

**BOROUGH OF WALDWICK**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**BOROUGH OF WALDWICK**

**BERGEN COUNTY**

**NEW JERSEY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Waldwick, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Waldwick as of December 31, 2018 and 2017, or changes in financial position, or, where applicable, cash flows for the years then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Waldwick as of December 31, 2018 and 2017, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2018 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

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


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




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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated August 9, 2019 on our consideration of the Borough of Waldwick’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Waldwick’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Waldwick’s internal control over financial reporting and compliance.

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
August 9, 2019

**BOROUGH OF WALDWICK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Cash	A-4	\$ 8,502,391	\$ 9,927,752
Cash - Change Funds	A-5	1,200	600
Grants Receivable	A-8	17,777	16,978
Due from State of NJ Senior Citizens' & Veterans' Deductions	A-6	<u>53,381</u>	<u>50,606</u>
		<u>8,574,749</u>	<u>9,995,936</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-7	288,667	265,769
Property Acquired for Taxes - Assessed Valuation	A	35,510	35,510
Revenue Accounts Receivable	A-9	5,002	2,809
Due from Animal Control Fund	B-5		3,869
Due from Other Trust Fund	B-14	267,918	318,527
Due from Unemployment Insurance Trust Fund	B-9	30	7
Due from Self Insurance Trust Fund	B-12	<u>136</u>	<u>-</u>
		<u>597,263</u>	<u>626,491</u>
Total Assets		<u>\$ 9,172,012</u>	<u>\$ 10,622,427</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 680,923	\$ 733,270
Accounts Payable	A-11	398,551	394,965
Prepaid Taxes	A-12	179,950	1,953,166
Tax Overpayments	A-13	92,235	53,083
County Taxes Payable	A-14	6,004	8,454
Due to Animal Control Fund	B-5	15	
Due to Municipal Open Space Trust Fund	B-18	97	79,022
Due to General Capital Fund	C-4	62,935	16,631
Due to Water Utility Operating Fund	D-19	2,749	8,583
Sales Tax Payable	A-16	11,525	5,794
Miscellaneous Reserves	A-17	613,587	679,493
Appropriated Reserves - Public and Private Programs	A-18	52,645	52,689
Unappropriated Reserves - Public and Private Programs	A-19	3,305	43,494
Construction Code Fees Payable	A-20	<u>7,163</u>	<u>8,401</u>
		2,111,684	4,037,045
Reserve for Receivables and Other Assets	A	597,263	626,491
Fund Balance	A-1	<u>6,463,065</u>	<u>5,958,891</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,172,012</u>	<u>\$ 10,622,427</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>		
Fund Balance Utilized	\$ 1,162,000	\$ 935,000
Miscellaneous Revenues Anticipated	4,028,846	3,916,789
Receipts from Delinquent Taxes	267,544	324,497
Receipts from Current Taxes	42,458,929	41,686,135
Non-Budget Revenue	113,023	68,537
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	618,092	618,213
Statutory Excess in Animal Control Fund		3,898
Interfunds Liquidated	54,319	13,911
	<u>48,702,753</u>	<u>47,566,980</u>
<b>EXPENDITURES</b>		
Budget Appropriations		
Operations		
Salaries and Wages	4,107,623	4,347,072
Other Expenses	6,066,795	5,728,203
Capital Improvements	331,750	74,100
Municipal Debt Service	1,453,779	1,699,333
Deferred Charges and Statutory Expenditures	1,072,875	1,041,383
County Taxes	3,825,510	3,815,243
County Open Space Preservation	163,162	157,992
County Share of Added and Omitted Taxes	6,004	8,454
Local District School Taxes	29,924,615	29,089,086
Municipal Open Space Taxes	79,982	79,022
Other Debits		
Senior Citizens Deductions Disallowed for Prior Year Taxes	3,757	6,020
Interfunds Created		247,333
Cancelled Grants Receivable		7,478
Refund Prior Year Revenue	727	1,334
	<u>47,036,579</u>	<u>46,302,053</u>
Total Expenditures		
Excess in Revenue	1,666,174	1,264,927
Fund Balance, January 1	<u>5,958,891</u>	<u>5,628,964</u>
	7,625,065	6,893,891
Decreased by:		
Utilization as Anticipated Revenue	<u>1,162,000</u>	<u>935,000</u>
Fund Balance, December 31	<u>\$ 6,463,065</u>	<u>\$ 5,958,891</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b>FUND BALANCE ANTICIPATED</b>	\$ 1,162,000	\$ 1,162,000	-
<b>MISCELLANEOUS REVENUES</b>			
Licenses			
Alcoholic Beverages	18,880	18,720	\$ (160)
Other	18,900	13,498	(5,402)
Fees and Permits			
Construction Code Official	220,000	242,536	22,536
Other	219,840	341,225	121,385
Fines and Costs			
Municipal Court	38,117	60,010	21,893
Interest and Costs on Taxes	63,155	63,376	221
Sewer Privileges	119,130	105,518	(13,612)
Cable Television Franchise Fees	152,771	152,771	
Energy Receipts Tax	2,327,293	2,327,293	
Supplemental Energy Receipts Tax	141,307	141,307	
Police Training - Various Municipal Agreements	44,310	28,480	(15,830)
Clean Communities	18,600	18,600	
Recycling Tonnage Grant - Reserve	27,486	27,486	
Police Vest Fund - Reserve	6,263	6,263	
Clean Communities - Reserve	7,588	7,588	
Uniform Fire Safety Act - Other Fees & Permits	11,578	16,134	4,556
Cell Site Rental	300,000	377,041	77,041
Other Trust Fund - Reserve for Police Vehicles	15,000	15,000	
Solar Energy Credit	3,500	-	(3,500)
Reserve for Sale of Assets	66,000	66,000	-
	<u>3,819,718</u>	<u>4,028,846</u>	<u>209,128</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	<u>235,000</u>	<u>267,544</u>	<u>32,544</u>
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>			
Municipal Operations	8,272,155	8,913,889	641,734
Free Public Library	535,767	535,767	-
	<u>8,807,922</u>	<u>9,449,656</u>	<u>641,734</u>
<b>Total General Revenues</b>	<u>\$ 14,024,640</u>	14,908,046	<u>\$ 883,406</u>
<b>Non-Budget Revenue</b>		<u>113,023</u>	
		<u>\$ 15,021,069</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(Continued)**

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collection	
Revenue from Collections	\$ 42,538,122
Less: Reserve for Tax Appeals Pending	<u>79,193</u>
Revenues Realized	42,458,929
Less: Allocation to School, County and Municipal Open Space Taxes	<u>33,999,273</u>
	8,459,656
Add: Appropriation "Reserve for Uncollected Taxes"	<u>990,000</u>
Balance for Support of Municipal Budget Appropriations	<u><u>\$ 9,449,656</u></u>
<b>Fees and Permits - Other</b>	
Borough Clerk	\$ 16,037
Park and Ride	45,606
Parking Meter	13,673
Tax Collector	806
Fire Prevention Bureau	21,147
Police	581
Sewer Connection	132,000
Swimming Pool	<u>111,375</u>
	<u><u>\$ 341,225</u></u>
<b>Licenses - Other</b>	
Borough Clerk	\$ 1,625
Board of Health	<u>11,873</u>
	<u><u>\$ 13,498</u></u>
<b>Non-Budget</b>	
Cash Received	\$ 99,479
Due From Animal Control Fund	16
Due From Unemployment Insurance Trust Fund	86
Due From Self Insurance Trust Fund	136
Due From General Capital Fund	<u>13,306</u>
	<u><u>\$ 113,023</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries and Wages	\$ 228,670	\$ 198,670	\$ 169,764	\$ 28,906	
Other Expenses	35,590	65,590	59,658	5,932	
Mayor and Council					
Salaries and Wages	12,000	12,000	11,925	75	
Other Expenses	4,000	4,000	3,573	427	
Municipal Clerk					
Salaries and Wages	98,157	127,657	127,170	487	
Other Expenses	29,120	30,120	29,516	604	
Financial Administration					
Salaries and Wages	148,020	148,020	140,797	7,223	
Audit Services					
Other Expenses	46,700	46,700	41,193	5,507	
Revenue Administration					
Salaries and Wages	57,056	57,056	42,014	15,042	
Other Expenses	75,565	89,565	84,257	5,308	
Other Expenses - Liquid of TTLs/Foreclosed Property	100	330	326	4	
Tax Assessment Administration					
Salaries and Wages	35,835	35,835	35,611	224	
Other Expenses	12,385	12,385	11,620	765	
Legal Services and Costs					
Other Expenses	76,000	129,000	125,148	3,852	
Engineering Services & Costs					
Other Expenses	8,100	15,100	10,271	4,829	
Planning Board					
Salaries and Wages	8,903	8,903	8,903	-	
Other Expenses	7,160	7,160	6,540	620	
Board of Adjustment					
Salaries and Wages	8,903	8,913	8,903	10	
Other Expenses	6,260	6,260	4,732	1,528	
Insurance					
Self Insurance & Surety Bonds (NJSA 40A:10-1 et seq.)	12,500	12,500	12,500	-	
General Liability	328,975	313,975	293,922	20,053	
Employee Group Health	718,222	678,222	570,859	107,363	
Health Benefit Waiver	33,141	33,141	25,210	7,931	
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police					
Salaries and Wages	2,270,000	2,265,000	2,113,169	151,831	
Other Expenses	109,460	114,460	112,633	1,827	
Other Expenses-Acquisition of Police Vehicles	60,785	60,785	54,564	6,221	
Office of Emergency Management					
Other Expenses	500	500	-	500	

**BOROUGH OF WALDWICK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATIONS - WITHIN "CAPS" (Cont'd)</b>					
<b>PUBLIC SAFETY FUNCTIONS (Cont'd)</b>					
Aid to Volunteer Ambulance Companies (First Aid Contribution)	\$ 20,750	\$ 20,750	\$ 19,100	\$ 1,650	
Fire					
Salaries and Wages	7,541	7,541	5,914	1,627	
Other Expenses	69,250	69,250	54,199	15,051	
Other Expenses-Fire Hydrant Service	25,000	25,000	25,000	-	
Fire Prevention Bureau					
Salaries and Wages	19,824	19,824	18,644	1,180	
Other Expenses	30,446	30,446	2,252	28,194	
<b>PUBLIC WORKS FUNCTION</b>					
Streets and Road Maintenance					
Salaries and Wages	720,400	720,400	706,021	14,379	
Other Expenses	34,200	34,200	25,457	8,743	
Other Expenses - Snow Removal	112,400	112,400	90,729	21,671	
Other Public Works Function					
Other Expenses - Municipal Park and Ride	1,550	1,800	1,675	125	
Other Expenses - Traffic Control Devices	5,800	5,800	3,854	1,946	
Solid Waste Collection (Sanitation)					
Garbage Collection	327,600	327,600	325,600	2,000	
Recycling					
Salaries and Wages	70,110	70,110	63,873	6,237	
Other Expenses	194,600	194,600	141,150	53,450	
Public Buildings and Grounds					
Other Expenses	145,645	155,645	155,390	255	
Vehicle Maintenance (Municipal Garage)					
Other Expenses	196,000	196,000	195,772	228	
<b>HEALTH &amp; HUMAN SERVICES</b>					
Public Health Services					
Other Expenses - Northwest Bergen Comm. Contractual	105,334	105,334	101,087	4,247	
Welfare/Administration of Public Assistance					
Other Expenses	100	100	-	100	
<b>PARKS AND RECREATION FUNCTIONS</b>					
Recreation Services and Programs (Parks and Playgrounds)					
Salaries and Wages	70,948	61,948	61,355	593	
Other Expenses	42,855	58,855	58,802	53	
Other Expenses-Community Television	1,000	1,000	-	1,000	
<b>MUNICIPAL COURT</b>					
Salaries and Wages	39,831	49,331	46,559	2,772	
Other Expenses	59,450	49,950	30,701	19,249	
Public Defender					
Other Expenses	15,681	15,681	14,923	758	

**BOROUGH OF WALDWICK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATIONS - WITHIN "CAPS" (Cont'd)</b>					
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	\$ 4,000	\$ 4,000	\$ 4,000		
 <b>UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC5:23-4.17)</b>					
Uniform Construction Code Enforcement					
Salaries and Wages	203,524	203,524	194,169	\$ 9,355	
Other Expenses	4,340	4,340	4,114	226	
 <b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Fuel Oil	80,000	80,000	62,058	17,942	
Electricity	125,000	95,000	68,720	26,280	
Telephone	32,400	50,400	50,250	150	
Natural Gas	30,000	26,000	22,944	3,056	
Street Lighting	96,000	96,000	93,930	2,070	
Water	15,000	18,500	18,500	-	
Sewerage Processing and Disposal	22,500	25,500	25,443	57	
Landfill/Solid Waste Disposal Costs					
Sanitary Landfill Dump Fees	343,900	313,900	288,763	25,137	-
<b>Total Operations Within "CAPS"</b>	<u>7,705,086</u>	<u>7,732,576</u>	<u>7,085,726</u>	<u>646,850</u>	<u>-</u>
 <b>Detail:</b>					
Salaries and Wages	3,999,722	3,994,732	3,754,791	239,941	-
Other Expenses (Including Contingent)	3,705,364	3,737,844	3,330,935	406,909	-
 <b>STATUTORY EXPENDITURES</b>					
Social Security System (O.A.S.I.)	306,000	278,510	278,510	-	
Police & Firemen's Retirement System of NJ	556,556	556,556	555,056	1,500	
Public Employee Retirement System	210,709	210,709	210,013	696	
Defined Contribution Retirement Plan	2,600	2,600	1,339	1,261	-
<b>Total Statutory Expenditures</b>	<u>1,075,865</u>	<u>1,048,375</u>	<u>1,044,918</u>	<u>3,457</u>	<u>-</u>
<b>Total Statutory Expenditures - Municipal Within "CAPS"</b>	<u>1,075,865</u>	<u>1,048,375</u>	<u>1,044,918</u>	<u>3,457</u>	<u>-</u>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<u>8,780,951</u>	<u>8,780,951</u>	<u>8,130,644</u>	<u>650,307</u>	<u>-</u>



**BOROUGH OF WALDWICK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Northwest Bergen Sewer Authority					
Share of Costs	\$ 1,692,284	\$ 1,692,284	\$ 1,692,284		
Village of Ridgewood - Contractual - Sewer	5,600	5,600	5,600		
Boro of Ho-Ho-Kus - Contractual - Sewer	2,929	2,929	2,928	\$ 1	
Recycling Tax Appropriation	13,200	13,200	10,837	2,363	
<b>EDUCATION FUNCTION</b>					
Maintenance of Free Public Library (Ch. 82, P.L. 1985)	535,767	535,767	535,767	-	
<b>PUBLIC SAFETY FUNCTION</b>					
"911" Telecommunications System	10,215	10,215	10,211	4	
<b>PUBLIC WORKS FUNCTION</b>					
NJPDES Stormwater Permit					
Streets and Roads					
Salaries and Wages	19,000	19,000	19,000	-	
Other Expenses	2,600	2,600	2,000	600	
Reserve for Sale of Assets					
Unclassified					
Accumulated Leave Compensation	56,000	56,000	56,000	-	
<b>INTERLOCAL MUNICIPAL SERVICE</b>					
<b>AGREEMENTS</b>					
Public Safety - Police Training					
Salaries and Wages	11,703	11,703	11,541	162	
Other Expense	32,607	32,607	32,607	-	
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFFSET BY REVENUES</b>					
Recycling Grant	27,486	27,486		27,486	
Police Vest Fund	6,263	6,263	6,263	-	
Clean Communities Grant - Salaries and Wages	18,600	18,600	18,600	-	
Clean Communities Grant - Reserve - Salaries and Wages	7,588	7,588	7,588	-	-
Total Operations Excluded from "CAPS"	2,441,842	2,441,842	2,411,226	30,616	-
Detail:					
Salaries and Wages	112,891	112,891	112,729	162	-
Other Expenses	2,328,951	2,328,951	2,298,497	30,454	-
<b>CAPITAL IMPROVEMENTS</b>					
Capital Improvement Fund	331,750	331,750	331,750	-	-
Total Capital Improvements-Excluded from "CAPS"	331,750	331,750	331,750	-	-

