

BOROUGH OF WALDWICK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2019

**BOROUGH OF WALDWICK
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
	Independent Auditor’s Report	1-3
	Financial Statements	
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-7
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	8-12
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	13-14
B-1	Statement of Revenues – Regulatory Basis – Municipal Open Space Trust Fund	15
B-2	Statement of Appropriations – Regulatory Basis – Municipal Open Space Trust Fund	15
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	16
C-1	Comparative Statements of Changes in Fund Balances – Regulatory Basis - General Capital Fund	17
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Operating Fund and Water Utility Capital Fund	18-19
D-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Water Utility Operating Fund	20
D-2	Comparative Statements of Changes in Fund Balances – Regulatory Basis - Water Utility Capital Fund	21
D-3	Statement of Revenues – Regulatory Basis - Water Utility Operating Fund	21
D-4	Statement of Expenditures – Regulatory Basis - Water Utility Operating Fund	22
E	Comparative Balance Sheets – Regulatory Basis - General Fixed Assets Account Group	23
	Notes to Financial Statements	24-64
	Supplementary Schedules	
	<u>Current Fund</u>	
A-4	Statement of Current Cash - Collector-Treasurer	65
A-5	Statement of Change Funds	66
A-6	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	66
A-7	Statement of Taxes Receivable	67
A-8	Statement of Grants Receivable	68
A-9	Statement of Revenue Accounts Receivable	69
A-10	Statement of 2018 Appropriation Reserves	70-71
A-11	Statement of Accounts Payable	72
A-12	Statement of Prepaid Taxes	72
A-13	Statement of Tax Overpayments	73
A-14	Statement of County Taxes Payable	73
A-15	Statement of Local District School Taxes Payable	73
A-16	Statement of Due to State of New Jersey – Sales Tax Payable	74
A-17	Statement of Miscellaneous Reserves	74

**BOROUGH OF WALDWICK
TABLE OF CONTENTS**

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Current Fund (Continued)</u>		
A-18	Statement of Appropriated Reserves – Public and Private Programs	75
A-19	Statement of Unappropriated Reserves – Public and Private Programs	75
A-20	Statement of Due to State of New Jersey – Construction Code Fees Payable	75
<u>Trust Funds</u>		
B-3	Statement of Trust Cash - Collector-Treasurer	76
B-4	Statement of Due to/from State of New Jersey – Animal Control Fund	77
B-5	Statement of Due from Current Fund – Animal Control Fund	77
B-6	Statement of Reserve for Animal Control Expenditures – Animal Control Fund	77
B-7	Statement of Due to Other Trust Fund – Park and Ride Contingency Fund	78
B-8	Statement of Reserve for Park and Ride Expenditures – Park and Ride Contingency Fund	78
B-9	Statement of Due to Current Fund – Unemployment Insurance Trust Fund	79
B-10	Statement of Due from Other Trust Fund – Unemployment Insurance Trust Fund	79
B-11	Statement of Due to State of New Jersey – Unemployment Insurance Trust Fund	79
B-12	Statement of Reserve for Unemployment Insurance Claims - Unemployment Insurance Trust Fund	80
B-13	Statement of Due to Current Fund – Self Insurance Trust Fund	80
B-14	Statement of Reserve for Property Insurance Expenditures – Self Insurance Trust Fund	80
B-15	Statement of Due to Current Fund – Other Trust Fund	81
B-16	Statement of Developer’s Escrow and Other Reserves – Other Trust Fund	81
B-17	Statement of Reserve for Payroll Deductions – Other Trust Fund	82
B-18	Statement of Reserve for Coah Expenditures – Other Trust Fund	82
B-19	Statement of Due from Current Fund – Municipal Open Space Trust Fund	82
B-20	Statement of Due to General Capital Fund – Municipal Open Space Trust Fund	83
B-21	Statement of Reserve for Municipal Open Space Expenditures – Municipal Open Space Trust Fund	83
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Collector-Treasurer	84
C-3	Analysis of General Capital Cash	85
C-4	Statement of Due To/From Current Fund	86
C-5	Statement of Due from Municipal Open Space Trust	86
C-6	Statement of Due From Other Trust Fund	86
C-7	Statement of Deferred Charges to Future Taxation – Funded	87
C-8	Statement of Deferred Charges to Future Taxation – Unfunded	88
C-9	Statement of Grant and Other Receivables	89
C-10	Statement of General Serial Bonds	90
C-11	Statement of New Jersey Environmental Infrastructure (NJEIT) Loan Payable	91
C-12	Statement of Bond Anticipation Notes	92
C-13	Statement of Improvement Authorizations	93
C-14	Statement of Accounts Payable	94
C-15	Statement of Reserve for Payment of Debt Service	94
C-16	Statement of Reserve for Pistol Range	94
C-17	Statement of Capital Improvement Fund	94
C-18	Statement of Bonds and Notes Authorized But Not Issued	95

**BOROUGH OF WALDWICK
TABLE OF CONTENTS
(Continued)**

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Water Utility Fund</u>		
D-5	Statement of Water Utility Cash - Water Collector-Treasurer	96
D-6	Analysis of Water Utility Capital Cash	97
D-7	Statement of Consumer Accounts Receivable – Water Utility Operating Fund	97
D-8	Statement of Fixed Capital – Water Utility Capital Fund	98
D-9	Statement of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	99
D-10	Statement of 2018 Appropriation Reserves – Water Utility Operating Fund	100
D-11	Statement of Accounts Payable – Water Utility Operating and Capital Funds	100
D-12	Statement of Prepaid Water Rents – Water Utility Operating Fund	101
D-13	Statement of Water Rent Overpayments – Water Utility Operating Fund	101
D-14	Statement of State Water Loan Payable - Water Utility Capital Fund	101
D-15	Statement of Improvement Authorizations – Water Utility Capital Fund	102
D-16	Statement of Capital Improvement Fund – Water Utility Capital Fund	103
D-17	Statement of Due to Water Utility Operating Fund – Water Utility Capital Fund	103
D-18	Statement of Due from Current Fund – Water Utility Operating Fund	104
D-19	Statement of Due to Other Trust Fund – Water Utility Operating Fund	104
D-20	Statement of Accrued Interest Payable on Bonds and Notes – Water Utility Operating Fund	104
D-21	Statement of Bond Anticipation Notes – Water Utility Capital Fund	105
D-22	Statement of Water Serial Bonds – Water Utility Capital Fund	106
D-23	Statement of Accrued Interest Payable on Loans - Water Utility Operating Fund	107
D-24	Statement of Reserve for Tax Map – Water Utility Operating Fund	107
D-25	Statement of Reserve for Redemption of Tax Title Lien – Water Utility Operating Fund	107
D-26	Statement of Reserve for Amortization – Water Utility Capital Fund	107
D-27	Statement of Deferred Reserve for Amortization – Water Utility Capital Fund	108
D-28	Statement of Reserve for Payment of Debt – Water Utility Capital Fund	108
D-29	Statement of Bonds and Notes Authorized But Not Issued	108
 <u>Part II – Government Auditing Standards</u>		
	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	109-110
	Schedule of Expenditures of Federal Awards, Schedule A	111
	Schedule of Expenditures of State Financial Assistance, Schedule B	112
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	113-114
	Schedule of Findings and Responses	115-116
	Schedule of Prior Year Audit Findings	117

BOROUGH OF WALDWICK
TABLE OF CONTENTS
(Continued)

	<u>Page</u>
<u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>	
Comparative Schedule of Tax Rate Information	118
Comparison of Tax Levies and Collection Currently	118
Delinquent Taxes and Tax Title Liens	119
Property Acquired by Tax Title Lien Liquidation	119
Comparison of Water Utility Levies	119
Officials in Office	120
Schedule of Findings of Noncompliance	121-122
Recommendations	123

BOROUGH OF WALDWICK

BERGEN COUNTY

NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of 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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 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 July 30, 2020 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
July 30, 2020

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2019 AND 2018

ASSETS	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash	A-4	\$ 9,027,351	\$ 8,502,391
Cash - Change Funds	A-5	1,200	1,200
Grants Receivable	A-8	18,188	17,777
Due from State of NJ Senior Citizens' & Veterans' Deductions	A-6	<u>51,973</u>	<u>53,381</u>
		<u>9,098,712</u>	<u>8,574,749</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-7	361,179	288,667
Property Acquired for Taxes - Assessed Valuation	A	35,510	35,510
Revenue Accounts Receivable	A-9	3,299	5,002
Due from Other Trust Fund	B-15	126,513	267,918
Due from Unemployment Insurance Trust Fund	B-9	43	30
Due from Self Insurance Trust Fund	B-13	147	136
Due from General Capital Fund	C-4	<u>15,357</u>	<u>-</u>
		<u>542,048</u>	<u>597,263</u>
Total Assets		<u>\$ 9,640,760</u>	<u>\$ 9,172,012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 655,199	\$ 680,923
Accounts Payable	A-11	506,987	398,551
Prepaid Taxes	A-12	196,428	179,950
Tax Overpayments	A-13	47,757	92,235
County Taxes Payable	A-14	11,875	6,004
Due to Animal Control Fund	B-5	15	15
Due to Municipal Open Space Trust Fund	B-19	328	97
Due to General Capital Fund	C-4		62,935
Due to Water Utility Operating Fund	D-18		2,749
Sales Tax Payable	A-16		11,525
Miscellaneous Reserves	A-17	613,587	613,587
Appropriated Reserves - Public and Private Programs	A-18	63,494	52,645
Unappropriated Reserves - Public and Private Programs	A-19	14,491	3,305
Construction Code Fees Payable	A-20	<u>5,887</u>	<u>7,163</u>
		<u>2,116,048</u>	<u>2,111,684</u>
Reserve for Receivables and Other Assets	A	542,048	597,263
Fund Balance	A-1	<u>6,982,664</u>	<u>6,463,065</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,640,760</u>	<u>\$ 9,172,012</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,082,000	\$ 1,162,000
Miscellaneous Revenues Anticipated	3,916,967	4,028,846
Receipts from Delinquent Taxes	286,320	267,544
Receipts from Current Taxes	44,031,259	42,458,929
Non-Budget Revenue	195,718	113,023
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	467,917	618,092
Cancelled Accounts Payable	12,080	
Cancelled Payable	11,525	54,319
Interfunds Liquidated	126,024	-
	<u>50,129,810</u>	<u>48,702,753</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	3,991,662	4,107,623
Other Expenses	6,139,165	6,066,795
Capital Improvements	286,700	331,750
Municipal Debt Service	1,504,695	1,453,779
Deferred Charges and Statutory Expenditures	1,147,473	1,072,875
County Taxes	3,895,815	3,825,510
County Open Space Preservation	166,883	163,162
County Share of Added and Omitted Taxes	11,875	6,004
Local District School Taxes	31,299,953	29,924,615
Municipal Open Space Taxes	80,282	79,982
Other Debits		
Senior Citizens Deductions Disallowed for Prior Year Taxes	2,964	3,757
Refund of Prior Year Revenue	744	
Interfunds Created	-	727
	<u>48,528,211</u>	<u>47,036,579</u>
Total Expenditures		
Excess in Revenue	1,601,599	1,666,174
Fund Balance, January 1	<u>6,463,065</u>	<u>5,958,891</u>
	8,064,664	7,625,065
Decreased by:		
Utilization as Anticipated Revenue	<u>1,082,000</u>	<u>1,162,000</u>
Fund Balance, December 31	<u>\$ 6,982,664</u>	<u>\$ 6,463,065</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, 2019

	<u>Budget</u>	<u>Special NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	\$ 1,082,000	-	\$ 1,082,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	18,720		18,720	
Other	13,498		22,868	\$ 9,370
Fees and Permits				
Construction Code Official	220,000		206,245	(13,755)
Other	209,500		244,507	35,007
Fines and Costs				
Municipal Court	60,010		79,101	19,091
Interest and Costs on Taxes	63,376		84,850	21,474
Sewer Privileges	105,518		102,534	(2,984)
Cable Television Franchise Fees	152,771		150,185	(2,586)
Energy Receipts Tax	2,327,293		2,327,293	-
Supplemental Energy Receipts Tax	141,307		141,307	-
Police Training - Various Municipal Agreements	45,096		60,926	15,830
Recycling Tonnage Grant	11,770		11,770	-
Police Vest Fund - Reserve	1,148		1,148	-
Clean Communities	17,801		17,801	-
NJ Alcohol Rehabilitation Program - Reserve	579		579	-
BCUA 2019 Recycling Enhancement	-	\$ 2,478	2,478	-
Steed Grant - Reserve	1,578		1,578	-
Police Donations	1,425		1,425	-
Uniform Fire Safety Act - Other Fees & Permits	16,134		17,404	1,270
Cell Site Rental	325,000		332,248	7,248
Other Trust Fund - Reserve for Police Vehicles	92,000	-	92,000	-
	<u>3,824,524</u>	<u>2,478</u>	<u>3,916,967</u>	<u>89,965</u>
Total Miscellaneous Revenues				
RECEIPTS FROM DELINQUENT TAXES	<u>288,000</u>	<u>-</u>	<u>286,320</u>	<u>(1,680)</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Municipal Operations	8,275,147		8,976,817	701,670
Free Public Library	554,006	-	554,006	-
	<u>8,829,153</u>	<u>-</u>	<u>9,530,823</u>	<u>701,670</u>
Total General Revenues	<u>\$ 14,023,677</u>	<u>\$ 2,478</u>	<u>\$ 14,816,110</u>	<u>\$ 789,955</u>
Non-Budget Revenue			<u>195,718</u>	
			<u>\$ 15,011,828</u>	

BOROUGH OF WALDWICK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenue from Collections	\$ 44,031,259
Less: Allocation to School, County and Municipal Open Space Taxes	<u>35,454,808</u>
	8,576,451
Add: Appropriation "Reserve for Uncollected Taxes"	<u>954,372</u>
Balance for Support of Municipal Budget Appropriations	<u>\$ 9,530,823</u>
Fees and Permits - Other	
Borough Clerk	\$ 24,889
Tax Collector	440
Fire Prevention Bureau	19,471
Police	291
Swimming Pool	138,021
Park and Ride	47,026
Parking Meter	13,494
Sewer Connection	<u>875</u>
	<u>\$ 244,507</u>
Licenses - Other	
Borough Clerk	\$ 976
Board of Health	<u>21,892</u>
	<u>\$ 22,868</u>
Non-Budget	
Cash Received	\$ 166,192
Due From Animal Control Fund	12
Due From Other Trust Fund	8,695
Due From Unemployment Insurance Trust Fund	88
Due From Self Insurance Trust Fund	139
Due From General Capital Fund	<u>20,592</u>
	<u>\$ 195,718</u>

