

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

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020 AND 2019**

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**INTRODUCTORY SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying comparative balance sheets – regulatory basis of various funds of the Borough of Wallington, in the County of Bergen, State of New Jersey (the “Borough”), as of December 31, 2020 and 2019, and the related comparative statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues and expenditures – regulatory basis and comparative statement of general fixed assets group of account – regulatory basis for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements- regulatory basis (the “financial statements”) in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 20 of the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2020 and 2019. The LOSAP Trust Fund financial statements are included in the Borough’s Trust Funds as of December 31, 2020 and 2019.

## Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited, the financial statements referred to above, present fairly, in all material respects, the accompanying comparative balance sheets - regulatory basis of the various funds of the Borough as of December 31, 2020 and 2019, and the results of the comparative statements of operations and the changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues and appropriations - regulatory basis of the various funds, and general fixed assets group of accounts for the year ended December 31, 2020 and 2019, in accordance with accounting principles and practices prescribed by the Division as described in Note 1.

### Other Matters

#### *Required Supplementary Information*

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

#### *Other Information*

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

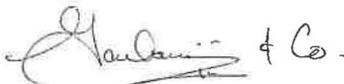
The supplementary schedules and schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 19, 2021 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

July 19, 2021

**FINANCIAL SECTION**

**CURRENT FUND**

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020 AND 2019

A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	Reference	At December 31:	
		<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
Current Assets:			
Cash - Collector - Treasurer	A-4	\$ 2,928,061.77	\$ 4,246,465.61
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	173.29	4,173.29
Federal and State Grants Receivable	A-20	<u>298,424.83</u>	<u>259,724.90</u>
		<u>3,226,859.89</u>	<u>4,510,563.80</u>
Receivable and Other Assets with Full Reserves:			
Delinquent Property Taxes	A-7	325,681.07	659,039.75
Tax Title Liens Receivable	A-8	15,653.93	
Homestead Rebate Taxes Receivable	A		11,189.30
Due From Unemployment Fund	B		2,921.31
Due From Affordable Housing Fund	B	1,713.00	35,051.61
Due From Animal Control Fund	B	2,596.00	8,706.84
Due to Payroll Account	B	26.80	
Due from Water Operating Fund	D	12,745.16	
Revenue Accounts Receivable	A-10	<u>15,681.20</u>	<u>17,967.59</u>
	Contra	<u>374,097.16</u>	<u>734,876.40</u>
Deferred Charges:			
Emergency Authorizations	A-23	385,000.00	300,000.00
Special Emergency	A-23	<u>628,837.00</u>	<u>450,000.00</u>
		<u>1,013,837.00</u>	<u>750,000.00</u>
<b>TOTAL ASSETS</b>		<u>\$ 4,614,794.05</u>	<u>\$ 5,995,440.20</u>

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020 AND 2019

A

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>At December 31:</u>	
	Reference	<u>2020</u>	<u>2019</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Appropriation Reserves	A-3,12	\$ 972,548.47	\$ 1,145,936.87
Encumbrances Payable	A-12,13	335,303.56	184,032.85
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	177,704.29	359,656.87
Unappropriated Reserves for Federal and State Grants	A-22	2,430.49	48,393.96
Encumbrance Payable- Grants	A-21	12,800.00	
Prepaid Taxes	A-15	115,600.87	92,448.06
County Taxes Payable	A-17	6,936.60	10,498.43
Miscellaneous Fees Payable	A-19	1,017.00	3,492.00
Due to Other Trust Fund	B-6	174,591.77	161,984.04
Due to Recreation Fund	B-6		491.82
Due to Payroll Fund	B		10,133.07
Due to Water Utility Capital Fund	D		43,237.36
Due to General Capital Fund	C	12,555.00	743,557.73
Due to Water Utility Operating Fund	D		494,060.92
Special Emergency Notes Payable	A-24	360,000.00	450,000.00
Amount Due to Library - State Aid	A-25	14,839.00	9,927.00
Reserve for Insurance Proceeds	A-27	161,029.53	162,710.66
Tax Overpayments	A-16	44,036.11	26,842.85
		<u>2,405,087.69</u>	<u>3,961,099.49</u>
Reserve for Receivables	Contra	374,097.16	734,876.40
Fund Balance	A-1	<u>1,835,609.20</u>	<u>1,299,464.31</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 4,614,794.05</u>	<u>\$ 5,995,440.20</u>

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020 AND 2019

A-1

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

	Reference	For the Years Ended December 31:	
		2020	2019
<b>Revenue and Other Income Realized:</b>			
Fund Balance Utilized	A-2	\$ 700,000.00	\$ 745,000.00
Miscellaneous Revenue Anticipated	A-2	1,861,491.02	2,176,150.21
Receipts from Delinquent Taxes	A-2	590,152.77	798,697.52
Receipts from Current Taxes	A-2	29,332,302.44	28,097,079.64
Non-Budget Revenues	A-2	157,935.20	139,901.16
<b>Other Credits to Income:</b>			
Interfunds Returned		29,598.81	-
Cancelled Tax Overpayments	A-16	25,917.36	449.00
Special Emergency- COVID Revenue Deficits	A-23	211,837.00	-
Unexpended Balance of Appropriations	A-3	0.38	987.34
Canceled Prior Year Encumbrances	A-13	47,344.28	-
Unexpended Balance of Appropriation Reserves	A-12	589,296.82	484,066.80
Statutory Excess- Animal License Fund	B-4	2,596.00	4,595.77
		33,548,472.08	32,446,927.44
<b>Total revenue and other income</b>			
<b>Expenditures:</b>			
<b>Budget Appropriations</b>			
<b>Operations</b>			
Salaries and Wages	A-3	4,075,442.00	4,198,965.00
Other Expenses	A-3	6,300,926.27	6,567,283.00
Capital Improvements	A-3	25,000.00	25,000.00
Municipal Debt Service	A-3	1,153,010.00	1,159,132.00
Deferred Charges and Statutory Expenditures	A-3	1,527,169.26	1,170,828.00
Judgments	A-3	-	20,000.00
Local District School Taxes	A-18	16,769,394.00	16,474,788.00
County Tax	A-17	2,766,305.17	2,569,770.01
County Share of Added and Omitted Taxes	A-17	6,936.60	109,985.30
County Open Space Tax	A-17	116,192.43	10,498.43
County Tax Additional	A-17	-	413.70
Prior Year Tax Appeals Granted	A-16	-	36,563.16
Prior Year Senior & Veteran Deductions	A-14	4,250.00	-
Bank Rec Adjustment	A-4	9,701.46	-
Interfunds Established		-	53,702.89
		32,754,327.19	32,396,929.49
<b>Total expenditures</b>			
<b>Excess in Revenues Over Expenditures</b>		794,144.89	49,997.95
<b>Adjustments to Income before Fund Balance:</b>			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-23	442,000.00	750,000.00
		1,236,144.89	799,997.95
<b>Statutory Excess to Fund Balance</b>			
Fund Balance January 1	A	1,299,464.31	1,244,466.36
		2,535,609.20	2,044,464.31
<b>Decreased by:</b>			
Utilization as Anticipated Revenue	A-2	700,000.00	745,000.00
Fund Balance December 31	A	\$ 1,835,609.20	\$ 1,299,464.31

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
YEAR ENDED DECEMBER 31, 2020

A-2

STATEMENT OF REVENUES - REGULATORY BASIS

	Reference	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	A-1	\$ 700,000.00	\$ 700,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages		15,850.00	14,188.00	(1,662.00)
Other		15,846.00	13,701.00	(2,145.00)
Fees and Permits - Other		3,925.00	24,134.56	20,209.56
Fines and Costs - Municipal Court		260,400.00	128,165.60	(132,234.40)
Interest and Costs on Taxes		162,000.00	125,157.27	(36,842.73)
Interest on Investments and Deposits		87,650.00	40,659.17	(46,990.83)
Anticipated Utility Operating Surplus		100,000.00	100,000.00	-
Energy Receipts Tax		667,440.00	667,440.00	-
Consolidated Municipal Property Tax Relief		6,014.00	6,014.00	-
Uniform Construction Code Fees		137,000.00	104,388.00	(32,612.00)
Uniform Fire Safety Act		19,000.00	30,515.16	11,515.16
CATV Franchise Fee		116,790.00	116,794.44	4.44
Cell Tower Rental Fee		55,995.00	57,908.86	1,913.86
Contribution from Board of Education		66,781.00	66,781.00	-
Other Rental Revenue		15,000.00	59,850.00	44,850.00
Reserve from Police SLEO				-
Capital Surplus Anticipated				-
Reserve for Debt Service Payments		59,882.00	59,882.00	-
Premium on BANS		11,693.00	11,693.00	-
Grants:				
Reserve for Recycling Tonnage		27,362.58	27,362.58	-
Reserve for Drunk Driving Enforcement Fund				-
Reserve for Alcohol Education & Rehabilitation		321.50	321.50	-
Reserve for Municipal Alliance on Alcoholism		20,709.88	20,709.88	-
Safe & Secure Program- 2020		60,000.00	60,000.00	-
Municipal Alliance		9,876.00	9,876.00	-
Chapter 159:				
Alcohol Education and Rehabilitation		1,333.66	1,333.66	-
Clean Communities Grant		18,634.28	18,634.28	-
FEMA- COVID		41,431.06	41,431.06	-
US Department of Treasury- CARES Act		48,550.00	48,550.00	-
NJ Department of Treasury- Census Program		6,000.00	6,000.00	-
		<u>0.00</u>		<u>0.00</u>
 Total Miscellaneous Revenues	 A-1, Next Pg	 2,035,484.96	 1,861,491.02	 (173,993.94)
Receipts from Delinquent Taxes	A-1, Next Pg	<u>600,000.00</u>	<u>590,152.77</u>	<u>(9,847.23)</u>
Subtotal General Revenues		3,335,484.96	3,151,643.79	(183,841.17)
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	Next Pg	10,054,062.57	<u>10,423,474.24</u>	<u>369,411.67</u>
Total General Revenues - Adopted	A-3	<u>\$ 13,389,547.53</u>	13,575,118.03	<u>\$ 185,570.50</u>
Non-Budget Revenues	A-1, Next Pg		<u>157,935.20</u>	
			<u>\$ 13,733,053.23</u>	

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
YEAR ENDED DECEMBER 31, 2020

A-2

STATEMENT OF REVENUES - REGULATORY BASIS  
(CONTINUED)

	<u>Reference</u>	<u>2020</u>
<u>ANALYSIS OF REALIZED REVENUES</u>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1	\$ 29,332,302.44
Allocated to School and County Taxes	A-17,18	<u>19,658,828.20</u>
Balance for Support of Municipal Appropriations		9,673,474.24
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>750,000.00</u>
Amount for Support of Municipal Budget Appropriations	Prev. Pg.	<u>\$ 10,423,474.24</u>
 <u>RECEIPTS FROM DELINQUENT TAXES</u>		
Tax Title Liens Received	A-8	-
Delinquent Tax	A-7	<u>590,152.77</u>
	A-1,Prev. Pg.	<u>\$ 590,152.77</u>
 <u>MISCELLANEOUS REVENUES</u>		
Revenue Accounts Receivable	A-4,10	\$ 1,455,660.33
Due from Utility Fund- Operating Surplus	D-17	100,000.00
Unappropriated Grant Reserves	A-22	48,393.96
Grants Receivable	A-20	185,825.00
Due from Capital Fund- Reserve for Pmt of Debt	C-7	59,882.00
Due from Capital Fund- Premium on BANS	C-7	11,693.00
Due from Payroll- Interest earned		<u>36.73</u>
	A-1,Prev. Pg.	<u>\$ 1,861,491.02</u>
 <u>ANALYSIS OF NON-BUDGET REVENUES</u>		
Miscellaneous Revenues Not Anticipated:		
Miscellaneous		\$ 38,633.71
Senior & Vet 2% Fee		1,015.00
Polling Rental		80.00
Tax Bill Copies		40.00
Police Fines		695.00
Death Certificate Copies		13,660.00
Marriage License Copies		1,599.00
Birth Certificate Copies		10.00
DPW Street Openings		5.00
Administrative Refunds		20,106.92
Bank Charges/ Refunds		260.00
Photo Copies		1.00
Workers Comp Police		48,022.57
Streets and Roads (Bus)		6,150.00
Rental Income		5,750.00
Services		1,500.00
DMV Inspections		1,500.00
Little League		1.00
Insurance Refund		14,946.00
Suez Refund		<u>3,960.00</u>
	A-1,4,Prev. Pg.	<u>\$ 157,935.20</u>

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

BOROUGH OF WALLINGTON  
 CURRENT FUND  
 DECEMBER 31, 2020

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council					
Salaries and Wages	\$ 18,000.00	\$ 19,400.00	\$ 19,375.47	\$ 24.53	\$ -
General Administration					
Salaries and Wages	58,000.00	57,700.00	57,638.51	61.49	-
Municipal Clerk / Elections					
Salaries and Wages	170,000.00	185,000.00	184,915.91	84.09	-
Other Expenses	40,000.00	40,000.00	36,890.71	3,109.29	-
Financial Administration					
Salaries and Wages	25,000.00	10,000.00	10,000.00	-	-
Other Expenses	105,000.00	105,000.00	89,593.26	15,406.74	-
Grant Writer					
Other Expenses	35,000.00	35,000.00	34,999.92	0.08	-
Revenue Administration					
Salaries and Wages	40,000.00	6,000.00	5,000.08	999.92	-
Other Expenses	20,000.00	20,000.00	11,891.55	8,108.45	-
Assessment Administration					
Salaries and Wages	15,300.00	16,400.00	16,384.44	15.56	-
Other Expenses	5,000.00	5,000.00	3,745.80	1,254.20	-
Legal Services & Costs					
Other Expenses	370,000.00	570,000.00	438,754.18	131,245.82	-

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

BOROUGH OF WALLINGTON  
 CURRENT FUND  
 DECEMBER 31, 2020

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS" (CONTD)					
Engineering Services and Costs					
Other Expenses	\$ 25,000.00	\$ 25,000.00	\$ 24,673.28	\$ 326.72	\$ -
Planning Board					
Salaries and Wages	3,500.00	3,500.00	650.00	2,850.00	-
Other Expenses	6,500.00	6,500.00	5,464.69	1,035.31	-
Zoning Board of Adjustment					
Salaries and Wages	1,650.00	1,650.00	310.00	1,340.00	-
Other Expenses	7,500.00	9,500.00	9,273.56	226.44	-
Insurance					
Unemployment Insurance	35,000.00	135,000.00	81,686.23	53,313.77	-
Employee Group Insurance	1,460,000.00	1,460,000.00	1,260,795.03	199,204.97	-
Health Benefit Waiver	50,000.00	50,000.00	48,971.79	1,028.21	-
General Liability	15,000.00	25,000.00	14,092.00	10,908.00	-
Liability (South Bergen JIF)	125,000.00	65,000.00	24,425.50	40,574.50	-
Worker's Compensation (South Bergen JIF)	125,000.00	65,000.00	24,425.50	40,574.50	-
PUBLIC SAFETY FUNCTIONS:					
Police					
Salaries and Wages	3,470,000.00	3,440,440.00	3,391,735.53	48,704.47	-
Other Expenses	160,000.00	160,000.00	155,046.59	4,953.41	-
Fire					
Other Expenses	167,500.00	167,500.00	126,590.83	40,909.17	-

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

BOROUGH OF WALLINGTON  
 CURRENT FUND  
 DECEMBER 31, 2020

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS" (CONTD)					
EMS					
Other Expenses	\$ 40,000.00	\$ 40,000.00	\$ 37,300.04	\$ 2,699.96	\$ -
Clothing Allowance	22,000.00	22,000.00	18,725.00	3,275.00	-
Uniform Fire Safety					
Salaries and Wages	16,600.00	16,600.00	16,565.52	34.48	-
Other Expenses	1,250.00	1,250.00	55.00	1,195.00	-
Fire Prevention Bureau					
Other Expenses	18,000.00	18,000.00	16,654.30	1,345.70	-
Emergency Management Services					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Municipal Prosecutor					
Salaries and Wages	12,000.00	15,000.00	15,000.00	-	-
PUBLIC SAFETY FUNCTIONS:					
Streets and Roads Maintenance					
Salaries and Wages	210,000.00	145,492.00	145,013.11	478.89	-
Other Expenses	80,000.00	80,000.00	73,044.53	6,955.47	-
Shade Tree					
Other Expenses	20,000.00	20,000.00	19,939.79	60.21	-
Solid Waste Collection (Garbage and Trash, Recycling)					
Salaries and Wages	5,500.00	6,000.00	5,559.53	440.47	-
Other Expenses	785,000.00	1,154,000.00	1,088,900.39	65,099.61	-
Buildings and Grounds					
Other Expenses	83,000.00	83,000.00	78,111.67	4,888.33	-

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		Lapsed
	Budget	Budget After Modification	Paid or Charged	Reserved	
OPERATIONS - WITHIN "CAPS" (CONTD)					
HEALTH AND HUMAN SERVICES:					
Board of Health					
Salaries and Wages	\$ 36,000.00	\$ 39,500.00	\$ 38,910.47	\$ 589.53	\$ -
Other Expenses	10,000.00	6,500.00	5,357.09	1,142.91	-
Animal Control Services					
Other Expenses	10,500.00	11,000.00	11,000.00	-	-
PARK AND RECREATION FUNCTIONS:					
Board of Recreation Commissioners (R.S. 40-17.1)					
Salaries and Wages	14,000.00	14,000.00	13,416.59	583.41	-
Other Expenses	40,000.00	40,000.00	20,954.10	19,045.90	-
Senior Citizens					
Other Expenses	2,000.00	2,000.00	1,605.57	394.43	-
Maintenance of Parks					
Other Expenses	17,000.00	17,000.00	16,647.29	352.71	-
Celebration of Public Events					
Other Expenses	8,000.00	8,000.00	5,238.81	2,761.19	-
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES					
Construction Code Official					
Salaries and Wages	64,000.00	59,000.00	58,910.40	89.60	-
Other Expenses	3,000.00	3,000.00	568.45	2,431.55	-
Other Code Enforcement and Functions					
Rent Leveling Board					
Salaries and Wages				-	-
Municipal Court					
Salaries and Wages	51,000.00	39,760.00	39,757.49	2.51	-
Other Expenses	5,000.00	15,000.00	14,148.52	851.48	-
Public Defender					
Other Expenses	5,000.00	5,000.00	4,950.00	50.00	-
UTILITIES:					
Electricity	102,000.00	102,000.00	96,844.48	5,155.52	-
Street Lighting	75,000.00	75,000.00	69,586.67	5,413.33	-
Communications	39,000.00	39,000.00	38,587.06	412.94	-
Sewerage Processing and Disposal - Other Expenses	33,000.00	33,000.00	32,981.88	18.12	-
Gasoline	11,600.00	11,600.00	6,169.90	5,430.10	-
TOTAL OPERATIONS WITHIN "CAPS"	8,373,400.00	8,806,292.00	8,067,834.01	738,457.99	-
		Detail:			
Salaries and Wages	4,210,550.00	4,075,442.00	4,019,143.05	56,298.95	-
Other Expenses (Including Contingent)	4,162,850.00	4,730,850.00	4,048,690.96	682,159.04	-

