

BOROUGH OF WALDWICK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022

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BOROUGH OF WALDWICK

BERGEN COUNTY

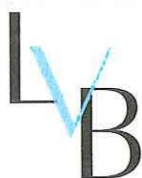
NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2022



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

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, 2022 and 2021, 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, 2022, and the related notes to the financial statements.

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, 2022 and 2021, 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, 2022 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.

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 section of our report, 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, 2022 and 2021, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Waldwick and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Waldwick's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Waldwick's ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Waldwick. 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.

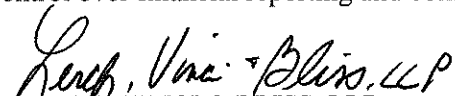
Other Information


Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 13, 2023 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 solely 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 & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
July 13, 2023

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

ASSETS	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	A-4	\$ 10,605,719	\$ 10,426,539
Cash - Change Funds	A-5	1,200	1,200
Grants Receivable	A-11	9,970	51,616
Due from State of NJ Senior Citizens' & Veterans' Deductions	A-6	<u>47,346</u>	<u>50,945</u>
		<u>10,664,235</u>	<u>10,530,300</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-10	244,313	201,978
Property Acquired for Taxes - Assessed Valuation	A	35,510	35,510
Revenue Accounts Receivable	A-12	3,498	5,388
Due from General Capital Fund	C-4	11,341	328,622
Due from Free Public Library	A-7	<u>-</u>	<u>45,647</u>
		<u>294,662</u>	<u>617,145</u>
Deferred Charges			
Emergency Authorization	A-8	200,000	
Special Emergency Authorization	A-9	<u>275,000</u>	<u>-</u>
		<u>475,000</u>	<u>-</u>
 Total Assets		 <u>\$ 11,433,897</u>	 <u>\$ 11,147,445</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 581,326	\$ 818,646
Accounts Payable	A-14	961,432	702,618
Prepaid Taxes	A-15	222,143	235,464
Tax Overpayments	A-16		52,623
County Taxes Payable	A-17	12,149	12,904
Due to Park and Ride Trust Fund	B-6	4,376	
Due to Other Trust Fund	B-12	92,500	141,887
Due to Municipal Open Space Trust Fund	B-16		281
Miscellaneous Reserves	A-19	365,307	367,843
Appropriated Reserves - Public and Private Programs	A-20	39,755	74,570
Unappropriated Reserves - Public and Private Programs	A-21	1,229,399	536,281
Construction Code Fees Payable	A-22	<u>3,995</u>	<u>3,972</u>
		<u>3,512,382</u>	<u>2,947,089</u>
Reserve for Receivables and Other Assets	A	294,662	617,145
Fund Balance	A-1	<u>7,626,853</u>	<u>7,583,211</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 11,433,897</u>	 <u>\$ 11,147,445</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,967,959	\$ 1,525,102
Miscellaneous Revenues Anticipated	3,873,718	3,917,433
Receipts from Delinquent Taxes	205,012	197,943
Receipts from Current Taxes	46,270,193	45,199,389
Non-Budget Revenue	236,081	211,366
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	593,323	742,775
Cancelled Accounts Payable	11,200	
Interfunds Liquidated	362,928	134,035
	<u>53,520,414</u>	<u>51,928,043</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	4,750,734	4,517,824
Other Expenses	7,008,646	6,224,102
Capital Improvements	371,100	189,118
Municipal Debt Service	1,298,775	1,407,601
Deferred Charges and Statutory Expenditures	1,265,161	1,178,588
County Taxes	4,256,782	4,218,161
County Open Space Preservation	175,756	174,858
County Share of Added and Omitted Taxes	12,150	12,904
Local District School Taxes	32,720,992	31,951,677
Municipal Open Space Taxes	81,742	81,504
Other Debits		
Senior Citizens Deductions Disallowed for Prior Year Taxes	3,421	3,300
Refund of Prior Year Revenue	20,640	
Cancelled Grants Receivable	17,914	
Interfunds Created	-	374,269
	<u>51,983,813</u>	<u>50,333,906</u>
Total Expenditures		
Excess in Revenue	1,536,601	1,594,137
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year	475,000	-
Statutory Excess to Surplus	2,011,601	1,594,137
Fund Balance, January 1	<u>7,583,211</u>	<u>7,514,176</u>
	9,594,812	9,108,313
Decreased by:		
Utilization as Anticipated Revenue	<u>1,967,959</u>	<u>1,525,102</u>
Fund Balance, December 31	<u>\$ 7,626,853</u>	<u>\$ 7,583,211</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, 2022

	<u>Budget</u>	<u>Special NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	\$ 1,967,959	-	\$ 1,967,959	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	19,350		18,970	\$ (380)
Other	19,000		23,155	4,155
Fees and Permits				
Construction Code Official	240,000		261,388	21,388
Other	225,000		234,943	9,943
Fines and Costs				
Municipal Court	44,500		56,743	12,243
Interest and Costs on Taxes	51,400		59,481	8,081
Sewer Privileges	111,618		100,206	(11,412)
Energy Receipts Tax	2,327,293		2,327,293	-
Supplemental Energy Receipts Tax	141,307		141,307	-
Police Training - Various Municipal Agreements	47,684		49,449	1,765
Police Vest Fund	1,262		1,262	-
Recycling Tonnage Grant - Reserve	7,286		7,286	-
Clean Communities	19,066		19,066	-
Cable Television Franchise Fees	143,514		143,514	-
Uniform Fire Safety Act - Other Fees & Permits	15,797		16,863	1,066
Cell Site Rental	342,000		355,122	13,122
Pistol Range Reserve - Debt Svc	50,960		50,960	-
Solar Energy Credit	2,700	-	6,710	4,010
	<u>3,809,737</u>	<u>-</u>	<u>3,873,718</u>	<u>63,981</u>
RECEIPTS FROM DELINQUENT TAXES	<u>200,020</u>	<u>-</u>	<u>205,012</u>	<u>4,992</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Municipal Operations	8,580,884		9,361,953	781,069
Free Public Library	609,570	-	609,570	-
	<u>9,190,454</u>	<u>-</u>	<u>9,971,523</u>	<u>781,069</u>
Total General Revenues	<u>\$ 15,168,170</u>	<u>\$ -</u>	<u>\$ 16,018,212</u>	<u>\$ 850,042</u>
Non-Budget Revenue			<u>236,081</u>	
			<u>\$ 16,254,293</u>	

BOROUGH OF WALDWICK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenue from Collections	\$ 46,270,193
Less: Allocation to School, County and Municipal Open Space Taxes	<u>37,247,422</u>
	9,022,771
Add: Appropriation "Reserve for Uncollected Taxes"	<u>948,752</u>
Balance for Support of Municipal Budget Appropriations	<u>\$ 9,971,523</u>
Fees and Permits - Other	
Borough Clerk	\$ 10,503
Tax Collector	280
Fire Prevention Bureau	27,731
Police	432
Swimming Pool	131,155
Park and Ride	39,387
Sewer Connection	<u>25,455</u>
	<u>\$ 234,943</u>
Licenses - Other	
Borough Clerk	\$ 1,155
Board of Health	<u>22,000</u>
	<u>\$ 23,155</u>
Non-Budget	
Cash Received	\$ 219,785
Due From General Capital Fund	<u>16,296</u>
	<u>\$ 236,081</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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	\$ 210,779	\$ 207,879	\$ 206,870	\$ 1,009	
Other Expenses	25,780	25,780	19,491	6,289	
Mayor and Council					
Salaries and Wages	11,600	11,600	10,800	800	
Other Expenses	7,200	7,200	7,183	17	
Municipal Clerk					
Salaries and Wages	123,196	126,596	126,562	34	
Other Expenses	41,420	47,420	47,382	38	
Financial Administration					
Salaries and Wages	152,401	152,401	149,550	2,851	
Other Expenses	13,950	13,950	683	13,267	
Audit Services					
Other Expenses	37,000	37,000	5,000	32,000	
Revenue Administration					
Salaries and Wages	54,787	49,787	49,512	275	
Other Expenses	104,800	119,800	118,522	1,278	
Other Expenses - Liquid of TTLs/Foreclosed Property	100	100	-	100	
Tax Assessment Administration					
Salaries and Wages	39,144	39,669	39,487	182	
Other Expenses	35,940	35,415	4,242	31,173	
Special Emerg-Complete Borough Wide Reval		275,000	265,000	10,000	
Legal Services and Costs					
Other Expenses	123,500	128,500	126,299	2,201	
Engineering Services & Costs					
Other Expenses	11,000	11,000	8,000	3,000	
Planning Board					
Salaries and Wages	9,846	9,846	9,846	-	
Other Expenses	6,300	6,300	4,661	1,639	
Board of Adjustment					
Salaries and Wages	9,846	9,846	9,846	-	
Other Expenses	6,500	6,500	5,387	1,113	
Insurance					
Self Insurance & Surety Bonds	12,500	12,500	12,500	-	
General Liability	339,976	339,976	314,135	25,841	
Employee Group Health	600,929	600,929	547,303	53,626	
Health Benefit Waiver	45,000	18,500	15,639	2,861	
PUBLIC SAFETY					
Police					
Salaries and Wages	2,862,384	2,862,384	2,854,748	7,636	
Other Expenses	129,215	129,215	128,285	930	
Other Expenses-Acquisition of Police Vehicles	60,000	60,000	60,000	-	
Pistol Range Contribution	7,913	7,913	7,913	-	
Office of Emergency Management					
Other Expenses	500	500	200	300	