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 196,421	\$ 196,421	\$ 195,863	\$ 558	
Other Expenses	55,130	55,130	52,681	2,449	
Mayor and Council					
Salaries and Wages	12,000	12,000	11,900	100	
Other Expenses	4,000	4,000	2,012	1,988	
Municipal Clerk					
Salaries and Wages	131,500	131,615	131,610	5	
Other Expenses	29,220	29,970	29,614	356	
Financial Administration					
Salaries and Wages	149,870	153,870	153,735	135	
Audit Services					
Other Expenses	46,200	46,200	42,774	3,426	
Revenue Administration					
Salaries and Wages	44,625	46,025	46,018	7	
Other Expenses	87,760	87,760	83,373	4,387	
Other Expenses - Liquid of TTLs/Foreclosed Property	100	100		100	
Tax Assessment Administration					
Salaries and Wages	36,845	36,845	36,683	162	
Other Expenses	5,265	5,265	3,071	2,194	
Legal Services and Costs					
Other Expenses	116,000	116,000	112,634	3,366	
Engineering Services & Costs					
Other Expenses	9,600	12,700	12,613	87	
Planning Board					
Salaries and Wages	9,278	9,278	8,936	342	
Other Expenses	6,375	6,375	5,539	836	
Board of Adjustment					
Salaries and Wages	9,278	9,278	9,278	-	
Other Expenses	5,570	5,570	4,247	1,323	
Insurance					
Self Insurance & Surety Bonds	12,500	12,500	12,500	-	
General Liability	321,663	321,663	222,191	99,472	
Employee Group Health	687,534	646,669	622,374	24,295	
Health Benefit Waiver	18,370	23,370	23,213	157	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,270,000	2,270,000	2,170,665	99,335	
Other Expenses	112,050	112,050	106,269	5,781	
Other Expenses-Acquisition of Police Vehicles	119,800	119,800	119,800	-	
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, 2019

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS (Cont'd)					
Aid to Volunteer Ambulance Companies (First Aid Contribution)	\$ 20,750	\$ 20,750	\$ 19,264	\$ 1,486	
Fire					
Salaries and Wages	8,550	8,550	7,741	809	
Other Expenses	69,250	69,250	52,841	16,409	
Other Expenses-Fire Hydrant Service	25,000	25,000	25,000	-	
Fire Prevention Bureau					
Salaries and Wages	20,458	20,458	15,230	5,228	
Other Expenses	16,822	16,822	3,023	13,799	
PUBLIC WORKS FUNCTION					
Streets and Road Maintenance					
Salaries and Wages	590,400	590,400	543,441	46,959	
Other Expenses	31,700	31,700	31,646	54	
Other Expenses - Snow Removal	111,400	111,400	108,780	2,620	
Other Public Works Function					
Other Expenses - Municipal Park and Ride	7,600	8,900	8,874	26	
Other Expenses - Traffic Control Devices	5,800	5,800	4,162	1,638	
Solid Waste Collection (Sanitation)					
Garbage Collection	344,760	344,760	344,760	-	
Recycling					
Salaries and Wages	83,065	83,065	82,817	248	
Other Expenses	203,900	203,900	178,752	25,148	
Public Buildings and Grounds					
Other Expenses	157,805	192,805	182,297	10,508	
Vehicle Maintenance (Municipal Garage)					
Other Expenses	205,000	205,000	156,494	48,506	
HEALTH & HUMAN SERVICES					
Public Health Services					
Other Expenses - Northwest Bergen Comm. Contractual	105,334	105,334	103,609	1,725	
Animal Control					
Other Expenses	2,500	2,500	2,500	-	
Welfare/Administration of Public Assistance					
Other Expenses	100	100		100	
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs (Parks and Playgrounds)					
Salaries and Wages	71,300	69,400	68,995	405	
Other Expenses	50,743	50,743	46,286	4,457	
Other Expenses-Community Television	1,000	1,000	1,000	-	
MUNICIPAL COURT					
Salaries and Wages	93,308	93,308	65,188	28,120	
Other Expenses	9,100	9,100	4,204	4,896	
Public Defender					
Other Expenses	16,000	16,000	15,773	227	

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	\$ 23,800	\$ 23,800	\$ 20,852	\$ 2,948	
UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC5:23-4.17)					
Uniform Construction Code Enforcement					
Salaries and Wages	212,411	212,411	208,943	3,468	
Other Expenses	4,540	4,540	2,451	2,089	
UTILITY EXPENSES AND BULK PURCHASES					
Fuel Oil	89,000	75,600	56,366	19,234	
Electricity	125,000	110,000	83,108	26,892	
Telephone	38,400	52,400	50,509	1,891	
Natural Gas	34,000	34,000	27,932	6,068	
Street Lighting	98,000	98,000	97,997	3	
Water	17,000	17,000	15,528	1,472	
Sewerage Processing and Disposal	23,000	23,000	18,876	4,124	
Landfill/Solid Waste Disposal Costs					
Sanitary Landfill Dump Fees	<u>340,300</u>	<u>340,300</u>	<u>273,919</u>	<u>66,381</u>	<u>-</u>
Total Operations Within "CAPS"	<u>7,754,550</u>	<u>7,748,050</u>	<u>7,148,751</u>	<u>599,299</u>	<u>-</u>
Detail:					
Salaries and Wages	3,939,309	3,942,924	3,757,043	185,881	-
Other Expenses (Including Contingent)	<u>3,815,241</u>	<u>3,805,126</u>	<u>3,391,708</u>	<u>413,418</u>	<u>-</u>
STATUTORY EXPENDITURES					
Social Security System	306,043	306,043	286,535	19,508	
Police & Firemen's Retirement System of NJ	571,630	571,630	571,630	-	
Public Employee Retirement System	235,000	245,300	244,757	543	
Defined Contribution Retirement Plan	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Statutory Expenditures	<u>1,116,473</u>	<u>1,122,973</u>	<u>1,102,922</u>	<u>20,051</u>	<u>-</u>
Total Statutory Expenditures - Municipal Within "CAPS"	<u>1,116,473</u>	<u>1,122,973</u>	<u>1,102,922</u>	<u>20,051</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>8,871,023</u>	<u>8,871,023</u>	<u>8,251,673</u>	<u>619,350</u>	<u>-</u>

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Balance</u> <u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Northwest Bergen Sewer Authority					
Share of Costs	\$ 1,694,196	\$ 1,694,196	\$ 1,694,196		
Village of Ridgewood - Contractual - Sewer	5,600	5,600	5,600		
Boro of Ho-Ho-Kus - Contractual - Sewer	3,080	3,080	-	\$ 3,080	
Recycling Tax Appropriation	12,000	12,000	12,000	-	
EDUCATION FUNCTION					
Maintenance of Free Public Library	554,006	554,006	546,385	7,621	
PUBLIC SAFETY FUNCTION					
"911" Telecommunications System	10,420	10,420	10,415	5	
PUBLIC WORKS FUNCTION					
NJPDES Stormwater Permit					
Streets and Roads					
Salaries and Wages	19,000	19,000	19,000	-	
Other Expenses	2,600	2,600	2,357	243	
INTERLOCAL MUNICIPAL SERVICE					
AGREEMENTS					
Public Safety - Police Training					
Salaries and Wages	11,937	11,937	11,937	-	
Other Expense	33,159	33,159	26,089	7,070	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage Grant	11,770	11,770		11,770	
Police Vest Fund	1,148	1,148	1,148	-	
NJ Alcohol Rehab Program	579	579		579	
Steed Grant - Reserve	1,578	1,578	-	1,578	
Police Donations	1,425	1,425	-	1,425	
BCUA Recycling Enhancement Grant		2,478	-	2,478	
Clean Communities Grant - Salaries and Wages	17,801	17,801	17,801	-	-
Total Operations Excluded from "CAPS"	<u>2,380,299</u>	<u>2,382,777</u>	<u>2,346,928</u>	<u>35,849</u>	<u>-</u>
Detail:					
Salaries and Wages	48,738	48,738	48,738	-	-
Other Expenses	2,331,561	2,334,039	2,298,190	35,849	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	286,700	286,700	286,700	-	-
Total Capital Improvements-Excluded from "CAPS"	<u>286,700</u>	<u>286,700</u>	<u>286,700</u>	<u>-</u>	<u>-</u>

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
			<u>Charged</u>		<u>Cancelled</u>
MUNICIPAL DEBT SERVICE -					
Payment of Bond Principal	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000		
Payment of Bond Anticipation Notes and Capital Notes	85,800	85,800	85,800		
Interest on Bonds	115,020	115,020	115,020		
Interest on Notes	93,000	93,000	92,135		\$ 865
NJ Infrastructure Trust Loan					
Loan Repayments for Principal and Interest	<u>12,963</u>	<u>12,963</u>	<u>11,740</u>	<u>-</u>	<u>1,223</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,506,783</u>	<u>1,506,783</u>	<u>1,504,695</u>	<u>-</u>	<u>2,088</u>
DEFERRED CHARGES MUNICIPAL -					
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>4,198,282</u>	<u>4,200,760</u>	<u>4,162,823</u>	<u>\$ 35,849</u>	<u>2,088</u>
Subtotal General Appropriations	13,069,305	13,071,783	12,414,496	655,199	2,088
Reserve for Uncollected Taxes	<u>954,372</u>	<u>954,372</u>	<u>954,372</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 14,023,677</u>	<u>\$ 14,026,155</u>	<u>\$ 13,368,868</u>	<u>\$ 655,199</u>	<u>\$ 2,088</u>
Budget		\$ 14,023,677			
Appropriation by 40A:4-87		<u>2,478</u>			
		<u>\$ 14,026,155</u>			
Cash Disbursed			\$ 11,926,963		
Accounts Payable			487,533		
Reserve for Uncollected Taxes			<u>954,372</u>		
			<u>\$ 13,368,868</u>		

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 16,725	\$ 17,246
Due from State of New Jersey	B-4	839	
Due from Current Fund	B-5	<u>15</u>	<u>15</u>
		<u>17,579</u>	<u>17,261</u>
PARK AND RIDE CONTINGENCY FUND			
Cash	B-3	<u>23,723</u>	<u>18,489</u>
		<u>23,723</u>	<u>18,489</u>
OTHER TRUST FUND			
Cash	B-3	2,271,447	1,892,903
Due from Park and Ride Contingency Fund	B-7	4,006	4,006
Due from Water Utility Operating Fund	D-20	<u>-</u>	<u>21,993</u>
		<u>2,275,453</u>	<u>1,918,902</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	66,010	73,489
Due from Other Trust Fund	B-10	<u>2,388</u>	<u>-</u>
		<u>68,398</u>	<u>73,489</u>
SELF INSURANCE TRUST FUND			
Cash	B-3	<u>146,855</u>	<u>144,635</u>
		<u>146,855</u>	<u>144,635</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Cash	B-3	124,483	159,273
Due from Current Fund	B-19	<u>328</u>	<u>97</u>
		<u>124,811</u>	<u>159,370</u>
Total Assets		<u>\$ 2,656,819</u>	<u>\$ 2,332,146</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2019 AND 2018
(Continued)

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-4		\$ 134
Reserve for Animal Control Expenditures	B-6	<u>\$ 17,579</u>	<u>17,127</u>
		<u>17,579</u>	<u>17,261</u>
PARK AND RIDE CONTINGENCY FUND			
Due to Other Trust Fund	B-7	4,006	4,006
Reserve for Park and Ride Expenditures	B-8	<u>19,717</u>	<u>14,483</u>
		<u>23,723</u>	<u>18,489</u>
OTHER TRUST FUND			
Due to Current Fund	B-15	126,513	267,918
Due to Unemployment Ins. Trust Fund	B-10	2,388	
Due to General Capital Fund	C-6	50	
Developer's Escrow and Other Reserves	B-16	1,859,356	1,462,207
Reserve for Payroll Deductions Payable	B-17	60,412	79,697
Reserve for COAH Expenditures	B-18	<u>226,734</u>	<u>109,080</u>
		<u>2,275,453</u>	<u>1,918,902</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to Current Fund	B-9	43	30
Due to State of New Jersey	B-11	449	449
Reserve for Unemployment Claims	B-12	<u>67,906</u>	<u>73,010</u>
		<u>68,398</u>	<u>73,489</u>
SELF-INSURANCE TRUST FUND			
Due to Current Fund	B-13	147	136
Reserve for Property Insurance Expenditures	B-14	<u>146,708</u>	<u>144,499</u>
		<u>146,855</u>	<u>144,635</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Due to General Capital Fund	B-20	33,500	105,000
Reserve for Expenditures	B-21	<u>91,311</u>	<u>54,370</u>
		<u>124,811</u>	<u>159,370</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,656,819</u>	<u>\$ 2,332,146</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, 2019**

	<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	\$ 80,051	\$ 80,051	\$ 80,282	\$ 231
Reserve Funds	-	-	159	159
	<u>\$ 80,051</u>	<u>\$ 80,051</u>	<u>\$ 80,441</u>	<u>\$ 390</u>

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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	\$ 80,051	\$ 80,051	\$ 43,500	\$ 36,551
	<u>\$ 80,051</u>	<u>\$ 80,051</u>	<u>\$ 43,500</u>	<u>\$ 36,551</u>

Analysis of Paid or Charged

Cash Disbursements	\$ 10,000
Due to General Capital	<u>33,500</u>
	<u>\$ 43,500</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2019 AND 2018**

ASSETS	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash	C-2,C-3	\$ 2,294,543	\$ 1,374,484
Deferred Charges to Future Taxation			
Funded	C-7	3,835,035	5,044,175
Unfunded	C-8	4,733,897	3,419,312
Grant and Other Receivable	C-9	174,470	510,089
Due from Current Fund	C-4		62,935
Due from Municipal Open Space Trust Fund	C-5	33,500	105,000
Due from Other Trust Fund	C-6	<u>50</u>	<u>-</u>
		<u>\$ 11,071,495</u>	<u>\$ 10,515,995</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 3,735,000	\$ 4,935,000
Loans Payable	C-11	100,035	109,175
Bond Anticipation Notes	C-12	4,713,613	3,359,688
Improvement Authorizations			
Funded	C-13	450,106	463,556
Unfunded	C-13	965,125	827,206
Accounts Payable	C-14	586,504	414,609
Due to Current Fund	C-4	15,357	
Reserve for Payment of Debt Service	C-15	34,536	34,536
Reserve for Pistol Range	C-16	24,536	3,080
Capital Improvement Fund	C-17	102,822	48,097
Fund Balance	C-1	<u>343,861</u>	<u>321,048</u>
		<u>\$ 11,071,495</u>	<u>\$ 10,515,995</u>

There were bonds and notes authorized but not issued of \$72,625 and \$97,125 at December 31, 2019 and 2018 respectively (Exhibit C-18).