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

BOROUGH OF WALLINGTON  
 CURRENT FUND  
 DECEMBER 31, 2020

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"					
Deficit in Trust Reserves	\$ 2,390.00	\$ 2,390.00	\$ 2,390.00	\$ -	\$ -
Deficit in Payroll	53,413.26	53,413.26	53,413.26	-	-
Social Security System (O.A.S.I.)	125,000.00	125,000.00	106,702.47	18,297.53	-
Public Employees' Retirement System	117,112.00	117,112.00	100,530.54	16,581.46	-
Public Employees' Retirement System Adjustment	10,000.00	10,000.00	-	10,000.00	-
Police and Firemen's Retirement System	829,254.00	829,254.00	829,254.00	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	1,137,169.26	1,137,169.26	1,092,290.27	44,878.99	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	9,510,569.26	9,943,461.26	9,160,124.28	783,336.98	-

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED		
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Passaic Valley Sewerage Commission	\$ 725,000.00	\$ 725,000.00	\$ 714,622.56	\$ 10,377.44	\$ -
East Rutherford Sewer Fees	5,000.00	5,000.00	-	5,000.00	-
Maintenance of Free Public Library	383,608.31	383,608.31	327,962.26	55,646.05	-
911 Interlocal Services Agreement (County of Bergen)	8,700.00	8,700.00	-	8,700.00	-
Recycling Tax Appropriation	2,000.00	2,000.00	-	2,000.00	-
Length of Service Award Program (LOSAP)	110,000.00	110,000.00	3,000.00	107,000.00	-
Shared Services Municipal Court	74,000.00	76,000.00	75,557.00	443.00	-
Shared Services Board of Health	22,580.00	23,080.00	23,035.00	45.00	-
<b>Total Other Operations Excluded from "CAPS"</b>	<b>1,330,888.31</b>	<b>1,333,388.31</b>	<b>1,144,176.82</b>	<b>189,211.49</b>	<b>-</b>
<b>Public and Private Programs Offset by Revenues</b>					
Matching Funds For Grants	2,469.00	2,469.00	2,469.00	-	-
Reserve for Recycling Tonnage	27,362.58	27,362.58	27,362.58	-	-
Reserve for Drunk Driving Enforcement Fund	-	-	-	-	-
Reserve for Alcohol Education & Rehabilitation	321.50	321.50	321.50	-	-
Reserve for Municipal Alliance on Alcoholism	20,709.88	20,709.88	20,709.88	-	-
Safe & Secure Program- 2020	60,000.00	60,000.00	60,000.00	-	-
Municipal Alliance	9,876.00	9,876.00	9,876.00	-	-
Chapter 159:	-	-	-	-	-
Alcohol Education and Rehabilitation	1,333.66	1,333.66	1,333.66	-	-
Clean Communities Grant	18,634.28	18,634.28	18,634.28	-	-
FEMA- COVID	41,431.06	41,431.06	41,431.06	-	-
US Department of Treasury- CARES Act	48,550.00	48,550.00	48,550.00	-	-
NJ Department of Treasury- Census Program	6,000.00	6,000.00	6,000.00	-	-
<b>Total Public and Private Programs Offset by Revenues</b>	<b>236,687.96</b>	<b>236,687.96</b>	<b>236,687.96</b>	<b>-</b>	<b>-</b>
<b>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>1,567,576.27</b>	<b>1,570,076.27</b>	<b>1,380,864.78</b>	<b>189,211.49</b>	<b>-</b>
<b>Detail:</b>					
Salaries and Wages	-	-	-	-	-
Other Expenses	1,567,576.27	1,570,076.27	1,380,864.78	189,211.49	-

(Continued Next Page)

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	APPROPRIATIONS		EXPENDED			
	Budget	Budget After Modification	Paid or Charged	Reserved	Lapsed	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	25,000.00	25,000.00	25,000.00	-	-	
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	775,000.00	775,000.00	775,000.00	-	-	
Payment of Bond Anticipation Notes and Capital Notes	57,253.00	57,253.00	57,253.00	-	-	
Interest on Bonds	282,225.00	282,225.00	282,225.00	-	-	
Interest on Notes	18,803.00	25,411.00	25,410.97	-	0.03	
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	13,121.00	13,121.00	13,120.65	-	0.35	
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	1,146,402.00	1,153,010.00	1,153,009.62	-	0.38	
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Emergency Authorizations	300,000.00	300,000.00	300,000.00	-	-	
Special Emergency Authorization- 3 Years (N.J.S.A. 40A:4-55.1)	90,000.00	90,000.00	90,000.00	-	-	
	390,000.00	390,000.00	390,000.00	-	-	
JUDGMENTS	-	-	-	-	-	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE-EXCLUDED FROM "CAPS"	3,128,978.27	3,138,086.27	2,948,874.40	189,211.49	0.38	
SUBTOTAL GENERAL APPROPRIATIONS	12,639,547.53	13,081,547.53	12,108,998.68	972,548.47	0.38	
Reserve for Uncollected Taxes	750,000.00	750,000.00	750,000.00	-	-	
TOTAL GENERAL APPROPRIATIONS	\$ 13,389,547.53	\$ 13,831,547.53	\$ 12,858,998.68	\$ 972,548.47	\$ 0.38	
	Reference	A-2	A-1, 2, Below	Below	A	A-1
Adopted Budget	\$ 13,389,547.53					
Special Emergency- COVID- Expenditures	57,000.00					
Emergency Authorization	385,000.00					
	\$ 13,831,547.53	Above				
	Reference					
Cash Expended	A-4		\$ 11,595,127.68			
Reserve for Uncollected Taxes	A-2		750,000.00			
Budget Offsets	A-4		(532,821.49)			
Grants Appropriated	A-21		236,687.96			
Due to Capital- Down payment on Improvements	C-7,9		25,000.00			
Due to Capital- Disbursements	C-7,9		14,000.00			
Deferred Charges - Payroll	B-12		53,413.26			
Deferred Charges- Trust	B-6		2,390.00			
Deferred Charges- Emergency	A-23		390,000.00			
Encumbrance Payable	A-13		325,201.27			
	Above		\$ 12,858,998.68			

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

**TRUST FUNDS**

BOROUGH OF WALLINGTON  
TRUST FUND  
DECEMBER 31, 2020 AND 2019

B

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

		<u>At December 31:</u>	
	<u>Reference</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
Animal License Fund:			
Cash	B-1	\$ 10,255.40	\$ 15,534.24
		10,255.40	15,534.24
Other Trust Funds:			
Cash	B-1	1,005,927.99	568,154.22
Due from Current Fund-Trust Fund	B-6	172,878.77	124,502.94
Due from Current Fund- Payroll	B-12		10,133.07
Due from Water Operating- Payroll	B-12	14,891.51	14,891.51
Deficit - Payroll	B-12	-	53,413.26
Deferred Charges- Overexpenditures	B-10	-	2,390.00
Total Cash		1,193,698.27	773,485.00
Length of Service Awards			
Investments	B-2	1,654,887.01	1,404,452.87
Intergovernmental Receivable (Estimated)	B-11	-	112,252.41
		1,654,887.01	1,516,705.28
<b>TOTAL ASSETS</b>		<b>\$ 2,858,840.68</b>	<b>\$ 2,305,724.52</b>

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

BOROUGH OF WALLINGTON  
TRUST FUND  
DECEMBER 31, 2020 AND 2019

B

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS

	<u>Reference</u>	<u>At December 31:</u>	
		<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVE AND FUND BALANCE			
Animal License Fund:			
Due to Current Fund	A,B-4	\$ 2,596.00	\$ 8,706.84
Due to State of New Jersey	B-5	31.20	21.00
Reserve for Animal License Expenditures	B-3	<u>7,628.20</u>	<u>6,806.40</u>
		<u>10,255.40</u>	<u>15,534.24</u>
Other Funds:			
Due to Current Fund -Payroll Account	B-12	26.80	-
Reserve for Payroll Withholdings Payable	B-12	96,558.37	98,101.45
Reserve for Escrow Deposits	B-8	44,797.28	31,247.28
Tax Lien Redemptions & Tax Sale Premiums Payable	B-9	392,437.18	307,679.60
Miscellaneous Reserves	B-10	419,810.24	309,871.32
Due to Water Utility Operating Fund	D	14,805.00	14,805.00
Reserve for Unemployment Compensation Insurance Claims	B-7	<u>225,263.40</u>	<u>11,780.35</u>
		<u>1,193,698.27</u>	<u>773,485.00</u>
Length of Service Awards			
Reserve for LOSAP Benefits	B-11	<u>1,654,887.01</u>	<u>1,516,705.28</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 2,858,840.68</u>	<u>\$ 2,305,724.52</u>

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

**GENERAL CAPITAL FUND**

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020 AND 2019

C

**COMPARATIVE BALANCE SHEETS- REGULATORY BASIS**

ASSETS	Reference	At December 31:	
		2020	2019
Cash	C-2,C-3	\$ 1,737,464.64	\$ 57,333.86
Grants Receivable	C-4	665,430.00	597,130.00
Due from Current Fund	A,C-7	12,555.00	743,557.73
Due from Water Utility Capital Fund	C-18	-	2,144,710.90
Deferred Charges to Future Taxation:			
Capital Improvement Fund	C-16	50,000.00	
Funded	C-5	7,602,597.66	8,960,019.71
Unfunded	C-6	3,567,434.00	2,358,447.00
<b>TOTAL ASSETS</b>		<b>\$ 13,635,481.30</b>	<b>\$ 14,861,199.20</b>
<b>LIABILITIES, RESERVE AND FUND BALANCE</b>			
General Serial Bonds	C-13	\$ 7,577,000.00	\$ 8,922,000.00
Bond Anticipation Notes	C-12	1,662,003.00	1,253,529.00
Green Acres Loan Payable	C-11	25,597.66	38,019.71
Improvement Authorizations			
Funded	C-8	1,021,477.92	782,766.55
Unfunded	C-8	2,140,233.59	1,626,818.59
Reserve for Premium on Bond Anticipation Notes	C-20	37,450.76	11,693.00
Capital Improvement Fund	C-9	17,977.00	15,702.00
Encumbrances Payable	C-15	501,624.01	199,317.42
Reserve for Purchase of Fire Equipment	C-14	11,595.00	11,595.00
Reserve for Payment of Bonds/BANS	C-10	420,623.40	479,057.00
Reserve for Grants Receivable	C-4	70,536.00	220,536.00
Due to Water Utility Operating Fund	C-19	-	1,299,802.00
Fund Balance	C-1	149,362.96	362.93
<b>TOTAL LIABILITIES, RESERVE AND FUND BALANCE</b>		<b>\$ 13,635,481.30</b>	<b>\$ 14,861,199.20</b>

Bonds and notes authorized but not issued on December 31, 2020 and 2019  
on Exhibit C-17 is \$1,905,431 and \$1,104,918 respectively.

C-1

**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

	Reference		
Balance December 31, 2019	C		\$ 362.93
Increased by:			
Adjustment	C-2	\$ 0.03	
NJ DOT Grant- Fully Funded Ordinance	C-2	149,000.00	
			149,000.03
Balance December 31, 2020	C		<b>\$ 149,362.96</b>

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, 2020 AND 2019**

**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**

		<b>D</b>	
		<b>At December 31,</b>	
<u>Reference</u>	<u>2020</u>	<u>2019</u>	
<b><u>ASSETS</u></b>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 916,983.73	\$ 927,383.40
Change Fund	D-8	100.00	100.00
Due from General Capital Fund	D-16	-	1,299,802.00
Due from Current Fund	D-17	-	494,060.92
Due from Other Trust Fund	B-9	14,805.00	14,805.00
		<u>931,888.73</u>	<u>2,736,151.32</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-9	228,390.39	262,875.11
Water Utility Liens Receivable	D-10	11,091.25	11,091.25
Total Receivables with Full Reserves		<u>239,481.64</u>	<u>273,966.36</u>
Total Assets Water Utility Fund		<u>\$ 1,171,370.37</u>	<u>\$ 3,010,117.68</u>
Capital Fund:			
Cash and Cash Equivalents	D-4,7	300,072.98	459,514.33
Fixed Capital	D-12	8,488,594.13	8,488,594.13
Fixed Capital Authorized and Uncompleted	D-13	1,390,000.00	640,000.00
Due from Water Utility Operating Fund	D-11	-	1,944,027.48
Due From Current Fund	D-6	-	43,237.36
Grants Receivable	D-26	40,200.00	40,200.00
Deferred Charges:			
Capital Improvement Fund	D-28	35,800.00	-
Total Capital Fund		<u>10,254,667.11</u>	<u>11,615,573.30</u>
<b>TOTAL ASSETS</b>		<u>\$ 11,426,037.48</u>	<u>\$ 14,625,690.98</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Operating Fund			
Liabilities:			
Appropriation Reserves	D-3, D-14	\$ 308,891.24	\$ 444,655.89
Reserve for Encumbrances	D-23	45,526.13	13,311.09
Equipment Reserve	D-15	3,862.00	3,862.00
Accrued Interest Payable	D-22	16,824.08	25,638.14
Due to Payroll Account	B	14,891.51	14,891.51
Due to Current Fund	D-17	12,745.16	-
Due to Water Utility Capital Fund	D-11	-	1,944,027.48
		<u>402,740.12</u>	<u>2,446,386.11</u>
Reserve for Receivables	D	239,481.64	273,966.36
Fund Balance	D-1	529,148.61	289,765.21
Total Operating Fund		<u>1,171,370.37</u>	<u>3,010,117.68</u>
Capital Fund			
Liabilities:			
Bond Anticipation Notes	D-25	4,629,997.00	4,726,222.00
Improvement Authorizations - Funded	D-18	2,351.07	21,384.43
Improvement Authorizations - Unfunded	D-18	462,573.48	76,910.45
Capital Improvement Fund	D-19	59.00	59.00
Reserve for Preliminary Study	D-19	31,120.92	32,154.24
Reserve for Amortization	D-20	4,049,139.13	3,952,914.13
Deferred Reserve for Amortization	D-21	404,800.00	369,000.00
Reserve for Payment of Bond Anticipation Notes	D-24	159,099.83	159,099.83
Reserve for Grants Receivable	D-26	40,200.00	40,200.00
Encumbrance Payable	D-27	384,770.32	2,361.96
Due to General Capital Fund	D-29	-	2,144,710.90
Fund Balance	D-5	90,556.36	90,556.36
Total Capital Fund		<u>10,254,667.11</u>	<u>11,615,573.30</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 11,426,037.48</u>	<u>\$ 14,625,690.98</u>
Bonds and Notes Authorized But Not Issued			
	D-30	\$ 794,658.00	\$ 80,458.00

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - OPERATING FUND  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

D-1

	Reference	December 31,	
<b><u>REVENUE AND OTHER INCOME REALIZED</u></b>		<u>2020</u>	<u>2019</u>
Fund Balance Utilized	D-2	\$ 250,000.00	\$ 200,000.00
Water Rents	D-2	2,082,064.16	1,907,285.55
Fire Hydrant Service	D-2	85,153.50	83,291.30
Miscellaneous Anticipated Revenues	D-2	13,397.91	24,035.33
Other Credits to Income:			
Other Misc. Revenue not Anticipated	D-4		6,271.77
Lapsed Appropriations	D-3	17,211.58	33,981.13
Unexpended Balance of Appropriation Reserves	D-14	330,222.69	265,454.87
Cancel 2018 Encumbrances	D-23	5,333.56	
		<u>2,783,383.40</u>	<u>2,520,319.95</u>
<b><u>EXPENDITURES</u></b>			
Budgetary and Emergency Appropriations:			
Operating	D-3	1,927,453.00	1,947,646.00
Debt Service	D-3	175,122.00	241,228.00
Statutory Expenditures & Deferred Charges	D-3	191,425.00	97,876.00
			0.05
		<u>2,294,000.00</u>	<u>2,286,750.05</u>
Excess in revenue		489,383.40	233,569.90
Fund Balance, beginning	D	289,765.21	256,195.31
Decreased by: Utilized by Water Operating Budget	D-2	250,000.00	200,000.00
Fund Balance, ending	D	<u>\$ 529,148.61</u>	<u>\$ 289,765.21</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - OPERATING FUND  
YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF REVENUES - REGULATORY BASIS**

				<b>D-2</b>
	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	D-1	\$ 250,000.00	\$ 250,000.00	\$ -
Water Rents	D-1	1,940,000.00	2,082,064.16	142,064.16
Fire Hydrant Service	D-1	80,000.00	85,153.50	5,153.50
Miscellaneous	D-1	24,000.00	13,397.91	(10,602.09)
		<u>\$ 2,294,000.00</u>	<u>\$ 2,430,615.57</u>	<u>\$ 136,615.57</u>
		D-3	Below, D-1	
 Fund Balance Utilized		D-1	\$ 250,000.00	
Water Collections		D-4,9	2,180,615.57	
			<u>\$ 2,430,615.57</u>	

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - OPERATING FUND  
YEAR ENDED DECEMBER 31, 2020**

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS**

							D-3
Reference	Budget	Modified Budget	Paid or Charged	Lapsed/Cancelled Appropriations	Appropriation Reserve	Appropriation Over-Expenditure	
Operating:							
Salaries and Wages	\$ 460,000.00	\$ 465,360.00	\$ 460,359.89	\$ -	\$ 5,000.11	\$ -	
Other Expenses	1,468,878.00	1,462,093.00	1,158,202.20	-	303,890.80	-	
Total Operating	D-1 1,928,878.00	1,927,453.00	1,618,562.09	-	308,890.91	-	
Debt Service:							
Payment of Bond Anticipation Notes	96,228.00	96,228.00	96,225.00	3.00	-	-	
Interest on Notes	78,894.00	78,894.00	61,685.42	17,208.58	-	-	
Total Debt Service	D-1 175,122.00	175,122.00	157,910.42	17,211.58	-	-	
Statutory Expenditures & Deferred Charges:							
Contribution to:							
Public Employees' Retirement System	60,000.00	60,000.00	60,000.00	-	-	-	
Social Security System (O.A.S.I.)	30,000.00	31,425.00	31,424.67	-	0.33	-	
Total Statutory Expenditures	D-1 90,000.00	91,425.00	91,424.67	-	0.33	-	
Surplus (General Budget)	D-1 100,000.00	100,000.00	100,000.00	-	-	-	
	<u>\$ 2,294,000.00</u>	<u>\$ 2,294,000.00</u>	<u>\$ 1,967,897.18</u>	<u>\$ 17,211.58</u>	<u>\$ 308,891.24</u>	<u>\$ -</u>	
Reference	D-1	D-1	Below	D-1	D	D-28	
Cash Disbursements -Operating	D-4		\$ 1,281,161.89				
Encumbrance Payable	D-23		45,526.13				
Cash Disbursements- Paid in Current Fund	D-17		579,523.74				
Interest on Notes	D-22		61,685.42				
Above			<u>\$ 1,967,897.18</u>				

See independent auditor's report and accompanying notes.

**GENERAL FIXED ASSETS**

BOROUGH OF WALLINGTON  
GENERAL FIXED ASSETS FUND  
DECEMBER 31, 2020 AND 2019

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

E

	At December 31,	
	2020	2019
<b>GENERAL FIXED ASSETS</b>		
Land	\$ 9,811,500.00	\$ 9,811,500.00
Buildings	7,151,400.00	7,151,400.00
Machinery and Equipment	7,124,891.00	6,965,394.00
<b>TOTAL GENERAL FIXED ASSETS</b>	<u>\$ 24,087,791.00</u>	<u>\$ 23,928,294.00</u>
<b>LIABILITIES AND RESERVES</b>		
Investments in General Fixed Assets	\$ 24,087,791.00	\$ 23,928,294.00
<b>TOTAL LIABILITIES AND RESERVES</b>	<u>\$ 24,087,791.00</u>	<u>\$ 23,928,294.00</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. Summary of Significant Accounting Policies**

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

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

**A. Reporting Entity**

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

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

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

**B. Fund Accounting**

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

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

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

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

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

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. Summary of Significant Accounting Policies (Continued)**

***B. Fund Accounting (continued)***

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

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

***C. Measurement Focus and Basis of Accounting***

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

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

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

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

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

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

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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 2020 and 2019, the Mayor and Council approved several budget transfers.