**BOROUGH OF WALDWICK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>MUNICIPAL DEBT SERVICE -</b>					
Payment of Bond Principal	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000		
Payment of Bond Anticipation Notes and Capital Notes	39,700	39,700	39,312		\$ 388
Interest on Bonds	151,020	151,020	151,020		
Interest on Notes	51,914	51,914	51,706		208
NJ Infrastructure Trust Loan					
Loan Repayments for Principal and Interest	<u>12,963</u>	<u>12,963</u>	<u>11,741</u>	<u>-</u>	<u>1,222</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,455,597</u>	<u>1,455,597</u>	<u>1,453,779</u>	<u>-</u>	<u>1,818</u>
<b>DEFERRED CHARGES MUNICIPAL -</b>					
Deferred Charges					
General Capital Fund					
Unfunded - Ordinance No 06-06/20-06	<u>24,500</u>	<u>24,500</u>	<u>24,500</u>	<u>-</u>	<u>-</u>
Total Deferred Charges-Municipal Excluded from "CAPS"	<u>24,500</u>	<u>24,500</u>	<u>24,500</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,253,689</u>	<u>4,253,689</u>	<u>4,221,255</u>	<u>\$ 30,616</u>	<u>1,818</u>
Subtotal General Appropriations	13,034,640	13,034,640	12,351,899	680,923	1,818
Reserve for Uncollected Taxes	<u>990,000</u>	<u>990,000</u>	<u>990,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 14,024,640</u>	<u>\$ 14,024,640</u>	<u>\$ 13,341,899</u>	<u>\$ 680,923</u>	<u>\$ 1,818</u>
Cash Disbursed			\$ 11,954,888		
Accounts Payable			379,820		
Due to General Capital Fund-Interlocal Agreement Public Safety			17,191		
Reserve for Uncollected Taxes			<u>990,000</u>		
			<u>\$ 13,341,899</u>		

**BOROUGH OF WALDWICK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-3	\$ 17,246	\$ 30,416
Due from Current Fund	B-5	<u>15</u>	<u>-</u>
		<u>17,261</u>	<u>30,416</u>
<b>PARK AND RIDE CONTINGENCY FUND</b>			
Cash	B-3	<u>18,489</u>	<u>13,415</u>
		<u>18,489</u>	<u>13,415</u>
<b>OTHER TRUST FUND</b>			
Cash	B-3	1,892,903	2,168,455
Due from Park and Ride Contingency Fund	B-7	4,006	4,006
Due from Water Utility Operating Fund	D-20	<u>21,993</u>	<u>-</u>
		<u>1,918,902</u>	<u>2,172,461</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-3	<u>73,489</u>	<u>77,915</u>
		<u>73,489</u>	<u>77,915</u>
<b>SELF INSURANCE TRUST FUND</b>			
Cash	B-3	<u>144,635</u>	<u>135,058</u>
		<u>144,635</u>	<u>135,058</u>
<b>MUNICIPAL OPEN SPACE TRUST FUND</b>			
Cash	B-3	159,273	70,295
Due from Current Fund	B-18	<u>97</u>	<u>79,022</u>
		<u>159,370</u>	<u>149,317</u>
Total Assets		<u>\$ 2,332,146</u>	<u>\$ 2,578,582</u>

**BOROUGH OF WALDWICK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2018 AND 2017**  
**(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-4	\$ 134	\$ 2
Due to Current Fund	B-5		3,869
Reserve for Animal Control Expenditures	B-6	<u>17,127</u>	<u>26,545</u>
		<u>17,261</u>	<u>30,416</u>
<b>PARK AND RIDE CONTINGENCY FUND</b>			
Due to Other Trust Fund	B-7	4,006	4,006
Reserve for Park and Ride Expenditures	B-8	<u>14,483</u>	<u>9,409</u>
		<u>18,489</u>	<u>13,415</u>
<b>OTHER TRUST FUND</b>			
Due to Current Fund	B-14	267,918	318,527
Due to Water Utility Operating Fund	D-20		177
Developer's Escrow and Other Reserves	B-15	1,462,207	1,666,286
Reserve for Payroll Deductions Payable	B-16	79,697	66,515
Reserve for COAH Expenditures	B-17	<u>109,080</u>	<u>120,956</u>
		<u>1,918,902</u>	<u>2,172,461</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Due to Current Fund	B-9	30	7
Due to State of New Jersey	B-10	449	5,031
Reserve for Unemployment Claims	B-11	<u>73,010</u>	<u>72,877</u>
		<u>73,489</u>	<u>77,915</u>
<b>SELF-INSURANCE TRUST FUND</b>			
Due to Current Fund	B-12	136	
Reserve for Property Insurance Expenditures	B-13	<u>144,499</u>	<u>135,058</u>
		<u>144,635</u>	<u>135,058</u>
<b>MUNICIPAL OPEN SPACE TRUST FUND</b>			
Due to General Capital Fund	B-19	105,000	70,000
Reserve for Expenditures	B-20	<u>54,370</u>	<u>79,317</u>
		<u>159,370</u>	<u>149,317</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,332,146</u>	<u>\$ 2,578,582</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK  
STATEMENT OF REVENUES-REGULATORY BASIS  
MUNICIPAL OPEN SPACE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Anticipated</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	\$ 79,885	\$ 79,885	\$ 79,982	\$ 97
Reserve Funds	<u>18,615</u>	<u>18,615</u>	<u>71</u>	<u>(18,544)</u>
	<u>\$ 98,500</u>	<u>\$ 98,500</u>	<u>\$ 80,053</u>	<u>\$ (18,447)</u>
Reference	B-2	B-2	B-20	

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS  
MUNICIPAL OPEN SPACE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Development of Lands for Recreation and Conservation: Other Expenses	\$ 98,500	\$ 98,500	\$ 105,000	\$ (6,500)
	<u>\$ 98,500</u>	<u>\$ 98,500</u>	<u>\$ 105,000</u>	<u>\$ (6,500)</u>
Reference	B-1	B-1	B-20	

Analysis of Paid or Charged

Due to General Capital

Fund

\$ 105,000

**BOROUGH OF WALDWICK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Cash	C-2,C-3	\$ 1,374,484	\$ 1,050,347
Deferred Charges to Future Taxation			
Funded	C-6	5,044,175	6,253,194
Unfunded	C-7	3,419,312	2,755,124
Grant and Other Receivable	C-8	510,089	473,250
Due from Current Fund	C-4	62,935	16,631
Due from Municipal Open Space Trust Fund	C-5	<u>105,000</u>	<u>70,000</u>
		<u>\$ 10,515,995</u>	<u>\$ 10,618,546</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-9	\$ 4,935,000	\$ 6,135,000
Loans Payable	C-10	109,175	118,194
Bond Anticipation Notes	C-11	3,359,688	2,671,000
Improvement Authorizations			
Funded	C-12	463,556	817,120
Unfunded	C-12	827,206	448,321
Accounts Payable	C-13	414,609	51,989
Reserve for Payment of Debt Service	C-14	34,536	34,536
Reserve for Pistol Range	C-15	3,080	
Capital Improvement Fund	C-16	48,097	47,097
Fund Balance	C-1	<u>321,048</u>	<u>295,289</u>
		<u>\$ 10,515,995</u>	<u>\$ 10,618,546</u>

There were bonds and notes authorized but not issued of \$97,125 and \$121,625 at December 31, 2018 and 2017 respectively (Exhibit C-17).

**BOROUGH OF WALDWICK**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Balance, January 1	\$ 295,289	\$ 181,555
Increased by:		
Premium on Sale of Bond Anticipation Notes	25,759	17,782
Cancelled Improvement Authorizations	<u>-</u>	<u>130,952</u>
	321,048	330,289
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>-</u>	<u>35,000</u>
Balance, December 31	<u>\$ 321,048</u>	<u>\$ 295,289</u>

**BOROUGH OF WALDWICK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
WATER UTILITY OPERATING FUND  
AS OF DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Cash	D-5	\$ 946,444	\$ 972,418
Change Fund	D	100	100
Due from Current Fund	D-19	2,749	8,583
Due from Other Trust Fund	D-20		177
Due from Water Utility Capital Fund	D-18	<u>349,954</u>	<u>-</u>
		<u>1,299,247</u>	<u>981,278</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	<u>102,937</u>	<u>17,356</u>
Deferred Charges			
Operating Deficit	D-8	<u>-</u>	<u>41,012</u>
 Total Assets		 <u>\$ 1,402,184</u>	 <u>\$ 1,039,646</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Liabilities			
Appropriation Reserves	D-4,D-11	\$ 161,728	\$ 155,770
Accounts Payable	D-12	54,310	42,140
Prepaid Water Rents	D-13	1,625	2,359
Water Rent Overpayments	D-14	6,334	6,444
Due to Other Trust Fund	D-20	21,993	
Reserve for Tax Map	D-25	3,667	3,667
Accrued Interest Payable on Bonds and Notes	D-21	5,975	5,151
Accrued Interest Payable on Loans	D-24	<u>8,229</u>	<u>9,969</u>
		263,861	225,500
Reserve for Receivables	D	102,937	17,356
Fund Balance	D-1	<u>1,035,386</u>	<u>796,790</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 1,402,184</u>	 <u>\$ 1,039,646</u>

The Accompanying Notes are an Integral Part of these Financial Statements



**BOROUGH OF WALDWICK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**WATER UTILITY CAPITAL FUND**  
**AS OF DECEMBER 31, 2018 AND 2017**  
**(Continued)**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash	D-5,D-6	\$ 395,682	\$ 137,314
Fixed Capital	D-9	8,987,917	8,828,195
Fixed Capital Authorized and Uncompleted	D-10	<u>5,374</u>	<u>111,136</u>
 Total Assets		 <u>\$ 9,388,973</u>	 <u>\$ 9,076,645</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Serial Bonds Payable	D-23	\$ 668,000	\$ 808,000
State Water Loans Payable	D-15	752,797	916,510
Bond Anticipation Notes	D-22	397,463	351,800
Accounts Payable	D-12		12,545
Improvement Authorization			
Unfunded	D-16	5,374	87,437
Due to Water Utility Operating Fund	D-18	349,954	
Reserves for			
Amortization	D-26	7,167,331	6,857,821
Deferred Amortization	D-27	7,700	5,200
Payment of Debt	D-28	4,008	4,008
Capital Improvement Fund	D-17	14,643	14,643
Fund Balance	D-2	<u>21,703</u>	<u>18,681</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 9,388,973</u>	 <u>\$ 9,076,645</u>

There were no bonds and notes authorized but not issued at December 31, 2018 and 2017.

**BOROUGH OF WALDWICK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES AND OTHER INCOME</b>		
Surplus Anticipated	\$ 80,805	
Rents	1,902,309	\$ 1,734,045
Fire Hydrant Service	25,000	25,000
Miscellaneous	8,482	8,143
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	143,611	83,818
Cancelled Accounts Payable	<u>1,659</u>	<u>-</u>
	<u>2,161,866</u>	<u>1,851,006</u>
<b>EXPENDITURES</b>		
Budget Appropriations		
Operating	1,287,834	1,328,720
Capital Improvements	6,500	5,500
Debt Service	354,904	397,548
Deferred Charges and Statutory Expenditures	<u>193,227</u>	<u>160,250</u>
	<u>1,842,465</u>	<u>1,892,018</u>
Excess/(Deficit) in Revenue	319,401	(41,012)
Adjustments to Income Before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>-</u>	<u>41,012</u>
Statutory Excess to Surplus	319,401	-
Fund Balance, January 1	<u>796,790</u>	<u>796,790</u>
	1,116,191	796,790
Decreased by:		
Utilization by Water Operating Budget	<u>80,805</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 1,035,386</u>	<u>\$ 796,790</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS**  
**WATER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Balance, January 1	\$ 18,681	\$ 21,297
Increased by:		
Premium on Sale of Bond Anticipation Notes	<u>3,022</u>	<u>2,384</u>
	21,703	23,681
Decreased by:		
Cancelled Loan Receivable	<u>-</u>	<u>5,000</u>
Balance, December 31	<u>\$ 21,703</u>	<u>\$ 18,681</u>

EXHIBIT D-3

**STATEMENT OF REVENUES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Utilized	\$ 80,805	80,805	
Rents	1,734,045	1,902,309	\$ 168,264
Fire Hydrant Service	25,000	25,000	
Miscellaneous	<u>8,143</u>	<u>8,482</u>	<u>339</u>
	<u>\$ 1,847,993</u>	<u>\$ 2,016,596</u>	<u>\$ 168,603</u>
Analysis of Miscellaneous Revenue			
Interest on Investments and Deposits		\$ 3,712	
Interest and Costs on Delinquent Accounts		<u>4,770</u>	
		<u>\$ 8,482</u>	
Analysis of Miscellaneous Revenue			
Cash Receipts		<u>\$ 8,482</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 778,800	\$ 778,800	\$ 640,024	\$ 138,776	
Other Expenses	509,034	509,034	504,514	4,520	
Capital Improvements					
Capital Improvement Fund	2,500	2,500	2,500		
Capital Outlay	4,000	4,000	3,960	40	
Debt Service					
Payment of Bond Principal	140,000	140,000	140,000		
Payment of Bond Anticipation Notes	2,000	2,000	1,837		\$ 163
Interest on Bonds	20,140	20,140	19,238		902
Interest on Notes	8,588	8,588	8,588		
Environmental Trust Principal & Interest	189,704	189,704	185,241		4,463
Deferred Charges:					
Operating Deficit	41,012	41,012	41,012		
Statutory Expenditures					
Public Employees Retirement System	92,215	92,215	92,215		
Social Security System	60,000	60,000	41,608	18,392	-
	<u>\$ 1,847,993</u>	<u>\$ 1,847,993</u>	<u>\$ 1,680,737</u>	<u>\$ 161,728</u>	<u>\$ 5,528</u>

Cash Disbursed	\$ 1,511,391
Accounts Payable	54,310
Due to Other Trust Fund	22,170
Due to Water Utility Capital Fund	2,500
Interest on Bonds and Notes	27,826
Interest on Loans	21,528
Deferred Charges - Operating Deficit	<u>41,012</u>
	<u>\$ 1,680,737</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2018 AND 2017**

<b>ASSETS</b>	<u>2018</u>	<u>2017</u> (Restated)
Land	\$ 8,558,600	\$ 8,558,600
Buildings and Building Improvements	4,729,780	4,729,780
Machinery and Equipment	<u>6,982,412</u>	<u>6,857,307</u>
 Total Assets	 <u>\$ 20,270,792</u>	 <u>\$ 20,145,687</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 20,270,792</u>	<u>\$ 20,145,687</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Waldwick (the "Borough") was incorporated in 1919 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 for 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 requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

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

**B. Description of Regulatory Basis of Accounting**

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

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

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

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

The Borough has the following funds and account group:

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

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

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

*Park and Ride Contingency Fund* - This fund is used to account for the receipts and disbursements relating to parking permit fees collected.