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATIONS - WITHIN "CAPS" (Cont'd)	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
PUBLIC SAFETY (Cont'd)					
Aid to Volunteer Ambulance Companies (First Aid Contribution)	\$ 21,000	\$ 21,000	\$ 13,588	\$ 7,412	
Fire					
Salaries and Wages	8,550	8,550	6,848	1,702	
Other Expenses	71,350	71,350	68,705	2,645	
Other Expenses-Fire Hydrant Service	25,000	25,000	25,000	-	
Fire Prevention Bureau					
Salaries and Wages	22,325	22,325	18,048	4,277	
Other Expenses	19,665	19,665	6,076	13,589	
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	858,497	823,497	754,415	69,082	
Other Expenses	36,270	36,270	36,210	60	
Other Expenses - Snow Removal	112,300	112,300	102,675	9,625	
Other Public Works Function					
Other Expenses - Municipal Park and Ride	2,625	2,625	2,625	-	
Other Expenses - Traffic Control Devices	5,900	5,900	5,900	-	
Solid Waste Collection (Sanitation)					
Garbage Collection	363,533	363,533	361,533	2,000	
Recycling					
Other Expenses	221,481	221,481	195,522	25,959	
Public Buildings and Grounds					
Other Expenses	217,500	237,500	237,426	74	
Other Expenses - Emergency Authorization	-	200,000	180,490	19,510	
Vehicle Maintenance (Municipal Garage)					
Other Expenses	210,000	245,000	243,834	1,166	
HEALTH & HUMAN SERVICES					
Public Health Services					
Other Expenses - Northwest Bergen Comm. Contractual	112,945	112,945	108,365	4,580	
Animal Control					
Other Expenses	2,500	2,500	2,500	-	
Welfare/Administration of Public Assistance					
Other Expenses	100	100	-	100	
PARKS AND RECREATION					
Recreation Services and Programs (Parks and Playgrounds)					
Salaries and Wages	133,810	81,510	81,507	3	
Other Expenses	64,300	61,300	61,183	117	
Other Expenses-Community Television	1,000	1,000	-	1,000	
MUNICIPAL COURT					
Salaries and Wages	64,492	64,292	49,846	14,446	
Other Expenses	7,500	7,700	7,642	58	
Public Defender					
Other Expenses	16,000	16,000	15,373	627	

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATIONS - WITHIN "CAPS" (Cont'd)	<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>	
OTHER COMMON OPERATING					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	\$ 11,000	\$ 11,000	\$ 10,875	\$ 125	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES (NJAC5:23-4.17)					
Uniform Construction Code Enforcement					
Salaries and Wages	230,628	230,628	228,429	2,199	
Other Expenses	4,540	4,540	3,340	1,200	
UTILITY EXPENSES AND BULK PURCHASES					
Fuel Oil	85,500	118,000	117,829	171	
Electricity	108,000	103,000	87,450	15,550	
Telephone	52,000	52,000	48,306	3,694	
Natural Gas	37,000	37,000	32,100	4,900	
Street Lighting	115,000	115,000	115,000	-	
Water	22,000	29,800	29,709	91	
Sewerage Processing and Disposal	23,000	28,000	25,738	2,262	
Landfill/Solid Waste Disposal Costs					
Sanitary Landfill Dump Fees	383,000	383,000	273,746	109,254	-
Total Operations Within "CAPS"	8,753,817	9,228,817	8,712,879	515,938	-
Detail:					
Salaries and Wages	4,837,285	4,719,310	4,611,953	107,357	-
Other Expenses (Including Contingent)	3,916,532	4,509,507	4,100,926	408,581	-
STATUTORY EXPENDITURES					
Social Security System	381,638	381,638	332,564	49,074	
Police & Firemen's Retirement System of NJ	626,592	626,592	626,592	-	
Public Employee Retirement System	224,513	224,513	224,512	1	
Defined Contribution Retirement Plan	15,000	15,000	10,716	4,284	-
Total Statutory Expenditures	1,247,743	1,247,743	1,194,384	53,359	-
Total Statutory Expenditures - Municipal Within "CAPS"	1,247,743	1,247,743	1,194,384	53,359	-
Total General Appropriations for Municipal Purposes Within "CAPS"	10,001,560	10,476,560	9,907,263	569,297	-

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATIONS - EXCLUDED FROM "CAPS"	<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>	
UTILITY EXPENSES AND BULK PURCHASES					
Northwest Bergen Sewer Authority					
Share of Costs	\$ 1,789,595	\$ 1,789,595	\$ 1,789,595		
Village of Ridgewood - Contractual - Sewer	5,600	5,600	5,600		
Boro of Ho-Ho-Kus - Contractual - Sewer	3,800	3,800	3,585	\$ 215	
Recycling Tax Appropriation	14,000	14,000	10,543	3,457	
EDUCATION					
Maintenance of Free Public Library	609,570	609,570	607,787	1,783	
PUBLIC SAFETY					
"911" Telecommunications System	11,100	11,100	11,100	-	
PUBLIC WORKS					
NJPDES Stormwater Permit					
Streets and Roads					
Salaries and Wages	19,000	19,000	19,000	-	
Other Expenses	2,600	2,600	2,600	-	
INTERLOCAL MUNICIPAL SERVICE					
AGREEMENTS					
Public Safety - Police Training					
Salaries and Wages	12,424	12,424	12,424	-	
Other Expense	35,260	35,260	28,686	6,574	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
County of Bergen Drug and Alcohol Awareness Grant					
Municipal Alliance					
Local Share				-	
Recycling Tonnage Grant	7,286	7,286	7,286	-	
Police Vest Fund	1,262	1,262	1,262	-	
Clean Communities Grant	19,066	19,066	19,066	-	-
Total Operations Excluded from "CAPS"	<u>2,530,563</u>	<u>2,530,563</u>	<u>2,518,534</u>	<u>12,029</u>	<u>-</u>
Detail:					
Salaries and Wages	31,424	31,424	31,424	-	-
Other Expenses	<u>2,499,139</u>	<u>2,499,139</u>	<u>2,487,110</u>	<u>12,029</u>	<u>-</u>
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	175,000	175,000	175,000	-	-
Acquisition & Development of Land	<u>196,100</u>	<u>196,100</u>	<u>196,100</u>	<u>-</u>	<u>-</u>
Total Capital Improvements-Excluded from "CAPS"	<u>371,100</u>	<u>371,100</u>	<u>371,100</u>	<u>-</u>	<u>-</u>