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

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

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

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

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

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

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

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

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

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019, \$0 of the Borough's bank balance of \$7,599,569.19 and \$6,709,716.67, respectively, was exposed to custodial credit risk.

**3. Investments**

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

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

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019, the Borough had no investments, other than LOSAP Trust Fund investments which are reported at fair value.

**4. Property Taxes Receivable, Tax Title Liens**

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

For the year ended December 31, 2020 and 2019, property taxes receivables were \$325,681.07 and \$659,039.75, respectively and tax title liens receivable were \$15,653.93 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).*

	2020	2019	2018
<u>Issued</u>			
General Capital Fund:			
Bonds and Notes Payable	\$ 9,264,601	\$ 10,213,549	\$ 11,032,979
Water Utility Capital Fund:			
Bonds and Notes Payable	4,629,997	4,726,222	4,822,447
Less Funds Temporarily Held to Pay Bond and Notes	420,623	479,057	383,050
 Total Issued	 13,473,975	 14,460,714	 15,472,376
 <u>Total Authorized But Not Issued</u>			
General Capital Fund:			
Bonds and Notes Payable	1,905,431	1,104,918	467,118
Water-Sewer Utility Capital Fund:			
Bonds and Notes Payable	794,658	80,458	80,458
Total Authorized But Not Issued	2,700,089	1,185,376	547,576
 Net Bonds and Notes Issued and Authorized But Not Issued	 \$ 16,174,064	 \$ 15,646,090	 \$ 16,019,952

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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 .935 % and 1.002% on December 31, 2020 and 2019 respectively. The Equalized Valuation Basis of the Borough at December 31, 2020 and 2019 was \$1,150,326,555.67 and \$1,095,343,766.33, respectively.

<u>2020 Debt Authorized</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 3,172,000	\$ 3,172,000	\$ -
Water Utility Capital Fund	5,450,253	5,424,655	25,598
General Capital Fund	11,144,434	420,623	10,723,811
	<u>\$ 19,766,687</u>	<u>\$ 9,017,278</u>	<u>\$ 10,749,409</u>

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

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

	<u>2020</u>	<u>2019</u>
3 1/2 % of Equalized Valuation Basis	\$ 40,261,429	\$ 38,337,032
Net Debt	10,749,409	10,976,086
Remaining Borrowing Power	<u>\$ 29,512,020</u>	<u>\$ 27,360,946</u>

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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, 2020:

	<u>2020</u>	<u>2019</u>
\$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)	\$ 4,340,000	
\$7,460,000, 2010 Bonds, due in annual installments of \$325,000 to \$500,000, through August 1, 2030, interest at 3% to 4% (Refunded on 07/9/20) (a)	-	\$ 5,360,000
\$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%	<u>3,237,000</u>	<u>3,562,000</u>
	<u>\$ 7,577,000</u>	<u>\$ 8,922,000</u>

- (a) The Borough refunded the General Improvement Bonds, Series 2010 with General Improvement Refunding Bonds, Series 2020 in the amount of \$4,340,000 dated July 9, 2020, 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>2020</u>	<u>2019</u>
\$211,000, 2002 Loans, due in annual installments of \$11,937 to \$12,926 through August 14, 2022, interest rate at 2%	\$ 25,598	\$ 38,020
	<u>\$ 25,598</u>	<u>\$ 38,020</u>

Utility Bonds

The Borough pledges revenue from operations to pay debt service on water utility bonds issued. The water utility had no outstanding bonds at December 31, 2020.

The Borough's principal and interest for long-term debt issued and outstanding at December 31, 2020 is as follows:

Calendar Year	<u>General</u> Bonds		<u>Loans</u>		Total
	Principal	Interest	Principal	Interest	
2021	\$ 740,000	\$ 254,534	\$ 12,672	\$ 449	\$ 1,007,655
2022	775,000	221,325	12,926	194	1,009,445
2023	825,000	197,325	-	-	1,022,325
2024	850,000	171,825	-	-	1,021,825
2025	870,000	145,825	-	-	
2026-2029	3,517,000	325,325	-	-	3,842,325
	<u>\$ 7,577,000</u>	<u>\$ 1,316,159</u>	<u>\$ 25,598</u>	<u>\$ 643</u>	<u>\$ 7,903,575</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**5. Municipal Debt (Continued)**

**C. Long-Term Debt (Continued)**

Long-term debt at December 31, 2020 and 2019 consisted of the following:

	Balance Dec. 31, 2019	Additions	Reductions	Balance Dec. 31, 2020	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	\$ 8,922,000	\$ 4,340,000	\$ 1,345,000	\$ 11,917,000	\$ 740,000
Total Bonds Payable	<u>8,922,000</u>	<u>4,340,000</u>	<u>1,345,000</u>	<u>11,917,000</u>	<u>740,000</u>
Other Liabilities:					
Pension Deferral Compensated Absences Payable	\$ 139,357		\$ 4,141	\$ 135,216	\$ 5,325
	<u>1,435,552.00</u>	<u>57,157</u>		<u>1,492,709</u>	
Total Other Liabilities	<u>1,574,909</u>	<u>57,157</u>	<u>4,141</u>	<u>1,627,925</u>	<u>5,325</u>
Totals	<u>\$ 10,496,909</u>	<u>\$ 4,397,157.00</u>	<u>\$ 1,349,141</u>	<u>\$ 13,544,925</u>	<u>\$ 745,325</u>

**Overlapping Debt**

County of Bergen (1) – Borough’s share (.656%)	\$9,852,726
Passaic Valley Sewerage Commission (2)	<u>1,003,900</u>
<b>Total Overlapping Debt</b>	<b>\$10,856,626</b>

(1) The County of Bergen has \$1,501,939,983 in gross long-term and temporary debt. The Borough’s net share is obtained by dividing the Borough’s equalized valuation \$1,214,774,442 by the County’s equalized valuation \$185,063,253,183.

(2) Overlapping debt was computed as of December 31, 2019 based upon 2019 Wallington billing compared to 2019 total billing.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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>2020</u>	<u>2019</u>
13-10	1.00%	8/20/2021	\$ 83,841	\$ 105,894
15-04	1.00%	8/20/2021		105,856
15-14	1.00%	8/20/2021		84,879
17-07	1.00%	8/20/2021	480,900	480,900
17-03	1.00%	8/20/2021	476,000	476,000
19-10		8/20/2021	190,000	
20-04		8/20/2021	431,262	
			<u>\$ 1,662,003</u>	<u>\$ 1,253,529</u>
<u>Water Capital Fund: Ordinance #</u>				
11-07	1.00%	8/20/2021	\$ 1,640,505	\$ 1,663,290
12-21	1.00%	8/20/2021	1,967,085	1,993,668
12-22	1.00%	8/20/2021	285,695	289,556
14-13	1.00%	8/20/2021	539,788	580,192
15-05	1.00%	8/20/2021	196,924	199,516
			<u>\$ 4,629,997</u>	<u>\$ 4,726,222</u>

***E. Bonds Authorized but not Issued***

As of December 31, 2020 and 2019 the Borough had authorized but not issued bonds as follows:

	<u>2020</u>	<u>2019</u>
General Capital Fund	\$ 1,905,431	\$ 1,104,918
Water Utility Capital Fund	794,658	80,458

***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, 2020 and 2019, the Borough had \$360,000 and \$450,000 outstanding Current Fund Special Emergency notes.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

**A. Water Utility**

	<u>2020</u>	<u>2019</u>
Cash Receipts from Fees, Rents or Other Charges & Credits	\$ 2,783,383.40	\$ 2,520,319.95
Deductions:		
Operating and Maintenance Cost	\$ 2,118,878.00	\$ 2,045,522.00
Debt Service per Water Account	<u>175,122.00</u>	<u>241,228.00</u>
Total Deductions	<u>2,294,000.00</u>	<u>2,286,750.00</u>
Excess (Deficit) in Revenue - Self Liquidating	<u>489,383.40</u>	<u>233,569.95</u>
Deficit Capitalized at 5% for Inclusion in Net Debt	<u>\$ 9,787,668.00</u>	<u>\$ 4,671,399.00</u>

**7. Capital Lease Agreements**

The Borough entered into an agreement for leasing of 2020 Ford Police Vehicle with a value of \$52,099 under capital leases. The capital lease agreement for a term of 3 years.

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

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

The following is a schedule of future minimum lease payments under capital leases, and present value of the minimum lease payments at December 31, 2020.

<u>For the Years Ended December 31,</u>	<u>Amount</u>
2021	\$ 43,960
2022	<u>18,605</u>
	62,565
Less: Amounts Representing Interest	<u>(6,318)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 56,247</u>

**8. Interfund Receivables and Payables**

Interfund receivables and payables at December 31, 2020 and 2019 were as follows:

<u>Fund Type</u>	<u>2020</u>		<u>2019</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Receivables</u>	<u>Payables</u>
Current Fund	\$ 17,080.96	\$ 187,146.77	\$ 46,679.76	\$ 1,453,464.94
Trust Fund	187,770.28	17,427.80	187,500.44	61,484.76
Capital Fund	12,555.00		2,888,268.63	1,299,802.00
Water Operating Fund	14,805.00	27,636.67	1,808,667.92	1,958,918.99
Water Capital Fund			<u>1,987,264.84</u>	<u>2,144,710.90</u>
	<u>\$ 232,211.24</u>	<u>\$ 232,211.24</u>	<u>\$ 6,918,381.59</u>	<u>\$ 6,918,381.59</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**9. Fund Balances Appropriated**

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2020 and 2021, were as follows:

		<u>2021 Budget</u>		<u>2020 Budget</u>
Current Fund	\$	440,000.00	\$	700,000.00
Water Utility Operating Fund		250,000.00		250,000.00

**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 \$115,600.87 and \$92,448.06 for the year ended December 31, 2020 and 2019, 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, 2020 and 2019 is \$135,216 and \$139,357 respectively.

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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 1/55<sup>th</sup> 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, 2020 and June 30, 2019, the Borough has disclosed a liability of \$2,386,742 and \$2,967,985, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018. 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, 2020 and 2019. At June 30, 2020, the Borough's proportion was .01463596%, which was a decrease of .001836% from its proportion measured as of June 30, 2019 of .0164719%.

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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, 2020, the Borough recognized pension expense of \$177,112 as measured at June 30, 2020. At June 30, 2020, the Borough had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	June 30, 2020		June 30, 2019	
	<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	\$ 43,459	\$ 8,441	\$ 53,271	\$ 13,111
Changes of assumptions	77,429	999,351	296,364	1,030,178
Net difference between projected and actual earnings on pension plan investments	81,581			46,851
Changes in proportion and differences between Borough and proportionate share of contributions	76,361	398,725	146,642	133,753
Borough contributions subsequent to the measurement date				
<b>Total</b>	<u>\$ 278,830</u>	<u>\$ 1,406,517</u>	<u>\$ 496,277</u>	<u>\$ 1,223,893</u>

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

	<u>Year Ended June 30:</u>
2021	\$ (299,492)
2022	(273,046)
2023	(156,039)
2024	(63,099)
2025	(13,647)
<b>Total</b>	<u>\$ (805,324)</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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the years for the 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 1,383,360,202	\$ 1,838,191,132
Collective deferred inflows of resources	6,885,726,332	6,333,756,090
Collective net pension liability (Non-State-Local Group)	16,435,616,426	18,143,832,135
Borough's portion of net pension liability	2,386,742	2,967,985
Borough's proportion %	0.01464%	0.01647%

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**12. Pension Plans (Continued)**

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

*Actuarial assumptions.* The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00 % at June 30, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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 6.85% as of June 30, 2020 and 2019, 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 78% 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, 2020 and 2019, calculated using the discount rate of 7.00% and 6.85%, 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>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Borough's proportionate share of the net pension liability	\$ 3,004,510	\$ 2,386,742	\$ 1,862,549

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

*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 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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, 2020 and June 30, 2019, the Borough has disclosed a liability of \$10,064,353 and \$9,094,078, respectively, for its proportionate share of the net pension liability for reporting purposes only. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018. 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, 2020 and 2019. At June 30, 2020, the Borough's proportion was 0.0778895%, which was an increase of 0.0035784% from its proportion measured as of June 30, 2019 of .0743111%.

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, 2020 and 2019 respectively was \$1,561,942 and \$1,435,972.

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

For the year ended December 31, 2020, the Borough recognized pension expense of \$829,254. At December 31, 2020 as measured on June 30, 2020, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	June 30, 2020		June 30, 2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 101,466	\$ 36,120	\$ 76,766	\$ 57,576
Changes of assumptions	25,327	2,698,193	311,613	2,939,123
Net difference projected and actual earnings on pension plan investments	590,120			123,222
Changes in proportion and differences between Borough's and proportionate share of contributions	577,480	324,661	191,975	432,328
Borough contributions subsequent to the measurement date				
<b>Total</b>	<u>\$ 1,294,393</u>	<u>\$ 3,058,974</u>	<u>\$ 580,354</u>	<u>\$ 3,552,249</u>

See independent auditor's report.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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>
	2021	\$ (941,451)
	2022	(635,365)
	2023	(258,662)
	2024	(97,713)
	2025	<u>(84,209)</u>
Total		<u>\$ (2,017,400)</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 5.90, 5.92, 5.73, 5.59, 5.58, 5.53, and 6.17 years for the years for the 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 920,422,625	\$ 356,818,785
Collective deferred inflows of resources	3,510,501,347	4,032,630,773
Collective net pension liability (Non-State-Local Group)	14,926,648,722	14,170,193,618
Borough's portion of net pension liability	10,064,353	9,094,078
Borough's proportion %	0.07789%	0.07431%

*Actuarial assumptions.* The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, postretirement mortality rates were based on the PUB-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub 2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-US Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

*Discount rate.* The discount rate used to measure the total pension liability was 7.00% and 6.85% as of June 30, 2020 and 2019, 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 78% 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.

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019, calculated using the discount rate of 7.00% and 6.85%, 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>	June 30, 2020 <u>Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00)</u>
Borough's proportionate share of the net pension liability	\$ 13,383,518	\$ 10,064,353	\$ 7,307,533

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

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

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

*Funding Policy- PERS and PFRS*

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

Year Ended December 31,	PERS Amount	PFRS Amount
2020	\$ 177,112.00	\$ 829,254.00
2019	147,226.00	834,076.00
2018	157,416.00	723,057.00

**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 contribution for eligible members' life insurance and disability coverage under DCRP.

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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, 2020 and 2019.

**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 \$1,482 and \$1,459 for 2019 and 2018, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the plan. The total Borough contributions for 2019 deposited in 2020 were \$90,765.15. Borough contributions to be deposited in 2021 for 2020 will be deposited by October 2021.

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, 2020 and 2019.

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 2020, 2019, and 2018 year the Borough paid \$ 672,901, \$747,193, and 787,692, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

As of December 31, 2020, the most recent actuarial valuation date, there was no plan assets to offset the OPEB liability. The actuarial accrued OPEB liability for benefits was \$45,722,608 based upon a discount rate of 2.12% per annum and the plan provisions in effect on December 31, 2020. 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	\$	17,017,217
Total OPEB Liability Retired		28,705,391
Total OPEB Liability		45,722,608
Plan Fiduciary Net Position		-
Net OPEB Liability	\$	<u>45,722,608</u>
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 2020, 2019, 2018, and 2017 the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	2020	2019	2018	2017
Annual Required Contribution- Service Costs	\$ 519,826.00	\$ 586,107.00	\$ 586,107.00	\$ 2,398,504
Interest on Net OPEB Obligation- Over Measurement Period	1,161,178.00	1,527,910.00	1,468,478.00	538,601
Changes in Assumptions	2,490,892.00	3,689,465.00		
Annual OPEB Cost (Expense)	<u>4,171,896</u>	<u>5,803,482</u>	<u>2,054,585</u>	<u>2,937,105</u>
Contributions Made	<u>(616,356)</u>	<u>(632,784)</u>	<u>(577,308)</u>	<u>(770,941)</u>
Increase in Net OPEB Obligation	3,555,540	5,170,698	1,477,277	2,166,164
Net OPEB Obligation- Beginning of Year	42,167,069	36,996,371	35,519,094	11,968,909
GASB 75 Adjustment *				21,384,021
Net OPEB Obligation- End of Year	<u>\$ 45,722,609</u>	<u>\$ 42,167,069</u>	<u>\$ 36,996,371</u>	<u>\$ 35,519,094</u>

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

**BOROUGH OF WALLINGTON  
NOTES TO FINANCIAL STATEMENTS  
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**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	1,161,178
Recognition of Assumption Charges	<u>632,554</u>
<b>Total GASB 75 OPEB Expense Recognized</b>	<b><u>\$ 2,313,558</u></b>

**Summary of Deferred Outflows and Inflows to OPEB Expense:**

	<u>For Year Ended 12/31/2020</u>		<u>For Year Ended 12/31/2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	5,169,396	-	3,311,058	-
<b>Total</b>	<b><u>\$ 5,169,396</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,311,058</u></b>	<b><u>\$ -</u></b>

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>
2021	\$ 632,554
2022	632,554
2023	632,554
2024	632,554
2025	632,554
Thereafter	<u>2,006,626</u>
<b>Total</b>	<b><u>\$ 5,169,396</u></b>

**Actuarial Methods, Assumptions and Basis of Valuation**

**Basis of Valuation**

The valuation performed by Cirkiel Actuarial Consulting LLC, was conducted as of December 31, 2020 based upon census, plan design and claims information provided by The Fund. Census includes 37 retirees and spouses currently receiving retiree benefits, and 32 active participants of whom 4 are eligible to retire as of the valuation date. The average age of the active population is 45 and the average age of the retiree population is 72.

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

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2019 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, 2019 report from Aon Consultants.

See independent auditor's report.

**BOROUGH OF WALLINGTON  
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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	2.74% Based on the Bond Buyer 20 Index December 31, 2019 2.12% Based on the Bond Buyer 20 Index December 31, 2020
Rate of Salary Increase	2.5%
Consumer Price Index	2.5%
Medical Trend	Medical: 5.6% in 2020, reducing by .1% per annum, leveling at 5% per annum in 2026 Drug: 9 % in 2020, reducing by .5% per annum to 2022 and 1% per annum thereafter, leveling at 5% per annum in 2026
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

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

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2020 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 (45) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. When actual data is not available, post 65 costs are decreased using the assumption that Medicare picks up 66.7% of medical costs.

Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree 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. 2020 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%</u> <u>Decrease</u> (1.12%)	<u>Current</u> <u>Discount Rate</u> (2.12%)	<u>1%</u> <u>Increase</u> (3.12%)
Borough's proportionate share of OPEB Liability	\$ 40,456,602	\$ 45,722,608	\$ 52,196,922

**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, 2020 would increase, and if it were to decrease by 1% the Net OPEB liability would decrease.

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Health Care Trend Rate</u>	<u>1%</u> <u>Increase</u>
Borough's proportionate share of OPEB Liability	\$ 40,456,602	\$ 45,722,608	\$ 52,196,922

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**BOROUGH OF WALLINGTON  
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**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 and deficit of the funds attributable to a membership year during which the municipality was a member.

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

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

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

Year Ended December 31,	Borough/ Employee Contributions	Ending Balance
2020	\$ 213,483	\$ 225,263
2019	6,148	11,780
2018	5,473	43,835

During 2020, it was discovered that the Borough had not been receiving quarterly unemployment invoices, in that they had been mailed to the payroll vendor and not given to the Borough. The amounts due date back to 2010 approximate \$450,000. The Borough has adopted a \$450,000 special emergency ordinance on April 25, 2019 to fund the unemployment assessments.