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

*Unemployment Insurance Fund* - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

*Self- Insurance Fund* - This fund is used to account for the resources and expenditures for property claims.

*Municipal Open Space Trust Fund* – This fund is used to account for resources that have accumulated from a dedicated tax and other resources to be used for the preservation of open space, recreation and farmland property.

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

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

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



**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

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

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2017 balances to conform to the December 31, 2018 presentation.

**Financial Statements – Regulatory Basis**

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

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

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

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

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

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

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Property Tax Revenues/Receivables (Continued)**

quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

**Property Acquired for Taxes** - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair 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 for interfunds and, therefore, does not recognize income in the year liquidated.

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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

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

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

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

**Incurred But Not Reported (IBNR) Reserves and Claims Payable** - The Borough has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Borough has not received notices or report of losses (i.e. IBNR). Additionally, the Borough has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). 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 potential claims are recorded as a long-term obligation in the government-wide financial statements.

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

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Waldwick has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 2017 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2017 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Trust Funds (Except Municipal Open Space Trust Fund)  
General Capital Fund  
Water Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. The Borough Council did not increase the original budget during 2018 and 2017. In addition, the governing body approved several budget transfers during 2018 and 2017.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

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

**BOROUGH OF WALDWICK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2018 and 2017, the book value of the Borough's deposits were \$13,526,336 and \$14,584,085 and bank and brokerage firm balances of the Borough's deposits amounted to \$13,837,720 and \$14,708,233, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2018</u>	<u>2017</u>
Insured	\$ 12,973,005	\$ 13,852,884
Uninsured and Collateralized	<u>864,715</u>	<u>855,349</u>
	<u>\$ 13,837,720</u>	<u>\$ 14,708,233</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2018 and 2017, the Borough’s bank balances of \$864,715 and \$855,349 were exposed to custodial credit risk as follows:

	<u>2018</u>	<u>2017</u>
<u>Uninsured and Collateralized:</u>		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 864,715</u>	<u>\$ 855,349</u>

**B. Investments**

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

**BOROUGH OF WALDWICK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

As of December 31, 2018 and 2017 the Borough had no outstanding investments.

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

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at December 31, 2018 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<b><u>2018</u></b>			
Property Taxes	\$ 288,667		\$ 288,667
Utility Rents	-	\$ 102,937	102,937
	<u>\$ 288,667</u>	<u>\$ 102,937</u>	<u>\$ 391,604</u>

In 2018, the Borough collected \$264,992 and \$17,356 from delinquent taxes and utility charges and fees, which represented 99% and 100% of the delinquent tax and water charges receivable at December 31, 2017. In addition, the Borough collected \$2,552 for 2017 tax adjustments realized in 2018.

Receivables at December 31, 2017 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<b><u>2017</u></b>			
Property Taxes	\$ 265,769		\$ 265,769
Utility Rents	-	\$ 17,356	17,356
	<u>\$ 265,769</u>	<u>\$ 17,356</u>	<u>\$ 283,125</u>

In 2017, the Borough collected \$318,477 and \$29,181 from delinquent taxes and utility charges and fees, which represented 99% and 100% of the delinquent tax and water charges receivable at December 31, 2016. In addition, the Borough collected \$6,020 for 2016 tax adjustments realized in 2017.

**BOROUGH OF WALDWICK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2018</u>		<u>2017</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 268,084	\$ 65,796	\$ 322,403	\$ 104,236
Trust Funds				
Animal Control	15			3,869
Park and Ride Contingency		4,006		4,006
Other Trust	25,999	267,918	4,006	318,704
Unemployment Insurance Trust		30		7
Self-Insurance Trust Fund		136		
Municipal Open Space	97	105,000	79,022	70,000
General Capital Fund	167,935		86,631	
Water Utility Operating Fund	352,703	21,993	8,760	
Water Utility Capital Fund	-	349,954	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 814,833</u>	<u>\$ 814,833</u>	<u>\$ 500,822</u>	<u>\$ 500,822</u>

The above balances are the result of revenue received in one fund which are due to another and expenditures being paid by one fund on behalf of another.

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2017</u>			
Water Utility			
Operating Deficit	\$ 41,012	\$ 41,012	



**BOROUGH OF WALDWICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	<u>2018</u>		<u>2017</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,391,907	\$ 1,082,000	\$ 5,891,307	\$ 1,162,000
Non-Cash Surplus	<u>71,158</u>	<u>-</u>	<u>67,584</u>	<u>-</u>
	<u>\$ 6,463,065</u>	<u>\$ 1,082,000</u>	<u>\$ 5,958,891</u>	<u>\$ 1,162,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 1,035,386		\$ 755,778	\$ 80,805
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>41,012</u>	<u>-</u>
	<u>\$ 1,035,386</u>	<u>\$ -</u>	<u>\$ 796,790</u>	<u>\$ 80,805</u>

**BOROUGH OF WALDWICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2018 and 2017.

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	Balance, December 31, <u>2018</u>
<b><u>2018</u></b>					
Land	\$ 8,558,600				\$ 8,558,600
Buildings and Building Improvements	4,729,780				4,729,780
Machinery and Equipment	<u>6,857,307</u>	<u>\$ 125,105</u>	<u>-</u>	<u>-</u>	<u>6,982,412</u>
	<u>\$ 20,145,687</u>	<u>\$ 125,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,270,792</u>
	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	Balance, December 31, <u>2017</u> (Restated)
<b><u>2017</u></b>					
Land	\$ 1,214,800	\$ 50,000		\$ 7,293,800	\$ 8,558,600
Buildings and Building Improvements	7,105,789	78,211		(2,454,220)	4,729,780
Machinery and Equipment	<u>6,616,710</u>	<u>440,303</u>	<u>\$ 199,706</u>	<u>-</u>	<u>6,857,307</u>
	<u>\$ 14,937,299</u>	<u>\$ 568,514</u>	<u>\$ 199,706</u>	<u>\$ 4,839,580</u>	<u>\$ 20,145,687</u>

**Restatement-** The General Fixed Asset Account Group for December 31, 2017 has been restated to reflect an updated inventory of the Borough's fixed assets as provided by an independent consultant. The effect of this restatement results in a net increase of \$4,839,580 in General Fixed Assets with a corresponding increase in the Investment in Fixed Assets at December 31, 2017.

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 8 FIXED ASSETS (Continued)**

**B. Water Utility Fund Fixed Assets**

The following is a summary of changes in the Water Utility Fund fixed assets for the years ended December 31, 2018 and 2017.

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2018</u>
<b><u>2018</u></b>				
Fixed Capital				
System and System Improvements	\$ 3,247,091	\$ 51,319		\$ 3,298,410
Tanks, Pumping Station Structures	3,027,568	5,624		3,033,192
Vehicles and Equipment	<u>2,553,536</u>	<u>102,779</u>	<u>-</u>	<u>2,656,315</u>
	<u>\$ 8,828,195</u>	<u>\$ 159,722</u>	<u>\$ -</u>	<u>\$ 8,987,917</u>
	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2017</u>
<b><u>2017</u></b>				
Fixed Capital				
System and System Improvements	\$ 3,559,475	\$ 189,875	\$ (502,259)	\$ 3,247,091
Tanks, Pumping Station Structures	3,027,568			3,027,568
Vehicles and Equipment	<u>1,982,788</u>	<u>68,489</u>	<u>502,259</u>	<u>2,553,536</u>
	<u>\$ 8,569,831</u>	<u>\$ 258,364</u>	<u>\$ -</u>	<u>\$ 8,828,195</u>

**BOROUGH OF WALDWICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT**

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

The Borough's debt is summarized as follows:

	<u>2018</u>	<u>2017</u>
Issued		
General		
Bonds, Loans and Notes	\$ 8,403,863	\$ 8,924,194
Water Utility		
Bonds, Notes and Loans	<u>1,818,260</u>	<u>2,076,310</u>
Total Issued	10,222,123	11,000,504
Less Funds Temporarily Held to Pay Bonds and Notes	<u>76,045</u>	<u>76,045</u>
Net Debt Issued	10,146,078	10,924,459
Authorized But Not Issued		
General		
Bonds and Notes	<u>97,125</u>	<u>121,625</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 10,243,203</u>	<u>\$ 11,046,084</u>

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .52% and .70% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2018</u></b>			
General Debt	\$ 8,500,988	\$ 72,037	\$ 8,428,951
School Debt	2,480,000	2,480,000	
Water Utility Debt	<u>1,818,260</u>	<u>1,818,260</u>	<u>-</u>
Total	<u>\$ 12,799,248</u>	<u>\$ 4,370,297</u>	<u>\$ 8,428,951</u>
<b><u>2017</u></b>			
General Debt	\$ 9,045,819	\$ 72,037	\$ 8,973,782
School Debt	3,065,000	3,065,000	
Water Utility Debt	<u>2,076,310</u>	<u>4,008</u>	<u>2,072,302</u>
Total	<u>\$ 14,187,129</u>	<u>\$ 3,141,045</u>	<u>\$ 11,046,084</u>

**Statutory Borrowing Power**

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

	<u>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 56,497,133	\$ 54,932,483
Less: Net Debt	<u>8,428,951</u>	<u>11,046,084</u>
Remaining Borrowing Power	<u>\$ 48,068,182</u>	<u>\$ 43,886,399</u>

**BOROUGH OF WALDWICK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2018</u>	<u>2017</u>
\$8,127,000, 2008 Bonds, due in annual installments of \$800,000 to \$802,000 through April, 2020, interest at 3.50%	\$ 1,602,000	\$ 2,402,000
\$4,508,000, 2014 Bonds, due in annual installments of \$400,000 to \$420,000 through November, 2026, interest at 2.00% to 2.50%	<u>3,333,000</u>	<u>3,733,000</u>
	<u>\$ 4,935,000</u>	<u>\$ 6,135,000</u>

**General Intergovernmental Loans Payable**

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection and Energy for the financing relating to the Borough sanitary sewer infiltration and inflow reduction improvements. 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>2018</u>	<u>2017</u>
\$86,874, 2011 Fund Loan due in Semi-annual installments of \$1,589 to \$3,178 through August 2029, interest free	\$ 50,326	\$ 55,093
\$86,874, 2011 Trust Loan due in Annual installments of \$996 to \$6,368 through August 2030, interest at 3.04% to 4.51%	<u>58,849</u>	<u>63,101</u>
	<u>\$ 109,175</u>	<u>\$ 118,194</u>

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Water Utility Bonds**

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

	<u>2018</u>	<u>2017</u>
\$1,144,000, 2008 Bonds, due in annual installments of \$110,000 to \$114,000 through April, 2020, interest at 3.50%	\$ 224,000	\$ 334,000
\$564,000, 2014 Bonds, due in annual installments of \$30,000 to \$60,000 through November, 2026, interest at 2.00% to 2.50%	444,000	474,000
	<u>\$ 668,000</u>	<u>\$ 808,000</u>

**Water Utility Intergovernmental Loans Payable**

The Borough has entered into a loan agreement with the New Jersey Environmental Infrastructure Trust for the financing relating to the water storage tank booster pump and water main construction projects. The Borough pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Water utility intergovernmental loans outstanding at December 31 are as follows:

	<u>2018</u>	<u>2017</u>
\$825,000, 2000 Fund Loan		\$ 43,898
\$830,000, 2000 Trust Loan		65,000
\$566,508, 2010 Fund Loan due in Semi-annual installments of \$9,939 to \$19,877 through August 2030, interest free	\$ 357,797	387,612
\$545,000, 2010 Trust Loan due in Annual installments of \$25,000 to \$45,000 through August 2030, interest at 5.00%	395,000	420,000
	<u>\$ 752,797</u>	<u>\$ 916,510</u>

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

Calendar Year	General Bonds		General Loans		Water Utility Bonds		Water Utility Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 1,200,000	\$ 115,020	\$ 9,140	\$ 2,323	\$ 150,000	\$ 15,690	\$ 54,816	\$ 19,750	\$ 1,566,739
2020	1,217,000	78,985	9,273	2,190	159,000	10,970	54,816	18,500	1,550,734
2021	420,000	56,650	9,421	2,042	60,000	8,075	54,816	17,250	628,254
2022	420,000	48,250	9,584	1,879	60,000	6,875	59,816	16,000	622,404
2023	420,000	39,850	9,760	1,703	60,000	5,675	59,816	14,500	611,304
2024-2028	1,258,000	62,850	51,981	5,333	179,000	8,925	324,082	48,500	1,938,671
2029-2030	-	-	10,016	372	-	-	144,635	6,500	161,523
	<u>\$ 4,935,000</u>	<u>\$ 401,605</u>	<u>\$ 109,175</u>	<u>\$ 15,842</u>	<u>\$ 668,000</u>	<u>\$ 56,210</u>	<u>\$ 752,797</u>	<u>\$ 141,000</u>	<u>\$ 7,079,629</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

	Balance, January 1, <u>2018</u>	Additions	Reductions	Balance, December 31, <u>2018</u>	Due Within One Year
<b><u>General Capital Fund</u></b>					
Bonds Payable	\$ 6,135,000		\$ 1,200,000	\$ 4,935,000	\$ 1,200,000
Intergovernmental Loans	118,194	-	9,019	109,175	9,140
	<u>\$ 6,253,194</u>	<u>\$ -</u>	<u>\$ 1,209,019</u>	<u>\$ 5,044,175</u>	<u>\$ 1,209,140</u>
<b><u>General Capital Fund Long-Term Liabilities</u></b>					
	<u>\$ 6,253,194</u>	<u>\$ -</u>	<u>\$ 1,209,019</u>	<u>\$ 5,044,175</u>	<u>\$ 1,209,140</u>
<b><u>Water Utility Capital Fund</u></b>					
Bonds Payable	\$ 808,000		\$ 140,000	\$ 668,000	\$ 150,000
Intergovernmental Loans	916,510	-	163,713	752,797	54,816
	<u>\$ 1,724,510</u>	<u>\$ -</u>	<u>\$ 303,713</u>	<u>\$ 1,420,797</u>	<u>\$ 204,816</u>
<b><u>Water Utility Capital Fund Long-Term Liabilities</u></b>					
	<u>\$ 1,724,510</u>	<u>\$ -</u>	<u>\$ 303,713</u>	<u>\$ 1,420,797</u>	<u>\$ 204,816</u>



**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Changes in Long-Term Municipal Debt (Continued)**

	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<b><u>General Capital Fund</u></b>					
Bonds Payable	\$ 7,613,000		\$ 1,478,000	\$ 6,135,000	\$ 1,200,000
Intergovernmental Loans	<u>127,108</u>	<u>-</u>	<u>8,914</u>	<u>118,194</u>	<u>9,019</u>
General Capital Fund Long-Term Liabilities	<u>\$ 7,740,108</u>	<u>\$ -</u>	<u>\$ 1,486,914</u>	<u>\$ 6,253,194</u>	<u>\$ 1,209,019</u>
<b><u>Water Utility Capital Fund</u></b>					
Bonds Payable	\$ 996,000		\$ 188,000	\$ 808,000	\$ 140,000
Intergovernmental Loans	<u>1,073,736</u>	<u>-</u>	<u>157,226</u>	<u>916,510</u>	<u>163,713</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 2,069,736</u>	<u>\$ -</u>	<u>\$ 345,226</u>	<u>\$ 1,724,510</u>	<u>\$ 303,713</u>