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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>	
MUNICIPAL DEBT SERVICE					
Payment of Bond Principal	\$ 1,170,000	\$ 1,170,000	\$ 1,170,000		
Interest on Bonds	117,035	117,035	117,035		
NJ Infrastructure Trust Loan					
Loan Repayments for Principal and Interest	<u>11,742</u>	<u>11,742</u>	<u>11,740</u>	<u>-</u>	<u>\$ 2</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,298,777</u>	<u>1,298,777</u>	<u>1,298,775</u>	<u>-</u>	<u>2</u>
DEFERRED CHARGES MUNICIPAL					
Deferred Charges					
General Capital Fund					
Unfunded - Ordinance No 06-06/20-06	<u>17,418</u>	<u>17,418</u>	<u>17,418</u>	<u>-</u>	<u>-</u>
Total Deferred Charges-Municipal Excluded from "CAPS"	<u>17,418</u>	<u>17,418</u>	<u>17,418</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,217,858</u>	<u>4,217,858</u>	<u>4,205,827</u>	<u>\$ 12,029</u>	<u>2</u>
Subtotal General Appropriations	14,219,418	14,694,418	14,113,090	581,326	2
Reserve for Uncollected Taxes	<u>948,752</u>	<u>948,752</u>	<u>948,752</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 15,168,170</u>	<u>\$ 15,643,170</u>	<u>\$ 15,061,842</u>	<u>\$ 581,326</u>	<u>\$ 2</u>
Adopted Budget		\$ 15,168,170			
Appropriation by 40A:4-87		200,000			
Special Emergency Authorization by 40A:4-53		<u>275,000</u>			
		<u>\$ 15,643,170</u>			
Cash Disbursed			\$ 13,190,319		
Accounts Payable			922,771		
Reserve for Uncollected Taxes			<u>948,752</u>		
			<u>\$ 15,061,842</u>		

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 15,650	\$ 19,710
Due from State of New Jersey	B-4	<u>764</u>	<u>775</u>
		<u>16,414</u>	<u>20,485</u>
PARK AND RIDE CONTINGENCY FUND			
Cash	B-3	32,298	32,298
Due from Current Fund	B-6	<u>4,376</u>	<u>-</u>
		<u>36,674</u>	<u>32,298</u>
OTHER TRUST FUND			
Cash	B-3	2,163,635	2,274,674
Due from Current Fund	B-12	92,500	141,887
Due from Unemployment Insurance Trust Fund	B-8		673
Due from Water Operating Fund	D-17	<u>10,000</u>	<u>-</u>
		<u>2,266,135</u>	<u>2,417,234</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash and Cash Equivalents	B-3	73,614	66,635
Due from State of New Jersey	B-9	<u>5,918</u>	<u>11,554</u>
		<u>79,532</u>	<u>78,189</u>
SELF INSURANCE TRUST FUND			
Cash	B-3	<u>26,619</u>	<u>57,028</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Cash	B-3	41,936	4,810
Due from Current Fund	B-16		281
Due from General Capital Fund	B-17	<u>70,366</u>	<u>-</u>
		<u>112,302</u>	<u>5,091</u>
Total Assets		<u>\$ 2,537,676</u>	<u>\$ 2,610,325</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-5	\$ 16,414	\$ 20,485
		<u>16,414</u>	<u>20,485</u>
PARK AND RIDE CONTINGENCY FUND			
Reserve for Park and Ride Expenditures	B-7	<u>36,674</u>	<u>32,298</u>
		<u>36,674</u>	<u>32,298</u>
OTHER TRUST FUND			
Developer's Escrow and Other Reserves	B-13	1,762,487	1,823,428
Reserve for Payroll Deductions Payable	B-14	73,141	176,113
Reserve for COAH Expenditures	B-15	<u>430,507</u>	<u>417,693</u>
		<u>2,266,135</u>	<u>2,417,234</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to Other Trust Fund	B-8		673
Reserve for Unemployment Claims	B-10	<u>79,532</u>	<u>77,516</u>
		<u>79,532</u>	<u>78,189</u>
SELF-INSURANCE TRUST FUND			
Reserve for Property Insurance Expenditures	B-11	<u>26,619</u>	<u>57,028</u>
		<u>26,619</u>	<u>57,028</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Due to General Capital Fund	B-17		45,000
Reserve/(Deficit) for Expenditures	B-18	<u>112,302</u>	<u>(39,909)</u>
		<u>112,302</u>	<u>5,091</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,537,676</u>	<u>\$ 2,610,325</u>

**BOROUGH OF WALDWICK
STATEMENT OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Budget After Modification</u>		
Amount to be Raised by Taxation	\$ 81,518	\$ 81,518	\$ 81,742	\$ 224
	<u>\$ 81,518</u>	<u>\$ 81,518</u>	<u>\$ 81,742</u>	<u>\$ 224</u>

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<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	\$ 41,609	\$ 41,609		\$ 41,609
Deferred Charge - Overexpenditure	39,909	39,909	\$ 39,909	-
	<u>\$ 81,518</u>	<u>\$ 81,518</u>	<u>\$ 39,909</u>	<u>\$ 41,609</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash and Cash Equivalents	C-2,C-3	\$ 2,394,617	\$ 1,492,224
Deferred Charges to Future Taxation			
Funded	C-6	7,127,758	8,307,342
Unfunded	C-7	2,805,602	1,354,020
Grant and Other Receivable	C-8	510,287	233,424
Due from Municipal Open Space Trust Fund	C-5	-	45,000
		<u>\$ 12,838,264</u>	<u>\$ 11,432,010</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	\$ 7,056,000	\$ 8,226,000
Loans Payable	C-10	71,758	81,342
Bond Anticipation Notes	C-11	2,805,000	
Improvement Authorizations			
Funded	C-12	941,415	1,036,779
Unfunded	C-12	946,502	873,305
Accounts Payable	C-13	566,015	526,717
Due to Current Fund	C-4	11,341	328,622
Due to Municipal Open Space Trust Fund	C-5	70,366	
Reserve for Payment of Debt Service	C-14	34,536	34,536
Reserve for Pistol Range	C-15	36,762	47,402
Capital Improvement Fund	C-16	21,262	
Fund Balance	C-1	<u>277,307</u>	<u>277,307</u>
		<u>\$ 12,838,264</u>	<u>\$ 11,432,010</u>

There were bonds and notes authorized but not issued of \$602 and \$1,354,020 at December 31, 2022 and 2021 respectively (Exhibit C-17).

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Balance, January 1	\$ 277,307	\$ 584,807
Decreased by:		
Appropriated to Finance Improvement Authorization		287,500
Payment to Current Fund as Anticipated Revenue	<u>-</u>	<u>20,000</u>
Balance, December 31	<u>\$ 277,307</u>	<u>\$ 277,307</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2022 AND 2021

ASSETS	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	D-5	\$ 2,248,268	\$ 1,970,792
Change Fund	D	<u>100</u>	<u>100</u>
		<u>2,248,368</u>	<u>1,970,892</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	<u>62,566</u>	<u>85,482</u>
Total Assets		<u>\$ 2,310,934</u>	<u>\$ 2,056,374</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	D-4,D-10	\$ 89,172	\$ 136,316
Accounts Payable	D-11	107,289	68,086
Prepaid Water Rents	D-12	23,531	3,667
Water Rent Overpayments	D-13	4,901	5,877
Due to Other Trust Fund	D-17	10,000	
Reserve for Tax Map	D-22	3,667	3,667
Accrued Interest Payable on Bonds and Notes	D-18	5,960	6,183
Accrued Interest Payable on Loans	D-21	<u>6,042</u>	<u>6,667</u>
		250,562	230,463
Reserve for Receivables	D	62,566	64,391
Fund Balance	D-1	<u>1,997,806</u>	<u>1,677,759</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,310,934</u>	<u>\$ 1,972,613</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2022 AND 2021
(Continued)

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash and Cash Equivalents	D-5,D-6	\$ 518,164	\$ 5,710
Fixed Capital	D-8	9,765,044	9,345,690
Fixed Capital Authorized and Uncompleted	D-9	<u>5,828,937</u>	<u>855,103</u>
 Total Assets		 <u>\$ 16,112,145</u>	 <u>\$ 10,206,503</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	D-19	\$ 1,056,000	\$ 1,216,000
State Water Loans Payable	D-14	528,533	588,349
Bond Anticipation Notes	D-20	841,000	
Accounts Payable	D-11	121,033	253,177
Improvement Authorization			
Funded	D-15	151,257	151,689
Unfunded	D-15	5,222,338	51,833
Reserves for			
Amortization	D-23	8,151,555	7,882,026
Deferred Amortization	D-24	16,000	49,000
Payment of Debt	D-25	4,008	4,008
Capital Improvement Fund	D-16	20,143	10,143
Fund Balance	D-2	<u>278</u>	<u>278</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 16,112,145</u>	 <u>\$ 10,206,503</u>

There were bonds and notes authorized but not issued of \$5,000,893 and \$465,418 at December 31, 2022 and 2021, respectively. (Exhibit D-26).