See independent auditor's report.

**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, 2020 and 2019, the total accumulated absence liability was \$1,492,709 and \$1,435,552, 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 vigorously is defending its assessments in each case. Under the accounting principles prescribed by the DLGS, the Borough does not recognize a liability, if any, until these cases have been adjudicated and may be material. Immaterial appeals are funded through budget appropriations or fund balance.

In 2021, two material tax appeals were settled as follows:

Farmland Dairies v. Borough of Wallington, the Borough intends to finance the refund of the overpayment in multi-year periods using tax appeal refunding notes.

52 Van Dyke LLC V. Borough of Wallington, the judgement resulted in an overpayment of tax assessments for 2017-2020. The tax overpayment for those years will be used to offset the increase in taxes when the property is improved and added assessment is made by the tax assessor.

*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, 2020 and 2019, 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 2020 and 2019 the Borough paid eight employees a total of \$48,971.79 and \$46,844.85 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, 2020 AND 2019**

**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 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 2020 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, 2020, other than the Swim Pool which had to be closed for the season. 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. Additionally, the Borough prepared and balanced the 2021 budget and considered the potential impact the Pandemic could have on Borough operations. Management believes that the fund balance available as of December 31, 2020, 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 July 19, 2021, which is the date the financial statements were available to be issued. The 2021 Municipal Budget was adopted on June 10, 2021.

On February 11, 2021, the Borough adopted Ordinance #2021-01 for New Library Construction in the amount of \$3,350,000. The Borough was awarded \$1,525,475 New Jersey Library Construction Bond Act Grant Award for the construction of a new library under Ordinance # 2021-01. Additional funds for the library construction include contributions from the library in the amount of \$1,220,000 and the borough ordinance appropriated \$604,525 in authorized debt. The land for the construction of the new library was donated by Wallington VFW.

On February 11, 2021, the Borough adopted Ordinance #2021-02 for Crescent Road Park Drainage Improvements in the amount of \$280,000, with \$126,997 funded by Bergen County Open Space Grant, \$7,303 down payment and \$145,700 debt authorized.

On March 17, 2021, the Borough adopted Ordinance #2021-06 for Acquisition of Real Property in the amount of \$600,000 to be funded by capital improvement fund down payment of \$30,000 and \$570,000 authorized debt.

On April 19, 2021 the Borough approved a resolution to cancel capital ordinances for completed projects. The resolution cancels projects in the amount of \$571,488.16 to reserve for payment of BANS and Bonds, \$111,142 to Surplus and \$11,759 to grants receivable.

On April 19, 2021, the Borough entered into judgements for the settlement in Farmland Dairies v. Borough of Wallington appeal.

On May 1, 2021, they entered judgement for the settlement in 52 Van Dyke LLC v. Borough of Wallington appeal.

**SUPPLEMENTARY DATA – CURRENT FUND**

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

SCHEDULE OF CASH - TREASURER

A-4

	Reference			
Balance December 31, 2019	A		\$	4,246,465.61
Increased by:				
Budgeted Revenue	A-2	\$		1,455,660.33
Non-Budget Revenues	A-2			157,935.20
Taxes Receivable	A-7			29,779,007.15
Tax Title Liens Receivable	A-8			-
Prepaid Taxes	A-15			115,600.87
Budget Offsets	A-3			532,821.49
Due from State of New Jersey -				
Senior Citizens' & Veterans' Deductions	A-14			50,750.00
Tax Overpayments	A-16			50,760.23
Miscellaneous Fees Received	A-19			5,267.00
Grants Unappropriated	A-22			2,430.49
Grants Receivable	A-20			147,125.07
Special Emergency Notes	A-24			360,000.00
Reserve for Library Aid	A-25			4,912.00
Due to Trust Fund	B-6			214,090.02
Due from Animal License Fund	B-4			8,706.84
Intrafunds Contra	Contra			510,588.46
Due to Capital Fund- Interfunds	C-7			658,105.14
BANS Received in Current Fund	C-7			1,662,003.00
BAN Premiums Received in Current	C-7			37,450.76
Due to Water Capital- BANS Received	D-25			4,629,997.00
Due from Water Operating Fund	D-17			72,717.66
				40,455,928.71
				44,702,394.32
Decreased by:				
2020 Budget Appropriations	A-3			11,595,127.68
2019 Appropriation Reserves	A-12			546,537.76
PY Encumbrances Paid	A-13			136,688.57
Refund of Tax Overpayments	A-16			7,649.61
County Tax	A-17			2,892,996.03
Local District School Tax	A-18			16,769,394.00
Miscellaneous Fees Payable	A-19			7,742.00
Appropriated Grant Reserves	A-21			405,840.54
Emergency Notes Paid	A-24			450,000.00
State Library Aid Expenditures	A-25			-
Insurance Reserve Expenditures	A-27			1,681.13
Intrafunds Contra	Contra			510,588.46
Due from Capital Fund- Interfunds	C-7			1,858,265.63
Capital Expenditures Paid In Current	C-7			1,445.00
BANS Paid In Current Fund	C-7			1,196,276.00
Due to Payroll Account	B-12			63,536.40
Due from Trust Fund	B-6			168,104.19
Due to Water Capital - Interfund	D-6			43,237.36
Due from Water Operating- Expenditures	D-17			479,523.73
Due from Water Capital- BANS Paid	D-25			4,629,997.00
Bank Rec Adjustment	A-1			9,701.46
				41,774,332.55
Balance December 31, 2020	A		\$	2,928,061.77

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-5

SCHEDULE OF CASH - CHANGE FUND

	<u>Reference</u>	
Balance December 31, 2019	A	\$ <u>100.00</u>
Balance December 31, 2020	A	\$ <u><u>100.00</u></u>

A-6

SCHEDULE OF PETTY CASH FUND

	<u>Reference</u>	
Balance December 31, 2019	A	\$ <u>100.00</u>
Balance December 31, 2020	A	\$ <u><u>100.00</u></u>

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-7

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

	Balance <u>Dec. 31, 2019</u>	2020 <u>Levy</u>	<u>Collections</u>		<u>Transfer to Lien</u>	<u>Added Canceled/ Judgments</u>	Balance <u>Dec. 31, 2020</u>
			<u>2019</u>	<u>2020</u>			
2019 & Prior Yr Taxes	\$ 659,039.75	\$ -	\$ -	\$ 590,152.77	\$ 15,653.93	\$ (42,982.57)	\$ 10,250.48
2020 Taxes	<u>                    </u>	<u>29,791,205.31</u>	<u>92,448.06</u>	<u>29,239,854.38</u>	<u>                    </u>	<u>(143,472.28)</u>	<u>315,430.59</u>
	<u>\$ 659,039.75</u>	<u>\$ 29,791,205.31</u>	<u>\$ 92,448.06</u>	<u>\$ 29,830,007.15</u>	<u>\$ 15,653.93</u>	<u>\$ (186,454.85)</u>	<u>\$ 325,681.07</u>
Reference	A	Below	A-16	Below	A-8		A
			<u>Reference</u>				
Cash Receipts			A-4	\$ 29,779,007.15			
State of NJ - Realized Seniors' and Veterans' Deductions			A-14	<u>51,000.00</u>			
			Above	<u>\$ 29,830,007.15</u>			
<u>Analysis of 2019 Property Tax Levy</u>							
General Purpose Tax		\$ 29,712,151.52					
Added Taxes (54:4-63.1 et. seq.)		71,331.46					
Additional taxes added - 6% Penalty		<u>7,722.33</u>					
		<u>\$ 29,791,205.31</u>	Above, Below				
<u>Tax Levy</u>							
Local District School							
Tax (Abstract)		\$ 16,769,394.00	A-18				
County Taxes		2,766,305.17	A-17				
Added County Taxes/Open Space		6,936.60	A-17				
County Open Space		116,192.43	A-17				
Local Tax for Municipal Purposes		10,054,062.57	A-2				
Added Taxes - Local Purposes		<u>78,314.54</u>					
		<u>\$ 29,791,205.31</u>	Above				

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-8

**SCHEDULE OF TAX TITLE LIENS**

	<u>Reference</u>	
Balance December 31, 2019	A	\$ -
Increased by:		
Interest and Costs / 6% Penalty		
Transfer from Taxes	A-7	15,653.93
		15,653.93
Decreased by:		
Payments	A-2,4	15,653.93
Canceled- Prior Year Adjustment for foreclosures		
		-
		-
 Balance December 31, 2020	 A, Below	 \$ <u><u>15,653.93</u></u>

A-9

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

	<u>Reference</u>	
Balance December 31, 2019	A	\$ -
 Balance December 31, 2020	 A	 \$ -

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-10

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance December 31, <u>2019</u>	Accrued <u>in 2020</u>	Collected <u>in 2020</u>	Balance December 31, <u>2020</u>
Licenses				
Alcoholic Beverages	\$ -	\$ 14,188.00	\$ 14,188.00	\$ -
Other	-	13,701.00	13,701.00	-
Fees & Permits		24,134.56	24,134.56	
Fines and Costs	17,967.59	125,879.21	128,165.60	15,681.20
Interest and Costs on Taxes	-	125,157.27	125,157.27	-
Interest on Investments and Deposits	-	40,622.44	40,622.44	-
Energy Receipts Taxes	-	667,440.00	667,440.00	-
Consolidated Municipal Property Tax Relief Aid	-	6,014.00	6,014.00	-
Uniform Construction Code Fees	-	104,388.00	104,388.00	-
Uniform Fire Safety	-	30,515.16	30,515.16	-
Contribution from Board of Education	-	66,781.00	66,781.00	-
Cell Tower Rental Fee	-	57,908.86	57,908.86	-
Other Rental Income	-	59,850.00	59,850.00	-
CATV Franchise Fee	-	116,794.44	116,794.44	-
	-	-	-	-
	<u>\$ 17,967.59</u>	<u>\$ 1,453,373.94</u>	<u>\$ 1,455,660.33</u>	<u>\$ 15,681.20</u>
<u>Reference</u>	A		A-2,4	A

A-11

**SCHEDULE OF RESERVE FOR REVALUATION**

	<u>Reference</u>	
Balance December 31, 2019	A	\$ 2,770.00
Increased by:		
Special Emergency- Revaluation- Update	A-23	<u>2,770.00</u>
Decreased by:		
Disbursements- Revaluation Paid in Capital Fund	C-7	<u>-</u>
Balance December 31, 2020	A	<u>\$ 2,770.00</u>

BOROUGH OF WALLINGTON  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

A-12

SCHEDULE OF 2019 APPROPRIATION RESERVES

	Balance Dec. 31, 2019	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
<b>OPERATIONS -WITHIN "CAPS"</b>								
<b>GENERAL GOVERNMENT</b>								
Mayor and Council								
Salaries and Wages	\$ 781.47	\$ -	\$ -	\$ 781.47	\$ -	\$ -	\$ 781.47	\$ -
General Administration								
Salaries and Wages	2,690.25			2,690.25			2,690.25	
Borough Clerk								
Salaries and Wages	453.79			453.79			453.79	
Other Expenses	2,344.56		5,000.00	7,344.56		6,455.53	889.03	
Financial Administration								
Salaries and Wages	1,688.42			1,688.42			1,688.42	
Other Expenses & Audit Services	7,485.96	491.72	10,000.00	17,977.68		17,977.78	(0.10)	
Special Accounting Services								
Grant Writer								
Other Expenses	0.07	2,916.67		2,916.74			2,916.74	
Revenue Administration								
Salaries and Wages	5,609.67			5,609.67			5,609.67	
Other Expenses	1,231.36			1,231.36		1,200.00	31.36	
Assessment Administration								
Salaries and Wages	62.80			62.80			62.80	
Other Expenses	8,067.56			8,067.56		4,785.00	3,282.56	
Legal Services and Costs								
Other Expenses	121,832.98	7,782.00		129,614.98		125,948.98	3,666.00	
Engineering Services and Costs								
Other Expenses	11,961.40			11,961.40		11,867.08	94.32	
Planning Board								
Salaries and Wages	438.48			438.48			438.48	
Other Expenses	20,502.88			20,502.88		2,490.00	18,012.88	
Zoning Board of Adjustment								
Salaries and Wages	330.00			330.00			330.00	
Other Expenses	7,545.69			7,545.69		2,287.70	5,257.99	
Insurance								
Unemployment Insurance	212,812.61			212,812.61		212,812.61		
Employee Group Health	126,480.56			126,480.56		(99.00)	126,579.56	
Health Benefit Waiver	5,275.15			5,275.15			5,275.15	
Liability	14,135.00			14,135.00			14,135.00	
Liability (South Bergen JIF)	79,653.46			79,653.46		57,516.00	22,137.46	
Worker's Compensation (South Bergen JIF)	83,361.68			83,361.68		57,516.00	25,845.68	

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, 2020

A-12

SCHEDULE OF 2019 APPROPRIATION RESERVES

OPERATIONS - WITHIN "CAPS" (Continued)	Balance Dec. 31, 2019	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
<b>PUBLIC SAFETY FUNCTIONS</b>								
Police								
Salaries and Wages	\$ 76,934.31	\$ -	\$ -	\$ 76,934.31	\$ -	\$ -	\$ 76,934.31	\$ -
Other Expenses	1,074.12	26,615.08	-	27,689.20	-	26,176.87	1,512.33	-
Uniform Fire Safety								
Salaries and Wages	34.32			34.32	-		34.32	-
Other Expenses	359.67			359.67	-		359.67	-
Fire Department- Other Expense	1,866.58	40,111.46		41,978.04	-	27,603.58	14,374.46	-
Fire Prevention Bureau								
Other Expenses	2,098.68			2,098.68	-	640.00	1,458.68	-
Emergency Management Services								
Other Expenses	1,000.00			1,000.00	-		1,000.00	-
FMS								
Other Expenses	1,417.32		1,500.00	2,917.32	-	2,917.32	-	\$ -
Clothing Allowance	2,205.26	2,836.68		5,041.94	-	500.00	4,541.94	-
Municipal Prosecutor								
Salaries and Wages	872.00			872.00	-		872.00	-
Public Defender								
Other Expenses								
<b>PUBLIC WORK FUNCTIONS</b>								
Street and Road Maintenance								
Salaries and Wages	10,749.61			10,749.61	-		10,749.61	-
Other Expenses	1,475.90	21,166.49		22,642.39	-	6,241.90	16,400.49	-
Shade Tree								
Other Expenses	0.56	12,267.00		12,267.56	-	1,380.08	10,887.48	-
Solid Waste Collection								
Salaries and Wages	157.19			157.19	-		157.19	-
Other Expenses	31,402.64		(17,500.00)	13,902.64	-		13,902.64	-
Buildings and Grounds								
Other Expenses	2,002.17	3,335.34		5,337.51	-	2,740.72	2,596.79	-

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, 2020

A-12

SCHEDULE OF 2019 APPROPRIATION RESERVES

	Balance Dec. 31, 2019	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
<b>OPERATIONS - WITHIN "CAPS" (Continued)</b>								
<b>HEALTH AND WELFARE</b>								
Board of Health								
Salaries and Wages	\$ 450.24	\$ -	\$ -	\$ 450.24	\$ -	\$ -	\$ 450.24	\$ -
Other Expenses	4,737.16	461.49	-	5,198.65	-	465.00	4,733.65	-
Animal Control Services								
Other Expenses	1,000.00	-	-	1,000.00	-	-	1,000.00	-
<b>PARK AND RECREATION FUNCTIONS</b>								
Board of Recreation Commissioners (R.S. 40-17.1)								
Salaries and Wages	2,000.04	-	-	2,000.04	-	-	2,000.04	-
Other Expenses	-	3,800.98	-	3,800.98	-	3,000.00	800.98	-
Senior Citizens								
Other Expenses	101.61	-	-	101.61	-	-	101.61	-
Maintenance of Parks								
Other Expenses	1,055.71	-	-	1,055.71	-	-	1,055.71	-
Celebration of Public Events								
Other Expenses	2,131.98	163.66	-	2,295.64	-	-	2,295.64	-
<b>UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)</b>								
Construction Code Official								
Salaries and Wages	6,337.94	-	-	6,337.94	-	-	6,337.94	-
Other Expenses	1,373.96	-	-	1,373.96	-	-	1,373.96	-
Other Code Enforcement and Functions								
Rent Leveling Board								
Salaries and Wages	1,600.00	-	-	1,600.00	-	-	1,600.00	-

BOROUGH OF WALLINGTON  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

A-12

SCHEDULE OF 2019 APPROPRIATION RESERVES

	Balance Dec. 31, 2019	Encumbrances	Transfers	Balance After Transfers	Reimbursement	Paid or Charged	Balance Lapsed	Over Expenditure
<b>OPERATIONS - WITHIN "CAPS" (Continued)</b>								
<b>UTILITIES</b>								
Electricity	\$ 11,211.06	\$ -	\$ -	\$ 11,211.06	\$ -	\$ 7,089.80	\$ 4,121.26	\$ -
Street Lighting	14,673.70	-	-	14,673.70	-	7,367.14	7,306.56	-
Communications	1,377.93	30.00	-	1,407.93	-	911.22	496.71	-
Sewerage Processing and Disposal	-	-	-	-	-	-	-	-
Other Expenses	2,448.16	14,470.00	-	16,918.16	-	2,865.00	14,053.16	-
Gasoline	4,467.94	-	-	4,467.94	-	-	4,467.94	-
<b>Municipal Court</b>								
Salaries and Wages	648.22	-	-	648.22	-	-	648.22	-
Other Expenses	98.11	-	-	98.11	-	-	98.11	-
<b>Public Defender</b>								
Other Expenses	50.00	-	-	50.00	-	-	50.00	-
<b>TOTAL OTHER EXPENSES WITHIN "CAPS"</b>	<b>904,159.89</b>	<b>136,448.57</b>	<b>(1,000.00)</b>	<b>1,039,608.46</b>	<b>-</b>	<b>590,656.31</b>	<b>448,952.15</b>	<b>-</b>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>								
Social Security System (O.A.S.I.)	19,390.44	-	-	19,390.44	-	-	19,390.44	-
Public Employees' Retirement System	38,526.26	-	-	38,526.26	-	-	38,526.26	-
Public Employees' Retirement System- Adjustment	12,000.00	-	-	12,000.00	-	-	12,000.00	-
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>	<b>69,916.70</b>	<b>-</b>	<b>-</b>	<b>69,916.70</b>	<b>-</b>	<b>-</b>	<b>69,916.70</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>								
Passaic Valley Sewerage	20,128.70	-	-	20,128.70	-	-	20,128.70	-
East Rutherford Sewer Fees	6,500.00	-	-	6,500.00	-	-	6,500.00	-
Recycling Tax Appropriation	9,806.30	-	-	9,806.30	-	-	9,806.30	-
Maintenance of Free Public Library	4,940.53	-	1,000.00	5,940.53	-	1,064.87	4,875.66	-
Shared Services Municipal Court	286.00	-	-	286.00	-	-	286.00	-
Interlocal Services Agreement (County of Bergen )	198.75	-	-	198.75	-	-	198.75	-
Length of Service Award Program (LOSAP)	110,000.00	-	-	110,000.00	-	91,265.15	18,734.85	-
DDEF Grant	-	240.00	-	240.00	-	240.00	-	-
<b>TOTAL OTHER EXPENSES EXCLUDED FROM "CAPS"</b>	<b>151,860.28</b>	<b>240.00</b>	<b>1,000.00</b>	<b>153,100.28</b>	<b>-</b>	<b>92,570.02</b>	<b>60,530.26</b>	<b>-</b>
<b>JUDGMENTS</b>	<b>20,000.00</b>	<b>-</b>	<b>-</b>	<b>20,000.00</b>	<b>-</b>	<b>-</b>	<b>20,000.00</b>	<b>-</b>
<b>TOTAL RESERVES EXCLUDED FROM "CAPS"</b>	<b>171,860.28</b>	<b>240.00</b>	<b>1,000.00</b>	<b>173,100.28</b>	<b>-</b>	<b>92,570.02</b>	<b>80,530.26</b>	<b>-</b>
<b>TOTAL RESERVES</b>	<b>\$ 1,145,936.87</b>	<b>\$ 136,688.57</b>	<b>\$ -</b>	<b>\$ 1,282,625.44</b>	<b>\$ -</b>	<b>\$ 683,226.33</b>	<b>\$ 599,399.11</b>	<b>\$ -</b>
	A	A-13		A		Below		
				Paid	A-4	\$ 546,537.76		
				Encumbrances Paid	A-4	136,688.57		
						<u>\$ 683,226.33</u>		
				Lapsed App. Reserves	A-1	\$ 589,296.82		
				Encumbrance Payable	A-13	10,102.29		
						<u>\$ 599,399.11</u>		