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

**Bond Anticipation Notes**

	Rate (%)	Maturity Date	Balance January 1, 2018	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2018
<b><u>General Capital Fund</u></b>						
Various Public Improvements & Acquisitions	2.75%	7/26/2019	\$ 2,671,000	\$ 3,359,688	\$ 2,671,000	\$ 3,359,688
Total General Capital Fund			<u>\$ 2,671,000</u>	<u>\$ 3,359,688</u>	<u>\$ 2,671,000</u>	<u>\$ 3,359,688</u>
<b><u>Water Utility Capital Fund</u></b>						
Various Public Improvements & Acquisitions	2.75%	7/26/2019	\$ 351,800	\$ 397,463	\$ 351,800	\$ 397,463
Total Water Capital Fund			<u>\$ 351,800</u>	<u>\$ 397,463</u>	<u>\$ 351,800</u>	<u>\$ 397,463</u>

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

**Bond Anticipation Notes**

	Rate	Maturity	Balance	Renewed/	Retired/	Balance,
	(%)	Date	January 1,	Issued	Redeemed	December 31,
			2017			2017
<b><u>General Capital Fund</u></b>						
Various Public Improvements & Acquisitions	2.25%	7/27/2018	\$ 1,843,400	\$ 1,843,400	\$ 1,843,400	\$ 1,843,400
Various Public Improvements & Acquisitions	2.00%	7/27/2018	-	827,600	-	827,600
Total General Capital Fund			<u>\$ 1,843,400</u>	<u>\$ 2,671,000</u>	<u>\$ 1,843,400</u>	<u>\$ 2,671,000</u>

**Water Utility Capital Fund**

Various Public Improvements & Acquisitions	2.25%	7/27/2018	\$ 248,000	\$ 248,000	\$ 248,000	\$ 248,000
Various Public Improvements & Acquisitions	2.00%	7/27/2018	-	103,800	-	103,800
Total Water Capital Fund			<u>\$ 248,000</u>	<u>\$ 351,800</u>	<u>\$ 248,000</u>	<u>\$ 351,800</u>

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

**BOROUGH OF WALDWICK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

	<u>Capital Project/Purpose</u>	<u>Construction / Other Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2018</u></b>			
	DPW Roof Rehabilitation	\$ 62,860	2019
	Purchase of Pick Up Truck	56,224	2019
	Purchase of Dump Truck	78,590	2019
	Senior Center Renovations	56,900	2019

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$625,754 and \$871,169 at December 31, 2018 and 2017, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

**B. Capital Lease Agreement**

The Borough entered into an agreement for the leasing of two vehicles. The capital lease agreement is for a term of 2 years payable in advance. The capital lease was paid in full at December 31, 2018.

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2018 and 2017 were as follows:

	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<b><u>2018</u></b>					
Compensated Absences	\$ 871,169		\$ 245,415	\$ 625,754	
Net Pension Liability					
PERS	8,611,991		1,238,006	7,373,985	
PFRS	9,682,274	-	1,770,325	7,911,949	-
	<u>\$ 19,165,434</u>	<u>\$ -</u>	<u>\$ 3,253,746</u>	<u>\$ 15,911,688</u>	<u>\$ -</u>
	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<b><u>2017</u></b>					
Compensated Absences	\$ 882,645		\$ 11,476	\$ 871,169	
Capital Leases	28,173		28,173	-	
Net Pension Liability					
PERS	11,636,579		3,024,588	8,611,991	
PFRS	11,361,860	-	1,679,586	9,682,274	-
	<u>\$ 23,909,257</u>	<u>\$ -</u>	<u>\$ 4,743,823</u>	<u>\$ 19,165,434</u>	<u>\$ -</u>

**BOROUGH OF WALDWICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

**Police and Firemen’s Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits 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.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of 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 special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 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 benefits 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.

**Public Employees’ Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 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 tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years 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 member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

**Other Pension Funds**

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

The cost of living increase for PERS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

**Actuarial Methods and Assumptions**

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2018 and 2017 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

**BOROUGH OF WALDWICK**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

During the years ended December 31, 2018, 2017 and 2016, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2018	\$ 555,056	\$ 342,725	\$ 1,261
2017	484,950	349,047	1,543
2016	462,520	331,775	1,178

In addition for the years ended December 31, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDI) \$2,560 and \$1,441, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2018 and 2017, the Borough reported a liability of \$7,373,985 and \$8,611,991, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough’s proportionate share was .03745 percent, which was an increase of .00045 percent from its proportionate share measured as of June 30, 2017 of .03700 percent.



**BOROUGH OF WALDWICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$369,980 and \$564,886, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$302,228 and \$332,455, respectively. At December 31, 2018 and 2017, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2018		2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 140,623	\$ 38,023	\$ 202,783	
Changes of Assumptions	1,215,111	2,357,808	1,735,019	\$ 1,728,659
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		69,168	58,642	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	281,664	415,662	299,420	575,003
Total	<u>\$ 1,637,398</u>	<u>\$ 2,880,661</u>	<u>\$ 2,295,864</u>	<u>\$ 2,303,662</u>

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ 20,239
2020	(83,510)
2021	(577,881)
2022	(473,800)
2023	(128,311)
	<u>\$ (1,243,263)</u>

**BOROUGH OF WALDWICK  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

*Actuarial Assumptions*

The Borough’s total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65%-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF WALDWICK  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

*Discount Rate*

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

**BOROUGH OF WALDWICK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

**Discount Rate (Continued)**

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Sensitivity of Net Pension Liability**

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
<b><u>2018</u></b>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 9,271,937</u>	<u>\$ 7,373,985</u>	<u>\$ 5,781,725</u>
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
<b><u>2017</u></b>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,683,759</u>	<u>\$ 8,611,991</u>	<u>\$ 6,885,951</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF WALDWICK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

*Pension Plan Fiduciary Net Position*

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Police and Firemen’s Retirement System (PFRS)**

At December 31, 2018 and 2017, the Borough reported a liability of \$7,911,949 and \$9,682,274, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough’s proportionate share was .05847 percent, which was a decrease of .00425 percent from its proportionate share measured as of June 30, 2017 of .06272 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$546,710 and \$928,196, respectively, for PFRS based on the actuarial valuations which are less in 2018 and more in 2017 than the actual contributions reported in the Borough’s financial statements of \$555,056 and \$484,950, respectively. At December 31, 2018 and 2017, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 80,494	\$ 32,742	\$ 62,813	\$ 56,827
Changes of Assumptions	679,134	2,027,696	1,193,932	1,585,673
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		43,286	184,760	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>499,403</u>	<u>730,404</u>	<u>665,566</u>	<u>294,256</u>
Total	<u>\$ 1,259,031</u>	<u>\$ 2,834,128</u>	<u>\$ 2,107,071</u>	<u>\$ 1,936,756</u>

**BOROUGH OF WALDWICK  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2019	\$ 5,788
2020	(253,173)
2021	(634,462)
2022	(481,797)
2023	(211,453)
	\$ (1,575,097)

***Actuarial Assumptions***

The Borough’s total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<b><u>PFRS</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF WALDWICK  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans’ target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

**BOROUGH OF WALDWICK  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Discount Rate (Continued)*

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

\* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

<u>2018</u>	<b>1% Decrease (5.51%)</b>	<b>Current Discount Rate (6.51%)</b>	<b>1% Increase (7.51%)</b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 10,589,162</u>	<u>\$ 7,911,949</u>	<u>\$ 5,703,736</u>
	<b>1% Decrease (5.14%)</b>	<b>Current Discount Rate (6.14%)</b>	<b>1% Increase (7.14%)</b>
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 12,757,193</u>	<u>\$ 9,682,274</u>	<u>\$ 7,155,878</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.



**BOROUGH OF WALDWICK  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen's Retirement System (PFRS) (Continued)**

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: 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. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,074,707 and \$1,084,496, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$127,297 and \$132,658, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$63,649 and \$54,229, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .05847 percent, which was a decrease of .00425 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .06272 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including certain eligible former Borough employees and/or their dependents under a special funding situation.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

**State Health Benefit Program Fund—Local Government Retired (the Plan)** (including Prescription Drug Program Fund)—The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits’ (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Measurement Focus and Basis of Accounting**

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Collective Net OPEB Liability**

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2018 and 2017 is \$15.7 billion and \$20.4 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.97% and 1.03%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017.

**Actuarial Methods and Assumptions**

In the June 30, 2017 and 2016 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$421.2 million and \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$53.5 million and \$53.1 million for fiscal years 2018 and 2017, respectively.

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contribution (Continued)**

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan - using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough is not required to make contributions to the State Plan under a special funding situation. The State as a non-employer contributing entity makes contributions to the Plan on-behalf of the Borough under a special funding situation.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

***Special Funding Situation***

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

**BOROUGH OF WALDWICK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Special Funding Situation (Continued)*

At December 31, 2018 and 2017, the State’s proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$7,216,262 and \$9,684,169, respectively. For the years ended December 31, 2018 and 2017 the plan has determined the State’s proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$218,445 and \$693,058, respectively. At December 31, 2018, (measurement date June 30, 2018), the State’s share of the OPEB liability attributable to the Borough was .11613 percent, which was an increase of .00476 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .11137 percent. The State’s proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

*Actuarial Assumptions*

The Borough’s total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2018</u>	<u>2017</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
Initial Fiscal Year Applied Through	2026	2026
Rate	1.65% to 8.98%	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the cnetral year using Scale MP-2017.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the cnetral year using Scale MP-2017.
Long-Term Rate of Return	1.00%	1.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and his or her age.

**BOROUGH OF WALDWICK  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Actuarial Assumptions (Continued)*

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

For the June 30, 2017 measurement date healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

*Long-Term Expected Rate of Return*

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2018 and 2017, respectively.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	3.87%
2017	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*OPEB Plan Fiduciary Net Position*

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF WALDWICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 14 RISK MANAGEMENT**

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

The Borough has established a Self-Insurance Trust Fund for the purpose of funding non-reimbursable property, plant and equipment claims as well as the deductible portion of the claims. As of December 31, 2018 and 2017 the Borough has available in the Self-Insurance Trust Fund \$144,499 and \$135,058, respectively for the payment of self-insurance claims.

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Employer</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 8,622		\$ 8,489	\$ 73,010
2017	9,847		5,992	72,877
2016	6,565		5,903	69,022

**BOROUGH OF WALDWICK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 15 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018 and 2017. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2018 and 2017, the Borough reserved \$400,000 and \$408,435, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 SUBSEQUENT EVENTS**

**Debt Authorized**

On February 26, 2019 the Borough adopted a bond ordinance authorizing the issuance of \$1,439,725 in bonds or bond anticipation notes to fund certain general capital projects and a bond ordinance authorizing the issuance of \$233,795 in bonds on bond anticipation note to fund certain water capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.



**SUPPLEMENTARY SCHEDULES**

**CURRENT FUND**

**BOROUGH OF WALDWICK**  
**STATEMENT OF CURRENT CASH - COLLECTOR-TREASURER**

Balance, January 1, 2018		\$ 9,927,752
Increased by Receipts:		
Revenue Accounts Receivable	\$ 3,902,909	
Non-Budget Revenue	99,479	
Senior Citizens' and Veterans' Deductions - Due from State of NJ	87,993	
Taxes Receivable	40,757,975	
Grants Receivable	17,801	
Receipts from Animal Control Trust Fund	3,885	
Receipts for Animal Control Trust Fund	15	
Receipts from Unemployment Insurance Trust Fund	108	
Receipts from Other Trust Fund	50,609	
Receipts for General Capital Fund	59,050	
Tax Overpayments	92,235	
Prepaid Taxes	179,950	
Miscellaneous Reserves	8,529	
Public and Private Programs - Unappropriated Reserves	1,148	
Construction Code Fees Payable	12,209	
Sales Tax Payable	5,731	
	<u>45,279,626</u>	
		55,207,378
Decreased by Disbursements:		
2018 Budget Appropriations	11,954,888	
2017 Appropriation Reserves	154,501	
Accounts Payable	335,427	
Change Funds	600	
Public and Private Programs- Appropriated Reserves	1,528	
Tax Overpayments	53,083	
County Taxes Payable	3,997,126	
Local District School Taxes Payable	29,924,615	
Miscellaneous Reserves	87,628	
Payments for Unemployment Insurance Trust Fund	45	
Payments to Municipal Open Space Trust Fund	158,907	
Payments to General Capital Fund	16,631	
Payments to Water Utility Operating Fund	5,834	
Construction Code Fees Payable	13,447	
Refund of Prior Year Revenue	727	
	<u>46,704,987</u>	
Balance, December 31, 2018		<u>\$ 8,502,391</u>

**BOROUGH OF WALDWICK  
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2018</u>	Established by Treasurer's <u>Disbursements</u>	Balance, December 31, <u>2018</u>
Collector-Treasurer	\$ 375	\$ 600	\$ 975
Municipal Court	125		125
Municipal Clerk	50		50
Swimming Pool	50	-	50
	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 1,200</u>

EXHIBIT A-6

**STATEMENT OF DUE FROM STATE OF NEW JERSEY  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2018		\$ 50,606
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 14,500	
Veterans' Deductions Per Tax Billings	78,250	
Senior Citizens' Deductions Allowed by Tax Collector	1,250	
Veterans' Deductions Allowed by Tax Collector	2,650	
		<u>96,650</u>
		147,256
Decreased by:		
Cash Received from State of New Jersey	87,993	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2018	2,125	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2017	1,757	
Senior Citizens/Veterans' Deductions Disallowed by State - Prior Years	2,000	
		<u>93,875</u>
Balance, December 31, 2018		<u>\$ 53,381</u>

**BOROUGH OF WALDWICK  
STATEMENT OF TAXES RECEIVABLE**

<u>Year</u>	<u>Balance, January 1, 2018</u>	<u>2018 Levy</u>	<u>Added Taxes</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	<u>Cash Collections</u> <u>2017</u>	<u>2018</u>	Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Cancelled</u>	<u>Balance, December 31, 2018</u>
2016	\$ 1,250					\$ 1,250			
2017	264,519		\$ 795	\$ 1,757		263,894	\$ 2,400	\$ 726	\$ 51
2018	<u>-</u>	<u>\$ 42,866,777</u>	<u>-</u>	<u>2,125</u>	<u>\$ 1,953,166</u>	<u>40,492,831</u>	<u>94,250</u>	<u>40,039</u>	<u>288,616</u>
	<u>\$ 265,769</u>	<u>\$ 42,866,777</u>	<u>\$ 795</u>	<u>\$ 3,882</u>	<u>\$ 1,953,166</u>	<u>\$ 40,757,975</u>	<u>\$ 96,650</u>	<u>\$ 40,765</u>	<u>\$ 288,667</u>

**Analysis of 2018 Property Tax Levy**

<b>Tax Yield</b>	
General Purpose Tax	\$ 42,802,487
Added Taxes (54:4-63.1 et seq.)	<u>64,290</u>
	<u>\$ 42,866,777</u>
<b>Tax Levy</b>	
Local District School Tax (Abstract)	\$ 29,924,615
County Tax (Abstract)	\$ 3,825,510
County Open Space Tax (Abstract)	163,162
Due for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>6,004</u>
	3,994,676
Local Tax for Municipal Purposes	8,272,155
Minimum Library Tax	535,767
Municipal Open Space Tax	79,885
Municipal Open Space Tax Added	97
Add Additional Tax Levies	<u>59,582</u>
	<u>8,947,486</u>
	<u>\$ 42,866,777</u>

**BOROUGH OF WALDWICK  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2018</u>	Accrued in 2018	<u>Collections</u>	Balance, December 31, <u>2018</u>
Municipal Alliance Program-Donation	\$ 13,684			\$ 13,684
Clean Communities	<u>3,294</u>	\$ 18,600	\$ 17,801	<u>4,093</u>
	<u>\$ 16,978</u>	<u>\$ 18,600</u>	<u>\$ 17,801</u>	<u>\$ 17,777</u>