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER INCOME		
Surplus Anticipated	\$ 170,000	\$ 170,000
Rents	1,928,575	1,846,236
Fire Hydrant Service	25,000	25,000
Miscellaneous	10,487	7,724
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	97,500	143,013
Cancelled Accounts Payable	39	567
	<u>2,231,601</u>	<u>2,192,540</u>
EXPENDITURES		
Budget Appropriations		
Operating	1,365,224	1,530,905
Capital Improvements	30,000	30,000
Debt Service	252,577	250,129
Deferred Charges and Statutory Expenditures	156,423	148,836
	<u>1,804,224</u>	<u>1,959,870</u>
Excess in Revenue	427,377	232,670
Fund Balance, January 1	<u>1,740,429</u>	<u>1,677,759</u>
	2,167,806	1,910,429
Decreased by:		
Utilization by Water Operating Budget	<u>170,000</u>	<u>170,000</u>
Fund Balance, December 31	<u>\$ 1,997,806</u>	<u>\$ 1,740,429</u>

**BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Balance, January 1	\$ 278	\$ 34,778
Decreased by:		
Appropriated to Finance Improvement Authorizations	-	34,500
 Balance, December 31	 \$ 278	 \$ 278

EXHIBIT D-3

**STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Utilized	\$ 170,000	\$ 170,000	
Rents	1,610,073	1,928,575	\$ 318,502
Fire Hydrant Service	25,000	25,000	-
	 \$ 1,805,073	 \$ 2,123,575	 \$ 318,502
 Analysis of Miscellaneous Revenue			
Interest on Investments and Deposits		\$ 6,610	
Interest and Costs on Delinquent Accounts		3,877	
		 \$ 10,487	
 Analysis of Miscellaneous Revenue			
Cash Receipts		 \$ 10,487	

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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	\$ 735,529	\$ 735,529	\$ 675,665	\$ 59,864	
Other Expenses	629,695	629,695	613,054	16,641	
Capital Improvements					
Capital Improvement Fund	10,000	10,000	10,000	-	
Capital Outlay	20,000	20,000	16,713	3,287	
Debt Service					
Payment of Bond Principal	160,000	160,000	160,000		
Interest on Bonds	17,865	17,865	17,642		\$ 223
Environmental Trust Principal & Interest	75,561	75,561	74,935		626
Statutory Expenditures					
Public Employees Retirement System	100,155	102,355	102,325	30	
Social Security System	56,268	54,068	44,718	9,350	-
	<u>\$ 1,805,073</u>	<u>\$ 1,805,073</u>	<u>\$ 1,715,052</u>	<u>\$ 89,172</u>	<u>\$ 849</u>
Cash Disbursed			\$ 1,583,367		
Accounts Payable			98,668		
Interest on Bonds and Notes			17,642		
Interest on Loans			15,375		
			<u>\$ 1,715,052</u>		

**BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Land	\$ 8,628,600	\$ 8,508,600
Land Improvements	159,702	
Buildings and Building Improvements	5,461,927	5,491,472
Machinery and Equipment	<u>9,838,620</u>	<u>8,861,677</u>
 Total Assets	 <u>\$ 24,088,849</u>	 <u>\$ 22,861,749</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 24,088,849</u>	<u>\$ 22,861,749</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2021 balances to conform to the December 31, 2022 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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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 unmaturing 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.

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

Pensions – The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it’s share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

Other Post-Employment Benefits (OPEB) – The Borough funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it’s actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

Property and equipment purchased by the water utility funds are 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 Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

The Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2022 and 2021 the Borough Council increased the original budget by \$475,000 and \$42,798. The increases were funded by additional aid allotted to the Borough in 2021 and emergency resolutions for the revaluation of all real property within the Borough and storm damage to the municipal complex in 2022. In addition, the governing body approved several budget transfers during 2022 and 2021.

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 deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

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, 2022 and 2021, the book value of the Borough's deposits were \$17,219,241 and \$15,462,535 and bank and brokerage firm balances of the Borough's deposits amounted to \$18,002,582 and \$15,702,864, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Insured	\$ 16,849,701	\$ 14,247,398
Uninsured and Collateralized	<u>1,152,881</u>	<u>1,455,466</u>
	<u>\$ 18,002,582</u>	<u>\$ 15,702,864</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

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, 2022 and 2021, the Borough’s bank balances of \$1,152,881 and \$1,455,466 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 1,152,881	\$ 1,455,466
	<u>\$ 1,152,881</u>	<u>\$ 1,455,466</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).

As of December 31, 2022 and 2021 the Borough had the following investments:

<u>Investment Type:</u>	<u>Valuation</u>	<u>2022</u>	<u>2021</u>
	<u>Basis</u>		
N.J. Cash Management Fund	Book Value	\$ <u>902,579</u>	\$ <u>889,185</u>

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2022 and 2021, \$902,579 and \$889,185 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 902,579</u>	<u>\$ 889,185</u>

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in NJ Cash Management Fund. These investments are 100% of the Borough’s total investments.

Fair Value of Investments. The Borough of Waldwick measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by NJ Cash Management Fund. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2022 and 2021 are categorized as Level 2.

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2022 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2022</u>			
Property Taxes	\$ 244,313		\$ 244,313
Utility Rents	<u>-</u>	<u>\$ 62,566</u>	<u>62,566</u>
	<u>\$ 244,313</u>	<u>\$ 62,566</u>	<u>\$ 306,879</u>

In 2022, the Borough collected \$205,012 and \$85,482 from delinquent taxes and utility charges and fees, which represented 100% and 100% of the adjusted delinquent tax and water charges receivable at December 31, 2021.

Receivables at December 31, 2021 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2021</u>			
Property Taxes	\$ 201,978		\$ 201,978
Utility Rents	<u>-</u>	<u>\$ 85,482</u>	<u>85,482</u>
	<u>\$ 201,978</u>	<u>\$ 85,482</u>	<u>\$ 287,460</u>

In 2021, the Borough collected \$197,943 and \$64,391 from delinquent taxes and utility charges and fees, which represented 100% and 100% of the adjusted delinquent tax and water charges receivable at December 31, 2020.

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>2022</u>		<u>2021</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund:	\$ 11,341	\$ 96,876	\$ 328,622	\$ 142,168
Trust Fund:				
Park and Ride Contingency	4,376			
Other Trust	102,500		142,560	
Unemployment Insurance Trust				673
Municipal Open Space	70,366		281	45,000
General Capital Fund		81,707	45,000	328,622
Water Utility Fund:				
Operating	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 188,583</u>	<u>\$ 188,583</u>	<u>\$ 516,463</u>	<u>\$ 516,463</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2022</u>			
Current Fund			
Special Emergency Authorizations (40A:4-53)	\$275,000	\$275,000	-
Emergency Authorization	200,000	200,000	-

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and the 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>2022</u>		<u>2021</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 7,094,537	\$ 2,127,809	\$ 7,480,650	\$ 1,967,959
Non-Cash Surplus	<u>532,316</u>	<u>-</u>	<u>102,561</u>	<u>-</u>
	<u>\$ 7,626,853</u>	<u>\$ 2,127,809</u>	<u>\$ 7,583,211</u>	<u>\$ 1,967,959</u>
Water Utility Operating Fund				
Cash Surplus	<u>\$ 1,997,806</u>	<u>\$ 170,000</u>	<u>\$ 1,740,429</u>	<u>\$ 170,000</u>
	<u>\$ 1,997,806</u>	<u>\$ 170,000</u>	<u>\$ 1,740,429</u>	<u>\$ 170,000</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2022 and 2021.