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-13

**SCHEDULE OF ENCUMBRANCES**

	<u>Reference</u>		
Balance December 31, 2019	A		\$ 184,032.85
Increased by:			
Charges to 2019 Appropriations	A-12	10,102.29	
Charges to 2020 Appropriations	A-3	325,201.27	
			335,303.56
			519,336.41
Decreased by:			
Payments	A-4, A-12	136,688.57	
Canceled Prior Year Encumbrances	A-1	47,344.28	
			184,032.85
Balance December 31, 2020	A		\$ 335,303.56
Analysis of Balance			
2019 Encumbrances	A-12		\$ 10,102.29
2020 Encumbrances	A-3		325,201.27
			\$ 335,303.56

A-14

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

	<u>Reference</u>		
Balance December 31, 2019	A		\$ 4,173.29
Increased by:			
Senior Citizens' Deductions Per Tax Billings		15,500.00	
Veterans' Deductions Per Tax Billings		35,250.00	
Senior Citizens'/Veterans' Deductions - Allowed by Tax Collector		250.00	
			51,000.00
			55,173.29
Decreased by:			
Received in Cash from State	A-4	\$ 50,750.00	
Senior Citizens'/Veterans' Deductions - Disallowed by Tax Collector			
PY 2019 Senior Citizens Deductions Disallowed	A-1	4,250.00	
			55,000.00
Balance December 31, 2020	A		\$ 173.29
<b>Calculation of Amount Realized</b>			
Senior Citizens			\$ 15,500.00
Veterans			35,250.00
Senior Citizens'/Veterans' Deductions Allowed by Tax Collector			250.00
			51,000.00
Less: Senior Citizens'/Veterans' Deductions Disallowed by Tax Collector			-
Realized as Tax Revenue	A-7		\$ 51,000.00

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

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-15

**SCHEDULE OF PREPAID TAXES**

Balance December 31, 2019	A		\$ 92,448.06
Increased by:			
Collection of 2021 Taxes	A-4		115,600.87
			208,048.93
Decreased by:			
Applied to 2020 Taxes Receivable	A-7		92,448.06
			92,448.06
Balance December 31, 2020	A		\$ 115,600.87

A-16

**SCHEDULE OF TAX OVERPAYMENTS**

	<u>Reference</u>		
Balance December 31, 2019	A		\$ 26,842.85
Increased by:			
Appeals	A-1		
Overpayments received	A-4	\$ 50,760.23	
			50,760.23
Decreased by:			
Overpayments Refunded	A-4	7,649.61	
Canceled Tax Overpayments	A-1	25,917.36	
			33,566.97
Balance December 31, 2020	A		\$ 44,036.11

A-17

**SCHEDULE OF COUNTY TAXES PAYABLE**

	<u>Reference</u>		
Balance December 31, 2019	A		\$ 10,498.43
Increased by:			
2020 Tax Levy	A-1,2,7	\$ 2,766,305.17	
2020 Added County Taxes	A-1,2,7	6,936.60	
2020 Open Space	A-1,2,7	116,192.43	
			2,889,434.20
			2,899,932.63
Decreased by:			
Payments	A-4		2,892,996.03
			2,892,996.03
Balance December 31, 2020	A		\$ 6,936.60

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-18

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

	<u>Reference</u>	
Balance December 31, 2019	A	\$ -
Increased by:		
Levy - School Year		
July 1, 2020 to June 30, 2021	A-1,2,7	16,769,394.00
		\$16,769,394.00
Decreased by:		
Payments	A-4	16,769,394.00
Balance December 31, 2020	A	\$ -

A-19

**SCHEDULE OF MISCELLANEOUS FEES PAYABLE**

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Marriage License Fees	\$ 1,965.00	\$ 360.00	\$ 2,325.00	\$ -
DCA Training Fees	1,527.00	4,907.00	5,417.00	1,017.00
	\$ 3,492.00	\$ 5,267.00	\$ 7,742.00	\$ 1,017.00
	A	A-4	A-4	A

A-20

**SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Anticipated</u> <u>2020 Budget</u>	<u>Received/Canceled</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Non-Public Nursing	\$ 2,028.00	\$ -	\$ -	\$ 2,028.00
Municipal Alliance	1,649.00	9,876.00	3,150.00	8,375.00
Safe and Secure Communities Program	-	60,000.00	60,000.00	-
FEMA Civic Center Generator	1,167.90	-	-	1,167.90
Clean Communities Grant	-	18,634.28	18,634.28	-
Alcohol Education & Rehabilitation Fund	-	1,333.66	1,333.66	-
FEMA- Covid 19	-	41,431.06	14,365.41	27,065.65
US Treasury Cares Act	-	48,550.00	24,441.72	24,108.28
2020 Census Grant	-	6,000.00	6,000.00	-
NJ Department of Transportation	218,000.00	-	-	218,000.00
NJ Safer Grant (Volunteer Firefighters)	36,880.00	-	19,200.00	17,680.00
Drunk Driving Enforcement Fund	-	-	-	-
	\$ 259,724.90	\$ 185,825.00	\$ 147,125.07	\$ 298,424.83
Reference	A	A-2	A-4	A

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-21

**SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Transferred</u> <u>from</u> <u>2020</u> <u>Appropriations</u>	<u>Canceled/</u> <u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Municipal Court				
Alcohol and Education Fund	\$ 12,844.00	\$ 1,655.16	\$ 120.00	\$ 14,379.16
Municipal Alliance - State	6,098.43	9,876.00	1,600.00	14,374.43
Municipal Alliance - Local	1,525.00	2,469.00		3,994.00
Municipal Alliance- State	0.38			0.38
Domestic Preparedness Grant	50,000.00			50,000.00
Safe & Secure Communities	-	60,000.00	60,000.00	-
FEMA Firefighters Scuba Grant	7,950.00			7,950.00
FEMA Civic Center Generator	1,167.90			1,167.90
Clean Communities Grant	-	18,634.28	18,634.28	-
FEMA- COVID	-	41,431.06	34,680.35	6,750.71
US Treasury- CARES Act		48,550.00	48,546.91	3.09
2020 Census Grant		6,000.00		6,000.00
Recycling Assistance Grant		20,709.88		20,709.88
Recycling Tonnage Grant		27,362.58		27,362.58
NJ Department of Transportation Municipal Aid	218,000.00		218,000.00	-
NJ Safer (Volunteer Firefighters)	36,880.00		36,880.00	-
Drunk Driving Enforcement Fund	25,191.16		179.00	25,012.16
	<u>\$ 359,656.87</u>	<u>\$ 236,687.96</u>	<u>\$ 418,640.54</u>	<u>\$ 177,704.29</u>
Reference	A	A-3	Below	A
			A-4 \$ 405,840.54	
			A, A-13 12,800.00	
			<u>\$ 418,640.54</u>	
			Above	

A-22

**SCHEDULE OF UNAPPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Increases</u>	<u>Utilized as</u> <u>2020 Revenue</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Alcohol Education and Rehabilitation Fund	\$ 321.50	\$ -	\$ 321.50	\$ -
Body Armor Grant		2,430.49		2,430.49
Municipal Recycling Assistance	20,709.88		20,709.88	-
Recycling Tonnage Grant	27,362.58		27,362.58	-
	<u>\$ 48,393.96</u>	<u>\$ 2,430.49</u>	<u>\$ 48,393.96</u>	<u>\$ 2,430.49</u>
		A-4	A-2	

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-23

**SCHEDULE OF DEFERRED CHARGES - EMERGENCY AUTHORIZATIONS**

	Balance <u>Dec. 31, 2019</u>	Amount Resulting From <u>Operations</u>	Raised <u>In Budget</u>	Balance <u>Dec. 31, 2020</u>
Special Emergency	\$ 450,000.00	\$ -	\$ 90,000.00	\$ 360,000.00
Special Emergency- COVID Revenue Deficits		211,837.00		211,837.00
Special Emergency- COVID- Expenditures		57,000.00		57,000.00
Emergency Authorization	<u>300,000.00</u>	<u>385,000.00</u>	<u>\$ 300,000.00</u>	<u>385,000.00</u>
	<u>\$ 750,000.00</u>	<u>\$ 653,837.00</u>	<u>\$ 390,000.00</u>	<u>\$ 1,013,837.00</u>
Reference	A	A-1,3,12	A-3	A

A-24

**SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE**

	<u>Reference</u>	
Balance December 31, 2019	A	\$ 450,000.00
Increased by		
Special Emergency Notes Received	A-4	<u>360,000.00</u>
		810,000.00
Decreased by		
Emergency Note Paid	A-4	<u>450,000.00</u>
Balance December 31, 2020	A	<u>\$ 360,000.00</u>

BOROUGH OF WALLINGTON  
CURRENT FUND  
DECEMBER 31, 2020

A-25

**SCHEDULE OF AMOUNT DUE TO LIBRARY - STATE AID**

	<u>Reference</u>		
Balance December 31, 2019	A	\$	9,927.00
Increased by:			
Cash Receipts	A-4		4,912.00
			14,839.00
Decreased by:			
Cash Disbursements	A-4		_____
Balance December 31, 2020	A	\$	14,839.00

A-26

**SCHEDULE OF RESERVE FOR CODIFICATION OF ORDINANCES**

	<u>Reference</u>		
Balance December 31, 2019	A	\$	10,925.00
Balance December 31, 2020	A	\$	10,925.00

A-27

**SCHEDULE OF RESERVE FOR INSURANCE PROCEEDS**

	<u>Reference</u>		
Balance December 31, 2019	A	\$	162,710.66
Increased by:			
			162,710.66
Decreased by:			
Cash Disbursements- 54 Union Blvd	A-4		1,681.13
			_____
Balance December 31, 2020	A	\$	161,029.53

**SUPPLEMENTARY DATA – TRUST FUNDS**

BOROUGH OF WALLINGTON  
TRUST FUND  
DECEMBER 31, 2020

B-1

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Reference</u>	<u>Animal License</u>	<u>Other Trust</u>
Balance December 31, 2019	B	\$ 15,534.24	\$ 568,154.22
Increased by:			
Current Fund Appropriations/Transfers-Payroll Account	B-12		6,294,931.26
Current Fund Budget Appropriations		-	
Due to Current Fund - Interest Income-Payroll Account	B-12		1,989.07
Due to Current Fund - Interest Income/Interfunds	B-4,6,12		231,650.52
Payroll Deductions- Unemployment	B-7		213,483.05
Late Fees Collected	B-3	73.00	
Cat License Fees Collected	B-3	185.00	
Dog License Official Fees Collected	B-3	3,394.80	
Due State of NJ - Fees Payable	B-5	745.20	-
Redemption of Tax Title Liens and Tax Sale Premiums	B-9		366,201.55
Miscellaneous Reserves	B-10		214,816.96
Escrow Deposits	B-8		13,550.00
		<u>4,398.00</u>	<u>7,336,622.41</u>
		<u>19,932.24</u>	<u>7,904,776.63</u>
Decreased by:			
Payroll Disbursements	B-12		6,296,474.34
Expenditures Under R.S. 4:19-15.11	B-3	235.00	
To State of NJ - Fees Payable	B-5,	735.00	
Transfer to Current Fund	B-4,12	8,706.84	216,052.29
Redemption of Tax Title Liens and Tax Sale Premiums	B-9		281,443.97
Miscellaneous Reserves	B-10		104,878.04
Unemployment Disbursements	B-7		-
Escrow Disbursements	B-8		-
		<u>9,676.84</u>	<u>6,898,848.64</u>
Balance December 31, 2020	B	<u>\$ 10,255.40</u>	<u>\$ 1,005,927.99</u>

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

BOROUGH OF WALLINGTON  
TRUST FUND  
DECEMBER 31, 2020

B-2

SCHEDULE OF LOSAP INVESTMENTS

	<u>Reference</u>		
Balance December 31, 2019	B		\$ 1,404,452.87
Increased by:			
Receipts- Receivable Contributions-2019		\$ 90,765.15	
Investment Earnings	B-11	<u>206,134.09</u>	
			<u>296,899.24</u>
Decreased by:			
Fees	B-11	2,350.00	1,701,352.11
Withdrawals	B-11	<u>44,115.10</u>	
			<u>46,465.10</u>
Balance December 31, 2020	B		<u>\$ 1,654,887.01</u>

B-3

SCHEDULE OF RESERVE FOR ANIMAL LICENSE FUND EXPENDITURES

	<u>Reference</u>		
Balance December 31, 2019	B		\$ 6,806.40
Increased by:			
Late Fees Collected	B-1	\$ 73.00	
Cat License Fees Collected	B-1	185.00	
Dog License Fees Collected by Dog License Official	B-1 B-1	<u>3,394.80</u>	
			<u>3,652.80</u>
			10,459.20
Decreased by:			
Canceled- Due to State of New Jersey	B-5		
Statutory Excess	B-4	2,596.00	
Expenditures Under R.S. 4:19-15.11	B-1	<u>235.00</u>	
			<u>2,831.00</u>
Balance December 31, 2020	B		<u>\$ 7,628.20</u>

License Fees Collected

2018	\$ 3,989.40
2019	<u>3,638.80</u>
	<u>\$ 7,628.20</u>

B-4

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

	<u>Reference</u>		
Balance December 31, 2019	B		\$ 8,706.84
Increased by:			
Statutory Excess	A-1, B-3	<u>\$ 2,596.00</u>	
			<u>2,596.00</u>
			11,302.84
Decreased by:			
Transfer to Current Fund	A-4, B-1	<u>8,706.84</u>	
			<u>8,706.84</u>
Balance December 31, 2020	B		<u>\$ 2,596.00</u>

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

BOROUGH OF WALLINGTON  
TRUST FUND  
DECEMBER 31, 2020

B-5

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

	<u>Reference</u>		
Balance December 31, 2019	B		\$ 21.00
Increased by:			
2020 State Fees Collected by Dog License Official	B-1	\$ 745.20	
			<u>745.20</u>
			766.20
Decreased by:			
Prior Year Balance Adjustment	B-3		
Payments	B-1	735.00	
			<u>735.00</u>
Balance December 31, 2020	B		<u><u>\$ 31.20</u></u>

B-6

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

	<u>Reference</u>		
Balance December 31, 2019	B		\$ 124,502.94
Increased by:			
Transfer to Current Fund	A-4, B-1	\$ 214,090.02	
Due from Current- Deferred Charges	A-3	2,390.00	
			<u>216,480.02</u>
			340,982.96
Decreased by:			
Transfer from Current Fund	A-4	168,104.19	
	B-1		<u>168,104.19</u>
Balance December 31, 2020	B, Below		<u><u>\$ 172,878.77</u></u>
Analysis of Balance			
Due from Current - Other Trust	A		\$ 174,591.77
Due to Current- COAH	A		<u>(1,713.00)</u>
	B, Above		<u><u>\$ 172,878.77</u></u>

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

BOROUGH OF WALLINGTON  
TRUST FUND  
DECEMBER 31, 2020

B-7

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

	<u>Reference</u>	
Balance December 31, 2019	B	\$ 11,780.35
Increased by:		
Payroll Deductions/ Budget Contributions	B-1	213,483.05
		225,263.40
Decreased by:		
Deposits Refunded	B-1	
Balance December 31, 2020	B	\$ 225,263.40

B-8

**SCHEDULE OF ESCROW FUND DEPOSITS**

	<u>Reference</u>	
Balance December 31, 2019	B	\$ 31,247.28
Increased by:		
Escrow Deposits	B-1	\$ 13,550.00
		13,550.00
		44,797.28
Decreased by:		
Escrow Disbursements	B-1	-
Balance December 31, 2020	B	\$ 44,797.28

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

BOROUGH OF WALLINGTON  
TRUST FUND  
DECEMBER 31, 2020

B-9

SCHEDULE OF TAX TITLE LIEN REDEMPTIONS & TAX SALE PREMIUMS PAYABLE

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Due from</u> <u>Current fund</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Tax Sale Premiums	\$ 108,600.00	\$ -	\$ 160,100.00	\$ 8,300.00	\$ 260,400.00
Third Party Lien Redemption	199,079.60		206,101.55	273,143.97	132,037.18
	<u>\$ 307,679.60</u>	<u>\$ -</u>	<u>\$ 366,201.55</u>	<u>\$ 281,443.97</u>	<u>\$ 392,437.18</u>
	B	B-6	B-1	B-1	B

B-10

SCHEDULE OF MISCELLANEOUS RESERVES

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Deferred-Charges</u> <u>Over-Expenditure</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Uniform Fire Safety Act Penalties	\$ 6,440.00	\$ -	\$ -	\$ -	\$ 6,440.00
Planning Board/Zoning Board - Escrow	19,830.69		16,700.00	9,198.55	27,332.14
Road Opening	38,255.00				38,255.00
Hometown Heroes and Flags & Banners	4,425.00		2,330.00	4,275.00	2,480.00
Police Vests	925.94			13.24	912.70
Police Off Duty	108,708.75		149,242.50	91,156.25	166,795.00
Recreation	19,849.84		3,082.71	120.00	22,812.55
Parks	3,960.00				3,960.00
P.O.A.A.	35,716.50		526.00		36,242.50
Police Camp	2,272.52				2,272.52
Memorial Day Parade	-		4,000.00		4,000.00
Fire Department Deduction	442.00			100.00	342.00
COAH	5,507.08		38,935.75	15.00	44,427.83
Developer's Agreement	60,738.00	-	-	-	60,738.00
Reserve for Fire Prevention	2,800.00	-	-	-	2,800.00
	<u>\$ 309,871.32</u>	<u>\$ -</u>	<u>\$ 214,816.96</u>	<u>\$ 104,878.04</u>	<u>\$ 419,810.24</u>
Reference	B	B	B-1	B-1	B

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

BOROUGH OF WALLINGTON  
TRUST FUND  
DECEMBER 31, 2020

B-11

**SCHEDULE OF RESERVE FOR LOSAP BENEFITS**

	<u>Reference</u>	
Balance December 31, 2019	B	\$ 1,516,705.28
Increased by:		
Receivable- LOSAP - 2020 (Not Available)	B	
Investment Earnings	B-2	\$ 206,134.09
		206,134.09
Decreased by:		
Fees	B-2	2,350.00
Cancel Prior Year Contributions	B-2	21,487.26
Withdrawals	B-2	44,115.10
		67,952.36
Balance December 31, 2020	B	\$ 1,654,887.01