**BOROUGH OF WALDWICK  
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2018</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 18,720	\$ 18,720	
Other		1,625	1,625	
Fees and Permits		16,037	16,037	
Tax Collector				
Fees and Permits		806	806	
Board of Health				
Licenses		11,873	11,873	
Construction Code Official				
Fees and Permits		242,536	242,536	
Fire Prevention Bureau				
Fees and Permits		21,147	21,147	
Police				
Fees and Permits		581	581	
Swimming Pool				
Fees and Permits		111,375	111,375	
Park and Ride Contingency Fund				
Fees and Permits		45,606	45,606	
Parking Meter				
Fees and Permits		13,673	13,673	
Sewer Connection				
Fees and Permits		132,000	132,000	
Municipal Court				
Fines and Costs	\$ 2,809	62,203	60,010	\$ 5,002
Interest and Costs on Taxes		63,376	63,376	
Energy Receipts Tax		2,327,293	2,327,293	
Supplemental Energy Receipts Tax		141,307	141,307	
Sewer Privileges - Midland Park and Wyckoff		105,518	105,518	
Cable Television Franchise Fees		152,771	152,771	
Police Training - Various Municipal Agreements		28,480	28,480	
Uniform Fire Safety Act		16,134	16,134	
Other Trust Fund - Reserve for Police Vehicles		15,000	15,000	
Cell Site Rent	-	377,041	377,041	-
	<u>\$ 2,809</u>	<u>\$ 3,905,102</u>	<u>\$ 3,902,909</u>	<u>\$ 5,002</u>

**BOROUGH OF WALDWICK**  
**STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, January 1, <u>2018</u>	<u>Transfers</u>	Cancelled <u>Payables</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>						
General Administration	\$ 3,420			\$ 3,420		\$ 3,420
Mayor and Council	5			5		5
Municipal Clerk	6,952			6,952	\$ 1,160	5,792
Financial Administration	2,189			2,189	391	1,798
Tax Assessment Administration	225			225	224	1
Police	140,512			140,512	88,391	52,121
Fire	2,023			2,023		2,023
Fire Prevention	180			180		180
Streets and Road Maintenance	53,825			53,825	12,296	41,529
Recycling	16,737			16,737	431	16,306
Public Health Services	47			47		47
Recreation Services and Programs	5,957			5,957		5,957
Municipal Court	3,379			3,379	1,281	2,098
Uniform Construction Code	3,518			3,518	270	3,248
Public Safety - Police Training	7,630	-	-	7,630	-	7,630
	<u>246,599</u>	<u>-</u>	<u>-</u>	<u>246,599</u>	<u>104,444</u>	<u>142,155</u>
<b>Total Salaries and Wages</b>						
<b>Other Expenses</b>						
General Administration	6,159			6,159	6,159	-
Mayor and Council	1,757			1,757	1,068	689
Municipal Clerk	1,248			1,248	731	517
Audit Services	8,795			8,795	7,655	1,140
Revenue Administration	2,462			2,462	1,552	910
Tax Title Liens	100			100		100
Tax Assessment Administration	2,486			2,486	7	2,479
Legal Services & Costs	-	\$ 5,000		5,000	2,588	2,412
Engineering Services & Costs	-	5,000		5,000	4,855	145
Planning Board	5,886			5,886	378	5,508
Board of Adjustments	1,927			1,927	39	1,888
<b>Insurance</b>						
General Liability	38,712		\$ 1,023	39,735		39,735
Group Insurance for Employees	96,357	(20,000)		76,357	189	76,168
Health Benefit Waiver	167			167		167
Police	12,736			12,736	6,703	6,033
Acquisition of Police Vehicles	4,173			4,173		4,173
Office of Emergency Management	500			500		500
Aid to Volunteer Ambulance Companies	1,350			1,350		1,350
Fire	18,298		94	18,392		18,392
Fire Prevention	4,284			4,284	417	3,867
Streets and Road Maintenance	5,137			5,137	2,710	2,427
Snow Removal	15,100			15,100	3,036	12,064
Municipal Park and Ride	792			792		792
Traffic Control Devices	3,883			3,883		3,883
Garbage Collection	2,000			2,000		2,000
Recycling	14,195			14,195	1,036	13,159
Public Buildings and Grounds	18,426			18,426	10,138	8,288
Vehicle Maintenance	23,144		13,998	37,142		37,142



**BOROUGH OF WALDWICK**  
**STATEMENT OF 2017 APPROPRIATION RESERVES**  
**(Continued)**

	Balance, January 1, 2018	Transfers	Cancelled Payables	Balance After Modification	Expended	Balance Lapsed
Northwest Bergen Comm. Contractual	\$ 4,290		\$ 405	\$ 4,695		\$ 4,695
Welfare/Administration of Public Assistance	100			100		100
Recreation Services & Programs	790			790		790
Municipal Court	6,759			6,759	\$ 102	6,657
Public Defender	2,502			2,502	1,202	1,300
Celebration of Public Events	1,929			1,929		1,929
Uniform Construction Code	917			917	56	861
Fuel Oil	27,797			27,797	3,407	24,390
Electricity	3,290		2,500	5,790		5,790
Telephone	447	\$ 10,000		10,447	8,501	1,946
Natural Gas	12,907			12,907	3,155	9,752
Street Lighting	998		2,016	3,014		3,014
Water	2,101			2,101		2,101
Sewerage Processing and Disposal	6,113			6,113	166	5,947
Sanitary Landfill Dump Fees	41,285			41,285	2,247	39,038
Social Security	44,571			44,571		44,571
Police & Firemen's Retirement System of NJ	1,500			1,500		1,500
Public Employee Retirement System	360		39,200	39,560		39,560
Recycling Tax	3,154			3,154		3,154
NJPDES Stormwater Permit-Streets and Roads	600			600		600
Accumulated Leave Compensation	32,314			32,314		32,314
Public Safety - Police Training	389		302	691	691	-
County of Bergen Drug and Alcohol Awareness Gra	1,484	-	-	1,484	1,484	-
 Total Other Expenses	 486,671	 -	 59,538	 546,209	 70,272	 475,937
	<u>\$ 733,270</u>	<u>\$ -</u>	<u>\$ 59,538</u>	<u>\$ 792,808</u>	<u>\$ 174,716</u>	<u>\$ 618,092</u>
					\$ 154,501	
					18,731	
					1,484	
					<u>\$ 174,716</u>	

**BOROUGH OF WALDWICK  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2018		\$ 394,965
Increased by:		
Charges to 2018 Budget Appropriation	\$ 379,820	
Transferred from 2017 Appropriated Reserves	<u>18,731</u>	
		<u>398,551</u>
		793,516
Decreased by:		
Cash Disbursements	335,427	
Cancelled Payables Restored to Appropriation Reserves	<u>59,538</u>	
		<u>394,965</u>
Balance, December 31, 2018		<u>\$ 398,551</u>

EXHIBIT A-12

**STATEMENT OF PREPAID TAXES**

Balance, January 1, 2018		\$ 1,953,166
Increased by:		
2019 Taxes Collected		<u>179,950</u>
		2,133,116
Decreased by:		
Applied to 2018 Taxes		<u>1,953,166</u>
Balance, December 31, 2018		<u>\$ 179,950</u>

**BOROUGH OF WALDWICK  
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2018		\$ 53,083
Increased by:		
Overpayments		<u>92,235</u>
		145,318
Decreased by:		
Refunds		<u>53,083</u>
Balance, December 31, 2018		<u>\$ 92,235</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2018		\$ 8,454
Increased by:		
2018 Tax Levy		
County Taxes	\$ 3,825,510	
County Open Space Preservation	163,162	
Added and Omitted Taxes	<u>6,004</u>	
		<u>3,994,676</u>
		4,003,130
Decreased by:		
Payments		<u>3,997,126</u>
Balance, December 31, 2018		<u>\$ 6,004</u>

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Increased by:		
Levy - Calendar Year 2018		\$ 29,924,615
Decreased by:		
Payments		<u>\$ 29,924,615</u>

**BOROUGH OF WALDWICK  
STATEMENT OF DUE TO STATE OF NEW JERSEY-  
SALES TAX PAYABLE**

Balance, January 1, 2018	\$	5,794
Increased by:		
Cash Receipts		5,731
Balance, December 31, 2018	\$	11,525

EXHIBIT A-17

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, January 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
Tax Appeals	\$ 408,435	\$ 79,193	\$ 87,628	\$ 400,000
Sale of Municipal Assets	269,633	8,529	66,000	212,162
Police Donations	1,425	-	-	1,425
	<u>\$ 679,493</u>	<u>\$ 87,722</u>	<u>\$ 153,628</u>	<u>\$ 613,587</u>
Cash Received		\$ 8,529		
Transferred from 2018 Tax Collections		79,193		
Cash Disbursed			\$ 87,628	
Anticipated as Current Fund Revenue		-	66,000	
		<u>\$ 87,722</u>	<u>\$ 153,628</u>	

**BOROUGH OF WALDWICK  
STATEMENT OF APPROPRIATED RESERVES -  
PUBLIC AND PRIVATE PROGRAMS**

	Balance, January 1, 2018	Transferred from 2017 Appropriation Reserves	Cash Disbursed	Balance, December 31, 2018
Drunk Driving Enforcement Fund	\$ 28,024			\$ 28,024
NJ Alcohol Rehab. Program - Court	8,122		\$ 1,528	6,594
Police Other Expenses	2			2
Stormwater Grant	10,261			10,261
Police Vest Fund	1,809			1,809
Recycling Grant	1,061			1,061
Crime Prevention Grant	3,136			3,136
Municipal Alliance - Local Share		\$ 1,484		1,484
History Grant	274	-	-	274
	<u>\$ 52,689</u>	<u>\$ 1,484</u>	<u>\$ 1,528</u>	<u>\$ 52,645</u>

EXHIBIT A-19

**STATEMENT OF UNAPPROPRIATED RESERVES- PUBLIC AND PRIVATE PROGRAMS**

	Balance, January 1, 2018	Cash Received	Anticipated Revenue	Balance, December 31, 2018
Police Vest	\$ 6,263	\$ 1,148	\$ 6,263	\$ 1,148
Steed Donations	1,578			1,578
Clean Communities	7,588		7,588	-
NJ Alcohol Rehabilitation Program	579			579
Recycling Tonnage Grant	27,486	-	27,486	-
	<u>\$ 43,494</u>	<u>\$ 1,148</u>	<u>\$ 41,337</u>	<u>\$ 3,305</u>

EXHIBIT A-20

**STATEMENT OF DUE TO STATE OF NEW JERSEY-  
CONSTRUCTION CODE FEES PAYABLE**

Balance, January 1, 2018	\$ 8,401
Increased by:	
Cash Received	<u>12,209</u>
	20,610
Decreased by:	
Payments to State of New Jersey	<u>13,447</u>
Balance, December 31, 2018	<u>\$ 7,163</u>

**TRUST FUNDS**

**BOROUGH OF WALDWICK  
STATEMENT OF TRUST CASH - COLLECTOR-TREASURER**

	<u>Animal Control</u>	<u>Park and Ride</u>	<u>Other Trust</u>	<u>State Unemployment</u>	<u>Self-Insurance</u>	<u>Municipal Open Space</u>
Balance, January 1, 2018	\$ 30,416	\$ 13,415	\$ 2,168,455	\$ 77,915	\$ 135,058	\$ 70,295
Increased by Receipts:						
Insurance Reimbursements					\$ 4,000	
COAH Proceeds			\$ 20,244			
Interest on Investments and Deposits	\$ 16	\$ 7		\$ 86	136	\$ 71
Employee Payroll Deductions			5,776,558	8,622		
Developer's Escrow and Other Reserves			828,620			
State Dog License Fees	845					
Dog License Fees	8,170					
Cat License Fees and Late Fees	382					
Park & Ride Permits		5,067				
Receipts from Current Fund						158,907
Budget Appropriation	-	-	-	-	11,782	-
	<u>9,413</u>	<u>5,074</u>	<u>6,625,422</u>	<u>8,708</u>	<u>15,918</u>	<u>158,978</u>
	39,829	18,489	8,793,877	86,623	150,976	229,273
Decreased by Disbursements:						
Expenditures Under R.S. 4:19-15.11	17,985					
Payments to Current Fund	3,885		50,609	108		
Payments to General Capital Fund						70,000
Payments for Water Utility Operating Fund			22,170			
Payments to State of New Jersey	713			13,026		
Developer's Escrow and Other Reserves			1,032,699			
Payroll Deductions Payable			5,763,376			
Reserve for COAH Expenditures			32,120			
Self-Insurance Expenditures	-	-	-	-	6,341	-
	<u>22,583</u>	<u>-</u>	<u>6,900,974</u>	<u>13,134</u>	<u>6,341</u>	<u>70,000</u>
Balance, December 31, 2018	<u>\$ 17,246</u>	<u>\$ 18,489</u>	<u>\$ 1,892,903</u>	<u>\$ 73,489</u>	<u>\$ 144,635</u>	<u>\$ 159,273</u>

**BOROUGH OF WALDWICK  
STATEMENT OF DUE TO STATE OF NEW JERSEY  
ANIMAL CONTROL FUND**

Balance, January 1, 2018		\$ 2
Increased by:		
Dog License Fees Collected in 2018		<u>845</u>
		847
Decreased by:		
Payments to State of New Jersey		<u>713</u>
Balance, December 31, 2018		<u><u>\$ 134</u></u>

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

Balance, January 1, 2018 (Due to)		\$ 3,869
Increased by:		
Interest on Investments and Deposits		<u>16</u>
		3,885
Decreased by:		
Cash Disbursements	\$ 3,885	
Receipts Deposited in Current Fund	<u>15</u>	
		<u>3,900</u>
Balance, December 31, 2018 (Due from)		<u><u>\$ 15</u></u>

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

Balance, January 1, 2018		\$ 26,545
Increased by:		
Dog License Fees Collected in 2018:		
Cash Receipts	\$ 8,170	
Receipts Deposited in Current Fund	<u>15</u>	
Cat License and Late Fees Collected in 2018	<u>382</u>	
		<u>8,567</u>
		35,112
Decreased by:		
Expenditures Under R.S. 4:19 - 15.11		<u>17,985</u>
Balance, December 31, 2018		<u><u>\$ 17,127</u></u>



**BOROUGH OF WALDWICK  
STATEMENT OF DUE TO OTHER TRUST FUND  
PARK AND RIDE CONTINGENCY FUND**

Balance, January 1, 2018	\$ <u>4,006</u>
Balance, December 31, 2018	\$ <u><u>4,006</u></u>

**STATEMENT OF RESERVE FOR PARK AND RIDE EXPENDITURES  
PARK AND RIDE CONTINGENCY FUND**

Balance, January 1, 2018	\$ 9,409
Increased by:	
Park and Ride Permits Collected	\$ 5,067
Interest on Investments	<u>7</u>
	<u>5,074</u>
Balance, December 31, 2018	\$ <u><u>14,483</u></u>

**BOROUGH OF WALDWICK  
STATEMENT OF DUE TO CURRENT FUND  
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, January 1, 2018		\$	7
Increased by:			
Interest on Investments		\$	86
Payments made by Current Fund			<u>45</u>
			<u>131</u>
			138
Decreased by:			
Payments to Current Fund			<u>108</u>
Balance, December 31, 2018		\$	<u><u>30</u></u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY  
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, January 1, 2018		\$	5,031
Increased by:			
Benefits Due to State of New Jersey			<u>8,489</u>
			13,520
Decreased by:			
Payments to State of New Jersey:			
Cash Disbursements		\$	13,026
Payments made by Current Fund			<u>45</u>
			<u>13,071</u>
Balance, December 31, 2018		\$	<u><u>449</u></u>

