\$ 656,514	\$ -	\$ -
Contributions in relation to the contractually required contributions*	(1,071,240)	(922,100)	(870,159)	(834,076)	(723,057)	(692,135)	(676,287)	(656,514)	-	-
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's covered employee payroll	2,880,612	2,950,392	2,878,538	2,710,719	2,519,591	Not Available	Not Available	Not Available	Not Available	Not Available
Contributions as a percentage of covered-employee payroll	37.19%	31.25%	30.23%	30.77%	28.70%	Not Available	Not Available	Not Available	Not Available	Not Available

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution*	\$ 175,363	\$ 153,934	\$ 160,110	\$ 147,226	\$ 157,416	\$ 160,269	\$ 152,138	\$ 148,084	\$ -	\$ -
Contributions in relation to the contractually required contributions*	(175,363)	(153,934)	(160,110)	(147,226)	(157,416)	(160,269)	(152,138)	(148,084)	-	-
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's covered employee payroll	901,678	954,276	982,528	1,051,752	1,136,074	Not Available	Not Available	Not Available	Not Available	Not Available
Contributions as a percentage of covered-employee payroll	19.45%	16.13%	16.30%	14.00%	13.86%	Not Available	Not Available	Not Available	Not Available	Not Available

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

BOROUGH OF WALLINGTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Pension Schedules
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit F-3

Police & Firemen's Retirement System (PFRS)

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

Changes of assumptions. Pre-retirement mortality rates were based on the PubS-2010 amount weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, postretirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability retirement rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

ACCOMPANYING INFORMATION

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

TAX RATE AND APPORTIONMENT OF TAX RATE

<u>Year</u>	<u>Total Tax Rate</u>	<u>Municipal (Includes Library)</u>	<u>County</u>	<u>Local School</u>	<u>Assessed Valuations</u>
2022	3.204	1.077	0.328	1.799	\$ 964,543,799
2021	3.149	1.053	0.319	1.777	963,116,548
2020	3.085	1.044	0.300	1.741	963,116,548
2019	2.987	0.987	0.279	1.721	957,727,654
2018	2.952	0.953	0.272	1.727	952,772,363

See independent auditor's report and accompanying notes.

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Collection Percentage</u>
2022	\$ 30,973,109.95	\$ 30,706,794.40	99.14%
2021	30,448,889.76	30,104,332.21	98.87%
2020	29,791,205.31	29,332,302.44	98.46%
2019	28,719,727.55	28,097,079.64	97.83%
2018	28,184,840.26	27,298,397.30	96.85%

See independent auditor's report and accompanying notes.

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

<u>Year</u>	<u>Liens</u>	<u>Delinquent Taxes</u>	<u>Total</u>	<u>Percent of Tax Levy</u>
2022	\$ -	\$ 284,164.80	\$ 284,164.80	0.92%
2021	-	286,723.76	286,723.76	0.94%
2020	15,653.93	325,681.07	341,335.00	1.15%
2019	-	659,039.75	659,039.75	2.34%
2018	-	882,364.88	882,364.88	6.04%

See independent auditor's report and accompanying notes.

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

<u>Year</u>	<u>Amount</u>
2022	\$ -
2021	-
2020	-
2019	-
2018	-

See independent auditor's report and accompanying notes.

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

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Collection Percentage</u>
2022	\$ 2,161,711.59	\$ 2,283,649.05	105.64%
2021	2,178,991.54	1,959,978.74	89.95%
2020	2,146,130.85	2,180,615.57	101.61%
2019	2,033,318.54	2,008,382.95	98.77%
2018	2,016,138.72	2,044,853.52	101.42%

See independent auditor's report and accompanying notes.