B-12

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

	<u>Reference</u>	
Balance December 31, 2019	B	\$ 19,663.61
Increased by:		
Interest Income	B-1	\$ 1,989.07
Due from Current Fund	B-1	10,133.07
Prior Yr Deficit in Payroll Raised in Budget	A-3, B-1	53,413.26
Transfers from Current /Water/ Trust Fund	B-1	6,294,931.26
		6,360,466.66
		6,380,130.27
Decreased by:		
Due to Current	B-1	1,962.27
Disbursements	B-1	6,296,474.34
		6,298,436.61
Balance December 31, 2020	B, Below	\$ 81,693.66
<u>Analysis of Balance</u>		
Payroll Withholdings Payable	B	\$ 96,558.37
Due from Current Fund	B	26.80
Due from Water Operating	B	(14,891.51)
		81,693.66
	Above	\$ 81,693.66

**SUPPLEMENTARY DATA –GENERAL CAPITAL FUND**

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-2

**SCHEDULE OF CASH - TREASURER**

	Reference		
Balance December 31, 2019	C,C-3		\$ 57,333.86
Increased by:			
Grants Received for Fully Funded Ordinances- Surplus	C-1	\$ 149,000.00	
Adjustment- Surplus	C-1	0.03	
Grants Received	C-4	277,200.00	
Transfer from Current Fund	C-7	1,858,265.63	
Excess COI- Costs for Bond Issue	C-11	6,983.40	
Due from Water Operating Fund	C-19	644,225.48	
Due from Water Utility Capital Fund	C-18	<u>200,683.42</u>	
			<u>3,136,357.96</u>
			3,193,691.82
Decreased by:			
Interfund- Current Fund	C-7	658,105.14	
Current/ Grant Expenditures Paid in Capital	C-7	14,000.00	
Improvement Authorizations	C-8	<u>784,122.04</u>	
			<u>1,456,227.18</u>
Balance December 31, 2020	C,C-3		<u>\$ 1,737,464.64</u>

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-3

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH

	Balance Dec. 31, 2019	Receipts	Disbursements	Transfer To/(From)	Balance Dec. 31, 2020
Capital Improvement Fund	\$ 15,702.00	\$ -	\$ -	\$ 2,275.00	\$ 17,977.00
Due from Water Utility Capital Fund	(2,144,710.90)	200,683.42		1,944,027.48	-
Due to Water Utility Operating Fund	1,299,802.00	644,225.48		(1,944,027.48)	-
Due from Current Fund	(743,557.73)	1,858,265.63	672,105.14	(456,602.76)	(14,000.00)
Grants Receivable	(376,594.00)	127,200.00		(345,500.00)	(594,894.00)
Reserve for Premium on Bond Anticipation Notes	11,693.00			25,757.76	37,450.76
Encumbrances Payable	199,317.42			302,306.59	501,624.01
Reserve for Purchase of Fire Equipment	11,595.00				11,595.00
Reserve to Pay Debt Service	479,057.00	156,983.40		(215,417.00)	420,623.40
Fund Balance	362.93	149,000.03			149,362.96
Deferred Charges- Capital Improvement Fund	-	-	-	(50,000.00)	(50,000.00)
	-	-	-	-	-
Improvement Authorizations:					
<u>Ord. #</u>	<u>Improvement Description</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)
06-11	2006 Road Improvement Program	214,325.00	-	57,260.42	271,585.42
10-7	Refunding Tax Appeals	(80,014.00)	-	-	(80,014.00)
10-8	Resurfacing Various Streets	52,186.00	-	-	52,186.00
11-5	Resurfacing of Hathaway Street	3,747.00	-	-	3,747.00
11-10	Acq. of Firefighter Equipment	3,005.00	-	-	3,005.00
12-5	Funding of Various Expenses Relating to Hurricane Irene	8,750.00	-	-	8,750.00
12-9	Various Public Improvements	102,242.00	-	-	102,242.00
12-13	Streetscape Improvements to Paterson Avenue and Union Boulevard	76.78	-	777.22	854.00
12-20/ 13-9	Acq. of New Communication and Signal Systems	755.00	-	-	755.00
13-10	Various Public Improvements	1,336.16	-	320.65	1,015.51
14-9	Rehabilitation of the Elevator at the Police Station	8,012.00	-	-	8,012.00
14-14	Replacement of the Roof on the Public Library	150.00	-	-	150.00
15-04	Improvements to Main Street	145,211.91	-	320.65	144,891.26
15-14	Various Park Improvements	62,689.74	-	12,549.95	61,003.29
16-13	Acquisition of a New Pumper Fire Engine	255.00	-	-	255.00
16-16	Replacement of Curbs and Sidewalks on Anderson Ave.	11,458.50	-	8,499.56	19,958.06
16-17	Acquisition of Ambulance	-	-	-	-
16-21	Replacement of Alden Street Sewer Main	14,326.48	-	541.96	15,979.62
17-3	Various Public Improvements	328,310.36	-	42,079.40	294,582.31
17-7	Resurface Various Streets	274,397.74	-	270,167.49	18,106.39
18-10	King Street	(158,635.25)	-	120.00	(62,490.62)
19-07	Reconstruction or Resurfacing of Various Roads	312,785.72	-	309,750.67	(1,188.29)
19-10	Acquisition of Office Equipment	10,000.00	-	117,288.70	82,711.30
20-04	2020 Road Program	-	-	30,982.57	758,350.76
20-15	Hathaway Street Sewer	-	-	(436,017.50)	(436,017.50)
		<u>\$ 57,333.86</u>	<u>\$ 3,136,357.96</u>	<u>\$ 1,456,227.18</u>	<u>\$ 1,737,464.64</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, 2020

C-4

**SCHEDULE OF GRANTS RECEIVABLE**

	Reference		
Balance December 31, 2019	C		\$ 597,130.00
Increased by:			
Ord # 20-04 NJ Department of Transportation		215,000.00	
Ord #20-04 Community Development Block Grant		<u>130,500.00</u>	
	C-6,17		<u>345,500.00</u>
			942,630.00
Decreased by:			
Grants Received Ord # 13-10 NJ DOT	C-4	150,000.00	
Grants Received Ord # 19-07 CDBG		<u>127,200.00</u>	
	C-2		<u>277,200.00</u>
Balance December 31, 2020	C, Below		<u>\$ 665,430.00</u>
Analysis of Above - Grants Offset With Reserves:			
Ord # 00-12 Locust Avenue/ Main Avenue Intersection			\$ 1,000.00
Ord # 01-15 Hathaway Street			4,712.00
Ord # 13-8 Reconstruction of Basketball Courts at Hathaway Street Park			20,000.00
Ord # 15-14 Various Public Improvements (County Open Space)			44,824.00
	C		<u>\$ 70,536.00</u>
Grants not Offset with Reserves:			
Ord # 11-5 Resurface of Hathaway Street (NJ DOT)			\$ 37,962.00
Ord # 14-9 Rehabilitation of the Elevator at the Police Station (CDBG)			9,432.00
Ord #19-07 NJ Department of Transportation			202,000.00
Ord # 20-04 NJ Department of Transportation			215,000.00
Ord # 20-04 Community Development			<u>130,500.00</u>
	C-3		<u>594,894.00</u>
	Above		<u>\$ 665,430.00</u>

C-5

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

	Reference		
Balance December 31, 2019	C		\$ 8,960,019.71
Increased by:			
Serial Bonds Issued	C-13		<u>4,340,000.00</u>
			13,300,019.71
Decreased by:			
2020 Budget Appropriation for Serial Bond Payment	C-13	\$ 775,000.00	
Payment of Bond through Refunding Bond	C-13	\$ 4,910,000.00	
2020 Budget Appropriation for Green Acres Loan	C-11	<u>12,422.05</u>	
			<u>5,697,422.05</u>
Balance December 31, 2020	C		<u>\$ 7,602,597.66</u>

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. #	Improvement Description	Analysis of Balance - Dec. 31, 2020					
		Balance Dec. 31, 2019	2020 Authorizations	Funded/Canceled Transferred	Balance Dec. 31, 2020	Expenditures	Unexpended Improvement Authorizations
01-15	Improvements to Hathaway Street	\$ 6,712.00	\$ -	\$ -	\$ 6,712.00	\$ 6,712.00	\$ -
02-3	Resurfacing of Hathaway Street	97.00			97.00	97.00	-
03-9	Acq. of Senior Citizen Bus	3,895.00			3,895.00	3,895.00	-
10-7	Refunding Tax Appeals	80,014.00			80,014.00	80,014.00	-
13-10	Various Public Improvements	105,894.00		22,053.00	83,841.00	83,841.00	-
15-04	Improvements to Main Street	105,856.00		105,856.00	-	-	-
15-14	Various Park Improvements	84,879.00		84,879.00	-	-	-
17-3	Various Public Improvements	480,900.00			480,900.00	181,417.69	299,482.31
17-7	Resurface Various Streets	476,000.00			476,000.00	462,793.61	13,206.39
18-10	King Street	376,400.00			376,400.00	62,490.62	313,909.38
19-07	Reconstruction or Resurfacing of Various Roads	447,800.00			447,800.00	-	446,611.71
19-10	Acquisition of Office Equipment	190,000.00			190,000.00	-	81,266.30
20-04	2020 Road Program		800,000.00	368,225.00	431,775.00	-	431,775.00
20-15	Hathaway Street Sewer		1,040,000.00	50,000.00	990,000.00	62,490.62	553,982.50
		<u>\$ 2,358,447.00</u>	<u>\$ 1,840,000.00</u>	<u>\$ 631,013.00</u>	<u>\$ 3,567,434.00</u>	<u>\$ 943,751.54</u>	<u>\$ 2,140,233.59</u>
		C	C-8,17	Below	C		C-8

Analysis of Funded:

Down Payments on Improvements  
Bond Anticipation Note Paydown  
Grants Applied  
Grants Applied from Reserve for Pmt of BANS

Reference

C-9,17 \$ 72,725.00  
C-12 57,253.00  
C-4,17 345,500.00  
C-11 155,535.00  
Above \$ 631,013.00

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-7

SCHEDULE OF DUE (TO) FROM CURRENT FUND

	Reference		
Balance December 31, 2019	C		\$ 743,557.73
Increased by:			
Interfund Transfer	A-4, C-2	\$ 658,105.14	
BAN Received in Current Fund	A-4, C-12	1,662,003.00	
Current/ Grant Expenditures Paid in Capital	A-4, C-2	14,000.00	
Capital Improvement Fund- Due to Capital	C-9	25,000.00	
Premium on BAN Received in Current	A-4, C-20	37,450.76	
		2,396,558.90	
			3,140,116.63
Decreased by:			
Interfund Transfer	A-4, C-2	1,858,265.63	
Bond Anticipation Notes Paid in Current-Net of Paydown	A-4, C-12	1,196,276.00	
Expenditures paid in Current	A-4, C-8	1,445.00	
Due to Current - Revenue Premium Anticipated	C-20	11,693.00	
Due to Current - Revenue Reserve for Pmt Debt	C-10	59,882.00	
		3,127,561.63	
Balance December 31, 2020	C		\$ 12,555.00

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord No.	Improvement Description	Balance December 31, 2019		2020 Authorizations	Paid or Charged	Canceled	Balance December 31, 2020	
		Funded	Unfunded				Funded	Unfunded
06-11	2006 Road Improvement Program	\$ 214,325.00	\$ -	\$ -	\$ (57,260.42)	\$ -	\$ 271,585.42	\$ -
10-8	Resurfacing Various Streets	52,186.00	-	-	-	-	52,186.00	-
11-5	Resurface Hathaway Street	3,747.00	-	-	-	-	3,747.00	-
11-10	Acq. Firefighter Equipment	3,005.00	-	-	-	-	3,005.00	-
12-5	Funding of Various Expenses Relating to Hurricane Irene	8,750.00	-	-	-	-	8,750.00	-
12-9	Various Public Improvements	102,242.00	-	-	-	-	102,242.00	-
12-13	Streetscape Improvements to Paterson Ave. and Union Blvd.	76.78	-	-	(777.22)	-	854.00	-
12-20/13-9	Acq. of New Communication and Signal Systems	755.00	-	-	-	-	755.00	-
13-10	Various Public Improvements	1,336.16	-	-	320.65	-	1,015.51	-
14-9	Rehabilitation of the elevator at the Police Station	8,012.00	-	-	-	-	8,012.00	-
14-14	Replacement of the Roof on the Public Library	150.00	-	-	-	-	150.00	-
15-04	Improvements to Main Street	39,355.91	105,856.00	-	320.65	-	144,891.26	-
15-14	Various Park Improvements	-	62,689.74	-	1,686.45	-	61,003.29	-
16-13	Acquisition of a New Pumper Fire Engine	255.00	-	-	-	-	255.00	-
16-16	Replacement of Curbs and Sidewalks on Anderson Ave.	11,458.50	-	-	(8,499.56)	-	19,958.06	0.00
16-21	Replacement of Alden Street Sewer Main	14,326.48	-	-	(1,653.14)	-	15,979.62	-
17-3	Various Public Improvements	-	333,210.36	-	33,728.05	-	-	299,482.31
17-7	Resurface Various Streets	-	269,497.74	-	256,291.35	-	-	13,206.39
18-10	King Street	-	217,764.75	-	(96,144.63)	-	-	313,909.38
19-07	Reconstruction or Resurfacing of Various Roads	312,785.72	447,800.00	-	313,974.01	-	-	446,611.71
19-10	Acquisition of Office Equipment	10,000.00	190,000.00	-	118,733.70	-	-	81,266.30
20-04	2020 Road Program	-	-	800,000.00	41,136.24	-	327,088.76	431,775.00
20-15	Hathaway Street Sewer	-	-	1,040,000.00	486,017.50	-	-	553,982.50
		<u>\$ 782,766.55</u>	<u>\$ 1,626,818.59</u>	<u>\$ 1,840,000.00</u>	<u>\$ 1,087,873.63</u>	<u>\$ -</u>	<u>\$ 1,021,477.92</u>	<u>\$ 2,140,233.59</u>
		C	C	C-6,17	Below	C-1	C	C,C-6
	Cash Disbursements			C-2	\$ 784,122.04			
	Encumbrance Payable			C-15	501,624.01			
	Encumbrances Restored to Improvement Auth.			C-15	(199,317.42)			
	Paid in Current Fund			C-7	1,445.00			
				Above	<u>\$ 1,087,873.63</u>			

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-9

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	Reference	
Balance December 31, 2019	C	\$ 15,702.00
Increased by:		
Deferred Charge- Capital Improvement Fund	C-16	\$ 50,000.00
Transfer from Current Fund-Budget Appropriation	A-3,C-7	<u>25,000.00</u>
		<u>75,000.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6,17	<u>72,725.00</u>
Balance December 31, 2020	C	<u><u>\$ 17,977.00</u></u>

C-10

**SCHEDULE OF RESERVE FOR PAYMENT OF BONDS/BANS**

	Reference	
Balance December 31, 2019	C	\$ 479,057.00
Increased by:		
Cash Receipts		
Excess COI- Costs for Bond Issue	C-2	\$ 6,983.40
Ord # 13-10 (NJ Department of Transportation)	C-4	<u>150,000.00</u>
		<u>156,983.40</u>
Decreased by:		
Grants Applied to Unfunded Ordinances	C-6,12	155,535.00
Anticipated Budget Revenue-Due to Current Fund	A-2,C-7	<u>59,882.00</u>
		<u>215,417.00</u>
Balance December 31, 2020	C, Below	<u><u>\$ 420,623.40</u></u>
Analysis of Balance:		
<u>Ordinance #</u>		
Ord # 15-04 NJ Department of Transportation		\$ 24,528.00
Ord # 15-14 County Open Space		21,312.00
Ord # 13-10 Department of Transportation		150,000.00
Ord # 12-13 Department of Transportation		217,800.00
Excess COI- Costs for Bond Issue		<u>6,983.40</u>
	Above	<u><u>\$ 420,623.40</u></u>

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-11

**SCHEDULE OF GREEN ACRES LOAN PAYABLE**

	Reference	
Balance December 31, 2019	C	\$ 38,019.71
Decreased by:		
Loan Paid by Budget Appropriation	C-5	12,422.05
Balance December 31, 2020	C	\$ 25,597.66

Schedule of Green Acres Loan Payable

<u>Due</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
			\$ 25,597.66
02-14-21	\$ 449.00	\$ 12,672.00	12,925.66
02-14-22	194.00	12,926.00	-
	\$ 643.00	\$ 25,598.00	

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-12

SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Description	Date of Original Issue	Date of Maturity	Interest Rate	Balance December 31, 2019	Increased by Bond Ant. Note	Decreased by Bond Anticipation Note Payments	Balance December 31, 2020
13-10	Various Public Improvements	09/26/14	08/20/21	1.00%	\$ 105,894.00	\$ 83,841.00	\$ 105,894.00	\$ 83,841.00
15-04	Improvement of Main Street	09/26/16	08/20/21	1.00%	105,856.00		105,856.00	-
15-14	Various Park Improvements	09/23/16	08/20/21	1.00%	84,879.00		84,879.00	-
17-7	Resurface Various Streets	09/28/17	08/20/21	1.00%	480,900.00	480,900.00	480,900.00	480,900.00
17-3	Various Public Improvements	12/21/17	08/20/21	1.00%	476,000.00	476,000.00	476,000.00	476,000.00
19-10	Acquisition of Computer Equipment	08/21/20	08/20/21	1.00%		190,000.00		190,000.00
20-04	2020 Road Improvements	08/21/20	08/20/21	1.00%		431,262.00		431,262.00
					<u>\$ 1,253,529.00</u>	<u>\$ 1,662,003.00</u>	<u>\$ 1,253,529.00</u>	<u>\$ 1,662,003.00</u>
					C	Below	Below	C

Analysis of New Issue:

		<u>Receipts</u>	<u>Disbursements</u>
Rollover - Received and Disbursed in Current Fund		\$ 1,040,741.00	\$ 1,040,741.00
BAN Paydown-Budget Appropriation	C- 6	-	57,253.00
Grants Applied	C-10	-	155,535.00
New BAN Issued	C-17	621,262.00	-
	A-4, C-7	<u>\$ 1,662,003.00</u>	<u>\$ 1,253,529.00</u>
		Above	Above

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



BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-14

**SCHEDULE OF RESERVE FOR PURCHASE OF FIRE EQUIPMENT**

	Reference	
Balance December 31, 2019	C	\$ 11,595.00
Balance December 31, 2020	C	<u>\$ 11,595.00</u>

C-15

**SCHEDULE OF ENCUMBRANCES PAYABLE**

	Reference	
Balance December 31, 2019	C	\$ 199,317.42
Increased by:		
Charges to Improvement Authorizations	C-8	<u>501,624.01</u>
		700,941.43
Decreased by:		
Restored to Improvement Authorizations	C-8	<u>199,317.42</u>
Balance December 31, 2020	C	<u>\$ 501,624.01</u>

C-16

**SCHEDULE OF DEFERRED CHARGES- CAPITAL IMPROVEMENT FUND**

	Reference	
Balance December 31, 2019	C	\$ -
Increased by:		
Deferred Charges-Capital Improvement Fund	C-9	<u>50,000.00</u>
Balance December 31, 2020	C	<u>\$ 50,000.00</u>