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Balance, January 1	\$ 321,048	\$ 295,289
Increased by:		
Premium on Sale of Bond Anticipation Notes	<u>22,814</u>	<u>25,759</u>
	343,862	321,048
Decreased by:		
Cancelled Grant Receivables	<u>1</u>	<u>-</u>
Balance, December 31	<u>\$ 343,861</u>	<u>\$ 321,048</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2019 AND 2018

ASSETS	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Cash	D-5	\$ 1,642,551	\$ 946,444
Change Fund	D	100	100
Due from Current Fund	D-18		2,749
Due from Water Utility Capital Fund	D-17	<u>17</u>	<u>349,954</u>
		<u>1,642,668</u>	<u>1,299,247</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	<u>37,773</u>	<u>102,937</u>
 Total Assets		<u>\$ 1,680,441</u>	<u>\$ 1,402,184</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	D-4,D-10	\$ 201,995	\$ 161,728
Accounts Payable	D-11	92,727	54,310
Prepaid Water Rents	D-12	5,191	1,625
Water Rent Overpayments	D-13	5,037	6,334
Due to Other Trust Fund	D-19	-	21,993
Reserve for Tax Map	D-24	3,667	3,667
Reserve for Redemption of Tax Title Lien	D-25	326	-
Accrued Interest Payable on Bonds and Notes	D-20	7,525	5,975
Accrued Interest Payable on Loans	D-23	<u>7,708</u>	<u>8,229</u>
		324,176	263,861
Reserve for Receivables	D	37,773	102,937
Fund Balance	D-1	<u>1,318,492</u>	<u>1,035,386</u>
 Total Liabilities, Reserves and Fund Balance		<u>\$ 1,680,441</u>	<u>\$ 1,402,184</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, 2019 AND 2018
(Continued)

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash	D-5,D-6	\$ 193,151	\$ 395,682
Fixed Capital	D-8	8,996,596	8,987,917
Fixed Capital Authorized and Uncompleted	D-9	<u>251,105</u>	<u>5,374</u>
 Total Assets		 <u>\$ 9,440,852</u>	 <u>\$ 9,388,973</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	D-22	\$ 518,000	\$ 668,000
State Water Loans Payable	D-14	697,981	752,797
Bond Anticipation Notes	D-21	600,387	397,463
Accounts Payable	D-11	15,667	
Improvement Authorization			
Unfunded	D-15	135,079	5,374
Due to Water Utility Operating Fund	D-17	17	349,954
Reserves for			
Amortization	D-26	7,418,157	7,167,331
Deferred Amortization	D-27	12,305	7,700
Payment of Debt	D-28	4,008	4,008
Capital Improvement Fund	D-16	14,643	14,643
Fund Balance	D-2	<u>24,608</u>	<u>21,703</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 9,440,852</u>	 <u>\$ 9,388,973</u>

There were bonds and notes authorized but not issued of \$871 and \$0 at December 31, 2019 and 2018, respectively. (Exhibit D-29).

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER INCOME		
Surplus Anticipated		\$ 80,805
Rents	\$ 1,814,529	1,902,309
Fire Hydrant Service	25,000	25,000
Miscellaneous	15,856	8,482
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	147,924	143,611
Cancelled Accounts Payable	6,178	1,659
	<u>2,009,487</u>	<u>2,161,866</u>
EXPENDITURES		
Budget Appropriations		
Operating	1,270,632	1,287,834
Capital Improvements	22,305	6,500
Debt Service	282,739	354,904
Deferred Charges and Statutory Expenditures	150,705	193,227
	<u>1,726,381</u>	<u>1,842,465</u>
Excess in Revenue	283,106	319,401
Fund Balance, January 1	<u>1,035,386</u>	<u>796,790</u>
	1,318,492	1,116,191
Decreased by:		
Utilization by Water Operating Budget	<u>-</u>	<u>80,805</u>
Fund Balance, December 31	<u>\$ 1,318,492</u>	<u>\$ 1,035,386</u>

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Balance, January 1	\$ 21,703	\$ 18,681
Increased by:		
Premium on Sale of Bond Anticipation Notes	2,905	3,022
Balance, December 31	\$ 24,608	\$ 21,703

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	\$ 1,695,406	\$ 1,814,529	\$ 119,123
Fire Hydrant Service	25,000	25,000	
Miscellaneous	8,482	15,856	7,374
	\$ 1,728,888	\$ 1,855,385	\$ 126,497
Analysis of Miscellaneous Revenue			
Interest on Investments and Deposits		\$ 5,650	
Interest and Costs on Delinquent Accounts		4,883	
Other Miscellaneous		5,323	
		\$ 15,856	
Analysis of Miscellaneous Revenue			
Cash Receipts		\$ 15,723	
Due From Water Capital		133	
		\$ 15,856	

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, 2019

	<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	\$ 730,000	\$ 730,000	\$ 653,794	\$ 76,206	
Other Expenses	540,632	540,632	440,572	100,060	
Capital Improvements					
Capital Improvement Fund	12,305	12,305	12,305		
Capital Outlay	10,000	10,000	8,310	1,690	
Debt Service					
Payment of Bond Principal	150,000	150,000	150,000		
Payment of Bond Anticipation Notes	30,000	30,000	30,000		
Interest on Bonds	15,690	15,690	14,754		\$ 936
Interest on Notes	13,556	13,556	13,387		169
Environmental Trust Principal & Interest	76,000	76,000	74,598		1,402
Statutory Expenditures					
Public Employees Retirement System	96,325	96,325	96,325		
Social Security System	54,380	54,380	30,341	24,039	-
	<u>\$ 1,728,888</u>	<u>\$ 1,728,888</u>	<u>\$ 1,524,386</u>	<u>\$ 201,995</u>	<u>\$ 2,507</u>

Cash Disbursed	\$ 1,390,791
Accounts Payable	85,672
Interest on Bonds and Notes	28,141
Interest on Loans	<u>19,782</u>
	<u>\$ 1,524,386</u>

**BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2019 AND 2018**

ASSETS	<u>2019</u>	<u>2018</u>
Land	\$ 8,604,989	\$ 8,558,600
Buildings and Building Improvements	4,882,250	4,729,780
Machinery and Equipment	<u>7,073,793</u>	<u>6,982,412</u>
 Total Assets	 <u>\$ 20,561,032</u>	 <u>\$ 20,270,792</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 20,561,032</u>	<u>\$ 20,270,792</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2019 AND 2018**

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 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, 2019 AND 2018**

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, 2018 balances to conform to the December 31, 2019 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, 2019 AND 2018**

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 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

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, 2019 AND 2018**

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, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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. During 2019 the Borough Council increased the original budget by \$2,478. The Borough Council did not increase the original budget during 2018. In addition, the governing body approved several budget transfers during 2019 and 2018.

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, 2019 AND 2018**

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, 2019 and 2018, the book value of the Borough's deposits were \$15,808,139 and \$13,526,336 and bank and brokerage firm balances of the Borough's deposits amounted to \$16,234,477 and \$13,837,720, 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>2019</u>	<u>2018</u>
Insured	\$ 15,350,375	\$ 12,973,005
Uninsured and Collateralized	<u>884,102</u>	<u>864,715</u>
	<u>\$ 16,234,477</u>	<u>\$ 13,837,720</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, 2019 and 2018, the Borough's bank balances of \$884,102 and \$864,715 were exposed to custodial credit risk as follows:

	<u>2019</u>	<u>2018</u>
<u>Uninsured and Collateralized:</u>		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 884,102</u>	<u>\$ 864,715</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, 2019 AND 2018**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2019 and 2018 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, 2019 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2019</u>			
Property Taxes	\$ 361,179		\$ 361,179
Utility Rents	<u>-</u>	<u>\$ 37,773</u>	<u>37,773</u>
	<u>\$ 361,179</u>	<u>\$ 37,773</u>	<u>\$ 398,952</u>

In 2019, the Borough collected \$286,320 and \$41,205 from delinquent taxes and utility charges and fees, which represented 99% and 40% of the delinquent tax and water charges receivable at December 31, 2018. The receivable balance and corresponding reserve of water charges in the amount of \$61,732 was subsequently cancelled. In addition, the Borough collected \$2,964 for 2018 tax adjustments realized in 2019.

Receivables at December 31, 2018 consisted of the following:

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

In 2018, the Borough collected \$267,544 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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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>2019</u>		<u>2018</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 142,060	\$ 343	\$ 268,084	\$ 65,796
Trust Funds				
Animal Control	15		15	
Park and Ride Contingency		4,006		4,006
Other Trust	4,006	128,951	25,999	267,918
Unemployment Insurance Trust	2,388	43		30
Self-Insurance Trust Fund		147		136
Municipal Open Space	328	33,500	97	105,000
General Capital Fund	33,550	15,357	167,935	
Water Utility Operating Fund	17		352,703	21,993
Water Utility Capital Fund	-	17	-	349,954
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 182,364</u>	<u>\$ 182,364</u>	<u>\$ 814,833</u>	<u>\$ 814,833</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 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>2019</u>		<u>2018</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,912,503	\$ 1,261,311	\$ 6,391,907	\$ 1,082,000
Non-Cash Surplus	<u>70,161</u>	<u>-</u>	<u>71,158</u>	<u>-</u>
	<u>\$ 6,982,664</u>	<u>\$ 1,261,311</u>	<u>\$ 6,463,065</u>	<u>\$ 1,082,000</u>
Water Utility Operating Fund				
Cash Surplus	<u>\$ 1,318,492</u>	<u>\$ -</u>	<u>\$ 1,035,386</u>	<u>\$ -</u>
	<u>\$ 1,318,492</u>	<u>\$ -</u>	<u>\$ 1,035,386</u>	<u>\$ -</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 7 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, 2019 and 2018.

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Land	\$ 8,558,600	\$ 46,389		\$ 8,604,989
Buildings and Building Improvements	4,729,780	152,470		4,882,250
Machinery and Equipment	<u>6,982,412</u>	<u>382,345</u>	<u>290,964</u>	<u>7,073,793</u>
	<u>\$ 20,270,792</u>	<u>\$ 581,204</u>	<u>\$ 290,964</u>	<u>\$ 20,561,032</u>
	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
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>6,982,412</u>
	<u>\$ 20,145,687</u>	<u>\$ 125,105</u>	<u>\$ -</u>	<u>\$ 20,270,792</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 7 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, 2019 and 2018.

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Fixed Capital				
System and System Improvements	\$ 3,298,410	\$ 369		\$ 3,298,779
Tanks, Pumping Station Structures	3,033,192			3,033,192
Vehicles and Equipment	<u>2,656,315</u>	<u>8,310</u>	<u>-</u>	<u>2,664,625</u>
	<u>\$ 8,987,917</u>	<u>\$ 8,679</u>	<u>\$ -</u>	<u>\$ 8,996,596</u>
	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
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>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 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>2019</u>	<u>2018</u>
Issued		
General		
Bonds, Loans and Notes	\$ 8,548,648	\$ 8,403,863
Water Utility		
Bonds, Notes and Loans	<u>1,816,368</u>	<u>1,818,260</u>
Total Issued	10,365,016	10,222,123
Less Funds Temporarily Held to Pay Bonds and Notes	<u>90,885</u>	<u>76,045</u>
Net Debt Issued	10,274,131	10,146,078
Authorized But Not Issued		
General		
Bonds and Notes	72,625	97,125
Water Utility		
Bonds and Notes	<u>871</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 10,347,627</u>	<u>\$ 10,243,203</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 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 .52% at December 31, 2019 and 2018, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 8,621,273	\$ 86,877	\$ 8,534,396
School Debt	1,870,000	1,870,000	
Water Utility Debt	<u>1,817,239</u>	<u>1,817,239</u>	<u>-</u>
Total	<u>\$ 12,308,512</u>	<u>\$ 3,774,116</u>	<u>\$ 8,534,396</u>
<u>2018</u>			
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>

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>2019</u>	<u>2018</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 57,895,975	\$ 56,497,133
Less: Net Debt	<u>8,534,396</u>	<u>8,428,951</u>
Remaining Borrowing Power	<u>\$ 49,361,579</u>	<u>\$ 48,068,182</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 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>2019</u>	<u>2018</u>
\$8,127,000, 2008 Bonds, due in annual installment of \$802,000 due April, 2020, interest at 3.50%	\$ 802,000	\$ 1,602,000
\$4,508,000, 2014 Bonds, due in annual installments of \$415,000 to \$420,000 through November, 2026, interest at 2.00% to 2.50%	<u>2,933,000</u>	<u>3,333,000</u>
	<u>\$ 3,735,000</u>	<u>\$ 4,935,000</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>2019</u>	<u>2018</u>
\$86,874, 2011 Fund Loan due in Semi-annual installments of \$1,589 to \$3,178 through August 2029, interest free	\$ 45,559	\$ 50,326
\$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>54,476</u>	<u>58,849</u>
	<u>\$ 100,035</u>	<u>\$ 109,175</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 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>2019</u>	<u>2018</u>
\$1,144,000, 2008 Bonds, due in annual installment of \$114,000 due April, 2020, interest at 3.50%	\$ 114,000	\$ 224,000
\$564,000, 2014 Bonds, due in annual installments of \$45,000 to \$60,000 through November, 2026, interest at 2.00% to 2.50%	<u>404,000</u>	<u>444,000</u>
	<u>\$ 518,000</u>	<u>\$ 668,000</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>2019</u>	<u>2018</u>
\$566,508, 2010 Fund Loan due in Semi-annual installments of \$9,939 to \$19,877 through August 2030, interest free	\$ 327,981	\$ 357,797
\$545,000, 2010 Trust Loan due in Annual installments of \$25,000 to \$45,000 through August 2030, interest at 5.00%	<u>370,000</u>	<u>395,000</u>
	<u>\$ 697,981</u>	<u>\$ 752,797</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 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, 2019 is as follows:

Calendar Year	General Bonds		General Loans		Water Utility Bonds		Water Utility Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 1,217,000	\$ 78,985	\$ 9,273	\$ 2,190	\$ 159,000	\$ 10,970	\$ 54,817	\$ 18,500	\$ 1,550,735
2021	420,000	56,650	9,421	2,042	60,000	8,075	54,817	17,250	628,255
2022	420,000	48,250	9,584	1,879	60,000	6,875	59,817	16,000	622,405
2023	420,000	39,850	9,760	1,703	60,000	5,675	59,817	14,500	611,305
2024	420,000	31,450	9,951	1,512	60,000	4,475	59,817	13,000	600,205
2025-2029	838,000	31,400	51,047	4,148	119,000	4,450	334,080	39,750	1,421,875
2030	-	-	999	45	-	-	74,816	2,250	78,110
	<u>\$ 3,735,000</u>	<u>\$ 286,585</u>	<u>\$ 100,035</u>	<u>\$ 13,519</u>	<u>\$ 518,000</u>	<u>\$ 40,520</u>	<u>\$ 697,981</u>	<u>\$ 121,250</u>	<u>\$ 5,512,890</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2019 and 2018 were as follows:

	Balance, January 1, 2019	Additions	Reductions	Balance, December 31, 2019	Due Within One Year
<u>General Capital Fund</u>					
Bonds Payable	\$ 4,935,000		\$ 1,200,000	\$ 3,735,000	\$ 1,217,000
Intergovernmental Loans	109,175	-	9,140	100,035	9,273
General Capital Fund Long-Term Liabilities	<u>\$ 5,044,175</u>	<u>\$ -</u>	<u>\$ 1,209,140</u>	<u>\$ 3,835,035</u>	<u>\$ 1,226,273</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	\$ 668,000		\$ 150,000	\$ 518,000	\$ 159,000
Intergovernmental Loans	752,797	-	54,816	697,981	54,817
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 1,420,797</u>	<u>\$ -</u>	<u>\$ 204,816</u>	<u>\$ 1,215,981</u>	<u>\$ 213,817</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

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

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2019 and 2018 was as follows:

Bond Anticipation Notes

	Rate	Maturity Date	Balance January 1, <u>2019</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2019</u>
<u>General Capital Fund</u>						
Various Public Improvements & Acquisitions	2.00%	7/24/2020	\$ 3,359,688	\$ 4,713,613	\$ 3,359,688	\$ 4,713,613
Total General Capital Fund			<u>\$ 3,359,688</u>	<u>\$ 4,713,613</u>	<u>\$ 3,359,688</u>	<u>\$ 4,713,613</u>
<u>Water Utility Capital Fund</u>						
Various Public Improvements & Acquisitions	2.00%	7/24/2020	\$ 397,463	\$ 600,387	\$ 397,463	\$ 600,387
Total Water Capital Fund			<u>\$ 397,463</u>	<u>\$ 600,387</u>	<u>\$ 397,463</u>	<u>\$ 600,387</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance January 1, 2018	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2018
<u>General Capital Fund</u>						
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			\$ 2,671,000	\$ 3,359,688	\$ 2,671,000	\$ 3,359,688

Water Utility Capital Fund

Various Public Improvements & Acquisitions	2.75%	7/26/2019	\$ 351,800	\$ 397,463	\$ 351,800	\$ 397,463
Total Water Capital Fund			\$ 351,800	\$ 397,463	\$ 351,800	\$ 397,463

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, 2019 AND 2018**

NOTE 8 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 9 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>
<u>2019</u>		
DPW Lighting	\$ 28,730	2020
Maple Avenue, Section 2 Project	18,990	2020
Fire Engine with Equipment	350,270	2020
Fire Department Radio's	39,969	2020

NOTE 10 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 \$732,319 and \$625,754 at December 31, 2019 and 2018, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 10 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, 2019 and 2018 were as follows:

	Balance, January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
Compensated Absences	\$ 625,754	\$ 106,565		\$ 732,319	
Net Pension Liability					
PERS	7,373,985		\$ 809,381	6,564,604	
PFRS	<u>7,911,949</u>	<u>-</u>	<u>2,142,498</u>	<u>5,769,451</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 15,911,688</u>	<u>\$ 106,565</u>	<u>\$ 2,951,879</u>	<u>\$ 13,066,374</u>	<u>\$ -</u>
	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
Compensated Absences	\$ 871,169		\$ 245,415	\$ 625,754	
Net Pension Liability					
PERS	8,611,991		1,238,006	7,373,985	
PFRS	<u>9,682,274</u>	<u>-</u>	<u>1,770,325</u>	<u>7,911,949</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 19,165,434</u>	<u>\$ -</u>	<u>\$ 3,253,746</u>	<u>\$ 15,911,688</u>	<u>\$ -</u>

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 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.

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.

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, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Service retirement benefits of 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to 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 PFRS 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 PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

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, 2019 AND 2018**

NOTE 11 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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 and 2018 is \$18.1 billion and \$19.7 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 56.27% and 53.60% respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2019 and 2018 is \$14.2 billion and \$15.4 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 65.00% and 62.48%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018, respectively.

Actuarial Methods and Assumptions

In the July 1, 2018 and 2017 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 2019 and 2018 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 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 2019, 2018 and 2017 were equal to the required contributions.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2019, 2018 and 2017, 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>
2019	\$ 571,630	\$ 372,520	\$ 11,541
2018	555,056	342,725	1,261
2017	484,950	349,047	1,543

In addition for the years ended December 31, 2019, 2018 and 2017 the Borough contributed for long-term disability insurance premiums (LTDF) \$1,041, \$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, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2019 and 2018, the Borough reported a liability of \$6,564,604 and \$7,373,985, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough's proportionate share was .03643 percent, which was a decrease of .00102 percent from its proportionate share measured as of June 30, 2018 of .03745 percent.

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough's pension expense to be \$221,257 and \$369,980, respectively, for PERS based on the actuarial valuations which is less and more than the actual contributions reported in the Borough's financial statements of \$372,520 and \$342,725, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 117,826	\$ 29,000	\$ 140,623	\$ 38,023
Changes of Assumptions	655,500	2,278,553	1,215,111	2,357,808
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		103,625		69,168
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>161,122</u>	<u>442,790</u>	<u>281,664</u>	<u>415,662</u>
Total	<u>\$ 934,448</u>	<u>\$ 2,853,968</u>	<u>\$ 1,637,398</u>	<u>\$ 2,880,661</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (239,025)
2021	(733,396)
2022	(629,315)
2023	(283,827)
2024	(33,957)
Thereafter	<u>-</u>
	<u>\$ (1,919,520)</u>

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 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, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.00-6.00% Based on Years of Service	1.65-4.15% Based on Age
Thereafter	3.00%-7.00% Based on Years of Service	2.65%-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub-2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018 and July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.78%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

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>
2019	June 30, 2019	6.28%
2018	June 30, 2018	5.66%

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 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>2019</u>	<u>2018</u>
Period of Projected Benefit		
Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2057	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2057 and Thereafter	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.28% and 5.66%, 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 5.28% and 4.66%, respectively or 1-percentage-point higher 7.28% and 6.66%, respectively than the current rate:

<u>2019</u>	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 8,292,162</u>	<u>\$ 6,564,604</u>	<u>\$ 5,108,892</u>
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
<u>2018</u>			
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>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018**

NOTE 11 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.

Police and Firemen’s Retirement System (PFRS)

At December 31, 2019 and 2018, the Borough reported a liability of \$5,769,451 and \$7,911,949, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the Borough’s proportionate share was .04714 percent, which was a decrease of .01133 percent from its proportionate share measured as of June 30, 2018 of .05847 percent.

For the years ended December 31, 2019 and 2018, the pension system has determined the Borough pension expense to be \$145,952 and \$546,710, respectively, for PFRS based on the actuarial valuations which are less than the actual contributions reported in the Borough’s financial statements of \$571,630 and \$555,056, respectively. At December 31, 2019 and 2018, 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:

	2019		2018	
	<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	\$ 48,702	\$ 36,527	\$ 80,494	\$ 32,742
Changes of Assumptions	197,693	1,864,634	679,134	2,027,696
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		78,174		43,286
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>333,240</u>	<u>1,987,325</u>	<u>499,403</u>	<u>730,404</u>
Total	<u>\$ 579,635</u>	<u>\$ 3,966,660</u>	<u>\$ 1,259,031</u>	<u>\$ 2,834,128</u>

BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 11 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, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2020	\$ (614,980)
2021	(996,269)
2022	(843,604)
2023	(573,259)
2024	(358,913)
Thereafter	<u>-</u>
	<u>\$ (3,387,025)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through	All Future Years 3.25%-15.25% Based on Years of Service	2026 2.10%-8.98% Based on Age
Thereafter	Not Applicable	3.10%-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	Pub - 2010	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019 and AA for 2018.

The actuarial assumptions used in the July 1, 2018 and July 1, 2017 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018 and July 1, 2010 to June 30, 2013, respectively.

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 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, 2019 and 2018, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>		<u>2018</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	3.00%	4.67%	5.00%	5.51%
Cash Equivalents	5.00%	2.00%	5.50%	1.00%
U.S. Treasuries	5.00%	2.68%	3.00%	1.87%
Investment Grade Credit	10.00%	4.25%	10.00%	3.87%
US Equity	28.00%	8.26%	30.00%	8.19%
Non-US Developed Markets Equity	12.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.37%	6.50%	11.64%
High Yield	2.00%	5.37%	2.50%	6.82%
Global Diversified Credit	-	-	5.00%	7.10%
Credit Oriented Hedge Funds	-	-	1.00%	6.60%
Debt Related Private Equity	-	-	2.00%	10.63%
Debt Related Real Estate	-	-	1.00%	6.61%
Real Assets	2.50%	9.31%	2.50%	11.83%
Equity Related Real Estate	-	-	6.25%	9.23%
Buyouts/Venture Capital	-	-	8.25%	13.08%
Private Credit	6.00%	7.92%	-	-
Real Estate	7.50%	8.33%	-	-
Private Equity	12.00%	10.85%	-	-

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>
2019	June 30, 2019	6.85%
2018	June 30, 2018	6.51%

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 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>2019</u>	<u>2018</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2076	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2076 and Thereafter	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 3.50% and 3.87% as of the measurement dates of June 30, 2019 and 2018, 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, 2019 and 2018 calculated using the discount rate of 6.85% and 6.51%, 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 5.85% and 5.51%, respectively or 1-percentage-point higher 7.85% and 7.51%, respectively than the current rate:

<u>2019</u>	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>7,798,195</u>	\$ <u>5,769,451</u>	\$ <u>4,090,373</u>
<u>2018</u>	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
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>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2019 and 2018. 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, 2019 AND 2018**

NOTE 11 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, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$911,077 and \$1,074,707, respectively. For the years ended December 31, 2019 and 2018, 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 \$105,852 and \$127,297 respectively, which are more than the actual contributions the State made on behalf of the Borough of \$61,383 and \$63,649, respectively. At December 31, 2019 (measurement date June 30, 2019) the State's share of the PFRS net pension liability attributable to the Borough was .04714 percent, which was a decrease of .01558 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) 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.

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Description and Benefits Provided (Continued)

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.

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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2019 and 2018 is \$13.5 billion and \$15.7 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% and 1.97%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 and 2017 which were rolled forward to June 30, 2019 and 2018.

Actuarial Methods and Assumptions

In the June 30, 2018 and 2017 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 \$346.4 million and \$421.2 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million and \$53.5 million for fiscal years 2019 and 2018, respectively.

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 the 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.

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2019 and 2018. 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.

At December 31, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$6,858,025 and \$7,216,262, respectively. For the years ended December 31, 2019 and 2018 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$90,905 and \$218,445, respectively. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .12411percent, which was an increase of .00798 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .11613 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.

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

NOTE 12 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

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>	<u>2018</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
PERS:		
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.65% to 8.98%
Rate Thereafter	3.00% to 7.00%	2.65% to 9.98%
PFRS:		
Initial Fiscal Year Applied Through	Rate for All Future Years	2026
Rate	3.25% to 15.25%	1.65% to 8.98%
Rate Thereafter	Not Applicable	2.65% to 9.98%
Mortality		
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	2.00%	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service and for 2018 the members age.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively. The actuarial assumptions used in the June 30, 2017 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 2.00% and 1.00% as of June 30, 2019 and 2018, 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>
2019	June 30, 2019	3.50%
2018	June 30, 2018	3.87%

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.

NOTE 13 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, 2019 and 2018 the Borough has available in the Self-Insurance Trust Fund \$146,708 and \$144,499, respectively for the payment of self-insurance claims.

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 13 RISK MANAGEMENT (Continued)

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

The relationship between the Borough and the insurance funds are governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance 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 December 31</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 8,034	\$ 13,138	\$ 67,906
2018	8,622	8,489	73,010
2017	9,847	5,992	72,877

NOTE 14 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, 2019 and 2018. 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, 2019 and 2018, the Borough reserved \$400,000 and \$400,000, 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, 2019 and 2018, 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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 15 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, 2019 and 2018, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Crisis”). On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

NOTE 17 SUBSEQUENT EVENTS

Serial Bonds

On June 23, 2020 the Borough adopted a resolution for the issuance of \$7,995,000 General Obligation Bonds for the purpose of funding various capital improvements of the Borough. On July 14, 2020 the Borough awarded the sale of said bonds to Roosevelt & Cross, Inc. and Associates at interest rates of 0.05% to 2.00%. These bonds dated July 15, 2020 will mature over 10 years with the first maturity due July 15, 2021.