**BOROUGH OF WALDWICK  
STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS  
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, January 1, 2018		\$ 72,877
Increased by:		
Employee Payroll Deductions		<u>8,622</u>
		81,499
Decreased by:		
Benefits Due State of New Jersey		<u>8,489</u>
Balance, December 31, 2018		<u><u>\$ 73,010</u></u>

EXHIBIT B-12

**STATEMENT OF DUE TO CURRENT FUND  
SELF INSURANCE TRUST FUND**

Increased by:		
Interest on Investments and Deposits		<u>\$ 136</u>
Balance, December 31, 2018		<u><u>\$ 136</u></u>

EXHIBIT B-13

**STATEMENT OF RESERVE FOR PROPERTY INSURANCE EXPENDITURES  
SELF INSURANCE TRUST FUND**

Balance, January 1, 2018		\$ 135,058
Increased by:		
Insurance Reimbursements	\$ 4,000	
2018 Budget Appropriation	<u>11,782</u>	
		<u>15,782</u>
		150,840
Decreased by:		
Expenditures		
Property Insurance Expenditures		<u>6,341</u>
Balance, December 31, 2018		<u><u>\$ 144,499</u></u>

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

Balance, January 1, 2018	\$	318,527
Decreased by:		
Payments to Current Fund		50,609
Balance, December 31, 2018	\$	267,918

**STATEMENT OF DEVELOPER'S ESCROW AND OTHER RESERVES  
OTHER TRUST FUND**

	Balance, January 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2018</u>
TTL Premiums	\$ 620,800	\$ 144,600	\$ 598,300	\$ 167,100
Basketball Program	35,911			35,911
Swim Meet	3,166	2,500	504	5,162
Police Outside Duty	189,001	431,667	300,680	319,988
Municipal Court - P.O.A.A.	2,576	142		2,718
Municipal Alliance - Teen Canteen	20,497			20,497
Police Donations	5,161			5,161
E-Bay	100			100
Flexible Spending	10,095	7,235	6,882	10,448
Snow Removal Trust	101,158	25,000		126,158
Performance and Maintenance Bonds	237,174	25,039		262,213
Developer's and Other Escrows	397,304	155,452	109,633	443,123
Road Openings	3,600	1,500		5,100
Dumpster Permits	-	400		400
Vacant Properties	38,400	24,400	16,000	46,800
Evidence Money	400			400
Wall of Heroes	234	6,320	700	5,854
Yoga in the Park	309	565		874
Fire Prevention Trust Deposits	200	2,000		2,200
Fire Department Trust Deposits	200	1,800	-	2,000
	<u>\$ 1,666,286</u>	<u>\$ 828,620</u>	<u>\$ 1,032,699</u>	<u>\$ 1,462,207</u>
Cash Receipt		\$ 828,620		
Cash Disbursements		-	\$ 1,032,699	
		<u>\$ 828,620</u>	<u>\$ 1,032,699</u>	

**BOROUGH OF WALDWICK  
STATEMENT OF RESERVE FOR PAYROLL DEDUCTIONS  
OTHER TRUST FUND**

Balance, January 1, 2018	\$ 66,515
Increased by:	
Cash Receipts	<u>5,776,558</u>
	5,843,073
Decreased by:	
Cash Disbursements	<u>5,763,376</u>
Balance, December 31, 2018	<u>\$ 79,697</u>

**STATEMENT OF RESERVE FOR COAH EXPENDITURES  
OTHER TRUST FUND**

Balance, January 1, 2018	\$ 120,956
Increased by:	
Cash Receipts	<u>20,244</u>
	141,200
Increased by:	
Cash Disbursements	<u>32,120</u>
Balance, December 31, 2018	<u>\$ 109,080</u>

**STATEMENT OF DUE FROM CURRENT FUND  
MUNICIPAL OPEN SPACE TRUST FUND**

Balance, January 1, 2018	\$ 79,022
Increased by:	
2018 Tax Levy	\$ 79,885
2018 Added Tax Levy	<u>97</u>
	<u>79,982</u>
	159,004
Decreased by:	
Cash Receipts	<u>158,907</u>
Balance, December 31, 2018	<u>\$ 97</u>

**BOROUGH OF WALDWICK  
STATEMENT OF DUE TO GENERAL CAPITAL FUND  
MUNICIPAL OPEN SPACE TRUST FUND**

Balance, January 1, 2018	\$ 70,000
Increased by:	
General Capital Fund Improvement Authorizations	<u>105,000</u>
	175,000
Decreased by:	
Cash Disbursements	<u>70,000</u>
Balance, December 31, 2018	<u>\$ 105,000</u>

**STATEMENT OF RESERVE FOR MUNICIPAL OPEN SPACE EXPENDITURES  
MUNICIPAL OPEN SPACE TRUST FUND**

Balance, January 1, 2018	\$ 79,317
Increased by:	
Due from Current Fund:	
2018 Tax Levy	\$ 79,885
2018 Added Tax Levy	<u>97</u>
	\$ 79,982
Interest on Investments and Deposits	<u>71</u>
	<u>80,053</u>
	159,370
Decreased by:	
General Capital Fund Improvement Authorizations	<u>105,000</u>
Balance, December 31, 2018	<u>\$ 54,370</u>

**GENERAL CAPITAL FUND**

**BOROUGH OF WALDWICK**  
**STATEMENT OF GENERAL CAPITAL CASH - COLLECTOR-TREASURER**

Balance, January 1, 2018		\$ 1,050,347
Increased by:		
2018 Budget Appropriation:		
Capital Improvement Fund	\$ 331,750	
Costs of Improvements	24,500	
Receipts from Current Fund	16,631	
Receipts from Municipal Open Space Trust Fund	70,000	
Interest on Investments and Deposits	13,306	
Premium on Sale of Bond Anticipation Notes	25,759	
Proceeds from Bond Anticipation Notes	3,359,688	
Grant and Other Receivables	<u>40,000</u>	
		<u>3,881,634</u>
		4,931,981
Decreased by Disbursements:		
Bond Anticipation Notes	2,631,688	
Improvement Authorizations	876,753	
Accounts Payable	<u>49,056</u>	
		<u>3,557,497</u>
Balance, December 31, 2018		<u><u>\$ 1,374,484</u></u>



**BOROUGH OF WALDWICK  
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2018</u>
Fund Balance		\$ 321,048
Capital Improvement Fund		48,097
Grant and Other Receivables		(510,089)
Accounts Payable		414,609
Due from Current Fund		(62,935)
Due from Municipal Open Space Trust Fund		(105,000)
Reserve for Payment of Debt Service		34,536
Reserve for Pistol Range		3,080
Excess Note Proceeds		37,501
Improvement Authorizations:		
<u>Ord.</u>	<u>Improvement Description</u>	
<u>No.</u>		
2-96	Various Improvements and Acq. of Equipment	5,474
9-98/14-98/21-98/8-00	Various Improvements and Acq. of Equipment	4,775
04-03	Renovation and Improvement of Signal Tower	822
5-05	Various Public Improvements and Acquisitions	1,529
6-06/20-06	Various Public Improvements & Acquisitions	(90,918)
2-07	Various Public Improvements & Acquisitions	1,773
01-08	Various Public Improvements & Acquisitions	16,424
01-09	Various Public Improvements & Acquisitions	2,933
5-10	Various Public Impvts. & Acq. Of Equip.	16,181
2-11/7-11	Various Public Improvements, the Acq. of New Additional or Replacement Equip., a New Automotive Vehicle and Addition to the Waldwick Public Library	14,004
2-12	Various Public Improvements, the Acq. of New, Additional or Replacement Equip., and New Automotive Vehicles	5,314
2-13	Various Public Improvements & Acquisitions	87,800
3-14	Various Public Improvements & Acquisitions	42,988
7-14	Various Public Improvements	1,967
1-15	Various Public Improvements & Acquisitions	107,863
4-15	Various Public Improvements	1,164
5-15/3-17	Various Improvements to Maintain the Police Training Facility	175,000
11-15	Various Public Improvements	1,382
1-16/10-17	Various Public Improvements & Acquisitions	57,628
3-16	Various Public Improvements	3,850
16-16	Various Public Improvements & Acquisitions	66,822
1-17	Various Public Improvements & Acquisitions	87,340
4-17	Various Improvements	8,016
18-17	Various Public Improvements	57,653
01-18	Various Public Improvements & Acquisitions	442,311
12-18/22-18	Various Public Improvements	<u>73,542</u>
		<u>\$ 1,374,484</u>

**BOROUGH OF WALDWICK  
STATEMENT OF DUE FROM CURRENT FUND**

Balance, January 1, 2018		\$	16,631
Increased by:			
Receipts in Current Fund:			
Grants and Other Receivables	\$ 55,970		
Reserve for Pistol Range	<u>3,080</u>		
		\$	59,050
2018 Budget Appropriation Balance - Interlocal Agreement			<u>17,191</u>
			<u>76,241</u>
			92,872
Decreased by:			
Interest on Investments			13,306
Cash Receipts			<u>16,631</u>
			<u>29,937</u>
Balance, December 31, 2018		\$	<u><u>62,935</u></u>

**STATEMENT OF DUE FROM MUNICIPAL OPEN SPACE TRUST FUND**

Balance, January 1, 2018		\$	70,000
Increased by:			
Improvement Authorizations Funded by Municipal Open Space			<u>105,000</u>
			175,000
Decreased by:			
Receipts from Municipal Open Space			<u>70,000</u>
Balance, December 31, 2018		\$	<u><u>105,000</u></u>

**BOROUGH OF WALDWICK**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, January 1, 2018		\$ 6,253,194
Decreased by:		
2018 Budget Appropriation		
Bond Principal	\$ 1,200,000	
Loan Principal	<u>9,019</u>	
		<u>1,209,019</u>
Balance, December 31, 2018		<u>\$ 5,044,175</u>

**BOROUGH OF WALDWICK  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, January 1, 2018	2018 Authorizations	Notes Paid by Budget Appropriation	Funded by Budget Appropriation	Balance, December 31, 2018	Analysis of Balance		
							Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
6-06/20-06	Various Public Improvements & Acquisitions	\$ 121,625			\$ 24,500	\$ 97,125		\$ 90,918	\$ 6,207
1-15	Various Public Improvements & Acquisitions	775,000		\$ 36,696		738,304	\$ 738,304		
11-15	Various Public Improvements	13,399		2,616		10,783	10,783		
1-16	Various Public Improvements & Acquisitions	844,000				844,000	844,000		
16-16	Various Public Improvements & Acquisitions	173,500				173,500	173,500		
1-17	Various Public Improvements & Acquisitions	756,800				756,800	756,800		
18-17	Various Public Improvements	70,800				70,800	70,800		
1-18	Various Public Improvements & Acquisitions	-	\$ 728,000	-	-	728,000	728,000	-	-
		<u>\$ 2,755,124</u>	<u>\$ 728,000</u>	<u>\$ 39,312</u>	<u>\$ 24,500</u>	<u>\$ 3,419,312</u>	<u>\$ 3,322,187</u>	<u>\$ 90,918</u>	<u>\$ 6,207</u>
	Bond Anticipation Notes						\$ 3,359,688		
	Less: Excess Note Proceeds								
	Ord. 11-15						37,501		
							<u>\$ 3,322,187</u>		
	Improvement Authorizations - Unfunded								\$ 827,206
	Less: Unexpended Proceeds of Bond Anticipation Notes:								
	Ord. 01-15						\$ 107,863		
	Ord. 11-15						1,382		
	Ord. 01-16						57,628		
	Ord. 16-16						66,822		
	Ord. 01-17						87,340		
	Ord. 18-17						57,653		
	Ord. 01-18						442,311		
									<u>820,999</u>
									<u>\$ 6,207</u>

**BOROUGH OF WALDWICK  
STATEMENT OF GRANT AND OTHER RECEIVABLES**

	Interlocal Receivable	NJ Department Env. Protection	NJ Department of Transportation	NJ Department of Transportation	NJ Department of Transportation	County of Bergen									
						Ord. No. 3-17	Ord. No. 2-13	Ord. No. 16-16	Ord. No. 18-17	Ord. No. 01-18	Ord. No. 3-14	Ord. No. 20-14/3-15	Ord. No. 1-15	Ord. No. 9-15	Ord. No. 11-15
Balance, January 1, 2018	\$ 473,250	\$ 35,661	\$ 46,371	\$ 37,500	\$ 165,627	\$ 28,619	\$ 1	\$ 7,633	\$ 1,138	\$ 5,200	\$ 40,000	\$ 10,500	\$ 60,000	\$ 35,000	
Increased by:															
Grants Awarded	150,000	-	-	-	150,000	-	-	-	-	-	-	-	-	-	
	<u>623,250</u>	<u>35,661</u>	<u>46,371</u>	<u>37,500</u>	<u>165,627</u>	<u>150,000</u>	<u>28,619</u>	<u>1</u>	<u>7,633</u>	<u>1,138</u>	<u>5,200</u>	<u>40,000</u>	<u>10,500</u>	<u>60,000</u>	<u>35,000</u>
Decreased by:															
2018 Budget Appropriation -															
Balance - Interlocal Agreement	17,191	17,191													
Collections:															
Due from Current Fund	55,970	18,470		37,500											
Cash Receipts	40,000	-	-	-	-	-	-	-	-	-	40,000	-	-	-	
	<u>113,161</u>	<u>35,661</u>	<u>-</u>	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Balance, December 31, 2018	\$ 510,089	\$ -	\$ 46,371	\$ -	\$ 165,627	\$ 150,000	\$ 28,619	\$ 1	\$ 7,633	\$ 1,138	\$ 5,200	\$ -	\$ 10,500	\$ 60,000	\$ 35,000

**BOROUGH OF WALDWICK  
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2018</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	4/15/2008	\$ 8,127,000	4/15/2019	\$ 800,000	3.500 %	\$ 2,402,000	\$ 800,000	\$ 1,602,000
			4/15/2020	802,000	3.500			
General Improvements	11/1/2014	4,508,000	11/1/2019	400,000	2.000	<u>3,733,000</u>	<u>400,000</u>	<u>3,333,000</u>
			11/1/2020	415,000	2.000			
			11/1/2021-23	420,000	2.000			
			11/1/2024-25	420,000	2.500			
			11/1/2026	418,000	2.500			
						<u>\$ 6,135,000</u>	<u>\$ 1,200,000</u>	<u>\$ 4,935,000</u>

**BOROUGH OF WALDWICK**  
**STATEMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE (NJEIT)**  
**LOAN PAYABLE**

Balance, January 1, 2018	\$ 118,194
Decreased by:	
Paid by Budget Appropriation	<u>9,019</u>
Balance, December 31, 2018	<u>\$ 109,175</u>
<u>Analysis of Balance</u>	
NJEIT - Fund Loan	\$ 50,326
NJEIT- Trust Loan	<u>58,849</u>
	<u>\$ 109,175</u>