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

Year	CURRENT FUND		WATER UTILITY - OPERATING FUND	
	Balance	Utilized in Budget Succeeding Year	Balance	Utilized in Budget Succeeding Year
2022	\$ 2,614,392.91	\$ 1,600,000.00	\$ 392,158.59	\$ 270,359.43
2021	2,276,343.38	911,000.00	283,225.66	275,000.00
2020	1,835,609.20	543,940.00	529,148.61	250,000.00
2019	1,299,464.32	700,000.00	289,765.21	250,000.00
2018	1,244,466.36	745,000.00	256,195.31	200,000.00

See independent auditor's report and accompanying notes.

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

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Melissa Dabal	Mayor	
Wendy Su Ivanicki	President of Council	
Khaldoun Androwis	Councilperson	
Beata Balik	Councilperson	
Eugeniusz Rachelski	Councilperson	
Susanne Preinfalk	Councilperson	
Tomasz Sadecki	Councilperson	
Michael Kazimir	Administrator	\$1,000,000 (A)
David Sireci	Chief Financial Officer	
Kathy Sireci	Tax Collector	\$1,000,000 (A)
Edmund Brown	Tax Assessor	
Katarzyna Zarzycki	Water Rent Collector	
Nick Melfi	Building Inspector	
Thomas Valeo	Electrical Inspector	
Frank Recanati	Plumbing Inspector	
Marta Goldyn	Secretary of Board of Health, Licensing Official, & Registrar	
Casimer Sondey	Magistrate	(B)
Ilona Doviak	Court Administrator	(B)
Richard J. Allen	Borough Attorney	
Mark DiPisa	Prosecutor	
Neglia Engineering	Borough Engineer	
Kathryn Ennist	Library Director	

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

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

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

All Bonds were examined and were properly executed.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements – regulatory basis (the "financial statements") of the Borough of Wallington, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated December 14, 2023. As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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 have not been 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 questioned costs as items 2022-001 thru 2022-004 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division and which are described in the accompanying schedule of findings and responses as items 2022-001 thru 2022-004.

We noted certain other matters that we reported to management of the Borough in the schedule of comments and recommendations as item numbers 2022-05 through 2022-17.

Purpose of this Report

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



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



Garbarini & Co. P.C.
Certified Public Accountants

December 14, 2023
River Edge, New Jersey

GARBARINI & CO., P.C.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Borough of Wallington's, State of New Jersey (the "Borough"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the N.J. *State Grant Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal and state programs for the year ended December 31, 2022. The Borough's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance 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, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. *OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the audit of Compliance section of our report.

We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Borough's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Borough's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Borough's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and State Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Borough's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Borough's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Borough's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and State Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and State Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-004. Our opinion on each major federal award is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Borough's response, if any, to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Borough's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. Circular 15-08. Accordingly, this report is not suitable for any other purpose.