	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Land	\$ 8,508,600	\$ 120,000		\$ 8,628,600
Land Improvements		159,702		159,702
Buildings and Building Improvements	5,491,472	27,855	\$ 57,400	5,461,927
Machinery and Equipment	<u>8,861,677</u>	<u>1,002,668</u>	<u>25,725</u>	<u>9,838,620</u>
	<u>\$ 22,861,749</u>	<u>\$ 1,310,225</u>	<u>\$ 83,125</u>	<u>\$ 24,088,849</u>
	Balance December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Land	\$ 8,508,600			\$ 8,508,600
Buildings and Building Improvements	5,412,020	\$ 79,452		5,491,472
Machinery and Equipment	<u>7,301,209</u>	<u>1,689,818</u>	<u>\$ 129,350</u>	<u>8,861,677</u>
	<u>\$ 21,221,829</u>	<u>\$ 1,769,270</u>	<u>\$ 129,350</u>	<u>\$ 22,861,749</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8 FIXED ASSETS (Continued)

B. Water Utility Fund Fixed Assets

The following is a summary of changes in the Water Utility Fund fixed assets for the years ended December 31, 2022 and 2021.

Water Utility Fund	Balance December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
System and System Improvements	\$ 3,395,252	\$ 14,518		\$ 3,409,770
Building and Building Improvements	3,055,205	397,976		3,453,181
Vehicles and Equipment	<u>2,895,233</u>	<u>6,860</u>	\$ -	<u>2,902,093</u>
	<u>\$ 9,345,690</u>	<u>\$ 419,354</u>	<u>\$ -</u>	<u>\$ 9,765,044</u>
	Balance December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
System and System Improvements	\$ 3,350,252	\$ 45,000		\$ 3,395,252
Building and Building Improvements	3,055,205			3,055,205
Vehicles and Equipment	<u>2,831,538</u>	<u>63,695</u>	\$ -	<u>2,895,233</u>
	<u>\$ 9,236,995</u>	<u>\$ 108,695</u>	<u>\$ -</u>	<u>\$ 9,345,690</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and water utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds and loans are retired in serial installments within the statutory period of usefulness. Bonds and loans 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 and acquisitions or other purposes permitted by the Local Bond Law, 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>2022</u>	<u>2021</u>
Issued		
General		
Bonds, Notes and Loans	\$ 9,932,758	\$ 8,307,342
Water Utility		
Bonds, Notes and Loans	<u>2,425,533</u>	<u>1,804,349</u>
 Total Issued	 12,358,291	 10,111,691
 Less Funds Temporarily Held to Pay Bonds and Notes	 <u>38,544</u>	 <u>38,544</u>
 Net Debt Issued	 12,319,747	 10,073,147
 Authorized But Not Issued		
General		
Bonds and Notes	602	1,354,020
Water Utility		
Bonds, Notes and Loans	<u>5,000,893</u>	<u>465,418</u>
 Net Bonds and Notes Issued and Authorized But Not Issued	 <u>\$ 17,321,242</u>	 <u>\$ 11,892,585</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .54% and .55% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General Debt	\$ 9,933,360	\$ 34,536	\$ 9,898,824
School Debt	30,550,000	30,550,000	-
Water Utility Debt	<u>7,426,426</u>	<u>7,426,426</u>	<u>-</u>
Total	<u>\$ 47,909,786</u>	<u>\$ 38,010,962</u>	<u>\$ 9,898,824</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 9,661,361	\$ 34,536	\$ 9,626,825
School Debt	31,175,000	31,175,000	-
Water Utility Debt	<u>2,269,767</u>	<u>2,269,767</u>	<u>-</u>
Total	<u>\$ 43,106,128</u>	<u>\$ 33,479,303</u>	<u>\$ 9,626,825</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>2022</u>	<u>2021</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 64,140,303	\$ 61,240,588
Less: Net Debt	<u>9,898,824</u>	<u>9,626,825</u>
Remaining Borrowing Power	<u>\$ 54,241,479</u>	<u>\$ 51,613,763</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2022</u>	<u>2021</u>
\$4,508,000, 2014 Bonds, due in annual installments of \$418,000 to \$420,000 through November, 2026, interest at 2.00% to 2.50%	\$ 1,678,000	\$ 2,098,000
\$6,978,000, 2020 Bonds, due in annual installments of \$578,000 to \$750,000 through July, 2030, interest at 0.05% to 2.00%	<u>5,378,000</u>	<u>6,128,000</u>
Total	<u>\$ 7,056,000</u>	<u>\$ 8,226,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing relating to the 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>2022</u>	<u>2021</u>
\$86,874, 2011 Fund Loan due in Semi-annual installments of \$1,589 to \$3,178 through August 2029, interest free	\$ 31,258	\$ 36,025
\$86,874, 2011 Trust Loan due in Annual installments of \$996 to \$6,368 through August 2030, interest at 3.28% to 4.51%	<u>40,500</u>	<u>45,317</u>
	<u>\$ 71,758</u>	<u>\$ 81,342</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL 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>2022</u>	<u>2021</u>
\$564,000, 2014 Bonds, due in annual installments of \$59,000 to \$60,000 through November, 2026, interest at 2.00% to 2.50%	\$ 239,000	\$ 299,000
\$1,017,000, 2020 Bonds, due in annual installments of \$100,000 to \$105,000 through July, 2030, interest at 0.05% to 2.00%	<u>817,000</u>	<u>917,000</u>
	<u>\$ 1,056,000</u>	<u>\$ 1,216,000</u>

Water Utility Intergovernmental Loans Payable

The Borough has entered into a loan agreements 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. Utility intergovernmental loans outstanding of the water utility at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
\$566,508, 2010 Fund Loan due in Semi-annual installments of \$9,939 to \$19,877 through August 2030, interest free	\$ 238,533	\$ 268,349
\$545,000, 2010 Trust Loan due in Annual installments of \$30,000 to \$45,000 through August 2030, interest at 5.00%	<u>290,000</u>	<u>320,000</u>
	<u>\$ 528,533</u>	<u>\$ 588,349</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