**BOROUGH OF WALDWICK  
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	<u>Improvement Description</u>	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2018	Increased	Decreased	Balance, December 31, 2018
1-15	Various Public Improvements & Acquisitions	7/30/2015	7/28/2017 7/27/2018	7/27/2018 7/26/2019	2.25 % 2.75	\$ 775,000	\$ 738,304	\$ 775,000	\$ 738,304
11-15	Various Public Improvements	7/30/2015	7/28/2017 7/27/2018	7/27/2018 7/26/2019	2.25 2.75	50,900	48,284	50,900	48,284
1-16	Various Public Improvements & Acquisitions	11/10/2016	7/28/2017 7/27/2018	7/27/2018 7/26/2019	2.25 2.75	844,000	844,000	844,000	844,000
16-16	Various Public Improvements & Acquisitions	11/10/2016	7/28/2017 7/27/2018	7/27/2018 7/26/2019	2.25 2.75	173,500	173,500	173,500	173,500
1-17	Various Public Improvements & Acquisitions	12/12/2017	12/12/2017 7/27/2018	7/27/2018 7/26/2019	2.00 2.75	756,800	756,800	756,800	756,800
18-17	Various Public Improvements	12/12/2017	12/12/2017 7/27/2018	7/27/2018 7/26/2019	2.00 2.75	70,800	70,800	70,800	70,800
1-18	Various Public Improvements & Acquisitions	7/27/2018	7/27/2018	7/26/2019	2.75	-	728,000	-	728,000
						<u>\$ 2,671,000</u>	<u>\$ 3,359,688</u>	<u>\$ 2,671,000</u>	<u>\$ 3,359,688</u>
							\$ 728,000		
								\$ 39,312	
							<u>2,631,688</u>	<u>2,631,688</u>	
							<u>\$ 3,359,688</u>	<u>\$ 2,671,000</u>	

Notes Issued \$ 728,000  
 Paid by Budget Appropriation \$ 39,312  
 Renewals 2,631,688  
\$ 3,359,688 \$ 2,671,000



**BOROUGH OF WALDWICK  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Amount	Balance, January 1, 2018		2018 Authorizations						Balance, December 31, 2018		
			Funded	Unfunded	Down- payment or Capital Impvt. Fund	Deferred Charges to Future Taxation Unfunded	Grants Receivable and Other Receivables	Open Space Trust Fund	Cancelled Accounts Payable	Paid or Charged	Funded	Unfunded	
2-96	Various Impvts. & Acq. of Equip.	\$ 383,400	\$ 5,474									\$ 5,474	
9-98/14-98/													
21-98/8-00	Various Improvements & Acq. Of Equipment	471,250	4,775									4,775	
04-03	Renovation and Improvement of Signal Tower	23,883	822									822	
5-05	Various Public Improvements & Acquisitions	2,049,473	1,529									1,529	
6-06/20-06	Various Public Improvements & Acquisitions	1,824,050		\$ 11,143							\$ 4,936		\$ 6,207
2-07	Various Public Improvements & Acquisitions	1,641,600	2,273								500	1,773	
01-08	Various Public Improvements and the Acq. of New, Additional or Replacement Equip.	1,187,150	16,424									16,424	
01-09	Various Public Improvements and the Acq. of New, Additional or Replacement Equip.	1,230,950							\$ 2,933			2,933	
5-10	Various Public Impvts. & Acq. Of Equip.		16,321								140	16,181	
2-11/7-11	Various Public Improvements, the Acq. of New Additional or Replacement Equip., a New Automotive Vehicle and Addition to the Waldwick Public Library	1,287,750	102,215								88,211	14,004	
2-12	Various Public Improvements, the Acq. of New, Additional or Replacement Equip., and New Automotive Vehicles	1,397,750	8,026								2,712	5,314	
2-13	Various Public Improvements & Acquisitions	1,104,750	108,149								20,349	87,800	
3-14	Various Public Improvements & Acquisitions	852,500	46,117								3,129	42,988	
7-14	Various Public Improvements	77,000	1,967									1,967	
1-15	Various Public Improvements & Acquisitions	844,030		110,726							2,863		107,863
4-15	Various Public Improvements	40,500	1,164									1,164	
5-15/3-17	Various Improvements to Maintain the Police Training Facility	175,000	175,000									175,000	
11-15	Various Public Improvements	217,500		1,583							201		1,382
1-16/10-17	Various Public Improvements & Acquisitions	1,042,000		57,829							201		57,628
3-16	Various Public Improvements	20,800	4,648								798	3,850	
16-16	Various Public Improvements & Acquisitions	419,000		67,729							907		66,822
1-17	Various Public Improvements & Acquisitions	814,700		128,511							41,171		87,340
4-17	Various Improvements	23,300	8,016									8,016	
18-17	Various Public Improvements	385,000	314,200	70,800							327,347		57,653
01-18	Various Public Improvements & Acquisitions	1,020,000			\$ 37,000	\$ 728,000	\$ 150,000	\$ 105,000			577,689		442,311
12-18/22-18	Various Public Improvements	293,750	-	-	293,750	-	-	-			-	73,542	-
			\$ 817,120	\$ 448,321	\$ 330,750	\$ 728,000	\$ 150,000	\$ 105,000	\$ 2,933	\$ 1,291,362	\$ 463,556	\$ 827,206	
										Cash Disbursements	\$ 876,753		
										Accounts Payable	414,609		
											\$ 1,291,362		

**BOROUGH OF WALDWICK  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2018		\$ 51,989
Increased by:		
Charges to Improvement Authorizations		<u>414,609</u>
		466,598
Decreased by:		
Cash Disbursements	\$ 49,056	
Cancelled Accounts Payable Restored to Improvement Authorizations	<u>2,933</u>	
		<u>51,989</u>
 Balance, December 31, 2018		 <u><u>\$ 414,609</u></u>

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE**

Balance, January 1, 2018		\$ <u>34,536</u>
Balance, December 31, 2018		\$ <u><u>34,536</u></u>

**STATEMENT OF RESERVE FOR PISTOL RANGE**

Increased by:		
Receipts Deposited in Current Fund		<u>\$ 3,080</u>
Balance, December 31, 2018		<u><u>\$ 3,080</u></u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2018		\$ 47,097
Increased by:		
2018 Budget Appropriation		<u>331,750</u>
		378,847
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>330,750</u>
Balance, December 31, 2018		<u><u>\$ 48,097</u></u>

**BOROUGH OF WALDWICK**  
**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord.</u> <u>No.</u>		Balance, January 1, <u>2018</u>	2018 Authori- zations	Notes <u>Issued</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2018</u>
6-06/20-06	Various Public Improvements & Acquisitions	\$ 121,625			\$ 24,500	\$ 97,125
01-18	Various Public Improvements & Acquisitions	-	\$ 728,000	\$ 728,000	-	-
		<u>\$ 121,625</u>	<u>\$ 728,000</u>	<u>\$ 728,000</u>	<u>\$ 24,500</u>	<u>\$ 97,125</u>

**WATER UTILITY FUND**

**BOROUGH OF WALDWICK**  
**STATEMENT OF WATER UTILITY CASH - WATER COLLECTOR-TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2018	\$ 972,418	\$ 137,314
Increased by:		
Consumer Accounts Receivable	\$ 1,898,270	
Fire Hydrant Service	25,000	
Miscellaneous	8,482	
Water Overpayments	6,334	
Prepaid Water Rents	1,625	
Premium on Sale of Bond Anticipation Notes		\$ 3,022
Bond Anticipation Notes		397,463
Receipts from Current Fund	5,834	
Receipts from Water Utility Operating Fund	<u>-</u>	<u>352,454</u>
	<u>1,945,545</u>	<u>752,939</u>
	2,917,963	890,253
Decreased by:		
2018 Budget Appropriations	1,511,391	
2017 Appropriation Reserves	12,159	
Accounts Payable	40,481	12,545
Water Overpayments Refunded	4,764	
Improvement Authorizations		132,063
Interest on Bonds and Notes	27,002	
Interest on Water Loan	23,268	
Bond Anticipation Notes		349,963
Payments to Water Utility Capital Fund	<u>352,454</u>	<u>-</u>
	<u>1,971,519</u>	<u>494,571</u>
Balance, December 31, 2018	<u>\$ 946,444</u>	<u>\$ 395,682</u>

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

	Balance, December 31, <u>2018</u>
Fund Balance	\$ 21,703
Capital Improvement Fund	14,643
Due to Water Utility Operating Fund	349,954
Reserve for Payment of Debt	4,008
Ord.	
<u>No.</u> <u>Improvement Description</u>	
2-16    Various Public Improvements & Acquisitions	138
2-17    Various Public Improvements & Acquisitions	<u>5,236</u>
	<u>\$ 395,682</u>

EXHIBIT D-7

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

Balance, January 1, 2018		\$ 17,356
Increased by:		
Water Rents Levied		<u>1,987,890</u>
		2,005,246
Decreased by:		
Collections	\$ 1,898,270	
Overpayments Applied	1,680	
Prepaid Water Rents Applied	<u>2,359</u>	
		<u>1,902,309</u>
Balance, December 31, 2018		<u>\$ 102,937</u>

EXHIBIT D-8

**STATEMENT OF DEFERRED CHARGES  
WATER UTILITY OPERATING FUND**

	Balance January 1, <u>2018</u>	Raised in 2018 <u>Budget</u>
2017 Operating Deficit	<u>\$ 41,012</u>	<u>\$ 41,012</u>

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

	Balance, January 1, <u>2018</u>	Additions by		Balance, December 31, <u>2018</u>
		<u>Budget</u> <u>Capial Outlay</u>	<u>Ordinance</u>	
Generator	\$ 74,817			\$ 74,817
Springs and Wells	425,975		\$ 14,562	440,537
Reservoirs	50,034			50,034
Filters	812,567			812,567
Tanks, Pumping Station Structures	3,027,568		5,624	3,033,192
Distribution Mains and Accessories	1,716,042		8,750	1,724,792
Meters and Accessories	952,353		6,635	958,988
Fire Hydrants	124,456	\$ 3,960	78,645	207,061
General Equipment	1,370,068		13,539	1,383,607
Engineering, Legal	173,267		2,439	175,706
Vehicles	31,842			31,842
Other Costs and System Improvements	<u>69,206</u>	<u>-</u>	<u>25,568</u>	<u>94,774</u>
	<u>\$ 8,828,195</u>	<u>\$ 3,960</u>	<u>\$ 155,762</u>	<u>\$ 8,987,917</u>
2018 Budget Appropriations		<u>\$ 3,960</u>		

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

Ord. No.	<u>Improvement Description</u>	Ordinance <u>Amount</u>	Balance, January 1, <u>2018</u>	Increased by:		Costs to <u>Fixed Capital</u>	Balance, December 31, <u>2018</u>
				<u>2018 Authorizations</u>			
				Deferred Reserve for <u>Amortization</u>	Deferred Charge to Future <u>Revenue</u>		
02-16	Various Public Improvements	\$ 120,500	\$ 2,136			\$ 1,998	\$ 138
02-17	Various Public Improvements & Acquisitions	109,000	109,000			103,764	5,236
02-18	Various Public Improvements & Acquisitions	50,000	-	\$ 2,500	\$ 47,500	50,000	-
			<u>\$ 111,136</u>	<u>\$ 2,500</u>	<u>\$ 47,500</u>	<u>\$ 155,762</u>	<u>\$ 5,374</u>



**BOROUGH OF WALDWICK  
STATEMENT OF 2017 APPROPRIATION RESERVES  
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2018</u>	Budget After <u>Modifications</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 31,758	\$ 31,758	\$ 2,710	\$ 29,048
Other Expenses	116,297	116,297	9,449	106,848
Statutory Expenditures				
Public Employees Retirement System	1,882	1,882		1,882
Social Security	<u>5,833</u>	<u>5,833</u>	-	<u>5,833</u>
	<u>\$ 155,770</u>	<u>\$ 155,770</u>	<u>\$ 12,159</u>	<u>\$ 143,611</u>

**STATEMENT OF ACCOUNTS PAYABLE  
WATER UTILITY OPERATING AND CAPITAL FUNDS**

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, January 1, 2018	\$ 42,140	\$ 12,545
Increased by:		
Charges to 2018 Appropriations	<u>54,310</u>	-
	96,450	12,545
Decreased by:		
Cash Disbursements	40,481	12,545
Cancelled Payables	<u>1,659</u>	-
	<u>42,140</u>	<u>12,545</u>
Balance, December 31, 2018	<u>\$ 54,310</u>	<u>\$ -</u>

**BOROUGH OF WALDWICK  
STATEMENT OF PREPAID WATER RENTS  
WATER UTILITY OPERATING FUND**

Balance, January 1, 2018	\$	2,359
Increased by:		
Prepaid Rents		1,625
		3,984
Decreased by:		
Applied to 2018 Water Rents		2,359
Balance, December 31, 2018	\$	1,625

**STATEMENT OF WATER RENT OVERPAYMENTS  
WATER UTILITY OPERATING FUND**

Balance, January 1, 2018	\$	6,444
Increased by:		
Overpayments		6,334
		12,778
Decreased by:		
Applied to 2018 Water Rents	\$	1,680
Overpayments Refunded		4,764
		6,444
Balance, December 31, 2018	\$	6,334

**STATEMENT OF STATE WATER LOAN PAYABLE  
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2018	\$	916,510
Decreased by:		
Paid by Budget Appropriation		163,713
Balance, December 31, 2018	\$	752,797

**Analysis of Balance**

	\$	752,797
NJ EIT (2010)		

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

Ord. No.	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance, January 1, 2018</u>		<u>Capital Improvement Fund</u>	<u>2018 Authorizations</u>	<u>Paid or Charged</u>	<u>Balance, December 31, 2018</u>	
			<u>Funded</u>	<u>Unfunded</u>		<u>Deferred Charges to Future Revenue</u>		<u>Funded</u>	<u>Unfunded</u>
02-16	Various Public Improvements & Acquisitions	\$ 120,500		\$ 2,136			\$ 1,998	\$	138
02-17	Various Public Improvements & Acquisitions	109,000		85,301			80,065		5,236
02-18	Various Public Improvements & Acquisitions	50,000	-	-	\$ 2,500	\$ 47,500	50,000	-	-
			<u>\$ -</u>	<u>\$ 87,437</u>	<u>\$ 2,500</u>	<u>\$ 47,500</u>	<u>\$ 132,063</u>	<u>\$ -</u>	<u>\$ 5,374</u>
							<u>Cash Disbursed</u>	<u>\$ 132,063</u>	

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

Balance, January 1, 2018	\$	14,643
Increased by:		
Budget Appropriation		2,500
		17,143
Decreased by:		
Appropriation to Finance Improvement Authorizations		2,500
Balance, December 31, 2018	\$	14,643

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

Increased by:		
Cash Received	\$	352,454
Decreased by:		
2018 Budget Appropriations Capital Improvement Fund		2,500
Balance, December 31, 2018	\$	349,954

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

Balance, January 1, 2018	\$ 8,583
Decreased by:	
Cash Received	5,834
Balance, December 31, 2018	\$ 2,749

**STATEMENT OF DUE TO/FROM OTHER TRUST FUND  
WATER UTILITY OPERATING FUND**

Balance, January 1, 2018 (Due from)	\$ 177
Decreased by:	
Payments made by Other Trust Fund	22,170
Balance, December 31, 2018 (Due to)	\$ 21,993

**STATEMENT OF ACCRUED INTEREST PAYABLE ON BONDS AND NOTES  
WATER UTILITY OPERATING FUND**

Balance, January 1, 2018	\$ 5,151
Increased by:	
Budget Appropriation	
Interest on Bonds	\$ 19,238
Interest on Notes	8,588
	27,826
	32,977
Decreased by:	
Interest Paid	27,002
Balance, December 31, 2018	\$ 5,975