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



Garbarini & Co. P.C. CPAs
Registered Municipal Accountants

December 14, 2023
River Edge, New Jersey

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

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

SCHEDULE 1

Federal Department and Program	Federal CFDA Number	Grant Year	Grant Award	Current Year Grant Received	Funds Available December 31, 2021	Current Year Appropriations	Current Year Disbursements and Charges	PY Adjustments Cancellation/Transfers	Funds Available December 31, 2022	Cumulative Expenditures
<u>U.S. Department of Homeland Security</u>										
FEMA Civic Center Generator	97.047	2018	\$ 74,600.00	\$ -	\$ 626.04				\$ 626.04	\$ 74,973.96
FEMA Firefighters Scuba Grant	97.044	2017	7,950.00	-	7,950.00				7,950.00	-
FEMA Assistance to Firefighters	97.044	2021	389,447.00		408,920.00		193,172.25		215,747.75	193,172.25
FEMA COVID 19- Public Assistance Grant	97.036	2020	41,431.06		2,844.51				2,844.51	38,586.55
US Treasury Cares Act	21.019	2020	48,550.00		3.09				3.09	48,546.91
2020 Census Grant	11.016	2020	6,000.00		6,000.00				6,000.00	
FEMA Hurricane IDA	97.030	2021	107,135.22	82,177.67	107,135.20	82,177.67	61,858.03		127,454.84	61,858.03
				82,177.67	533,478.84	82,177.67	255,030.38	-	360,626.23	417,137.70
<u>Coronavirus State & Local Fiscal Recovery Fund</u>										
American Recovery Program	21.027	2021	1,203,165.04	601,582.52	601,582.52	601,582.52	332,745.52		870,419.52	332,745.52
<u>U.S. Department of Housing & Urban Development</u>										
(Pass through County Dept. of Community Development)	14.218									
Rehabilitation of the Elevator at Police Station		2014	43,000.00	-	8,012.00			(8,012.00)	-	34,988.00
Jordan Avenue- Ord 19-07		2016	127,200.00		-				-	127,200.00
2020 Road Program- Ord #20-04		2020	130,500.00	63,814.48	-				-	130,500.00
2021 Road Program Ord # 2021-23		2021	92,900.00	92,900.00	92,900.00		92,900.00		-	92,900.00
2022 Road Program (Parkview) Ord # 2022-010		2022	146,025.00			146,025.00			146,025.00	
				156,714.48	100,912.00	146,025.00	92,900.00	(8,012.00)	146,025.00	385,588.00
<u>Department of Transportation</u>										
	20.205									
Resurface of Hathaway Street- Ord. 11-5		2011	110,000.00	-	3,747.00			(3,747.00)	-	106,253.00
NJ Transportation Municipal Aid		2018	218,000.00	-	-				-	218,000.00
NJ Transportation Municipal Aid- Ord # 19-07		2019	202,000.00						-	202,000.00
NJ Transportation Municipal Aid- Ord # 20-04		2020	215,000.00						-	215,000.00
NJ Transportation Municipal Aid- Ord # 21-23		2021	219,000.00		133,172.38		72,061.86		61,110.52	103,209.98
NJ Transportation Municipal Aid- Ord # 22-016		2022	236,000.00			236,000.00			236,000.00	
Total Department of Transportation				-	136,919.38	236,000.00	72,061.86	(3,747.00)	297,110.52	844,462.98
Bullet Proof Vest Program	16.607	2021	50,950.00	16,977.79	30,810.21		1,211.00		29,599.21	21,350.79
		2022	3,600.00	3,600.00		3,600.00			3,600.00	
				20,577.79	30,810.21	3,600.00	1,211.00	-	33,199.21	21,350.79
Total Federal Awards				\$ 861,052.46	\$ 1,403,702.95	\$ 1,069,385.19	\$ 753,948.66	\$ (11,759.00)	\$ 1,707,380.48	\$ 2,001,284.99