Debt Authorized

On January 28, 2020 the Borough adopted a bond ordinance authorizing the issuance of \$850,000 in bonds or bond anticipation notes to fund certain general capital projects, which has been funded with the above referenced bonds.

On May 26, 2020 the Borough adopted bond ordinances authorizing the issuance of \$2,440,130 in bonds or bond anticipation notes to fund certain general capital and water utility capital projects, which have been funded by the above reference bonds.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF WALDWICK
STATEMENT OF CURRENT CASH - COLLECTOR-TREASURER

Balance, January 1, 2019		\$ 8,502,391
Increased by Receipts:		
Revenue Accounts Receivable	\$ 3,788,188	
Non-Budget Revenue	166,192	
Senior Citizens' and Veterans' Deductions - Due from State of NJ	79,946	
Taxes Receivable	44,056,127	
Grants Receivable	31,638	
Receipts from Animal Control Trust Fund	12	
Receipts from Unemployment Insurance Trust Fund	75	
Receipts from Other Trust Fund	92,100	
Receipts from Self Insurance Fund	128	
Receipts for General Capital Fund	250	
Tax Overpayments	2,538	
Prepaid Taxes	196,428	
Miscellaneous Reserves	1,425	
Public and Private Programs - Unappropriated Reserves	14,491	
Construction Code Fees Payable	<u>8,875</u>	
		<u>48,438,413</u>
		56,940,804
Decreased by Disbursements:		
2019 Budget Appropriations	11,926,963	
2018 Appropriation Reserves	125,949	
Accounts Payable	290,136	
Public and Private Programs- Appropriated Reserves	1,933	
Tax Overpayments	47,016	
County Taxes Payable	4,068,702	
Local District School Taxes Payable	31,299,953	
Payments to Municipal Open Space Trust Fund	80,051	
Payments to General Capital Fund	59,106	
Payments to Water Utility Operating Fund	2,749	
Construction Code Fees Payable	10,151	
Refund of Prior Year Revenue	<u>744</u>	
		<u>47,913,453</u>
Balance, December 31, 2019		<u>\$ 9,027,351</u>

**BOROUGH OF WALDWICK
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2019</u>	Balance, December 31, <u>2019</u>
Collector-Treasurer	\$ 975	\$ 975
Municipal Court	125	125
Municipal Clerk	50	50
Swimming Pool	<u>50</u>	<u>50</u>
	<u>\$ 1,200</u>	<u>\$ 1,200</u>

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

Balance, January 1, 2019		\$ 53,381
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 12,750	
Veterans' Deductions Per Tax Billings	68,500	
Senior Citizens' Deductions Allowed by Tax Collector	500	
Veterans' Deductions Allowed by Tax Collector	<u>1,625</u>	
		<u>83,375</u>
		136,756
Decreased by:		
Cash Received from State of New Jersey	79,946	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2019	1,873	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2018	<u>2,964</u>	
		<u>84,783</u>
Balance, December 31, 2019		<u>\$ 51,973</u>

**BOROUGH OF WALDWICK
STATEMENT OF TAXES RECEIVABLE**

<u>Year</u>	Balance, January 1, <u>2019</u>	<u>2019 Levy</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	<u>Cash Collections</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	<u>Cancelled</u>	Balance, December 31, <u>2019</u>
				<u>2018</u>	<u>2019</u>			
2017	\$ 51				\$ 51			
2018	288,616		\$ 2,964		286,269		\$ 5,228	\$ 83
2019	<u>-</u>	\$ 44,413,225	<u>1,873</u>	\$ 179,950	43,769,807	\$ 83,375	<u>20,870</u>	<u>361,096</u>
	<u>\$ 288,667</u>	<u>\$ 44,413,225</u>	<u>\$ 4,837</u>	<u>\$ 179,950</u>	<u>\$ 44,056,127</u>	<u>\$ 83,375</u>	<u>\$ 26,098</u>	<u>\$ 361,179</u>

Analysis of 2019 Property Tax Levy

Tax Yield

General Purpose Tax	\$ 44,284,473	
Added Taxes (54:4-63.1 et seq.)	<u>128,752</u>	
		<u>\$ 44,413,225</u>

Tax Levy

Local District School Tax (Abstract)		\$ 31,299,953
County Tax (Abstract)	\$ 3,895,815	
County Open Space Tax (Abstract)	166,883	
Due for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>11,875</u>	
		4,074,573
Local Tax for Municipal Purposes	8,275,147	
Minimum Library Tax	554,006	
Municipal Open Space Tax	80,051	
Municipal Open Space Tax Added	231	
Add Additional Tax Levies	<u>129,264</u>	
		<u>9,038,699</u>
		<u>\$ 44,413,225</u>

**BOROUGH OF WALDWICK
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2019</u>	Accrued in <u>2019</u>	<u>Collections</u>	Balance, December 31, <u>2019</u>
Municipal Alliance Program-Donation	\$ 13,684			\$ 13,684
Clean Communities	4,093	\$ 17,801	\$ 19,868	2,026
Recycling Tonnage Grant		11,770	11,770	
BCUA Recycling Enhancement	<u>-</u>	<u>2,478</u>	<u>-</u>	<u>2,478</u>
	<u>\$ 17,777</u>	<u>\$ 32,049</u>	<u>\$ 31,638</u>	<u>\$ 18,188</u>

BOROUGH OF WALDWICK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2019</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2019</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 18,720	\$ 18,720	
Other		976	976	
Fees and Permits		24,889	24,889	
Tax Collector				
Fees and Permits		440	440	
Board of Health				
Licenses		21,892	21,892	
Construction Code Official				
Fees and Permits		206,245	206,245	
Fire Prevention Bureau				
Fees and Permits		19,471	19,471	
Police				
Fees and Permits		291	291	
Swimming Pool				
Fees and Permits		138,021	138,021	
Park and Ride Contingency Fund				
Fees and Permits		47,026	47,026	
Parking Meter				
Fees and Permits		13,494	13,494	
Sewer Connection				
Fees and Permits		875	875	
Municipal Court				
Fines and Costs	\$ 5,002	77,398	79,101	\$ 3,299
Interest and Costs on Taxes		84,850	84,850	
Sewer Privileges - Midland Park and Wyckoff		102,534	102,534	
Cable Television Franchise Fees		150,185	150,185	
Energy Receipts Tax		2,327,293	2,327,293	
Supplemental Energy Receipts Tax		141,307	141,307	
Police Training - Various Municipal Agreements		60,926	60,926	
Uniform Fire Safety Act		17,404	17,404	
Cell Site Rent	-	332,248	332,248	-
	<u>\$ 5,002</u>	<u>\$ 3,786,485</u>	<u>\$ 3,788,188</u>	<u>\$ 3,299</u>

BOROUGH OF WALDWICK
STATEMENT OF 2018 APPROPRIATION RESERVES

	Balance, January 1, <u>2019</u>	<u>Transfers</u>	Cancelled <u>Payables</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages						
General Administration	\$ 28,906	\$ (23,660)		\$ 5,246		\$ 5,246
Mayor and Council	75			75		75
Municipal Clerk	487			487		487
Financial Administration	7,223			7,223		7,223
Revenue Administration	15,042			15,042		15,042
Tax Assessment Administration	224			224	\$ 152	72
Board of Adjustments	10			10		10
Uniform Construction Code	9,355			9,355	270	9,085
Police	151,831			151,831	148,541	3,290
Fire	1,627			1,627		1,627
Fire Prevention	1,180			1,180		1,180
Streets and Road Maintenance	14,379		\$ 2,357	16,736	10,000	6,736
Recycling	6,237			6,237	168	6,069
Recreation Services and Programs	593			593		593
Public Safety - Police Training	162			162	162	-
Municipal Court	2,772	-	-	2,772	1,917	855
Total Salaries and Wages	240,103	(23,660)	2,357	218,800	161,210	57,590
Other Expenses						
General Administration	5,932			5,932	5,912	20
Mayor and Council	427		27	454		454
Municipal Clerk	604			604	389	215
Audit Services	5,507	125		5,632	5,604	28
Revenue Administration	5,312		8,125	13,437		13,437
Tax Assessment Administration	765		4,133	4,898		4,898
Legal Services & Costs	3,852	25,000		28,852	846	28,006
Engineering Services & Costs	4,829	2,500		7,329	396	6,933
Planning Board	620			620	542	78
Board of Adjustments	1,528			1,528	1,513	15
Uniform Construction Code	226		83	309		309
Insurance						
General Liability	20,053	(19,000)		1,053		1,053
Group Insurance for Employees	107,363		72,879	180,242		180,242
Health Benefit Waiver	7,931			7,931		7,931
Police	1,827			1,827	62	1,765
Acquisition of Police Vehicles	6,221			6,221		6,221
Public Safety - "911" Telecommunications	4			4		4
Office of Emergency Management	500			500		500
Aid to Volunteer Ambulance Companies	1,650			1,650	400	1,250
Fire	15,051		76	15,127		15,127
Fire Prevention	28,194			28,194	6,659	21,535
Streets and Road Maintenance	8,743		566	9,309		9,309
Snow Removal	21,671			21,671	3,288	18,383
Municipal Park and Ride	125			125	119	6
Traffic Control Devices	1,946			1,946	328	1,618
Recycling	53,450			53,450	43,006	10,444
Public Buildings and Grounds	255	15,000		15,255	14,614	641
Vehicle Maintenance	228	7,500		7,728	4,343	3,385

BOROUGH OF WALDWICK
STATEMENT OF 2018 APPROPRIATION RESERVES
(Continued)

	Balance, January 1, <u>2019</u>	<u>Transfers</u>	Cancelled <u>Payables</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
NJPDES Stormwater Permit-Streets and Roads	\$ 600			\$ 600		\$ 600
Northwest Bergen Comm. Contractual	4,247			4,247		4,247
Welfare/Administration of Public Assistance	100			100		100
Recreation Services & Programs	53		\$ 1,404	1,457		1,457
Community Television	1,000			1,000	\$ 1,000	
Public Employee Retirement System	696			696		696
Defined Contribution Retirement Plan	1,261			1,261		1,261
Sale of Assets - Library			2,964	2,964		2,964
Public Events		\$ 535		535	534	1
Electricity	26,280	(10,000)		16,280	14,285	1,995
Street Lighting	2,070	10,000		12,070	11,888	182
Telephone	150	2,000	1,411	3,561		3,561
Water	-		140	140		140
Natural Gas	3,056			3,056	3,056	
Fuel Oil	17,942	(10,000)		7,942		7,942
Sewerage Processing and Disposal	57			57		57
Boro of Ho-Ho-Kus - Contractual - Sewer	1			1		1
Sanitary Landfill Dump Fees	25,137		499	25,636		25,636
Garbage Collection	2,000			2,000		2,000
Recycling Tax	2,363			2,363		2,363
Police & Firemen's Retirement System of NJ	1,500			1,500	308	1,192
Recycling Grant	27,486			27,486	27,486	
Public Safety - Police Training			994	994	994	-
Municipal Court	19,249		676	19,925		19,925
Public Defender	<u>758</u>	<u>-</u>	<u>-</u>	<u>758</u>	<u>558</u>	<u>200</u>
 Total Other Expenses	 <u>440,820</u>	 <u>23,660</u>	 <u>93,977</u>	 <u>558,457</u>	 <u>148,130</u>	 <u>410,327</u>
	 <u>\$ 680,923</u>	 <u>\$ -</u>	 <u>\$ 96,334</u>	 <u>\$ 777,257</u>	 <u>\$ 309,340</u>	 <u>\$ 467,917</u>

Cash Disbursed	\$ 125,949
Transferred to Accounts Payable	19,453
Transferred to Appropriated Grant Reserves	12,782
Transferred to Other Trust -	
Reserve for Accumulated Absences	150,000
Transfers to General Capital	<u>1,156</u>
	 <u>\$ 309,340</u>

**BOROUGH OF WALDWICK
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2019		\$ 398,551
Increased by:		
Charges to 2019 Budget Appropriation	\$ 487,533	
Transferred from 2018 Appropriation Reserves	<u>19,453</u>	
		<u>506,986</u>
		905,537
Decreased by:		
Cash Disbursements	290,136	
Cancelled Payables Restored to 2018 Appropriation Reserves	96,334	
Cancelled Accounts Payables	<u>12,080</u>	
		<u>398,550</u>
Balance, December 31, 2019		<u>\$ 506,987</u>

EXHIBIT A-12

STATEMENT OF PREPAID TAXES

Balance, January 1, 2019		\$ 179,950
Increased by:		
2020 Taxes Collected		<u>196,428</u>
		376,378
Decreased by:		
Applied to 2019 Taxes		<u>179,950</u>
Balance, December 31, 2019		<u>\$ 196,428</u>

**BOROUGH OF WALDWICK
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2019		\$ 92,235
Increased by:		
Overpayments		<u>2,538</u>
		94,773
Decreased by:		
Refunds		<u>47,016</u>
Balance, December 31, 2019		<u>\$ 47,757</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2019		\$ 6,004
Increased by:		
2019 Tax Levy		
County Taxes	\$ 3,895,815	
County Open Space Preservation	166,883	
Added and Omitted Taxes	<u>11,875</u>	
		<u>4,074,573</u>
		4,080,577
Decreased by:		
Payments		<u>4,068,702</u>
Balance, December 31, 2019		<u>\$ 11,875</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
Levy - Calendar Year 2019		\$ 31,299,953
Decreased by:		
Payments		<u>\$ 31,299,953</u>

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

Balance, January 1, 2019	\$ 11,525
Decreased by:	
Cancel Tax Payable	\$ <u>11,525</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, January 1, <u>2019</u>	<u>Receipts</u>	Anticipated <u>Revenue</u>	Balance, December 31, <u>2019</u>
Tax Appeals	\$ 400,000			\$ 400,000
Sale of Municipal Assets	212,162			212,162
Police Donations	<u>1,425</u>	\$ <u>1,425</u>	\$ <u>1,425</u>	<u>1,425</u>
	<u>\$ 613,587</u>	<u>\$ 1,425</u>	<u>\$ 1,425</u>	<u>\$ 613,587</u>