Analysis of Balance

Accrued Interest on Notes	\$ 2,712
Accrued Interest on Bonds	3,263
	\$ 5,975

**BOROUGH OF WALDWICK  
STATEMENT OF BOND ANTICIPATION NOTES  
WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2018	Increased	Decreased	Balance, December 31, 2018
02-15	Various Public Improvements	7/30/2015	7/28/2017 7/27/2018	7/27/2018 7/26/2019	2.25% 2.75%	\$ 133,300		\$ 133,300	\$ 131,463
02-16	Various Public Improvements and Acquisitions	11/10/2016	7/28/2017 7/27/2018	7/27/2018 7/26/2019	2.25% 2.75%	114,700	114,700	114,700	114,700
2-17	Various Public Improvements and Acquisitions	12/12/2017	12/12/2017 7/27/2018	7/27/2018 7/26/2019	2.00% 2.75%	103,800	103,800	103,800	103,800
2-18	Various Public Improvements and Acquisitions	7/27/2018	7/27/2018	7/26/2019	2.75%	-	47,500	-	47,500
						<u>\$ 351,800</u>	<u>\$ 397,463</u>	<u>\$ 351,800</u>	<u>\$ 397,463</u>
							\$ 47,500		
								\$ 1,837	
							<u>349,963</u>	<u>349,963</u>	
							<u>\$ 397,463</u>	<u>\$ 351,800</u>	

**BOROUGH OF WALDWICK**  
**STATEMENT OF WATER SERIAL BONDS**  
**WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2018</u>	<u>Decreased</u>	<u>Balance, December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Water Bonds	4/15/2008	\$ 1,144,000	4/15/2019	\$ 110,000	3.500 %			
			4/15/2020	114,000	3.500	\$ 334,000	\$ 110,000	\$ 224,000
Water Bonds	11/1/2014	564,000	11/1/2019	40,000	2.000			
			11/1/2020	45,000	2.000			
			11/1/2021	60,000	2.000			
			11/1/2022	60,000	2.000			
			11/1/2023	60,000	2.000			
			11/1/2024	60,000	2.500			
			11/1/2025	60,000	2.500			
			11/1/2026	59,000	2.500			
						<u>474,000</u>	<u>30,000</u>	<u>444,000</u>
						<u>\$ 808,000</u>	<u>\$ 140,000</u>	<u>\$ 668,000</u>

**BOROUGH OF WALDWICK**  
**STATEMENT OF ACCRUED INTEREST PAYABLE ON LOANS**  
**WATER UTILITY OPERATING FUND**

Balance, January 1, 2018	\$	9,969
Increased by:		
Budget Appropriation		
Interest on Loans		21,528
		31,497
Decreased by:		
Interest Paid on Water Loan		23,268
		8,229
Balance, December 31, 2018	\$	8,229

EXHIBIT D-25

**STATEMENT OF RESERVE FOR TAX MAP**  
**WATER UTILITY OPERATING FUND**

Balance, January 1, 2018	\$	3,667
Balance, December 31, 2018	\$	3,667

EXHIBIT D-26

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

Balance, January 1, 2018	\$	6,857,821
Increased by:		
2018 Budget Appropriations:		
Serial Bonds	\$	140,000
Water Loans		163,713
Bond Anticipation Notes		1,837
Capital Outlay - Operating Budget		3,960
		309,510
Balance, December 31, 2018	\$	7,167,331



**BOROUGH OF WALDWICK  
STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION  
WATER UTILITY CAPITAL FUND**

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2018</u>	Fixed Capital <u>Authorized</u>	Balance, December 31, <u>2018</u>
02-17	Various Public Improvements & Acquisitions	\$ 5,200		\$ 5,200
02-18	Various Public Improvements & Acquisitions	<u>-</u>	<u>\$ 2,500</u>	<u>2,500</u>
		<u>\$ 5,200</u>	<u>\$ 2,500</u>	<u>\$ 7,700</u>

EXHIBIT D-28

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

Balance, January 1, 2018	<u>\$ 4,008</u>
Balance, December 31, 2018	<u>\$ 4,008</u>

EXHIBIT D-29

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

<u>Ord.</u>	<u>Improvement Description</u>	2018 <u>Authorizations</u>	Notes <u>Issued</u>
02-18	Various Public Improvements & Acquisitions	<u>\$ 47,500</u>	<u>\$ 47,500</u>
		<u>\$ 47,500</u>	<u>\$ 47,500</u>

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

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**PART II  
GOVERNMENT AUDITING SECTION**



DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Waldwick as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2019. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Waldwick’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Waldwick in Part III of this report of audit entitled, “Letter of Comments and Recommendations”.

**Purpose of this Report**

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

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
August 9, 2019

**BOROUGH OF WALDWICK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Grant</u>	<u>CFDA</u>	<u>Award</u>	<u>2018</u>	<u>Balance,</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Adjustment</u>	<u>Balance,</u>	<u>(Memo Only)</u>
	<u>Year</u>	<u>Number</u>	<u>Amount</u>	<u>Grant</u>	<u>January 1,</u>	<u>Realized</u>	<u>Expenditures</u>	<u>Adjustment</u>	<u>2018</u>	<u>Cumulative</u>
				<u>Receipts</u>	<u>2018</u>					<u>Expenditures</u>
U.S. Department of Housing and Urban Development										
Community Development Block Grant										
Senior Center Rehabilitation	2017	14.218	\$ 60,000		\$ 60,000				\$ 60,000	
U.S. Department of Homeland Security (Passed through the State Dept. of Law and Public Safety)										
Public Assistance Grant (FEMA)										
Superstorm Sandy	2018	97.036	2,198	\$ 2,198	-	\$ 2,198	\$ 2,198	-	-	\$ 2,198
					<u>\$ 60,000</u>	<u>\$ 2,198</u>	<u>\$ 2,198</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 2,198</u>

Note: This schedule is not subject to Single Audit as defined by U.S. Uniform Guidance.

**BOROUGH OF WALDWICK  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

State Grant Program	Grant Number	Grant Year	Grant/Loan Award	2018	Balance, January 1, 2018	Revenue Realized	Expended	Adjustment	Balance, December 31, 2018	(Memo Only)
				Grant Receipts (Memo)						Cumulative Expenditures
Clean Communities Grant	4900-765-1789000	2018	\$ 18,600	\$ 17,801		\$ 18,600	\$ 18,600		-	\$ 18,600
			7,588			7,588	7,588		-	7,588
Body Armor Replacement Fund	1020-718-066-1020-001	2017	2,027			2,027	2,027		-	2,027
		2016	4,236			4,236	4,236		-	4,236
		2015	2,100	\$ 1,215					\$ 1,215	885
		2014	2,103	594					594	1,509
Drunk Driving Enforcement Fund	1110-448031020-22	2016	16,310		16,310				16,310	
		2013	3,000		3,000				3,000	
		2012	15,140		8,714				8,714	6,426
Stormwater Management Grant	4840-150-05-7500	2010	1,469		1,469				1,469	
		Prior	17,012		8,792				8,792	8,220
Alcohol Education and Rehabilitation Fund	9735-760-060000-60	2016	7,153		7,153		559		6,594	559
		2008	4,787		969		969		-	4,787
Recycling Tonnage Grant	042-4910-100-224	2017	15,110			15,110			15,110	
	042-4910-100-224	2016	12,376			12,376			12,376	
Recycling Grant	N/A	2014	1,061		1,061				1,061	
Crime Prevention Grant	N/A	2016	3,136		3,136				3,136	
Department of Transportation										
Rehabilitation of Maple Avenue (Ord. 01-2018)	N/A	2018	150,000			150,000	243		149,757	243
Rehabilitation of Dora Ave - Section 2 (Ord. 18-2017)	17-480-078-6320-AMQ-6010	2017	165,627		165,627		165,627		-	165,627
Rehabilitation of Hopper Avenue (Ord. 16-2016)	16-480-078-6320-AMF	2016	150,000	37,500	37,500	-	37,500	-	-	150,000
					\$ 255,540	\$ 209,937	\$ 237,349	\$ -	\$ 228,128	

N/A - Not Available

Note: This schedule is not subject to Single Audit in accordance with New Jersey OMB Circular 15-08.

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

**BOROUGH OF WALDWICK  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 2,198	\$ 59,937	\$ 62,135
General Capital Fund	<u>-</u>	<u>150,000</u>	<u>150,000</u>
	<u>\$ 2,198</u>	<u>\$ 209,937</u>	<u>\$ 212,135</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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



**BOROUGH OF WALDWICK  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2018**

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The Borough's federal and state loans outstanding at December 31, 2018, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

Loan Program

NJ Environmental Infrastructure Trust Loan Water Supply Rehabilitation Loans - 2010	\$ 752,797
NJ Environmental Infrastructure Trust Loan Sanitary Sewer Improvement Loans - 2011	<u>109,175</u>
	<u>\$ 861,972</u>

**NOTE 6 DE MINIMIS INDIRECT COST RATE**

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

**BOROUGH OF WALDWICK  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

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

**Federal Awards Section - NOT APPLICABLE**

**State Awards Section - NOT APPLICABLE**

**BOROUGH OF WALDWICK**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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*.

There are none.

**BOROUGH OF WALDWICK  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2017-001**

Our audit of bank reconciliations in the various funds revealed the following:

- Numerous reconciling items as the result of interfund balances transferred at year end.
- Unrecorded deposits in transit for certain interfund transactions at year end.

**Current Status**

Corrective action has been partially taken. See Letter of Comments and Recommendations.

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

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**BOROUGH OF WALDWICK  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$2.679</u>	<u>\$2.656</u>	<u>\$2.602</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.518	.521	.522
Library	.034	.033	.032
Municipal Open Space	.004	.005	.005
County	.250	.252	.242
Local School	1.873	1.845	1.801

Assessed Valuation

2018	<u>\$1,597,703,800</u>
2017	<u>\$1,577,088,200</u>
2016	<u>\$1,574,059,700</u>

**Comparison of Tax Levies and Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2018	\$ 42,866,777	\$ 42,538,122	99.23%
2017	41,976,614	41,686,135	99.31%
2016	41,089,028	40,732,694	99.13%

**BOROUGH OF WALDWICK  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2018	\$ 288,667		\$ 288,667	0.67%
2017	265,769		265,769	0.63%
2016	318,037	\$ 1,690	319,727	0.78%

**Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2018	\$35,510
2017	35,510
2016	35,510

**Comparison of Water Utility Levies**

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2018	\$1,987,890	\$1,902,309
2017	1,722,220	1,734,045
2016	1,940,573	1,947,310

\* Includes collections of prior years receivables.

**BOROUGH OF WALDWICK  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE**

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

<u>Name</u>	<u>Title</u>	<u>Corporate Surety</u>
Thomas A. Giordano	Mayor	
Debra Dellavechia	Council President	
Gregor Bjork	Councilman	
Charles Farricker	Councilman	
Joseph Oravetz	Councilman	
Paul Schatz	Councilman	
Donald Sciolaro	Councilman	
Laura Harris	Borough Administrator (January – September)	
Colleen Ennis	Chief Financial Officer, Collector – Treasurer Supervisor of Water Consumer Accounts Tax Search Officer	
Paula Jaegge	Borough Clerk (January – October) Officer for Searches for Municipal Improvements	
Angela Mattiace	Tax Assessor	
Mark Messner	Police Chief	
Joseph Mysliwec	Construction Code Official	
Helene Herbert	Magistrate	A
Allison Blau	Court Administrator	A
Craig Bossong	Attorney	
Bernard Mirandi	Engineer	

(A) Public employees blanket bond in the amount of \$1,000,000 insured by Municipal Joint Insurance Fund.



**BOROUGH OF WALDWICK  
SUPPLEMENTARY DATA**

**SCHEDULE OF FINDINGS OF NONCOMPLIANCE**

**Prior Year Findings**

Our audit noted that certain municipal departments ordered goods or services prior to the issuance of a purchase order. It is recommended that procedures be enhanced to ensure that goods or services be ordered only after a purchase order has been executed.

Our audit revealed that at least two (2) quotes were not obtained for various goods or services obtained by the Borough which in the aggregate exceeded the quote threshold. It is recommended that at least two (2) competitive quotes be obtained from vendors for goods and or services that exceed the quote threshold.

**Current Year Findings**

Our audit of the Current and General Capital Fund bank reconciliations revealed reconciling items that were reported for transactions related to the issuance and renewal of Bond Anticipation Notes. It is recommended that bank reconciling items included on the Current and General Capital Fund bank reconciliations as the result of interfunds transactions be cleared prior to year end.

Our audit of dog licenses revealed the following:

- The Borough issued significantly less licenses in 2018 in comparison to the previous two years, however documentation, i.e. unused dog tags were not available for audit to support the reduced number licenses issued.
- The required monthly payments to the state treasury for dog licenses collected was not remitted to the state subsequent to February 2018.

It is recommended that internal controls over the collection of dog license fees and subsequent remittances to the state be reviewed and enhanced.

Our audit of the Other Trust Fund general ledger revealed that the payroll agency balances were not adjusted to reflect actual balances due for each payroll deduction type. It is recommended that the payroll agency deduction balances be reconciled on a monthly basis and in agreement with the actual balance due for each deduction.

Our audit revealed that transfers to the net payroll and payroll agency accounts were not made in a timely manner. It is recommended that transfers to the net payroll and payroll agency accounts be made in a timely manner.

Our audit of the various departments indicated that revenues per the department records were not in agreement with the revenue reports maintained by the finance office. It is recommended that the monthly revenue reports be prepared and submitted by each department and be reviewed and reconciled with the finance office revenue reports.

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

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

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

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

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

Dora Avenue Improvements	Various Roads Repavement
Veterans Park Drainage Improvements	DPW Roof Rehabilitation
West Prospect Drainage Improvements	Purchase of Pick Up Truck
Purchase of Dump Truck	Public Safety Radio System
Senior Center Renovations	

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

**Collection of Interest on Delinquent Taxes and Assessments**

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

The Governing Body on January 1, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Resolved that in accordance with N.J.S. 54:4-67, the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent is hereby fixed at eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500. The Borough hereby grants a grace period of five days after that time, taxes will be delinquent and interest will be calculated from the first day that taxes were actually due."

"WHEREAS, Chapter 75 of Law 1991 made changes to certain portions of N.J.S.A. 54:4 & 5 to allow a municipality to employ a year end penalty for those accounts with tax arrears, interest or other municipal charges to charge a 6% penalty."

"NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Council of the Borough of Waldwick hereby approves this penalty."

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

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**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on June 13, 2018.

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

The Borough owned one tax title lien in 2017. The tax title lien was redeemed in 2017.

**Suggestions to Management**

- Payroll service provider payments of employee payroll deductions be verified to ensure proper remittance to each respective agency.

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**RECOMMENDATIONS**

It is recommended that:

- \* 1. Procedures be enhanced to ensure that goods or services be ordered only after a purchase order has been executed.
- \* 2. At least two (2) competitive quotes be obtained from vendors for goods and or services that exceed the quote threshold.
- 3. Bank reconciling items included on the Current and General Capital Fund bank reconciliations as the result of interfunds transactions be cleared prior to year end.
- 4. Internal controls over the collection of dog license fees and subsequent remittances to the state be reviewed and enhanced.
- 5. The payroll agency deduction balances be reconciled on a monthly basis and in agreement with the actual balance due for each deduction.
- 6. Transfers to the net payroll and payroll agency accounts be made in a timely manner.
- 7. Monthly revenue reports be prepared and submitted by each department and be reviewed and reconciled with the finance office revenue reports.

**Status of Prior Years' Audit Findings/Recommendations**

A review was performed on all prior year recommendations and corrective action was taken on all, except the recommendations denoted with an asterisk (\*).