** Denotes a Major Program

BOROUGH OF WALLINGTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2022

									SCHEDULE 2	
State Department and Program	State Acct. Number/ Grant Number	Grant Award Year	Grant Award	Current Year Received	Funds Available December 31, 2021	Current Year Appropriations	Current Year Disbursements and Charges	Cancellation/ Transfers	Funds Available December 31, 2022	Cumulative Expenditures
Recycling Tonnage Grant	4900-752-042-4900	2021	\$ 15,642.60		\$ 3,141.61		\$ 2,315.15	\$ -	\$ 826.46	\$ 14,816.04
		2022	4,635.80	4,635.80		4,635.80			4,635.80	
				4,635.80	3,141.61	4,635.80	2,315.15	-	5,462.26	14,816.04
Municipal Recycling Assistance	4900-752-1788-4060	2019	20,709.88		-	-	-	-	-	20,709.88
				-	-	-	-	-	-	20,709.88
Drunk Driving Enforcement Fund	6400-100-078-6400	2019	13,415.72	-	13,416.00			-	13,416.00	-
Drunk Driving Enforcement Fund	6400-100-078-6400	2018	34,529.73	-	11,075.66		487.00	-	10,588.66	23,454.07
				-	24,491.66	-	487.00	-	24,004.66	23,454.07
Clean Communities	4900-765-042-4900	2022	20,161.60		-			-	-	-
				-	-	-	-	-	-	-
Pass Through County of Bergen										
Municipal Alliance Alcoholism and Drug Abuse	*	2022	4,507.18	4,027.71		4,507.18	2,968.61		1,538.57	2,968.61
Municipal Alliance Alcoholism and Drug Abuse	*	2020	9,876.00		1,968.99				1,968.99	7,907.01
Municipal Alliance Alcoholism and Drug Abuse	*	2019	9,876.00		6,098.43			-	6,098.43	3,777.57
Municipal Alliance Alcoholism and Drug Abuse	*	2018	8,686.62	-	0.38			-	0.38	8,686.62
				4,027.71	8,067.80	4,507.18	2,968.61	-	9,606.37	23,339.81
Domestic Preparedness Grant	*	2004	50,000.00	-	50,000.00	-	-	-	50,000.00	-
Alcohol Education and Rehabilitation	9735-760-098-4900	2021	1,817.51		1,817.51				1,817.51	
		2020	1,333.66		1,333.66				1,333.66	
		2019	321.50		321.50		-	-	321.50	-
		2018	1,171.72	-	1,172.00		-	-	1,172.00	-
		2003-2017	11,956.00	-	11,552.00	-		-	11,552.00	120.00
				-	16,196.67	-	-	-	16,196.67	120.00
Body Armor Grant	066-1020-718-001	2020	2,430.49	-	2,430.49		2,430.49		-	2,430.49
		2021	4,570.97	1,298.89		4,571.17	4,571.17		-	4,571.17
		2022	1,842.93	1,842.93					-	
				3,141.82	2,430.49	4,571.17	7,001.66	-	-	7,001.66
Safe & Secure Neighborhood	1020-100-232	2022	64,800.00		-	32,400.00		-	32,400.00	32,400.00
				-	-	-	-	-	-	32,400.00
				-	-	32,400.00	-	-	32,400.00	32,400.00
NJ Library Construction Bond Act Grant- Ord 2021-01	N/A	2021	1,252,475.00	381,368.75	1,253,582.16		1,253,582.16		-	1,253,582.16
Total State Awards				\$ 393,174.08	\$ 1,357,910.39	\$ 46,114.15	\$ 1,266,354.58	\$ -	\$ 137,669.96	\$ 1,375,423.62

* - Information Not Available

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

DECEMBER 31, 2022

A. Basis of Accounting

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

B. Reporting Entity

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

C. Pass-Through Awards

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

G. Relationship of Financial Statements

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Capital Fund	\$ 164,961.86	\$ 1,253,582.16	\$ 1,418,544.02
Grant Fund	527,128.77	12,772.42	539,901.19
Current Fund	61,858	-	61,858
	<u>\$ 753,948.66</u>	<u>\$ 1,266,354.58</u>	<u>\$ 2,020,303.24</u>

E. Local Contributions

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

F. Adjustments, Transfers and Reprogrammed Funds

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

H. State Loans Outstanding

The Borough's state loan outstanding at December 31, 2022 is \$0.

GENERAL COMMENTS

**BOROUGH OF WALLINGTON
GENERAL COMMENTS**

DECEMBER 31, 2022

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

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

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

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

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

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

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

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale for 2022 was held on December 5, 2022.

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

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

<u>Year</u>	<u>Number of Liens</u>
2022	0
2021	0
2020	1
2019	0

**BOROUGH OF WALLINGTON
GENERAL COMMENTS**

DECEMBER 31, 2022

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

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

The governing body of the Borough has the responsibility of determining whether the expenditures, in any category, will exceed the above limits within the calendar year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "professional services" per N.J.S.A. 40A:11-5.

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

- Roadwork Improvements
- Garbage Collection
- Drainage Improvements
- Construction of new Library
- Police Department Improvements

Our audit of expenditures did not reveal individual payments or contracts that were in excess of \$17,500 "for the provision or performance of any goods or services," other than those for which bids had been previously sought by public advertisements or for which a resolution had been previously adopted under the provision of N.J.S.A. 40A: 11-6.