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

Calendar Year	General Bonds		General Loans		Water Utility Bonds		Water Utility Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 1,145,000	\$ 108,260	\$ 9,760	\$ 1,703	\$ 160,000	\$ 16,615	\$ 59,817	\$ 14,500	\$ 1,515,655
2024	1,145,000	99,498	9,951	1,511	160,000	15,365	59,817	13,000	1,504,142
2025	1,145,000	88,635	10,159	1,304	160,000	13,815	64,817	11,500	1,495,230
2026	1,143,000	70,885	10,381	1,082	159,000	11,315	64,817	9,750	1,470,230
2027	650,000	49,560	10,619	843	105,000	8,340	64,817	8,000	897,179
2028-2030	1,828,000	72,180	20,888	964	312,000	12,420	214,448	12,750	2,473,650
Total	<u>\$ 7,056,000</u>	<u>\$ 489,018</u>	<u>\$ 71,758</u>	<u>\$ 7,407</u>	<u>\$ 1,056,000</u>	<u>\$ 77,870</u>	<u>\$ 528,533</u>	<u>\$ 69,500</u>	<u>\$ 9,356,086</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
<u>General Capital Fund</u>					
Bonds Payable	\$ 8,226,000		\$ 1,170,000	\$ 7,056,000	\$ 1,145,000
Intergovernmental Loans Payable	81,342	-	9,584	71,758	9,760
General Capital Fund Long-Term Liabilities	<u>\$ 8,307,342</u>	<u>\$ -</u>	<u>\$ 1,179,584</u>	<u>\$ 7,127,758</u>	<u>\$ 1,154,760</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	\$ 1,216,000		\$ 160,000	\$ 1,056,000	\$ 160,000
Intergovernmental Loans	588,349	-	59,816	528,533	59,817
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 1,804,349</u>	<u>\$ -</u>	<u>\$ 219,816</u>	<u>\$ 1,584,533</u>	<u>\$ 219,817</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, January 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>General Capital Fund</u>					
Bonds Payable	\$ 9,496,000		\$ 1,270,000	\$ 8,226,000	\$ 1,170,000
Intergovernmental Loans	90,762	-	9,420	81,342	9,584
General Capital Fund Long-Term Liabilities	<u>\$ 9,586,762</u>	<u>\$ -</u>	<u>\$ 1,279,420</u>	<u>\$ 8,307,342</u>	<u>\$ 1,179,584</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	\$ 1,376,000		\$ 160,000	\$ 1,216,000	\$ 160,000
Intergovernmental Loans	643,165	-	54,816	588,349	59,816
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 2,019,165</u>	<u>\$ -</u>	<u>\$ 214,816</u>	<u>\$ 1,804,349</u>	<u>\$ 219,816</u>

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	Rate (%)	Maturity Date	<u>Issued</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
<u>General Capital Fund</u>				
Various Public Improvements & Acquisitions	3.92%	10/13/2023	\$ 2,805,000	\$ 2,805,000
Total General Capital Fund			<u>\$ 2,805,000</u>	<u>\$ 2,805,000</u>
<u>Water Utility Capital Fund</u>				
Various Public Improvements & Acquisitions	3.92%	10/13/2023	\$ 841,000	\$ 2,805,000
Total Water Utility Capital Fund			<u>\$ 841,000</u>	<u>\$ 2,805,000</u>

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general 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.

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project/Purpose</u>	<u>Construction / Other Commitment</u>	<u>Estimated Date of Completion</u>
<u>2022</u>		
Borough Hall Parking	\$ 273,934	2023
Borough Wide Reassessment	265,000	2023
Admin. Building Remediation and Repairs	128,500	2023
<u>2021</u>		
Roll Off Truck	\$ 159,689	2022
Design and Treatment of Various Wells	199,700	2022

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$760,483 and \$822,536 at December 31, 2022 and 2021, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2022 and 2021, the Borough has reserved in the Other Trust Fund \$249,641 and \$144,641, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Financing Agreements

Capital Financing Agreements

The Borough entered into the following agreements to finance other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the Borough's approved budget.

Capital financing agreements at December 31 are comprised of the following:

	<u>2022</u>	<u>2021</u>
\$37,768, 2021 Agreement for the acquisition of a police vehicle for a term of 2 years due in annual principal installments of \$18,884 through September 15, 2023 interest at 6.35%	<u>\$ 18,884</u>	<u>\$ 37,768</u>

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest as of December 31, 2022:

Governmental Activities:

<u>Calendar Year</u>	<u>Capital Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	<u>\$ 18,884</u>	<u>\$ 882</u>	<u>\$ 19,766</u>

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, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Compensated Absences	\$ 822,936		\$ 62,453	\$ 760,483	
Capital Financing Agreements	37,768		18,884	18,884	\$ 18,884
Net Pension Liability - PERS (1)	1,557,129			1,557,129	
Net Pension Liability - PFRS (1)	<u>3,929,641</u>	<u>-</u>	<u>-</u>	<u>3,929,641</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 6,347,474</u>	<u>\$ -</u>	<u>\$ 81,337</u>	<u>\$ 6,266,137</u>	<u>\$ 18,884</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences	\$ 873,388	\$ 55,285	\$ 105,737	\$ 822,936	
Capital Financing Agreements		37,768		37,768	
Net Pension Liability - PERS	4,938,712		3,381,583	1,557,129	
Net Pension Liability - PFRS	<u>6,529,253</u>	<u>-</u>	<u>2,599,612</u>	<u>3,929,641</u>	<u>-</u>
 Total Other Long-Term Liabilities	 <u>\$ 12,341,353</u>	 <u>\$ 93,053</u>	 <u>\$ 6,086,932</u>	 <u>\$ 6,347,474</u>	 <u>\$ -</u>

- (1) GASB Statement Numbers 68 Pension financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) 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:

<u>Tier</u>	<u>Definition</u>
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.

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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) Annual Comprehensive Financial Report (ACFR) 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.

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

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 PERS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment 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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

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

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

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

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.

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.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 was not available and for June 30, 2021 is \$12.0 billion, and the plan fiduciary net position as a percentage of the total pension liability is 70.33% at June 30, 2021. The collective net pension liability of the participating employers for local PFRS at June 30, 2022 was not available and for June 30, 2021 is \$9.4 billion and the plan fiduciary net position as a percentage of total pension liability is 77.26% at June 30, 2021.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2020 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 2022 and 2021 based on 10.0% for PFRS, 7.50% 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 2022, 2021 and 2020 were equal to the required contributions.

During the years ended December 31, 2022, 2021, and 2020, 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>
2022	\$ 626,592	\$ 373,480	\$ 13,448
2021	564,516	331,305	12,382
2020	476,211	354,384	11,114

In addition for the years ended December 31, 2022, 2021 and 2020 the Borough contributed for long-term disability insurance premiums (LTDI) \$0, \$0 and \$901, 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.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

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, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough reported a liability of \$1,557,129, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021, the Borough's proportionate share was .03189 percent, which was an increase of .0016 percent from its proportionate share measured as of June 30, 2020 of .03029 percent.

For the year ended December 31, 2021, the pension system has determined the Borough's pension expense (benefit) to be (\$818,969), for PERS based on the actuarial valuations which less than the actual contribution reported in the Borough's financial statements of \$331,305. At December 31, 2021, 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:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 59,583	\$ 27,046
Changes of Assumptions	19,676	1,344,978
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		995,214
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>311,714</u>	<u>989,293</u>
Total	<u>\$ 390,973</u>	<u>\$ 3,356,531</u>

At December 31, 2021 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>
2022	\$ (1,024,530)
2023	(1,024,531)
2024	(657,874)
2025	(269,201)
2026	10,578
Thereafter	<u>-</u>
	<u>\$ (2,965,558)</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PERS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 2,120,494</u>	<u>\$ 1,557,129</u>	<u>\$ 1,079,034</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

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, 2021, the Borough reported a liability of \$3,929,641, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021, the Borough’s proportionate share was .05376 percent, which was an increase of .00323 percent from its proportionate share measured as of June 30, 2020 of .05053 percent.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the pension system has determined the Borough pension expense (benefit) to be (\$647,005), for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$564,516. At December 31, 2021, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 44,832	\$ 470,730
Changes of Assumptions	20,910	1,177,695
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,674,548
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>828,459</u>	<u>1,086,385</u>
Total	<u>\$ 894,201</u>	<u>\$ 4,409,358</u>

At December 31, 2021 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (1,046,303)
2023	(1,046,301)
2024	(972,961)
2025	(465,906)
2026	13,946
Thereafter	<u>2,368</u>
	<u>\$ (3,515,157)</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	2.75%
Salary Increases	3.25%-15.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Discount Rate

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

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>5,967,037</u>	\$ <u>3,929,641</u>	\$ <u>2,233,729</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

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, 2021, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,105,211. For the year ended December 31, 2021, 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 \$123,088, which is more than the actual contribution the State made on behalf of the Borough of \$96,009. At December 31, 2021 (measurement date June 30, 2021) the State’s share of the PFRS net pension liability attributable to the Borough was .05376 percent, which was an increase of .00323 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .05053 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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

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. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), 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 participating 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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	64,243
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>32,624</u>
Total	<u>96,867</u>
Contributing Employers	585
Contributing Nonemployers	1

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2022 was not available and for 2021 is \$18.0 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.28% at June 30, 2021.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2020 which was rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation 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.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

The employers participating in the OPEB plan made contributions of \$325.1 million and the State of New Jersey, as the non-employer contributing entity, contributed \$37.8 million for fiscal year 2021.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution 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 Health Benefits Program Fund – Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2022, 2021 and 2020.