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description <u>General Improvements</u>	Balance <u>Dec. 31, 2019</u>	2020 <u>Authorizations</u>	Down <u>Payments</u>	Funded/Canceled <u>Issued</u>	Balance <u>Dec. 31, 2020</u>
01-15	Improvements to Hathaway Street	\$ 6,712.00	\$ -	\$ -	\$ -	\$ 6,712.00
02-03	Resurfacing of Hathaway Street	97.00				97.00
03-09	Acq. of Senior Citizen Bus	3,895.00				3,895.00
10-7	Refunding Tax Appeals	80,014.00				80,014.00
18-10	Various Curbs and Sidewalk Improvements to King Street	376,400.00				376,400.00
19-07	Reconstruction or Resurfacing of Various Roads	437,800.00				437,800.00
19-10	Acquisition of Office Equipment	200,000.00			190,000.00	10,000.00
20-04	2020 Road Program		800,000.00	22,725.00	776,762.00	513.00
20-15	Hathaway Street Sewer		1,040,000.00	50,000.00		990,000.00
		<u>\$ 1,104,918.00</u>	<u>\$ 1,840,000.00</u>	<u>\$ 72,725.00</u>	<u>\$ 966,762.00</u>	<u>\$ 1,905,431.00</u>
		C	C-6,C-8	C-6,C-9	Below	C

Funded Through:

Bond Anticipation Note  
Grants Applied

C-12	\$ 621,262.00
C-4,6	345,500.00
Above	<u>\$ 966,762.00</u>

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

BOROUGH OF WALLINGTON  
CAPITAL FUND  
DECEMBER 31, 2020

C-18

**SCHEDULE OF DUE (TO) FROM WATER UTILITY CAPITAL FUND**

	Reference	
Balance December 31, 2019	C	\$ 2,144,710.90
Decreased by:		
Cash Receipts- Interfund	C-2	\$ 200,683.42
Clear Interfund- Due to Water Operating Fund	C-19	<u>1,944,027.48</u>
		<u>2,144,710.90</u>
Balance December 31, 2020	C	<u>\$ -</u>

C-19

**SCHEDULE OF DUE (TO) FROM WATER UTILITY OPERATING FUND**

	Reference	
Balance December 31, 2019	C	\$ 1,299,802.00
Increased by:		
Cash Receipts- Interfund	C-2	<u>644,225.48</u>
		<u>\$1,944,027.48</u>
Decreased by:		
Clear interfund- Due to Water Capital Fund	C-18	<u>1,944,027.48</u>
Balance December 31, 2020	C	<u>\$ -</u>

C-20

**SCHEDULE OF RESERVE FOR PREMIUM ON BOND ANTICIPATION NOTES**

	Reference	
Balance December 31, 2019	C	\$ 11,693.00
Increased by:		
Premium on Bond Anticipation Note Received in Current Fund	C-7	<u>37,450.76</u>
		49,143.76
Decreased by:		
Realized as Revenue in Current Fund Budget	C-7	<u>11,693.00</u>
Balance December 31, 2020	C	<u>\$ 37,450.76</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, 2020**

**SCHEDULE OF CASH AND CASH EQUIVALENTS - TREASURER**

**D-4**

	<u>Reference</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2019	D	\$ 927,383.40	\$ 459,514.33
Increased by Cash Receipts:			
Receipts from Water Collector	D-2,9	2,180,615.57	-
Due from Current Fund	D-6,17		43,237.36
		3,107,998.97	502,751.69
Decreased by Cash Disbursements:			
Budget Appropriations	D-3	1,281,161.89	
Interest Paid on BANS	D-22	70,499.48	
Improvement Authorizations	D-18	-	961.97
Reserve for Preliminary Expenses	D-19	-	1,033.32
Transfer To General Capital Fund	D-29	-	200,683.42
Appropriation Reserves	D-14	122,410.73	-
Transfers to Current Fund	D-17	72,717.66	-
Transfer to Water Operating Fund	D-11	644,225.48	
		2,191,015.24	202,678.71
Balance, December 31, 2020	D	\$ 916,983.73	\$ 300,072.98

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020**

**SCHEDULE OF WATER CAPITAL FUND BALANCE**

**D-5**

	<u>Reference</u>	
Balance, December 31, 2019	D	\$ 90,556.36
Balance, December 31, 2020	D	<u>\$ 90,556.36</u>

**SCHEDULE OF DUE FROM CURRENT FUND**

**D-6**

	<u>Reference</u>	
Balance, December 31, 2019	D	\$ 43,237.36
Decreased by:		
Transfer from Current Fund	A-4,D-4	<u>43,237.36</u>
Balance, December 31, 2020	D	<u>\$ -</u>

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020

SCHEDULE OF WATER UTILITY CAPITAL CASH

D-7

	For the Years Ended December 31,				
	Balance <u>Dec. 31, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	Transfer <u>To/(From)</u>	
Due to General Capital Fund	\$ 2,144,710.90	\$ -	\$ 200,683.42	\$ (1,944,027.48)	\$ -
Due from Water Utility Operating Fund	(1,944,027.48)			1,944,027.48	-
Encumbrance Payable	2,361.96			382,408.36	384,770.32
Capital Improvement Fund	59.00				59.00
Reserve for Preliminary Expenses	32,154.24		1,033.32		31,120.92
Due from Current Fund	(43,237.36)	43,237.36			-
Fund Balance	90,556.36				90,556.36
Reserve for Payment of Bond Anticipation Notes	159,099.83				159,099.83
 <u>Improvement Authorizations</u>					
Acquisition of Real Property	(80,458.00)				(80,458.00)
Acquisition of Two Dump Trucks with Plows	52.43				52.43
Acquisition of Vehicles & Equipment	21,332.00			(19,033.36)	2,298.64
Replacement of Various Water Mains	-			1,400.00	1,400.00
Replacement of Various Water Mains	61,878.03		320.65	320.65	61,878.03
Acquisition of New Add'l or Rep. Veh & Equip	8,593.22		320.66	320.65	8,593.21
Hathaway Street Water Main	6,439.20		320.66	320.66	6,439.20
Water Main Replacement, Water Pump Equipment & Vehicles				(365,736.96)	(365,736.96)
	<u>\$ 459,514.33</u>	<u>\$ 43,237.36</u>	<u>\$ 202,678.71</u>	<u>\$ -</u>	<u>\$ 300,072.98</u>
		D-4	D-4		
<u>Ref</u>	D				D

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - OPERATING FUND  
DECEMBER 31, 2020**

**SCHEDULE OF CHANGE FUND**

	<u>Reference</u>		<b>D-8</b>
Balance, December 31, 2019	D	\$	100.00
Balance, December 31, 2020	D	\$	<u>100.00</u>

**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

	<u>Reference</u>		<b>D-9</b>
Balance, December 31, 2019	D	\$	262,875.11
Increased by:			
Billings			<u>2,146,130.85</u>
			2,409,005.96
Decreased by:			
Collections	D-4	<u>\$ 2,180,615.57</u>	<u>2,180,615.57</u>
Balance, December 31, 2020	D	\$	<u>228,390.39</u>

**SCHEDULE OF WATER UTILITY LIENS RECEIVABLE**

	<u>Reference</u>		<b>D-10</b>
Balance, December 31, 2019	D	\$	11,091.25
Increased by:			
Subsequent Water Charges	D-9		<u>                    </u>
Balance, December 31, 2020	D	\$	<u>11,091.25</u>

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

	<u>Reference</u>		<b>D-11</b>
Balance, December 31, 2019	D	\$	1,944,027.48
Decreased by:			
Clear Interfund Water Capital	D-29		<u>1,944,027.48</u>
Balance, December 31, 2020	D	\$	<u>-</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020**

**SCHEDULE OF FIXED CAPITAL**

D-12

	For the Years Ended December 31,		
	2019	Completed Projects	2020
Water System	\$ 543,064.00	\$ -	\$ 543,064.00
Water Storage Tank	81,000.00	-	81,000.00
Foundation for Water Storage Tank	38,967.00	-	38,967.00
Main Extension	1,200,055.00	-	1,200,055.00
Meters	28,082.00	-	28,082.00
Engineer- Exploration of Well Site	9,226.00	-	9,226.00
Wells:	-	-	-
Construction	143,716.00	-	143,716.00
Consulting Engineer	2,754.00	-	2,754.00
Advertising	15.00	-	15.00
Vehicles and Equipment	157,641.00	-	157,641.00
Acq. of a Dump Truck	38,966.00	-	38,966.00
Various Improvements to Water Supply System	908,112.00	-	908,112.00
Acq. of Two Dump Trucks	54,928.00	-	54,928.00
Acquisition of Pick-up Truck	20,250.00	-	20,250.00
Acquisition of Trucks	58,279.00	-	58,279.00
Acquisition of Vehicles and Equipment	850,570.00	-	850,570.00
Acquisition of Real Property	232,958.00	-	232,958.00
Replacement of Various Water Mains	2,020,011.13	-	2,020,011.13
Replacement of Various Water Mains	2,100,000.00	-	2,100,000.00
	\$ 8,488,594.13	\$ -	\$ 8,488,594.13

Ref

D

D-13

D

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020**

**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ord. Number	Improvement Description	Original Issue		Balance December 31, 2019	Completed Projects	Improvement Authorizations	D-13
		Date	Amount				Balance December 31, 2020
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>\$ 640,000.00</u>	<u>\$ -</u>	<u>\$ 750,000.00</u>	<u>\$ 1,390,000.00</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, 2020**

**STATEMENT OF 2019 APPROPRIATION RESERVES**

D-14

	Balance December 31, 2019	Balance After Transfers & Encumbrances	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 780.46	\$ 780.46	\$ -	\$ 780.46
Other Expenses	424,498.71	432,476.24	122,410.73	310,065.51
Statutory Expenditures:				
Public Employees' Retirement System	5,000.00	5,000.00		5,000.00
Social Security System (O.A.S.I.)	14,376.72	14,376.72	-	14,376.72
	\$ 444,655.89	\$ 452,633.42	\$ 122,410.73	\$ 330,222.69
<u>Reference</u>	D, Below	Below	Below	D-1

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - OPERATING FUND  
DECEMBER 31, 2020**

**SCHEDULE RESERVE FOR EQUIPMENT**

**D-15**

	<u>Reference</u>	
Balance, December 31, 2019	D	\$ <u>3,862.00</u>
Balance, December 31, 2020	D	\$ <u><u>3,862.00</u></u>

**SCHEDULE OF DUE FROM GENERAL CAPITAL FUND**

**D-16**

	<u>Reference</u>	
Balance, December 31, 2019	D	\$ 1,299,802.00
Increased by:		
Cash Disbursements	D-4	<u>644,225.48</u>
		1,944,027.48
Decreased by:		
Interfund Water Capital	D-29	<u>1,944,027.48</u>
Balance, December 31, 2020	D	\$ <u><u>-</u></u>

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

**D-17**

	<u>Reference</u>	
Balance, December 31, 2019	D	\$ 494,060.92
Increased by:		
Payments to Current Fund	A-4, D-4	<u>\$ 72,717.66</u>
	A-4	<u>72,717.66</u>
		566,778.58
Decreased by:		
Water Operating Surplus Anticipated in Current	A-2	100,000.00
Expenditures Paid in Current Fund- 2020 Budget	A-4	<u>479,523.74</u>
	D-3	<u>579,523.74</u>
Balance, December 31, 2020	D	\$ <u><u>(12,745.16)</u></u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

D-18

Ord. Number	Improvement Description	Original Authorization	Balance December 31, 2019		Improvement Authorizations	Paid or Charged	Balance December 31, 2020	
			Funded	Unfunded			Funded	Unfunded
11-3	Acquisition of Two Dump Trucks with Plows (03/24/11)	\$ 110,000.00	\$ 52.43	\$ -	\$ -	\$ -	\$ 52.43	\$ -
11-8	Acquisition of Vehicles and Equipment (07/21/11)	225,000.00	21,332.00	-	-	19,033.36	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	-	61,878.03	-	-	-	61,878.03
14-13	Acquisition of New Additional or Replacement Vehicles and Equipment (09/25/2014)	695,000.00	-	8,593.22	-	0.01	-	8,593.21
15-5	Hathaway Street Water Main (03/26/2015)	215,000.00	-	6,439.20	-	-	-	6,439.20
20-16	Water Main Repl., Water Pump Equip. & Veh. (10/13/2020)	750,000.00	-	-	750,000.00	365,736.96	-	384,263.04
			<u>\$ 21,384.43</u>	<u>\$ 76,910.45</u>	<u>\$ 750,000.00</u>	<u>\$ 383,370.33</u>	<u>\$ 2,351.07</u>	<u>\$ 462,573.48</u>
<u>Reference</u>			D	D	D-13	Below	D	D
					Cash Disbursements	D-4	\$ 961.97	
					Encumbrances Restored	D-27	(2,361.96)	
					Encumbrance Payable	D-27	384,770.32	
						Above	<u>\$ 383,370.33</u>	

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND /RESERVE FOR PRELIMINARY EXPENSES**

	<u>Reference</u>		D-19
Balance, December 31, 2019	D	\$	32,213.24
Increased by:			
Capital Improvement Fund- Deferred Charge			35,800.00
			68,013.24
Decreased by:			
Down Payment Improvement Authorizations	D-21, 30	\$	35,800.00
Reserve for Preliminary Expenses	D-4		1,033.32
			36,833.32
Balance, December 31, 2020	Below	\$	31,179.92
Analysis of Balance			
Capital Improvement Fund	D	\$	59.00
Reserve for Preliminary Expenses	D		31,120.92
	Above	\$	31,179.92

**SCHEDULE OF RESERVE FOR AMORTIZATION**

	<u>Reference</u>		D-20
Balance, December 31, 2019	D	\$	3,952,914.13
Increased by:			
Notes Paid by Operating Budget	D-25	\$	96,225.00
			96,225.00
Balance, December 31, 2020	D	\$	4,049,139.13

**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

	<u>Reference</u>		D-21
Balance, December 31, 2019	D	\$	369,000.00
Increased by:			
Down Payment Improvement Authorizations	D-19		35,800.00
Balance, December 31, 2020	D, Below	\$	404,800.00
<u>Analysis of Balance General Improvements:</u>			
Ord. # 11-3 Acquisition of Two Dump Trucks w/ Plows	<u>Date of Ordinance</u>	\$	110,000.00
Ord. # 11-8 Acquisition of Vehicles and Equipment	3/24/2011		225,000.00
Ord # 14-3 Acquisition of Vehicles and Equipment	7/21/2011		34,000.00
Ord. # 20-16 Water Main Replacement, Water Pump Equipment & Vehicles	9/25/2014		35,800.00
	10/13/2020		35,800.00
	Above	\$	404,800.00

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - OPERATING FUND  
DECEMBER 31, 2020**

**SCHEDULE OF ACCRUED INTEREST ON BONDS & NOTES**

	<u>Reference</u>		<b>D-22</b>
Balance, December 31, 2019	D	\$	25,638.14
Increased by:			
Charges to 2020 Budget	D-3		61,685.42
			<u>87,323.56</u>
Decreased by:			
Cash Disbursements	D-4		70,499.48
			<u>70,499.48</u>
Balance, December 31, 2020	D	\$	<u>16,824.08</u>

**SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	<u>Reference</u>			<b>D-23</b>
Balance, December 31, 2019	D		\$	13,311.09
Increased by:				
Charges to 2020 Budget	D-3	\$	45,526.13	
				45,526.13
				<u>45,526.13</u>
Decreased by:				
Canceled	D-1		5,333.56	
Restored to Appropriation Reserves	D-14		7,977.53	
				<u>13,311.09</u>
Balance, December 31, 2020	D	\$		<u>45,526.13</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020**

**SCHEDULE OF RESERVE FOR PAYMENT OF BOND ANTICIPATION NOTES**

**D-24**

	<u>Reference</u>	
Balance December 31, 2019	D	\$ 159,099.83
Increased by:		
Cancelled Ordinance	D-18	_____
Balance December 31, 2020	D, Below	\$ 159,099.83
 <u>Analysis of Balance</u>		
Ordinance # 12-21		\$ 47,395.83
Ordinance # 12-22		111,704.00
	D, Above	\$ 159,099.83

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON  
 WATER UTILITY FUND - CAPITAL FUND  
 DECEMBER 31, 2020

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. Number	Purpose	Original Date of Issued	Maturity Date	Interest Rate	D-25			Balance December 31, 2020	
					Balance December 31, 2019	Issued	Paid		
11-7	Replacement of Various Water Mains	9/29/2011	08/20/21	1.00%	\$ 1,663,290.00	\$ 1,640,505.00	\$ 1,663,290.00	\$ 1,640,505.00	
12-21	Replacement of Various Water Mains	9/28/2013	08/20/21	1.00%	1,993,668.00	1,967,085.00	1,993,668.00	1,967,085.00	
12-22	Replacement of Various Water Mains	9/28/2013	08/20/21	1.00%	289,556.00	285,695.00	289,556.00	285,695.00	
14-13	Acquisition of Vehicles & Equipment	9/25/2015	08/20/21	1.00%	580,192.00	539,788.00	580,192.00	539,788.00	
15-5	Hathaway Street Water Main	9/25/2015	08/20/21	1.00%	199,516.00	196,924.00	199,516.00	196,924.00	
					<u>\$ 4,726,222.00</u>	<u>\$ 4,629,997.00</u>	<u>\$ 4,726,222.00</u>	<u>\$ 4,629,997.00</u>	
					<u>Reference</u>	D	Below	Below	D
<u>Analysis of New Issue:</u>									
Budget Appropriation Payment					D-3,20	\$ -	\$ 96,225.00		
Renewals of BAN					A-4	4,629,997.00	4,629,997.00		
					<u>\$ 4,629,997.00</u>		<u>\$ 4,726,222.00</u>		
					Above	Above			

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020**

**SCHEDULE OF GRANTS RECEIVABLE**

	<u>Reference</u>		<b>D-26</b>
Balance December 31, 2019	D	\$	40,200.00
Balance December 31, 2020	D, Below	\$	<u>40,200.00</u>
<u>Analysis of Balance</u>			
Offset by Reserve for Receivables	Above	\$	<u>40,200.00</u>

**SCHEDULE OF ENCUMBRANCE PAYABLE**

	<u>Reference</u>		<b>D-27</b>
Balance December 31, 2019	D	\$	2,361.96
Increased by:			
Encumbrance Payables	D-18	\$ 384,770.32	<u>384,770.32</u>
			387,132.28
Decreased by:			
Encumbrances Restored to Ordinances	D-18		<u>2,361.96</u>
Balance December 31, 2020	D	\$	<u>384,770.32</u>

**SCHEDULE OF DEFERRED CHARGE- CAPITAL IMPROVEMENT FUND**

	<u>Reference</u>		<b>D-28</b>
Balance December 31, 2019	D	\$	-
Increased by:			
Deferred Charge- Capital Improvement Fund	D-19	\$ 35,800.00	<u>35,800.00</u>
Balance December 31, 2020	D	\$	<u>35,800.00</u>

**SCHEDULE OF DUE TO GENERAL CAPITAL- WATER CAPITAL FUND**

	<u>Reference</u>		<b>D-29</b>
Balance December 31, 2019	D	\$	2,144,710.90
Decreased by:			
Interfund Transfer	D-4	\$ 200,683.42	
Interfund Water Operating	D-11	<u>1,944,027.48</u>	<u>2,144,710.90</u>
Balance December 31, 2020	D	\$	<u>-</u>

See independent auditor's report and accompanying notes.

**BOROUGH OF WALLINGTON  
WATER UTILITY FUND - CAPITAL FUND  
DECEMBER 31, 2020**

**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

**D-30**

Ord. Number	Improvement Description	Balance December 31, 2019	Improvement Authorizations	Capital Improv Fund	Balance December 31, 2020
06-12	Acquisition of Real Property	\$ 80,458.00	\$ -	\$ -	\$ 80,458.00
20-16	Water Main Replacement, Water Pump Equipment & Vehicles		750,000.00	35,800.00	714,200.00
		<u>\$ 80,458.00</u>	<u>\$ 750,000.00</u>	<u>\$ 35,800.00</u>	<u>\$ 794,658.00</u>
	<u>Reference</u>	D	D-18	D-19	D

See independent auditor's report and accompanying notes.