**Borough of Wallington
Schedule of Findings and Responses
For the Year Ended December 31, 2022**

Part 1- Summary of Auditor's Results

Financial Statement Section

A) Type of Auditors Report Issued	<u>Modified, Unaudited LOSAP Trust Fund</u>		
B) Internal Control over Financial Reporting			
1) Material weakness identified	<u>Yes</u>	<u>X</u>	<u>No</u>
2) Were reportable conditions identified that were not considered to be material weaknesses?	<u>X</u> <u>Yes</u>		<u>No</u>
C) Noncompliance material to financial statements?	<u>Yes</u>	<u>X</u>	<u>No</u>

Federal Awards Section

Internal Control over major programs:

1) Material weakness identified	<u>Yes</u>	<u>X</u>	<u>No</u>
2) Significant deficiencies identified?	<u>Yes</u>	<u>X</u>	<u>No</u>

Type of auditor's report issued on compliance for major programs: Unqualified

1) Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200 section .516(a) of?	<u>Yes</u>	<u>X</u>	<u>No</u>
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Identification of major programs:

	<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
(Type A)	<u></u>	<u></u>
(Type B)	<u></u>	<u></u>

Dollar threshold used to determine type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2022**

Part 2 - Schedule of Financial Statement Findings

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

***Finding 2022-001**

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

Business Registration Certificates and IRS Form W-9 (Request for Tax Identification Number) were not on file for several vendors tested.

Criteria or specific requirement

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

Condition

The Borough conducts business with vendors that may not be registered in the State of New Jersey. IRS /Form 1099 may not have been sent to all eligible vendors paid in excess of \$600.

Questioned Costs

N/A

Context

Business Registration Certificates and W-9's are not routinely requested.

Effect

IRS Form 1099 may not have been sent to all eligible vendors paid in excess of \$600.

Cause

Internal control deficiencies exist for vendor payments.

Recommendation:

That internal control be implemented and maintained for procedures over the requesting of Business Registration Certificates and W-9's from vendors.

Management's Response

Management will implement and monitor internal control procedures relating to purchasing.

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2022**

Part 2 - Schedule of Financial Statement Findings (continued)

***Finding 2022-002**

The Borough had numerous posting errors for cash receipts and cash disbursements in the current fund. Journal entries are made by the Chief Financial Officer to correct these errors, however there still existed amounts that were unreconciled to cash.

Criteria or Specific Requirements

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

Condition

The Revenue Account Status Report totals and Appropriation Reports totals did not agree to the actual cash receipts and disbursements. The Borough had several errors in postings of cash receipts and cash disbursements that were corrected through journal entries in the general ledger, however there still remained unreconcilable errors.

Questioned Cost

Undeterminable

Context

The Revenue Account Status Report and Appropriation Reports were not reconciled to the bank statements on a monthly basis, resulting in posting errors that needed to be adjusted at year end.

Effects

Although all known posting errors were corrected, there still remained unallocated amounts.

Recommendations

That care be taken when posting cash receipts, cash disbursements and that the Revenue Account Status Report and Appropriation Reports be reconciled to the bank reconciliation on a monthly basis.

Management's Response

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

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2022**

Part 2 - Schedule of Financial Statement Findings (continued)

***Finding 2022-003**

Audit of the **water department** indicated that:

- a. Instances that supporting documentation for water meter readings were not available for inspection.
- b. Supporting documentation was unavailable for a deposit in transit on the Water Operating bank reconciliation.
- c. Delinquent balance per Utility Account Status report varied from the balance per the Delinquent report in the amount of \$70,722.99.
- d. Delinquent balances for nine accounts have been changed since the completion of the Annual Financial Statements.
- e. Water rates billed were not in compliance with the Borough Ordinance.