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

	Balance, January 1, 2019	Transferred from 2018 Appropriation Reserves	Cash Disbursed	Balance, December 31, 2019
Drunk Driving Enforcement Fund	\$ 28,024			\$ 28,024
NJ Alcohol Rehab. Program - Court	6,594		\$ 250	6,344
Police Other Expenses	2			2
Stormwater Grant	10,261			10,261
Police Vest Fund	1,809		622	1,187
Clean Communities	1,061		1,061	
History Grant	274			274
Crime Prevention Grant	3,136			3,136
Municipal Alliance - Local Share	1,484			1,484
Recycling Grant	-	\$ 12,782	-	12,782
	<u>\$ 52,645</u>	<u>\$ 12,782</u>	<u>\$ 1,933</u>	<u>\$ 63,494</u>

EXHIBIT A-19

STATEMENT OF UNAPPROPRIATED RESERVES- PUBLIC AND PRIVATE PROGRAMS

	Balance, January 1, 2019	Cash Received	Anticipated Revenue	Balance, December 31, 2019
Police Vest	\$ 1,148	\$ 2,321	\$ 1,148	\$ 2,321
NJ Alcohol Rehabilitation Program	579		579	
Recycling Tonnage Grant		11,770		11,770
Steed Donations	1,578		1,578	
Motor Vehicle Inspection Fine	-	400	-	400
	<u>\$ 3,305</u>	<u>\$ 14,491</u>	<u>\$ 3,305</u>	<u>\$ 14,491</u>

EXHIBIT A-20

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

Balance, January 1, 2019	\$ 7,163
Increased by:	
Cash Received	<u>8,875</u>
	16,038
Decreased by:	
Payments to State of New Jersey	<u>10,151</u>
Balance, December 31, 2019	<u>\$ 5,887</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, 2019	\$ 17,246	\$ 18,489	\$ 1,892,903	\$ 73,489	\$ 144,635	\$ 159,273
Increased by Receipts:						
COAH Proceeds			\$ 204,773			
Interest on Investments and Deposits	\$ 12	\$ 8	973	\$ 88	139	\$ 159
Employee Payroll Deductions			5,808,277	5,646		
Developer's Escrow and Other Reserves			794,535			
State Dog License Fees	1,276					
Dog License Fees	12,089					
Late Fees Collected	815					
Park & Ride Permits		5,226				
Receipts for Current Fund			7,722			80,051
Receipts for General Capital			50			
Receipts for Unemployment Trust			8,034			
Receipts for Water Operating Fund			21,993			
Budget Appropriation	2,500	-	-	-	12,500	-
	<u>16,692</u>	<u>5,234</u>	<u>6,846,357</u>	<u>5,734</u>	<u>12,639</u>	<u>80,210</u>
	33,938	23,723	8,739,260	79,223	157,274	239,483
Decreased by Disbursements:						
Expenditures Under R.S. 4:19-15.11	14,952					
Payments to Current Fund	12		92,100	75	128	
Payments to Unemployment Trust Fund			5,646			
Payments to General Capital Fund						115,000
Payments to State of New Jersey	2,249			13,138		
Developer's Escrow and Other Reserves			455,386			
Payroll Deductions Payable			5,827,562			
Reserve for COAH Expenditures			87,119			
Self-Insurance Expenditures	-	-	-	-	10,291	-
	<u>17,213</u>	<u>-</u>	<u>6,467,813</u>	<u>13,213</u>	<u>10,419</u>	<u>115,000</u>
Balance, December 31, 2019	<u>\$ 16,725</u>	<u>\$ 23,723</u>	<u>\$ 2,271,447</u>	<u>\$ 66,010</u>	<u>\$ 146,855</u>	<u>\$ 124,483</u>

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

Balance, January 1, 2019 (Due to)	\$	134
Increased by:		
State Share Dog License Fees Collected		<u>1,276</u>
		1,410
Decreased by:		
Payments to State of New Jersey		<u>2,249</u>
Balance, December 31, 2019 (Due from)	\$	<u><u>839</u></u>

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

Balance, January 1, 2019	\$	15
Increased by:		
Interest on Investments		<u>12</u>
		27
Decreased by:		
Cash Disbursements		<u>12</u>
Balance, December 31, 2019	\$	<u><u>15</u></u>

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

Balance, January 1, 2019	\$	17,127
Increased by:		
Dog License Fees Collected	\$	12,089
Late Fees Collected		815
2019 Budget Appropriation		<u>2,500</u>
		<u>15,404</u>
		32,531
Decreased by:		
Expenditures Under R.S. 4:19 - 15.11		<u>14,952</u>
Balance, December 31, 2019	\$	<u><u>17,579</u></u>

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

Balance, January 1, 2019		\$ <u>4,006</u>
Balance, December 31, 2019		\$ <u><u>4,006</u></u>

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

Balance, January 1, 2019		\$ 14,483
Increased by:		
Park and Ride Permits Collected	\$ 5,226	
Interest on Investments	<u>8</u>	
		<u>5,234</u>
Balance, December 31, 2019		\$ <u><u>19,717</u></u>

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

Balance, January 1, 2019	\$ 30
Increased by:	
Interest on Investments	88
	118
Decreased by:	
Payments to Current Fund	75
	43
Balance, December 31, 2019	\$ 43

**STATEMENT OF DUE FROM OTHER TRUST FUND
UNEMPLOYMENT INSURANCE TRUST FUND**

Increased by:	
Employee Payroll Deductions Received in Other Trust	\$ 8,034
Decreased by:	
Cash Receipts	5,646
	2,388
Balance, December 31, 2019	\$ 2,388

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

Balance, January 1, 2019	\$ 449
Increased by:	
Benefits Due to State of New Jersey	13,138
	13,587
Decreased by:	
Payments to State of New Jersey	13,138
	449
Balance, December 31, 2019	\$ 449

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

Balance, January 1, 2019	\$	73,010
Increased by:		
Employee Payroll Deductions		8,034
		81,044
Decreased by:		
Benefits Due State of New Jersey		13,138
Balance, December 31, 2019	\$	67,906

EXHIBIT B-13

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

Balance, January 1, 2019	\$	136
Increased by:		
Interest on Investments and Deposits		139
		275
Decreased by:		
Payments to Current Fund		128
Balance, December 31, 2019	\$	147

EXHIBIT B-14

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

Balance, January 1, 2019	\$	144,499
Increased by:		
2019 Budget Appropriation		12,500
		156,999
Decreased by:		
Expenditures		
Property Insurance Expenditures		10,291
Balance, December 31, 2019	\$	146,708

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

Balance, January 1, 2019		\$	267,918
Increased by:			
Interest on Investments		\$	973
Receipts for Current Fund			7,722
2019 Anticipated Revenue			<u>92,000</u>
			<u>100,695</u>
			368,613
Decreased by:			
Payments to Current Fund			92,100
2018 Appropriation Reserves - Accumulated Absences			<u>150,000</u>
			<u>242,100</u>
Balance, December 31, 2019		\$	<u>126,513</u>

EXHIBIT B-16

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

	Balance, January 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2019</u>
Performance and Maintenance Bonds	\$ 262,213			\$ 262,213
Developer's and Other Escrows	443,123	\$ 142,392	\$ 49,613	535,902
Road Openings	5,100	1,500		6,600
Dumpster Permits	400	2,400	2,800	
Vacant Properties	46,800	14,500	12,580	48,720
TTL Premiums	167,100	349,700	148,100	368,700
Municipal Court - P.O.A.A.	2,718	142		2,860
Police Outside Duty	319,988	244,385	300,167	264,206
Police Donations	5,161	520	1,425	4,256
Evidence Money	400			400
Swim Meet	5,162		1,997	3,165
Basketball Program	35,911			35,911
Municipal Alliance - Teen Canteen	20,497			20,497
Storm Recovery Trust	126,158			126,158
Wall of Heroes	5,854	23,910	20,290	9,474
Yoga in the Park	874	1,020	788	1,106
Fire Prevention Trust Deposits	2,200	150	750	1,600
Fire Department Trust Deposits	2,000	150	590	1,560
Tennis		5,005	3,777	1,228
E-Bay	100			100
Accumulated Absences		150,000		150,000
Flexible Spending	<u>10,448</u>	<u>8,761</u>	<u>4,509</u>	<u>14,700</u>
	<u>\$ 1,462,207</u>	<u>\$ 944,535</u>	<u>\$ 547,386</u>	<u>\$ 1,859,356</u>
Cash Receipt		\$ 794,535		
Cash Disbursements			\$ 455,386	
Due from Current Fund		150,000		
2019 Anticipated Revenues		<u>-</u>	<u>92,000</u>	
		<u>\$ 944,535</u>	<u>\$ 547,386</u>	

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

Balance, January 1, 2019	\$ 79,697
Increased by:	
Cash Receipts	<u>5,808,277</u>
	5,887,974
Decreased by:	
Cash Disbursements	<u>5,827,562</u>
Balance, December 31, 2019	<u>\$ 60,412</u>

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

Balance, January 1, 2019	\$ 109,080
Increased by:	
Cash Receipts	<u>204,773</u>
	313,853
Increased by:	
Cash Disbursements	<u>87,119</u>
Balance, December 31, 2019	<u>\$ 226,734</u>

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

Balance, January 1, 2019	\$ 97
Increased by:	
2019 Tax Levy	\$ 80,051
2019 Added Tax Levy	<u>231</u>
	<u>80,282</u>
	80,379
Decreased by:	
Cash Receipts	<u>80,051</u>
Balance, December 31, 2019	<u>\$ 328</u>

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

Balance, January 1, 2019	\$ 105,000
Increased by:	
General Capital Fund Improvement Authorizations	43,500
	148,500
Decreased by:	
Cash Disbursements	115,000
Balance, December 31, 2019	\$ 33,500

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

Balance, January 1, 2019	\$ 54,370
Increased by:	
Due from Current Fund:	
2019 Tax Levy	\$ 80,051
2019 Added Tax Levy	231
	\$ 80,282
Interest on Investments and Deposits	159
	80,441
	134,811
Decreased by:	
General Capital Fund Improvement Authorizations	43,500
Balance, December 31, 2019	\$ 91,311

GENERAL CAPITAL FUND

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

Balance, January 1, 2019		\$ 1,374,484
Increased by:		
Grant Proceeds		
Deferred Charges Unfunded	\$ 14,840	
Grants and Other Receivables	335,618	
2019 Budget Appropriation:		
Reserve for Pistol Range	20,000	
Capital Improvement Fund	286,700	
Costs of Improvements	24,500	
Receipts from Current Fund	59,106	
Receipts from Municipal Open Space Trust Fund	115,000	
Interest on Investments and Deposits	20,592	
Premium on Sale of Bond Anticipation Notes	22,814	
Proceeds from Bond Anticipation Notes	4,713,613	
Improvement Authorizations - Reimbursement	<u>5,700</u>	
		<u>5,618,483</u>
		6,992,967
Decreased by Disbursements:		
Bond Anticipation Notes	3,273,888	
Improvement Authorizations	1,009,927	
Accounts Payable	<u>414,609</u>	
		<u>4,698,424</u>
Balance, December 31, 2019		<u>\$ 2,294,543</u>

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

	Balance, December 31, <u>2019</u>
Fund Balance	\$ 343,861
Capital Improvement Fund	102,822
Grant and Other Receivables	(174,470)
Accounts Payable	586,504
Due to Current Fund	15,357
Due from Municipal Open Space Trust Fund	(33,500)
Due from Other Trust Fund	(50)
Reserve for Payment of Debt Service	34,536
Reserve for Pistol Range	24,536
Excess Note Proceeds	52,341
Improvement Authorizations:	
<u>Ord.</u>	
<u>No.</u>	<u>Improvement Description</u>
2-96	Various Improvements and Acq. of Equipment
9-98/14-98/21-98/8-00	Various Improvements and Acq. of Equipment
04-03	Renovation and Improvement of Signal Tower
5-05	Various Public Improvements and Acquisitions
6-06/20-06	Various Public Improvements & Acquisitions
2-07	Various Public Improvements & Acquisitions
01-08	Various Public Improvements & Acquisitions
01-09	Various Public Improvements & Acquisitions
5-10	Various Public Impvts. & Acq. Of Equip.
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
2-12	Various Public Improvements, the Acq. of New, Additional or Replacement Equip., and New Automotive Vehicles
2-13	Various Public Improvements & Acquisitions
3-14	Various Public Improvements & Acquisitions
7-14	Various Public Improvements
1-15	Various Public Improvements & Acquisitions
4-15	Various Public Improvements
5-15/3-17	Various Improvements to Maintain the Police Training Facility
11-15	Various Public Improvements
1-16/10-17	Various Public Improvements & Acquisitions
3-16	Various Public Improvements
16-16	Various Public Improvements & Acquisitions
1-17	Various Public Improvements & Acquisitions
4-17	Various Improvements
18-17	Various Public Improvements
01-18	Various Public Improvements & Acquisitions
12-18/22-18	Various Public Improvements
02-19	Various Public Improvements
03-19	Various Public Improvements
07-19	Various Public Improvements
	\$ 2,294,543

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

Balance, January 1, 2019 (Due from)		\$ 62,935
Increased by:		
Receipts Deposited in Current Fund:	\$ 250	
2018 Budget Appropriation Balance - Interlocal Agreement	<u>1,156</u>	
		<u>1,406</u>
		64,341
Decreased by:		
Interest on Investments	20,592	
Cash Receipts	<u>59,106</u>	
		<u>79,698</u>
Balance, December 31, 2019 (Due to)		<u>\$ 15,357</u>

EXHIBIT C-5

STATEMENT OF DUE FROM MUNICIPAL OPEN SPACE TRUST FUND

Balance, January 1, 2019		\$ 105,000
Increased by:		
Improvement Authorizations Funded by Municipal Open Space		<u>43,500</u>
		148,500
Decreased by:		
Cash Receipts		<u>115,000</u>
Balance, December 31, 2019		<u>\$ 33,500</u>

EXHIBIT C-6

STATEMENT OF DUE FROM OTHER TRUST FUND

Increased by:		
Cash Received in Other Trust Fund	\$	<u>50</u>
Balance, December 31, 2019		<u>\$ 50</u>

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

Balance, January 1, 2019		\$ 5,044,175
Decreased by:		
2019 Budget Appropriation		
Bond Principal	\$ 1,200,000	
Loan Principal	<u>9,140</u>	
		<u>1,209,140</u>
Balance, December 31, 2019		<u>\$ 3,835,035</u>