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.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

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, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation (Continued)

At December 31, 2021, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$9,267,838. For the year ended December 31, 2021 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$1,264,631. At December 31, 2021, (measurement date June 30, 2021), the State's share of the OPEB liability attributable to the Borough was .24001 percent, which was an increase of .07536 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .16465 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.

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 14 RISK MANAGEMENT

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

The Borough has established a Self-Insurance Trust Fund for the purpose of funding non-reimbursable property, plant and equipment claims as well as the deductible portion of the claims. As of December 31, 2022 and 2021 the Borough has available in the Self Insurance Trust Fund \$26,619 and \$57,028, respectively for the payment of self-insurance claims.

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 Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

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

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 RISK MANAGEMENT (Continued)

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2022	\$ 7,554	\$ 5,636	\$ 79,532
2021	7,096	299	77,516
2020	6,587	20,306	59,089

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2022 and 2021. 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, 2022 and 2021, the Borough reserved \$347,464 and \$350,000 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, 2022 and 2021, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2022 and 2021, the Borough has not estimated arbitrage earnings due to the IRS.

NOTE 17 LEASES RECEIVABLE

On November 10, 2009 the Borough began leasing cell tower space to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough recognized \$36,282 and \$36,282 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$400 and \$532, respectively. As of December 31, 2022 and 2021 the Borough’s receivable for lease payments, exclusive of future interest earnings is \$72,163 and \$108,045, respectively.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 17 LEASES RECEIVABLE (Continued)

On December 22, 2009 the Borough began leasing cell tower space to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough recognized \$33,396 and \$33,396 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$1,919 and \$2,551, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$62,121 and \$93,598, respectively.

On October 28, 2018 the Borough began leasing cell tower space to a third party. The lease is for 5 years. The Borough recognized \$48,000 and \$48,000 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$1,982 and \$3,031, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$39,089 and \$85,106, respectively.

On November 4, 2018 the Borough began leasing cell tower space to a third party. The lease is for 5 years. The Borough recognized \$57,000 and \$57,000 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$2,355 and \$3,599, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$46,418 and \$101,064, respectively.

On March 20, 2006 the Borough began leasing cell tower space to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough recognized \$45,157 and \$36,713 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$197 and \$194, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$151,713 and \$196,673, respectively.

On May 1, 2014 the Borough began leasing cell tower space to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough recognized \$10,140 and \$10,140 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$468 and \$663, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$13,182 and \$22,854, respectively.

On December 28, 2014 the Borough began leasing cell tower space to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough recognized \$70,124 and \$67,427 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$804 and \$1,049, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$147,949 and \$217,269, respectively.

On November 9, 2004 the Borough began leasing cell tower space to a third party. The lease is for 5 years and has been subsequently renewed for additional five year lease periods. The Borough recognized \$54,122 and \$52,040 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$3,227 and \$4,207, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$106,510 and \$157,405, respectively.

The future lease revenue principal and interest payments as of December 31, 2022 were as follows:

Calendar <u>Year</u>	<u>Total</u>
2023	\$ 343,045
2024	247,509
2025	49,345
2026	<u>8,264</u>
Total	<u>\$ 648,163</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States 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, also declared a public health emergency on March 9, 2020 and 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 altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Waldwick's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Waldwick's primary revenue source for supporting its budget. The Borough of Waldwick cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

The Borough will receive \$1,057,990 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough has not yet determined how it will spend the funds received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 18 SUBSEQUENT EVENTS

Debt Authorized

On March 28, 2023 the Borough adopted a bond ordinance authorizing the issuance \$4,341,500 in Bonds or bond anticipation notes to fund certain general capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On March 28, 2023 the Borough adopted a bond ordinance authorizing the issuance \$1,306,600 in Bonds or bond anticipation notes to fund certain water utility capital fund capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF WALDWICK
STATEMENT OF CURRENT CASH - COLLECTOR-TREASURER

Balance, January 1, 2022		\$ 10,426,539
Increased by Receipts:		
Revenue Accounts Receivable	\$ 3,846,104	
Non-Budget Revenue	219,785	
Senior Citizens' and Veterans' Deductions - Due from State of NJ	61,710	
Taxes Receivable	46,175,709	
Grants Receivable	44,060	
Receipts for Park and Ride Trust Fund	4,376	
Receipts from General Capital Fund	333,577	
Receipts from Library	45,647	
Prepaid Taxes	222,143	
Public and Private Programs - Unappropriated Reserves	700,404	
Construction Code Fees Payable	<u>19,341</u>	
		<u>51,672,856</u>
		62,099,395
Decreased by Disbursements:		
2022 Budget Appropriations	13,190,319	
2021 Appropriation Reserves	119,583	
Accounts Payable	662,999	
Public and Private Programs- Appropriated Reserves	35,313	
Tax Overpayments	52,623	
County Taxes Payable	4,445,443	
Local District School Taxes Payable	32,720,992	
Miscellaneous Reserves	2,536	
Payments to Other Trust Fund	141,887	
Payments to Municipal Open Space Trust Fund	82,023	
Construction Code Fees Payable	19,318	
Refund of Prior Year Revenue	<u>20,640</u>	
		<u>51,493,676</u>
Balance, December 31, 2022		<u>\$ 10,605,719</u>

**BOROUGH OF WALDWICK
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2022</u>	Balance, December 31, <u>2022</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, 2022		\$ 50,945
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 7,500	
Veterans' Deductions Per Tax Billings	55,000	
Senior Citizens/Veterans' Deductions Allowed by Tax Collector-2022	1,250	
Senior Citizens/Veterans' Deductions Allowed by Tax Collector-2021	<u>1,000</u>	
		<u>64,750</u>
		115,695
Decreased by:		
Cash Received from State of New Jersey	61,710	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2022	3,218	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2021	<u>3,421</u>	
		<u>68,349</u>
Balance, December 31, 2022		<u>\$ 47,346</u>

STATEMENT OF DUE FROM FREE PUBLIC LIBRARY

Balance, January 1, 2022		\$ 45,647
Decreased by		
Cash Receipts		<u>\$ 45,647</u>

**BOROUGH OF WALDWICK
STATEMENT OF DEFERRED CHARGES**

	<u>Added in 2022</u>	<u>Balance December 31, 2022</u>
Emergency Authorization	\$ 200,000	\$ 200,000

**STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY - REVALUATION PROGRAM**

	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Added in 2022</u>	<u>Balance December 31, 2022</u>
Revaluation of Real Property	\$ 275,000	\$ 55,000	\$ 275,000	\$ 275,000

**BOROUGH OF WALDWICK
STATEMENT OF TAXES RECEIVABLE**

Year	Balance, January 1, <u>2022</u>	<u>2022 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>2022</u>
				<u>2021</u>	<u>2022</u>			
2019	\$ 375						\$ 375	
2021	201,603		\$ 3,421	\$ 204,012		\$ 1,000		\$ 12
2022	-	\$ 46,559,224	3,218	\$ 235,464	45,974,197	63,750	44,730	244,301
	<u>\$ 201,978</u>	<u>\$ 46,559,224</u>	<u>\$ 6,639</u>	<u>\$ 235,464</u>	<u>\$ 46,178,209</u>	<u>\$ 64,750</u>	<u>\$ 45,105</u>	<u>\$ 244,313</u>
			Cash Receipts	\$ 46,175,709				
			Due from Other Trust	<u>2,500</u>				
				<u>\$ 46,178,209</u>				