Criteria or Specific Requirements

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

Condition

Finding 2022-003

Questioned Cost

Undeterminable

Context

Supporting documentation is not available for reconciling items and changes to account balances. Billings applied to consumer accounts were inaccurate due to incorrect rates.

Effects

As a result of changes in delinquent account postings, accounts may have been erroneously misstated and excluded from tax sale. Consumer accounts were under-charged due to water rates not being changed in the billing software according to the adopted Borough Ordinance.

Recommendation

That controls be implemented and maintained by the Water Department to ensure that all supporting documents are available for inspection, delinquent accounts are charged interest and put on tax sale, adjustments made to accounts are approved by management and supporting documents are available for inspection. Also, controls should be implemented to ensure that water rates are updated upon adoption of new ordinances.

Management's Response

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

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2022**

Part 2 - Schedule of Financial Statement Findings (continued)

Finding 2022-004

The Borough did not have an actuarial report for valuations of Other Post-Employment Benefit (OPEB) obligations for disclosures required to be made in the notes to the financial statements in accordance with GASB 75.

Criteria or Specific Requirement

The Governmental Accounting Standards Board (GASB) released new accounting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statements 74 and 75 reflect a fundamental overall in the standards for accounting and financial reporting for post-employment benefits other than pensions (OPEB) and replace GASB 43 and 45. GASB 74 applies to OPEB plans that have a trust agreement in place or equivalent arrangement and is effective for plan fiscal years beginning after June 15, 2016. GASB 75 applies to employers that participate in an OPEB plan, whether OPEB plan is considered a qualified trust or not and is effective for employer fiscal years beginning after June 15, 2018. The Borough has not obtained the actuarial report for valuations of Other Post-Employment Benefit (OPEB) obligations for disclosures required to be made in the notes to the financial statements.

Condition, Context, Effect

As a result of not providing an actuarial report for valuations of OPEB, the borough was unable to comply with the required financial statement disclosures of GASB 75.

Cause

The Borough did not produce the documentation required for reporting on the post-employment benefits in accordance with GASB 75.

Recommendation

That the Borough obtain the actuarial report for valuations of Other Post-Employment Benefit (OPEB) obligations for disclosures required to be made in the notes to the financial statements in accordance with GASB 75.

Management's Response

The Borough will complete the required actuarial report for valuation of Other Post- Employment Benefits.

**Borough of Wallington
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2022**

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

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

CURRENT YEAR FEDERAL AWARDS

None

CURRENT YEAR STATE AWARDS

None

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

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

Status:

***21-001 Recommendation:** That internal control be implemented and maintained for procedures over the requesting of Business Registration Certificates and W-9's from vendors.

Status: Partial Corrective action has been taken.

***21-002 Recommendation:** That outside tax title lien receipts be promptly returned to lien holder upon receipt to avoid payment of interest. The two lien checks that were voided be investigated and either returned to lien holder or adjusted accordingly.

Status: Corrective action has been taken.

***21-003 Recommendation:** That care be taken when posting cash receipts, cash disbursements and that the Revenue Account Status Report and Appropriation Reports be reconciled to the bank reconciliation on a monthly basis.

Status: Corrective action has *not* been taken.

21-004 Recommendation: That controls be implemented and maintained by the Water Department to ensure that all supporting documents are available for inspection, all deposits be made within 48 hours, delinquent accounts are charged interest and put on tax sale, adjustments made to accounts are approved by management and supporting documents are available for inspection.

Status: Partial corrective action has been taken.

**BOROUGH OF WALLINGTON
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022**

Trust Fund

- Comment 22-005:** Our audit revealed that the Borough does not provide monthly/quarterly statements to developers as per Local Finance Notice 95-07.
- Recommendation:** That the Borough maintain an analysis of escrow deposits and mail monthly or quarterly statements to the developers.