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

Ord. No.	Improvement Description	Balance, January 1, 2019	2019 Authorizations	Notes Paid by Budget Appropriation	Grant Proceed	Funded by Budget Appropriation	Balance, December 31, 2019	Analysis of Balance		
								Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
6-06/20-06	Various Public Improvements & Acquisitions	\$ 97,125				\$ 24,500	\$ 72,625		\$ 66,418	\$ 6,207
1-15	Various Public Improvements & Acquisitions	738,304		\$ 37,104			701,200	\$ 701,200		
11-15	Various Public Improvements	10,783		2,976			7,807	7,807		
1-16	Various Public Improvements & Acquisitions	844,000		36,700			807,300	807,300		
16-16	Various Public Improvements & Acquisitions	173,500		9,020			164,480	164,480		
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			\$ 14,840		713,160	713,160		
3-19	Various Public Improvements & Acquisitions	-	\$ 1,439,725	-	-	-	1,439,725	1,439,725	-	-
		<u>\$ 3,419,312</u>	<u>\$ 1,439,725</u>	<u>\$ 85,800</u>	<u>\$ 14,840</u>	<u>\$ 24,500</u>	<u>\$ 4,733,897</u>	<u>\$ 4,661,272</u>	<u>\$ 66,418</u>	<u>\$ 6,207</u>
	Bond Anticipation Notes							\$ 4,713,613		
	Less: Excess Note Proceeds									
	Ord. 11-15							\$ 37,501		
	Ord. 1-18							14,840		
								<u>\$ 4,661,272</u>		
	Improvement Authorizations - Unfunded									\$ 965,125
	Less: Unexpended Proceeds of Bond Anticipation Notes:									
	Ord. 01-15							\$ 97,358		
	Ord. 11-15							1,151		
	Ord. 01-16							44,488		
	Ord. 16-16							65,538		
	Ord. 01-17							9,716		
	Ord. 18-17							63,353		
	Ord. 01-18							191,294		
	Ord. 03-19							486,020		
										<u>958,918</u>
										<u>\$ 6,207</u>

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

	Total	NJ Department	NJ Department	NJ Department	County of Bergen							
		<u>Env. Protection</u>	<u>of Transportation</u>	<u>of Transportation</u>	<u>Ord. No. 01-18</u>	<u>Ord. No. 3-14</u>	<u>Ord. No. 20-14/3-15</u>	<u>Ord. No. 1-15</u>	<u>Ord. No. 9-15</u>	<u>Ord. No. 11-15</u>	<u>Ord. No. 16-16</u>	<u>(Comm Dev) Ord. No. 18-17</u>
Balance, January 1, 2019	\$ 510,089	\$ 46,371	\$ 165,627	\$ 150,000	\$ 28,619	\$ 1	\$ 7,633	\$ 1,138	\$ 5,200	\$ 10,500	\$ 60,000	\$ 35,000
Increased by:												
Grants Awarded	-	-	-	-	-	-	-	-	-	-	-	-
	<u>510,089</u>	<u>46,371</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>10,500</u>	<u>60,000</u>	<u>35,000</u>
Decreased by:												
Collections:												
Cash Receipts	335,618		135,748	94,370						10,500	60,000	35,000
Cancelled	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>335,619</u>	<u>-</u>	<u>135,748</u>	<u>94,370</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,500</u>	<u>60,000</u>	<u>35,000</u>
Balance, December 31, 2019	<u>\$ 174,470</u>	<u>\$ 46,371</u>	<u>\$ 29,879</u>	<u>\$ 55,630</u>	<u>\$ 28,619</u>	<u>\$ -</u>	<u>\$ 7,633</u>	<u>\$ 1,138</u>	<u>\$ 5,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2019</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2019</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	4/15/2008	\$ 8,127,000	4/15/2020	\$ 802,000	3.500 %	\$ 1,602,000	\$ 800,000	\$ 802,000
General Improvements	11/1/2014	4,508,000	11/1/2020	415,000	2.000	<u>3,333,000</u>	<u>400,000</u>	<u>2,933,000</u>
			11/1/2021-23	420,000	2.000			
			11/1/2024-25	420,000	2.500			
			11/1/2026	418,000	2.500			
						<u>\$ 4,935,000</u>	<u>\$ 1,200,000</u>	<u>\$ 3,735,000</u>

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

Balance, January 1, 2019	\$	109,175
Decreased by:		
Paid by Budget Appropriation		9,140
Balance, December 31, 2019	\$	100,035
<u>Analysis of Balance</u>		
NJEIT - Fund Loan	\$	45,559
NJEIT - Trust Loan		54,476
	\$	100,035

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

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2019	Increased	Decreased	Balance, December 31, 2019
1-15	Various Public Improvements & Acquisitions	7/30/2015	7/27/2018 7/26/2019	7/26/2019 7/24/20/20	2.75 % 2.00	\$ 738,304	\$ 701,200	\$ 738,304	\$ 701,200
11-15	Various Public Improvements	7/30/2015	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75 2.00	48,284	45,308	48,284	45,308
1-16	Various Public Improvements & Acquisitions	11/10/2016	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75 2.00	844,000	807,300	844,000	807,300
16-16	Various Public Improvements & Acquisitions	11/10/2016	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75 2.00	173,500	164,480	173,500	164,480
1-17	Various Public Improvements & Acquisitions	12/12/2017	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75 2.00	756,800	756,800	756,800	756,800
18-17	Various Public Improvements	12/12/2017	7/27/2018 7/26/2019	7/26/2019 7/24/20/20	2.75 2.00	70,800	70,800	70,800	70,800
1-18	Various Public Improvements & Acquisitions	7/27/2018	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75 2.00	728,000	728,000	728,000	728,000
3-19	Various Public Improvements & Acquisitions	7/27/2018	7/26/2019	7/24/2020	2.00	-	1,439,725	-	1,439,725
						<u>\$ 3,359,688</u>	<u>\$ 4,713,613</u>	<u>\$ 3,359,688</u>	<u>\$ 4,713,613</u>
							\$ 1,439,725		
								\$ 85,800	
							3,273,888	3,273,888	
							<u>\$ 4,713,613</u>	<u>\$ 3,359,688</u>	

Notes Issued \$ 1,439,725
 Paid by Budget Appropriation \$ 85,800
 Renewals 3,273,888 3,273,888
\$ 4,713,613 \$ 3,359,688

**BOROUGH OF WALDWICK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Amount	Balance, January 1, 2019		2019 Authorizations		Open Space Trust Fund	Reimbursement	Paid or Charged	Balance, December 31, 2019	
			Funded	Unfunded	Down- payment or Capital Impvnt. Fund	Deferred Charges to Future Taxation Unfunded				Funded	Unfunded
02-96	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	
05-05	Various Public Improvements & Acquisitions	2,049,473	1,529							1,529	
06-06/20-06	Various Public Improvements & Acquisitions	1,824,050		\$ 6,207							\$ 6,207
02-07	Various Public Improvements & Acquisitions	1,641,600	1,773							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	
05-10	Various Public Impvts. & Acq. Of Equip.		16,181					\$ 1,160		15,021	
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	14,004					2,216		11,788	
2-12	Various Public Improvements, the Acq. of New, Additional or Replacement Equip., and New Automotive Vehicles	1,397,750	5,314					2,501		2,813	
2-13	Various Public Improvements & Acquisitions	1,104,750	87,800					11,027		76,773	
3-14	Various Public Improvements & Acquisitions	852,500	42,988					6,288		36,700	
7-14	Various Public Improvements	77,000	1,967							1,967	
1-15	Various Public Improvements & Acquisitions	844,030		107,863				10,505			97,358
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					28,618		146,382	
11-15	Various Public Improvements	217,500		1,382				231			1,151
1-16/10-17	Various Public Improvements & Acquisitions	1,042,000		57,628				13,140			44,488
3-16	Various Public Improvements	20,800	3,850							3,850	
16-16	Various Public Improvements & Acquisitions	419,000		66,822				1,284			65,538
1-17	Various Public Improvements & Acquisitions	814,700		87,340				77,624			9,716
4-17	Various Improvements	23,300	8,016					1,289		6,727	
18-17	Various Public Improvements	385,000		57,653				\$ 5,700			63,353
01-18	Various Public Improvements & Acquisitions	1,020,000		442,311				251,017			191,294
12-18/22-18	Various Public Improvements	293,750	73,542					42,861		30,681	
02-19	Various Public Improvements & Acquisitions	156,200			\$ 156,200			107,190		49,010	
03-19	Various Public Improvements & Acquisitions	1,525,500			75,775	\$ 1,439,725	\$ 10,000	1,039,480			486,020
07-19	Various Public Improvements & Acquisitions	33,500	-	-	-	-	33,500	-	-	33,500	-
		\$ 463,556	\$ 827,206	\$ 231,975	\$ 1,439,725	\$ 43,500	\$ 5,700	\$ 1,596,431	\$ 450,106	\$ 965,125	
									Cash Disbursements	\$ 1,009,927	
									Accounts Payable	586,504	
										<u>\$ 1,596,431</u>	

**BOROUGH OF WALDWICK
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2019	\$	414,609
Increased by:		
Charges to Improvement Authorizations		586,504
		1,001,113
Decreased by:		
Cash Disbursements		414,609
 Balance, December 31, 2019	 \$	 <u>586,504</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE

Balance, January 1, 2019	\$	<u>34,536</u>
Balance, December 31, 2019	\$	<u>34,536</u>

STATEMENT OF RESERVE FOR PISTOL RANGE

Balance, January 1, 2019	\$	3,080
Increased by:		
2019 Budget Appropriation	\$	20,000
2018 Budget Appropriation - Interlocal Agreement		1,156
Receipts Deposited in Current Fund		250
Receipts Deposited in Other Trust Fund		50
		21,456
 Balance, December 31, 2019	 \$	 <u>24,536</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2019	\$	48,097
Increased by:		
2019 Budget Appropriation		286,700
		334,797
Decreased by:		
Appropriation to Finance Improvement Authorizations		231,975
 Balance, December 31, 2019	 \$	 <u>102,822</u>

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

<u>Ord.</u> <u>No.</u>		Balance, January 1, <u>2019</u>	2019 Authori- zations	Notes Issued	Funded by Budget Appropriation	Balance, December 31, <u>2019</u>
6-06/20-06	Various Public Improvements & Acquisitions	\$ 97,125			\$ 24,500	\$ 72,625
01-18	Various Public Improvements & Acquisitions	<u>-</u>	<u>\$ 1,439,725</u>	<u>\$ 1,439,725</u>	<u>-</u>	<u>-</u>
		<u>\$ 97,125</u>	<u>\$ 1,439,725</u>	<u>\$ 1,439,725</u>	<u>\$ 24,500</u>	<u>\$ 72,625</u>

WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2019	\$ 946,444	\$ 395,682
Increased by:		
Consumer Accounts Receivable	\$ 1,807,215	
Fire Hydrant Service	25,000	
Miscellaneous	15,723	
Water Overpayments	5,037	
Prepaid Water Rents	5,191	
Reserve for Redeemed Tax Title Liens	326	
Premium on Sale of Bond Anticipation Notes		\$ 2,905
Bond Anticipation Notes		600,387
Interest on Investments		133
Receipts from Current Fund	2,749	
Receipts from Water Utility Operating Fund		12,305
Receipts from Water Utility Capital Fund	<u>350,070</u>	<u>-</u>
	<u>2,211,311</u>	<u>615,730</u>
	3,157,755	1,011,412
Decreased by:		
2019 Budget Appropriations	1,390,791	
2018 Appropriation Reserves	23,025	
Accounts Payable	31,856	
Water Overpayments Refunded	645	
Improvement Authorizations		100,728
Interest on Bonds and Notes	26,591	
Interest on Water Loan	20,303	
Bond Anticipation Notes		367,463
Payments to Other Trust Fund	21,993	
Payments to Water Utility Operating Fund	<u>-</u>	<u>350,070</u>
	<u>1,515,204</u>	<u>818,261</u>
Balance, December 31, 2019	<u>\$ 1,642,551</u>	<u>\$ 193,151</u>

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

	Balance, December 31, <u>2019</u>
Fund Balance	\$ 24,608
Capital Improvement Fund	14,643
Due to Water Utility Operating Fund	17
Encumbrances Payable	15,667
Reserve for Payment of Debt	4,008
Ord.	
<u>No.</u> <u>Improvement Description</u>	
2-17 Various Public Improvements & Acquisitions	5,005
04-19 Various Public Improvements & Acquisitions	<u>129,203</u>
	<u>\$ 193,151</u>

EXHIBIT D-7

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

Balance, January 1, 2019	\$ 102,937
Increased by:	
Water Rents Levied	<u>1,749,365</u>
	1,852,302
Decreased by:	
Collections	\$ 1,807,215
Overpayments Applied	5,689
Prepaid Water Rents Applied	<u>1,625</u>
	<u>1,814,529</u>
Balance, December 31, 2019	<u>\$ 37,773</u>

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

	Balance, January 1, <u>2019</u>	Additions by		Balance, December 31, <u>2019</u>
		<u>Budget Capital Outlay</u>	<u>Ordinance</u>	
Generator	\$ 74,817			\$ 74,817
Springs and Wells	440,537			440,537
Reservoirs	50,034			50,034
Filters	812,567		\$ 369	812,936
Tanks, Pumping Station Structures	3,033,192			3,033,192
Distribution Mains and Accessories	1,724,792			1,724,792
Meters and Accessories	958,988	\$ 6,375		965,363
Fire Hydrants	207,061	1,935		208,996
General Equipment	1,383,607			1,383,607
Engineering, Legal	175,706			175,706
Vehicles	31,842			31,842
Other Costs and System Improvements	94,774	-	-	94,774
	<u>\$ 8,987,917</u>	<u>\$ 8,310</u>	<u>\$ 369</u>	<u>\$ 8,996,596</u>