BOROUGH OF WALLINGTON  
LAST TEN FISCAL YEARS ENDED JUNE 30,

Exhibit F-1

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Borough's proportionate share of the net pension liability (asset) **	0.07789%	0.07431%	0.07741%	0.07725%	0.07562%					
Borough's proportionate share of the net pension liability (asset) associated with the Borough	\$ 10,064,353	\$ 9,094,078	\$ 10,474,644	\$ 11,927,428	\$ 14,445,974	\$ -	\$ -	\$ -		
Total	<u>10,064,353</u>	<u>9,094,078</u>	<u>10,474,644</u>	<u>11,927,428</u>	<u>14,445,974</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Borough's covered employee payroll	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	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)	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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Borough's proportionate of the net pension liability (asset)	0.01464%	0.01647%	0.01623%	0.01684%	0.01624%					
Borough's proportionate share of the net pension liability (asset)	\$ 2,386,742	\$ 2,967,985	\$ 3,194,872	\$ 3,921,902	\$ 4,810,361	\$ -	\$ -	\$ -		
Borough's covered employee payroll	982,528	1,051,752	1,136,074	Not Available						
Borough's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll	243%	282%	281%	Not Available						
Plan fiduciary net position as a percentage of the total pension liability (Local)	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.

**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)**

	<b>Fiscal Year Ended June 30,</b>									
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Contractually required contribution*	\$ 870,159	\$ 834,076	\$ 723,057	\$ 692,135	\$ 676,287	\$ 656,514	\$ -	\$ -		
Contributions in relation to the contractually required contributions*	(870,159)	(834,076)	(723,057)	(692,135)	(676,287)	(656,514)	-	-		
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Borough's covered employee payroll	2,878,538	2,710,719	2,519,591	Not Available						
Contributions as a percentage of covered-employee payroll	30.23%	30.77%	28.70%	Not Available						

**Public Employees' Retirement System (PERS)**

	<b>Fiscal Year Ended June 30,</b>									
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Contractually required contribution*	\$ 160,110	\$ 147,226	\$ 157,416	\$ 160,269	\$ 152,138	\$ 148,084	\$ -	\$ -		
Contributions in relation to the contractually required contributions*	(160,110)	(147,226)	(157,416)	(160,269)	(152,138)	(148,084)	-	-		
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Borough's covered employee payroll	982,528	1,051,752	1,136,074	Not Available						
Contributions as a percentage of covered-employee payroll	16.30%	14.00%	13.86%	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, 2020

**Exhibit F-3**

**Police & Firemen's Retirement System**

*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 in assumptions.* Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, postretirement mortality rates were based on the PUB-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub 2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30,2018.

**Public Employees' Retirement System (PERS)**

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

*Changes of assumptions.* Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Postretirement mortality rates were based on the PUB-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30,2018.

**ACCOMPANYING INFORMATION**

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

TAX RATE AND APPORTIONMENT OF TAX RATE

Year	Total Tax Rate	Municipal (Includes Library)	County	Local School	Assessed Valuations
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
2017	2.915	0.935	0.262	1.718	949,481,648
2016	2.858	0.912	0.251	1.695	946,602,304

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>
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%
2017	27,739,043.00	26,677,312.00	96.17%
2016	27,239,293.00	26,191,660.00	96.15%

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>
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%
2017	752,650.00	923,543.00	\$ 1,676,193.00	5.12%
2016	372,091.00	1,022,776.00	1,394,867.00	3.73%

See independent auditor's report and accompanying notes.

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

<u>Year</u>	<u>Amount</u>
2020	\$ -
2019	-
2018	-
2017	-
2016	-

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>
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%
2017	2,014,992.00	2,033,106.00	100.90%
2016	2,033,432.00	1,983,393.00	97.54%

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
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
2017	911,255.00	522,400.00	358,431.00	280,711.00
2016	1,209,005.00	715,000.00	285,240.00	203,429.00

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	
Tomasz Orzechowski	Councilperson	
Eugeniusz Rachelski	Councilperson	
Susanne Preinfalk	Councilperson	
Tomasz Sadecki	Councilperson	
Hector Olmo	Administrator	\$1,000,000 (A)
Spire Group	Chief Financial Officer	
Chris Assenheimer	Tax Collector	\$1,000,000 (A)
Barbara Potash	Tax Assessor	
Katarzyna Rapacz	Water Rent Collector	
Nick Melfi	Building Inspector	
Thomas Valeo	Electrical Inspector	
Frank Recanati	Plumbing Inspector	
Paula Gilbert	Secretary of Board of Health, Licensing Official, & Registrar	
Casimer Sondey	Magistrate	(B)
Ilona Doviak	Court Administrator	(B)
Richard Malagiere	Borough Attorney	
Mark DiPisa	Prosecutor	
Neglia Engineering	Borough Engineer	
Marianne Willms	Library Director	

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

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

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

All Bonds were examined and were properly executed.

See independent auditor's report and accompanying notes.

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements – regulatory basis (the "financial statements") of the Borough of Wallington, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated July 19, 2021. 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 2020-001, 2020-002, and 2020-003 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 2020-001, 2020-002, and 2020-003.

We noted certain other matters that we reported to management of the Borough in the schedule of comments and recommendations as item numbers 2020-04 through 2020-017.

## 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

July 19, 2021  
Carlstadt, New Jersey

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

**BOROUGH OF WALLINGTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2020**

**SCHEDULE 1**

Federal Department and Program	Federal CFDA Number	Grant Year	Grant Award	Current Year Grant Received	Funds Available December 31, 2019	Current Year Appropriations	Current Year Disbursements and Charges	Cancellation/ Transfers	Funds Available December 31, 2020	Cumulative Expenditures
<u>U.S. Department of Homeland Security</u>										
FEMA Civic Center Generator	97.047	2018	\$ 74,600.00	\$ -	\$ 1,167.90	\$ -	\$ -	\$ -	\$ 1,167.90	\$ 74,432.10
FEMA Firefighters Scuba Grant	97.044	2017	7,950.00	-	7,950.00	-	-	-	7,950.00	-
FEMA Firefighters New Jersey Safer Grant	97.083	2019	36,880.00	19,200.00	-	36,880.00	36,880.00	-	-	36,880.00
FEMA COVID 19- Public Assistance Grant	97.036	2020	41,431.06	14,365.41	-	41,431.06	34,680.35	-	6,750.71	34,680.35
US Treasury Cares Act	21.019	2020	48,550.00	24,441.72	-	48,550.00	48,546.91	-	3.09	48,546.91
2020 Census Grant	11.016	2020	6,000.00	6,000.00	-	6,000.00	-	-	6,000.00	-
				64,007.13	9,117.90	132,861.06	120,107.26	-	21,871.70	194,539.36
<u>U.S. Department of Housing &amp; Urban Development</u>										
(Pass through County Dept. of Community Development' 14.219										
Rehabilitation of the Elevator at Police Station		2014	43,000.00	-	9,432.00	-	-	-	9,432.00	33,568.00
Jordon Avenue- Ord 19-07		2016	127,200.00	127,200.00	127,200.00	-	127,200.00	-	-	127,200.00
2020 Road Program- Ord #20-04		2020	130,500.00	-	-	130,500.00	-	-	130,500.00	-
				127,200.00	136,632.00	130,500.00	127,200.00	-	139,932.00	160,768.00
<u>Department of Transportation</u>										
		20.205								
Resurface of Hathaway Street- Ord 11-5		2011	110,000.00	-	37,962.00	-	-	-	37,962.00	72,038.00
NJ Transportation Municipal Aid- Ord # 13-10		2013	150,000.00	150,000.00	-	-	-	-	-	150,000.00
NJ Transportation Municipal Aid- Ord # 15-04		2015	149,000.00	149,000.00	-	-	-	-	-	149,000.00
NJ Transportation Municipal Aid		2018	218,000.00	-	218,000.00	-	218,000.00	-	-	218,000.00
NJ Transportation Municipal Aid- Ord # 19-07		2019	202,000.00	-	202,000.00	-	150,620.01	-	51,379.99	150,620.01
NJ Transportation Municipal Aid- Ord # 20-04		2020	215,000.00	-	-	215,000.00	-	-	215,000.00	-
Total Department of Transportation			299,000.00	457,962.00	457,962.00	215,000.00	368,620.01	-	304,341.99	739,658.01
Total Federal Awards				\$ 490,207.13	\$ 603,711.90	\$ 478,361.06	\$ 615,927.27	\$ -	\$ 466,145.69	\$ 1,094,965.37

\*\* Denotes a Major Program



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

**DECEMBER 31, 2020**

**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	\$ 495,820.01	\$ -	\$ 495,820.01
Grant Fund	120,107.26	80,533.28	200,640.54
Current Fund	-	-	-
	<u>\$ 615,927.27</u>	<u>\$ 80,533.28</u>	<u>\$ 696,460.55</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, 2020, which is not required to be reported on the schedule of expenditures of state financial assistance, is as follows:

<u>Loan Program:</u>	<u>State Account Number</u>	<u>Amount Outstanding</u>
N.J. Green Acres Loan	4800-533-857000-60	\$ 25,597.66

**GENERAL COMMENTS**

**BOROUGH OF WALLINGTON  
GENERAL COMMENTS**

**DECEMBER 31, 2020**

**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 10<sup>th</sup> 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 2020 was held on December 3, 2020.

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

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

<u>Year</u>	<u>Number of Liens</u>
2020	1
2019	0
2018	0

**BOROUGH OF WALLINGTON  
GENERAL COMMENTS**

**DECEMBER 31, 2020**

**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
- Water Main Improvements
- Sanitary Sewer 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, 2020**

Part 1- Summary of Auditor's Results

Financial Statement Section

A) Type of Auditors Report Issued

Modified, Unaudited LOSAP Trust  
 Fund

B) Internal Control over Financial Reporting

1) Material weakness identified

<u>Yes</u>	<u>X</u>	<u>No</u>
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2) Were reportable conditions identified that were not considered to be material weaknesses?

<u>X</u>	<u>Yes</u>	<u>No</u>
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C) Noncompliance material to financial statements?

<u>Yes</u>	<u>X</u>	<u>No</u>
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Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**Borough of Wallington  
Schedule of Findings and Responses (Continued)  
For the Year Ended December 31, 2020**

*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 2020-001**

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

- a. The payroll withholdings payable was understated at December 31, 2020 due to non-posting of pension retros to budget appropriations.
- b. 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**

Poor internal control exists for vendor payment processing. A deficit occurred in the Payroll Account due to non-posting of pension retros. Amounts were posted during 2021 to correct the balance.

**Questioned Costs**

N/A

**Context**

The pension retro for the payroll account was posted on June 30, 2021. Business Registration Certificates and W-9's are not routinely requested.

**Effect**

The payroll reserve payables included amounts for pension retro which had not been funded by the Borough as of December 31, 2020.

**Cause**

Poor internal control exists for vendor processing of payments.

**Recommendation:**

That internal control procedures over cash disbursements be reviewed to timely fund payroll reserves, and the requesting of Business Registration Certificates and W-9's from vendors.

**Management's Response**

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

**Borough of Wallington  
Schedule of Findings and Responses (Continued)  
For the Year Ended December 31, 2020**

*Part 2 - Schedule of Financial Statement Findings*

**\*Finding 2020-002**

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

- a. The Borough's outstanding lien and premium balance at December 31, 2020 was adjusted in June of 2021 to reflect the correct balance of liens and premiums. The overall adjustment required a cancellation of \$33,799.90 for balances from prior year unknown errors.
- b. The amounts due to outside lienholders had not been disbursed in a timely manner. Interest for late payments were accrued and paid by the borough.

**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 2020-002

**Questioned Costs**

None

**Context**

The prior year balances were for outside tax title liens and premiums were not being allocated correctly. Adjustments were made in June of 2021 to correct balances and cancel unknown amounts outstanding.

**Effect**

The balances for outside tax title liens and tax sale premiums are misstated for the year ended December 31, 2020. Adjustments were made to correct balances in June of 2021.

**Cause**

Lack of maintenance of subsidiary ledgers in prior years.

**Recommendation**

That outside tax title lien receipts be promptly returned to lien holder upon receipt to avoid payment of interest.

**Management's Response**

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

**Borough of Wallington  
Schedule of Findings and Responses (Continued)  
For the Year Ended December 31, 2020**

*Part 2 - Schedule of Financial Statement Findings (continued)*

**Finding 2020-003**

The Borough had numerous posting errors for cash receipts and cash disbursements in the current fund. Several journal entries were made by the Chief Financial Officer to correct these errors, however there still existed an unreconcilable amount of \$9,701.46.

**Criteria or Specific Requirements**

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

**Condition**

The Borough changed its computer software in September of 2020. As a result, several adjustments were made to reconcile between the two systems. The most material of adjustments were to tax postings.

**Questioned Cost**

Undeterminable

**Context**

The new computer system required transfer of year-to-date amounts from the previous software system, resulting in numerous adjustments to correct the amounts posted.

**Effects**

Although all known posting errors were corrected, there still remained unallocated amounts totaling \$9,701.46.

**Recommendations**

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

**Management's Response**

Management has reviewed this finding and has indicated that the errors occurred due to the transfer of computer software systems.

**Borough of Wallington  
Schedule of Findings and Responses (Continued)  
For the Year Ended December 31, 2020**

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

Not Applicable

**Borough of Wallington  
Schedule of Findings and Responses (Continued)  
For the Year Ended December 31, 2020**

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

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**\*19-001 Recommendation:** Internal control procedures over cash disbursements be reviewed to ensure the proper recording of expenditures, the avoidance of over-expenditures and deficits, the required signatures on purchase orders, and the requesting of Business Registration Certificates and W-9's from vendors.

**Status:** Partial Corrective action has been taken. See Finding 2020-001.

**\*19-002 Recommendation:** That prior year balances for outside tax title liens and premiums that remain outstanding be investigated and adjusted if necessary. That outside tax title lien receipts be promptly returned to lien holder. That subsidiary ledgers be updated upon receipt and disbursement of liens. That voided prior year checks be investigated and appropriate disbursements be made to outside lienholders.

**Status:** Partial Corrective action has been taken. See Finding 2021-002.

**\*19-003 Recommendation:** Procedures over purchasing be reviewed to ensure all contract awards and purchases are made in accordance with requirements of the Local Public Contract Law.

**Status:** Corrective action has been taken.

**19-004 Recommendation:** That care be taken when posting cash receipts, cash disbursements and general ledger journal entries to ascertain that all amounts have been posted correctly.

**Status:** Partial Corrective action has been taken. See Finding 2021-003.

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**\*Comment 20-04:** Our audit revealed that the Borough does not maintain an analysis of the balance of escrow deposits. Overall planning board escrow deposits may also be in deficit.

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

**\*Comment 20-05:** Our audit revealed that IRS 1099 forms were not issued to all eligible vendors paid in excess of \$600 from Borough accounts.

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

**\*Comment 20-06:** Our audit revealed that there appears to exist excess cash balances in the payroll bank account that belongs in the trust fund bank account.

**Recommendation:** That excess balances in the payroll bank account be reviewed and transferred to trust fund.

**\*Comment 20-07:** 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 20-08:** Prior year grant receivables in the Grant, General Capital, and Water Capital funds should be investigated and collected or canceled.

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

**\*Comment 20-09:** Cash deficits for certain General Capital and Water Utility Capital ordinances are over five years old.

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

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**\*Comment 20-10:**

Our audit testing of the Tax Department revealed:

- a. There existed various credits to taxpayer accounts, that were not substantiated due to the transfer of balances between accounting software systems.
- b. The Homestead rebate posting to individual accounts was over-posted during 2019, resulting in a due from taxpayers of \$11,189.30. Due to the timing of the posting, the Borough has decided to absorb the cost.

**Recommendation:**

That all material credits to taxpayer accounts be supported by documentation and transfer be reconciled between systems.

**\*Comment 20-11:**

Audit of the payroll procedures indicated that:

- a. No employees had form I-9 (Employment Eligibility Verification) on file.
- b. 2020 Salary Ordinance was not adopted. There were two instances that employees were paid in excess of current approved Salary Ordinance.

**Recommendation:**

All employees should complete Form I-9 (Employment Eligibility Verification) and Salary Ordinances should be approved by resolution every year.

**\*Comment 20-12:**

Our audit revealed that certain funds are given directly to the Fire Department without a report of expenditures provided by the Fire Department and reviewed by the borough in accordance with 40A:14-34. Specifically, these included amounts for Fire Department Banquet and annual convention.

**Recommendation:**

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

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- Comment 20-13:** The Borough's eCode fee schedule listed on their website has not been updated to reflect fee changes according to Ordinance 2018-7. It was also noted that Ordinance 2018-7 listed an incorrect DCA rate charged for permits.
- Recommendation:** That the Borough update the construction code fee ordinance and their website to be consistent and correct.
- \*Comment 20-14:** Review of ATS/ACS Municipal Court Monthly Management Report for the month of December 2020 indicated some backlog in ticket and complaint processing:
- a). There were 77 tickets eligible for order of driver's license suspension.
  - b). There were 336 tickets assigned over 180 days but not issued.
  - c). There were 586 tickets and 84 complaints eligible for FTA over 14 days.
  - d.) There were 2 complaints eligible for warrant.
  - e). There were 26 parking tickets over 3 years old for which dismissal is required.
  - f). There were 18 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.

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- \*Comment 20-15:** The Monthly ATS/ACS Cash Bail on Account Report did not reconcile with the bail account balance, a difference of \$1,233.00 existed as of December 31, 2020. Difference of \$433 has been carried over from prior years and \$800 was due to three (3) bail applied checks issued but not recorded in the ATS/ACS.
- Recommendation:** That the difference in the Monthly ATS/ACS Cash Bail on Account Listing and bail account balance be investigated and either the bail listing be corrected or the shortage in cash bail account be funded through the Current Fund, and that all bail checks issued are timely entered in the system.
- \*Comment 20-16:** The monthly disbursement checks in the General account were not issued by the 15<sup>th</sup> 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 15<sup>th</sup> of the month following receipt in accordance with Rule 7:14-4(a).
- Comment 20-17:**
- a). Monthly bank reconciliations are not being completed in the General account and Bail account. Both accounts were not reconciled since March 2020. Due to bank reconciliations not being completed monthly, errors are not being corrected timely.
  - b). Accrued Interest in the General Account and the Bail account is not being turned over monthly to the municipality, it has not been turned over since December 2019.
  - c). Restitution payments are not disbursed monthly.
  - d). Monies collected in the General Account are not being deposited in the bank within 48 hours at all times.
  - e). There are numerous stale-dated outstanding checks carried in the General Account and the Bail Account which were not voided and turned over to municipality.

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**Comment 20-17 (Continued):**

**Recommendation:**

- a). That bank reconciliations are completed monthly to ensure that the municipal court's General Account and Bail Account bank statements and the ATS/ACS Monthly Cashbook are reconciled, and, that all errors are corrected timely.
- b). That accrued interest in the General Account and the Bail Account is turned over to the municipality on a monthly basis.
- c). That the restitution section of the Monthly Miscellaneous Report be printed to ensure that all restitution is disbursed on a monthly basis, and the report should be kept with the Monthly Cashbook.
- d). That all monies collected in the General Account be deposited within 48 hours.
- e). That stale dated checks outstanding in the General Account and the Bail 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 desire to express our appreciation of the assistance and courtesies rendered by the Borough Officials and employees during the year.

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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 19, 2021