Current Fund

- *Comment 22-006:** Instances of deposits for the Current Fund were not made within 48 hours.
- Recommendation:** That all deposits be made within 48 hours of receipt.
- *Comment 22-007:** Prior year grant receivables in the Grant fund should be investigated and collected or canceled.
- Recommendation:** That prior year grants receivable be reviewed, and steps be taken to clear them of record.
- *Comment 22-008:** Supporting documents were unavailable for inspection for a contract awarded to a vendor used for Borough events.
- Recommendation:** That the Borough maintains all supporting documentation for contracts and bids awarded.
- Comment 22-009:** Audit of the cash disbursements revealed that:
- a. Numerous items did not have supporting documentation available for inspection.
 - b. Numerous items did not have required approval signatures on the purchase order
- Recommendation:** That the Borough obtains all supporting documents and approval signatures for all purchase orders issued.

Water Utility Fund

- *Comment 22-010:** Cash deficit for a Water Utility Capital ordinance are over five years old.
- Recommendation:** That all cash deficits for capital ordinances in excess of five years be funded.

**BOROUGH OF WALLINGTON
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022**

Payroll

***Comment 22-011:**

Audit of the payroll procedures indicated that:

- a. There was one instance that an employee was paid below approved salary ordinance.
- b. There were three instances that employee's health benefit contributions were not according to Chapter 78.
- c. The Borough does not have procedures in place to verify that payroll tax payments are remitted in a timely manner to the Internal Revenue Service.
- d. Instances that eligible employees were not enrolled in PERS or DCRP.

Recommendation:

That internal controls be implemented to ensure payroll and all related responsibilities are met by the Borough.

Comment 22-012:

Audit of the compensated absences revealed that supporting documentation was not available for inspection as per Local Finance Notice 2023-07.

Recommendation:

That all supporting documentation be maintained for compensated absences.

Construction Code

***Comment 22-013:**

The Borough's eCode fee schedule listed on their website has not been updated to reflect fee changes according to Ordinance 2022-07. Three permits tested were charged incorrectly. Deposits are not all being made within 48 hours.

Recommendation:

That the Borough update the construction code fee ordinance and their website to be consistent and correct. That permit fees be in accordance with ordinance and that deposits be made within 48 hours.

***Comment 22-014:**

The NJ Uniform Construction Code Regulations - NJAC 5:23-4.17 (b) require that municipalities file a report that accurately portrays the receipts and expenses of the local enforcing agency for code enforcement purposes. The UCC Annual Report fulfills this requirement and serves as a basis of changes (if any) in the UCC fee ordinance and staffing needs for the next year. The UCC Annual report was not filed by the municipality for 2022 with the Department of Community Affairs.

Recommendation:

That the UCC Annual Report be filed online with the state of New Jersey DCA every year.

**BOROUGH OF WALLINGTON
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022**

Municipal Court

***Comment 21-015:**

Review of ATS/ACS Municipal Court Monthly Management Report for the month of December 2022 indicated some backlog in ticket and complaint processing:

- a). There were 70 tickets eligible for order of driver's license suspension.
- b). There were 379 tickets assigned over 180 days but not issued.
- c). There were 320 tickets and 135 complaints eligible for FTA over 14 days.
- d.) There were 2 complaints eligible for warrant.
- e). There were 34 parking tickets over 3 years old for which dismissal is required.
- f). There were 30 tickets eligible for dismissal.

Recommendation:

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

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

***Comment 22-016:**

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

Recommendation:

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

**BOROUGH OF WALLINGTON
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2022**

***Comment 22-017:**

- a) Accrued Interest in the General Account and the Bail account is not being turned over monthly to the municipality, it is being turned over periodically.
- b). There are numerous stale-dated outstanding checks carried in the General Account which were not voided and turned over to municipality.

Recommendation:

- a). That accrued interest in the General Account and the Bail Account is turned over to the municipality on a monthly basis, not just periodically.
- b). That stale dated checks outstanding in the General Account be voided and turned over to municipality.

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

Appreciation

We would like to express our appreciation of the assistance and courtesies rendered by the Borough officials and employees during the year.

* * * * *

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

July 20, 2022