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

Ord. No.	Improvement Description	Ordinance Amount	Balance, January 1, 2019	Increased by:		Costs to Fixed Capital	Balance, December 31, 2019
				Deferred Reserve for Amortization	Deferred Charge to Future Revenue		
02-16	Various Public Improvements	\$ 120,500	\$ 138			\$ 138	
02-17	Various Public Improvements & Acquisitions	109,000	5,236			231	\$ 5,005
2019-04	Various Public Improvements & Acquisitions	246,100	-	\$ 12,305	\$ 233,795	-	246,100
			<u>\$ 5,374</u>	<u>\$ 12,305</u>	<u>\$ 233,795</u>	<u>\$ 369</u>	<u>\$ 251,105</u>

**BOROUGH OF WALDWICK
STATEMENT OF 2018 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2019</u>	Cancelled <u>Payables</u>	Budget After <u>Modifications</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 138,776		\$ 138,776	\$ 23,025	\$ 115,751
Other Expenses	4,560	\$ 9,221	13,781		13,781
Statutory Expenditures					
Social Security	<u>18,392</u>	<u>-</u>	<u>18,392</u>	<u>-</u>	<u>18,392</u>
	<u>\$ 161,728</u>	<u>\$ 9,221</u>	<u>\$ 170,949</u>	<u>\$ 23,025</u>	<u>\$ 147,924</u>

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

	Operating <u>Fund</u>	Capital <u>Fund</u>
Balance, January 1, 2019	\$ 54,310	
Increased by:		
Charges to 2019 Appropriations	<u>85,672</u>	<u>\$ 15,667</u>
	139,982	15,667
Decreased by:		
Cash Disbursements	31,856	
Cancelled Payables - 2018 Budget	9,221	
Cancelled Payables	<u>6,178</u>	<u>-</u>
	<u>47,255</u>	<u>-</u>
Balance, December 31, 2019	<u>\$ 92,727</u>	<u>\$ 15,667</u>

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

Balance, January 1, 2019		\$ 1,625
Increased by:		
Prepaid Rents		5,191
		6,816
Decreased by:		
Applied to 2019 Water Rents		1,625
Balance, December 31, 2019		\$ 5,191

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

Balance, January 1, 2019		\$ 6,334
Increased by:		
Overpayments		5,037
		11,371
Decreased by:		
Applied to 2019 Water Rents	\$ 5,689	
Overpayments Refunded	645	
		6,334
Balance, December 31, 2019		\$ 5,037

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

Balance, January 1, 2019		\$ 752,797
Decreased by:		
Paid by Budget Appropriation		54,816
Balance, December 31, 2019		\$ 697,981

Analysis of Balance

		\$ 697,981
NJ EIT (2010)		\$ 697,981

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

Ord. No.	<u>Improvement Description</u>	Ordinance Amount	Balance, January 1, 2019		Capital Improvement Fund	<u>2019 Authorizations</u>		Balance, December 31, 2019	
			<u>Funded</u>	<u>Unfunded</u>		Deferred Charges to Future Revenue	Paid or Charged	<u>Funded</u>	<u>Unfunded</u>
02-16	Various Public Improvements & Acquisitions	\$ 120,500		\$ 138				\$ 138	
02-17	Various Public Improvements & Acquisitions	109,000		5,236				231	\$ 5,005
04-19	Various Public Improvements & Acquisitions	246,100	\$ -	-	\$ 12,305	\$ 233,795		116,026	\$ -
			<u>\$ -</u>	<u>\$ 5,374</u>	<u>\$ 12,305</u>	<u>\$ 233,795</u>		<u>\$ 116,395</u>	<u>\$ -</u>
								\$ 100,728	
								15,667	
								<u>\$ 116,395</u>	

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

Balance, January 1, 2019	\$	14,643
Increased by:		
Budget Appropriation		12,305
		26,948
Decreased by:		
Appropriation to Finance Improvement Authorizations		12,305
Balance, December 31, 2019	\$	14,643

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

Balance, January 1, 2019	\$	349,954
Increased by:		
Interest on Investments		133
		350,087
Decreased by:		
Cash Disbursed		350,070
Balance, December 31, 2019	\$	17

EXHIBIT D-18

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

Balance, January 1, 2019	\$	2,749
Decreased by:		
Cash Received	\$	<u>2,749</u>

EXHIBIT D-19

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

Balance, January 1, 2019	\$	21,993
Decreased by:		
Cash Disbursed	\$	<u>21,993</u>

EXHIBIT D-20

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

Balance, January 1, 2019	\$	5,975
Increased by:		
Budget Appropriation		
Interest on Bonds	\$	14,754
Interest on Notes		<u>13,387</u>
		<u>28,141</u>
		34,116
Decreased by:		
Interest Paid		<u>26,591</u>
Balance, December 31, 2019	\$	<u>7,525</u>

Analysis of Balance

Accrued Interest on Notes	\$	2,327
Accrued Interest on Bonds		<u>5,198</u>
	\$	<u>7,525</u>

**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, 2019	Increased	Decreased	Balance, December 31, 2019
02-15	Various Public Improvements	7/30/2015	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75% 2.00%	\$ 131,463	\$ 116,463	\$ 131,463	\$ 116,463
02-16	Various Public Improvements and Acquisitions	11/10/2016	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75% 2.00%	114,700	99,700	114,700	99,700
2-17	Various Public Improvements and Acquisitions	12/12/2017	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75% 2.00%	103,800	103,800	103,800	103,800
2-18	Various Public Improvements and Acquisitions	7/27/2018	7/27/2018 7/26/2019	7/26/2019 7/24/2020	2.75% 2.00%	47,500	47,500	47,500	47,500
4-19	Various Public Improvements and Acquisitions	2/26/2019	7/26/2019	7/24/2020	2.00%	-	232,924	-	232,924
						<u>\$ 397,463</u>	<u>\$ 600,387</u>	<u>\$ 397,463</u>	<u>\$ 600,387</u>
							\$ 232,924		
							\$ 30,000		
							<u>367,463</u>	<u>367,463</u>	
							<u>\$ 600,387</u>	<u>\$ 397,463</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</u>			<u>Interest Rate</u>	<u>Balance, January 1, 2019</u>	<u>Decreased</u>	<u>Balance, December 31, 2019</u>
			<u>Outstanding</u>	<u>December 31, 2019</u>	<u>Date</u>				
Water Bonds	4/15/2008	\$ 1,144,000	4/15/2020	\$ 114,000	3.500	% \$ 224,000	\$ 110,000	\$ 114,000	
Water Bonds	11/1/2014	564,000	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>444,000</u>	<u>40,000</u>	<u>404,000</u>	
						<u>\$ 668,000</u>	<u>\$ 150,000</u>	<u>\$ 518,000</u>	

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

Balance, January 1, 2019	\$	8,229
Increased by:		
Budget Appropriation		19,782
Interest on Loans		<u>28,011</u>
Decreased by:		
Interest Paid on Water Loan		<u>20,303</u>
Balance, December 31, 2019	\$	<u><u>7,708</u></u>

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

Balance, January 1, 2019	\$	<u>3,667</u>
Balance, December 31, 2019	\$	<u><u>3,667</u></u>

**STATEMENT OF RESERVE FOR REDEMPTION OF TAX TITLE LIEN
WATER UTILITY OPERATING FUND**

Increased by:		
Cash Received	\$	<u>326</u>
Balance, December 31, 2019	\$	<u><u>326</u></u>

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

Balance, January 1, 2019	\$	7,167,331
Increased by:		
2019 Budget Appropriations:		
Serial Bonds	\$	150,000
Water Loans		54,816
Bond Anticipation Notes		30,000
Capital Outlay - Operating Budget		8,310
Transfer from Deferred Reserve for Amortization		<u>7,700</u>
		<u>250,826</u>
Balance, December 31, 2019	\$	<u><u>7,418,157</u></u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, January 1, 2019	Fixed Capital Authorized	To Reserve for Amortization Fixed Capital	Balance, December 31, 2019
02-17	Various Public Improvements & Acquisitions	\$ 5,200		\$ 5,200	
02-18	Various Public Improvements & Acquisitions	2,500		2,500	
04-19	Various Public Improvements & Acquisitions	<u>-</u>	<u>\$ 12,305</u>	<u>-</u>	<u>\$ 12,305</u>
		<u>\$ 7,700</u>	<u>\$ 12,305</u>	<u>\$ 7,700</u>	<u>\$ 12,305</u>

EXHIBIT D-28

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

Balance, January 1, 2019	<u>\$ 4,008</u>
Balance, December 31, 2019	<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>	2019 Authorizations	Notes Issued	Balance, December 31, 2019
04-19	Various Public Improvements & Acquisitions	<u>\$ 233,795</u>	<u>\$ 232,924</u>	<u>\$ 871</u>
		<u>\$ 233,795</u>	<u>\$ 232,924</u>	<u>\$ 871</u>

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

**PART II
GOVERNMENT AUDITING SECTION**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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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, 2019, and the related notes to the financial statements, and have issued our report thereon dated July 30, 2020. 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.

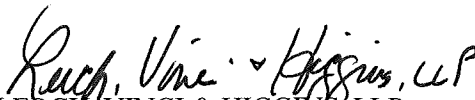
Compliance and Other Matters


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
July 30, 2020

**BOROUGH OF WALDWICK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>2019 Grant Receipts</u>	<u>Balance, January 1, 2019</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2019</u>	<u>(Memo Only) Cumulative Expenditures</u>
U.S. Department of Housing and Urban Development									
Community Development Block Grant									
Senior Center Rehabilitation Ord. 18-2017									
	2017	14.218	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ -	60,000
					<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</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, 2019**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant/Loan Award</u>	<u>2019 Grant Receipts (Memo)</u>	<u>Balance, January 1, 2019</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2019</u>	<u>(Memo Only) Cumulative Expenditures</u>
Clean Communities Grant	4900-765-1789000	2019	\$ 17,801	\$ 15,775		\$ 17,801	\$ 17,801		\$ 17,801
Body Armor Replacement Fund	1020-718-066-1020-001	2018	1,148			1,148	1,148		1,148
		2015	2,100		\$ 1,215		28	\$ 1,187	913
		2014	2,103		594		594		2,103
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	2019	579			579		579	-
		2016	7,153		6,594		250	6,344	809
Recycling Tonnage Grant	042-4910-100-224	2019	11,770	11,770		11,770		11,770	-
		2017	15,110		15,110		2,328	12,782	2,328
		2016	12,376		12,376		12,376		12,376
Recycling Grant	N/A	2014	1,061		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		149,757	-	149,757	-	150,000
					<u>\$ 228,128</u>	<u>\$ 31,298</u>	<u>\$ 185,343</u>	<u>\$ 74,083</u>	

N/A - Not Available

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

**BOROUGH OF WALDWICK
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2019**

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	\$ -	\$ 31,298	\$ 31,298
	<u>\$ -</u>	<u>\$ 31,298</u>	<u>\$ 31,298</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, 2019**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2019, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

Loan Program

NJ Environmental Infrastructure Trust Loan Water Supply Rehabilitation Loans - 2010	\$ 697,981
NJ Environmental Infrastructure Trust Loan Sanitary Sewer Improvement Loans - 2011	<u>100,035</u>
	<u>\$ 798,016</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, 2019**

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	_____ yes <u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes <u> X </u> none reported
Noncompliance material to the financial statements noted?	_____ 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, 2019**

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, 2019**

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

There were none.

BOROUGH OF WALDWICK
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>\$2.766</u>	<u>\$2.679</u>	<u>\$2.656</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.516	.518	.521
Library	.035	.034	.033
Municipal Open Space	.005	.004	.005
County	.255	.250	.252
Local School	1.955	1.873	1.845

Assessed Valuation

2019	<u>\$1,601,029,400</u>	
2018		<u>\$1,597,703,800</u>
2017		<u>\$1,577,088,200</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>
2019	\$ 44,413,225	\$ 44,031,259	99.14%
2018	42,866,777	42,538,122	99.23%
2017	41,976,614	41,686,135	99.31%

**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>
2019	\$ 361,179		\$ 361,179	0.81%
2018	288,667		288,667	0.67%
2017	265,769		265,769	0.63%

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>
2019	\$35,510
2018	35,510
2017	35,510

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2019	\$1,749,365	\$1,814,529
2018	1,987,890	\$,902,309
2017	1,722,220	1,734,045

* 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	
Paul Schatz	Council President	
Gregor Bjork	Councilman	
Debra Dellavechia	Councilwoman	
Nicole McNamara	Councilwoman	
Joseph Oravetz	Councilman	
Donald Sciolaro	Councilman	
Patrick Wherry	Borough Administrator	
Colleen Ennis	Chief Financial Officer, Collector – Treasurer Supervisor of Water Consumer Accounts Tax Search Officer	
Kelley Halewicz	Borough Clerk Officer for Searches for Municipal Improvements	
Angela Mattiace	Tax Assessor	
Mark Messner	Police Chief	
Joseph Mysliwicz	Construction Code Official	
Helene Herbert	Magistrate	A
Christine Oravetz	Court Administrator	A
Craig Bossong	Attorney	
James McGinnis	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 revealed that the payroll agency ledger was not adjusted to report actual balances due for each payroll deduction type. It is recommended that the payroll agency ledger be reconciled on a monthly basis and be in agreement with the actual balance due for each deduction.

Current Year Findings

Our audit of bank reconciliations revealed the following:

- Numerous reconciling items were reported as the result of interfunds transfers at year end.
- Unrecorded deposits in transit for certain interfunds transactions at year end.

It is recommended that interfunds be cleared of record prior to year end to ensure reconciling items on the bank reconciliations are limited and properly recorded at year end.

Our audit of the Other Trust Fund reserve balances revealed differences between the general ledger and the detailed reserve trial balance report. It is recommended that the Other Trust Fund reserve balances reported in the general ledger be reconciled with the detailed reserve trial balances on a monthly basis.

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."

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:

2019 Road Program	Fire Pumper
Improvement to Maple Ave. Sec. 2	Solid Waste and Recycling Collections

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.

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

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, 2019 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.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 12, 2019.

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

Suggestion to Management

Encumbrance balances be liquidated and transferred to the Payroll Agency account on a monthly basis.

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The payroll agency ledger be reconciled on a monthly basis and be in agreement with the actual balance due for each deduction.
- 2. Interfunds be cleared of record prior to year end to ensure reconciling items on the bank reconciliations are limited and properly recorded at year end.
- 3. Other Trust Fund reserve balances reported in the general ledger be reconciled with the detailed reserve trial balances on a monthly basis.

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 (*).