Analysis of 2022 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 46,432,505
Added Taxes (54:4-63.1 et seq.)	<u>126,719</u>
	<u>\$ 46,559,224</u>
Tax Levy	
Local District School Tax (Abstract)	\$ 32,720,992
County Tax (Abstract)	\$ 4,256,782
County Open Space Tax (Abstract)	175,756
Due for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>12,150</u>
	4,444,688
Local Tax for Municipal Purposes	8,580,884
Minimum Library Tax	609,570
Municipal Open Space Tax	81,518
Municipal Open Space Tax Added	224
Add Additional Tax Levies	<u>121,348</u>
	<u>9,393,544</u>
	<u>\$ 46,559,224</u>

**BOROUGH OF WALDWICK
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2022</u>	<u>Accrued</u>	<u>Collections</u>	Balance, December 31, <u>2022</u>
Municipal Alliance Program-Donation	\$ 1,484			\$ 1,484
Clean Communities	2,827	\$ 19,066	\$ 17,914	3,979
BCUA Recycling Enhancement	251			251
Body Worn Cameras	42,798		42,798	-
Police Vest	-	1,262	1,262	-
Police Donation	<u>4,256</u>	<u>-</u>	<u>-</u>	<u>4,256</u>
	<u>\$ 51,616</u>	<u>\$ 20,328</u>	<u>\$ 61,974</u>	<u>\$ 9,970</u>
		Cash Receipts	\$ 44,060	
		Cancelled	<u>17,914</u>	
			<u>\$ 61,974</u>	

BOROUGH OF WALDWICK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2022</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2022</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 18,970	\$ 18,970	
Other		1,155	1,155	
Fees and Permits		10,503	10,503	
Tax Collector				
Fees and Permits		280	280	
Board of Health				
Licenses		22,000	22,000	
Construction Code Official				
Fees and Permits		261,388	261,388	
Fire Prevention Bureau				
Fees and Permits		27,731	27,731	
Police				
Fees and Permits		432	432	
Swimming Pool				
Fees and Permits		131,155	131,155	
Park and Ride Contingency Fund				
Fees and Permits		39,387	39,387	
Sewer Connection				
Fees and Permits		25,455	25,455	
Municipal Court				
Fines and Costs	\$ 5,388	54,853	56,743	\$ 3,498
Interest and Costs on Taxes		59,481	59,481	
Sewer Privileges - Midland Park and Wyckoff		100,206	100,206	
Cable Television Franchise Fees		143,514	143,514	
Energy Receipts Tax		2,327,293	2,327,293	
Supplemental Energy Receipts Tax		141,307	141,307	
Police Training - Various Municipal Agreements		49,449	49,449	
Uniform Fire Safety Act		16,863	16,863	
Solar Energy Credit		6,710	6,710	
Pistol Range Reserve		50,960	50,960	
Cell Site Rent	-	355,122	355,122	-
	<u>\$ 5,388</u>	<u>\$ 3,844,214</u>	<u>\$ 3,846,104</u>	<u>\$ 3,498</u>

BOROUGH OF WALDWICK
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance, January 1, <u>2022</u>	Cancelled <u>Payables</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 22,380		\$ 22,380		\$ 22,380
Mayor and Council	1,568		1,568		1,568
Municipal Clerk	2,127		2,127		2,127
Financial Administration	2,461		2,461	\$ 1,033	1,428
Revenue Administration	2,001		2,001	88	1,913
Tax Assessment Administration	168		168	168	-
Planning Board	31		31	-	31
Board of Adjustments	31		31	-	31
Uniform Construction Code	8,710		8,710	828	7,882
Police	97,965		97,965	97,053	912
Fire	1,933		1,933	-	1,933
Streets and Road Maintenance	24,317		24,317	7,747	16,570
Recycling	17		17	-	17
Recreation Services and Programs	13,939		13,939	-	13,939
Municipal Court	11,496	-	11,496	2,539	8,957
	<u>189,144</u>	<u>-</u>	<u>189,144</u>	<u>109,456</u>	<u>79,688</u>
Total Salaries and Wages					
Other Expenses					
General Administration	10,308		10,308	3,002	7,306
Mayor and Council	2,175		2,175	346	1,829
Financial Admin	13,950		13,950	5,213	8,737
Audit Services	2,380	\$ 3,110	5,490	-	5,490
Revenue Administration	12,092		12,092	7,659	4,433
Tax Title Liens	100		100	-	100
Tax Assessment Administration	16,612		16,612	-	16,612
Legal Services & Costs	32,319	10,720	43,039	-	43,039
Engineering Services & Costs	3,167		3,167	2,103	1,064
Planning Board	1,750		1,750	-	1,750
Board of Adjustments	901		901	-	901
Insurance					
General Liability	14,719	13,031	27,750	-	27,750
Employee Group Health	83,592		83,592	703	82,889
Health Benefit Waiver	24,885		24,885	-	24,885
Police	42	251	293	-	293
Public Safety - "911" Telecommunications	1		1	-	1
Office of Emergency Management	500		500	-	500
Aid to Volunteer Ambulance Companies	8,877		8,877	8,590	287
Fire	8,053	267	8,320	-	8,320
Fire Prevention	12,310		12,310	-	12,310
Streets and Road Maintenance	7,839		7,839	1,184	6,655
Snow Removal	39,909		39,909	39,909	-
Municipal Park and Ride	1,627		1,627	119	1,508
Traffic Control Devices	14		14	-	14
Garbage Collection	2,000		2,000	-	2,000
Recycling	45,034		45,034	320	44,714
Public Buildings and Grounds	18,688		18,688	8,752	9,936
Vehicle Maintenance	377		377	315	62

BOROUGH OF WALDWICK
STATEMENT OF 2021 APPROPRIATION RESERVES
(Continued)

	Balance, January 1, <u>2022</u>	Cancelled <u>Payables</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Northwest Bergen Comm. Contractual	\$ 6,320		\$ 6,320		\$ 6,320
Welfare/Administration of Public Assistance	100		100		100
Recreation Services & Programs	6,699	\$ 240	6,939		6,939
Municipal Court	394	393	787		787
Public Defender	627		627		627
Celebration of Public Events	7,685		7,685		7,685
Uniform Construction Code	1,003		1,003	\$ 900	103
Fuel Oil	16,504		16,504	3,280	13,224
Electricity	35,131		35,131	899	34,232
Telephone	5,306	407	5,713	-	5,713
Natural Gas	15,246		15,246	4,649	10,597
Street Lighting	14,571		14,571	10,941	3,630
Water	1		1	-	1
Sewerage Processing and Disposal	962		962	-	962
Sanitary Landfill Dump Fees	67,779		67,779	27,233	40,546
Social Security System	58,491		58,491	1,360	57,131
Public Employee Retirement System	1,250		1,250	-	1,250
Police & Firemen's Retirement System of NJ	-		-	-	-
Defined Contribution Retirement Plan	3,092		3,092	474	2,618
Boro of Ho-Ho-Kus - Contractual - Sewer	3,815		3,815	3,460	355
Recycling Tax Appropriation	2,258		2,258	1,056	1,202
Police Vest Fund	498		498	498	-
Motor Vehicle Inspection	-		-	-	-
Public Safety - Police Training	11,321	-	11,321	11,321	-
Total Other Expenses	<u>623,274</u>	<u>28,419</u>	<u>651,693</u>	<u>144,286</u>	<u>507,407</u>
Capital Improvements					
HVAC Upgrades	<u>6,228</u>	<u>-</u>	<u>6,228</u>	<u>-</u>	<u>6,228</u>
	<u>\$ 818,646</u>	<u>\$ 28,419</u>	<u>\$ 847,065</u>	<u>\$ 253,742</u>	<u>\$ 593,323</u>
Cash Disbursed				\$ 119,583	
Accounts Payable				38,661	
Appropriated Grant Reserves				498	
Due to Other Trust Fund				<u>95,000</u>	
				<u>\$ 253,742</u>	

**BOROUGH OF WALDWICK
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2022		\$ 702,618
Increased by:		
Charges to 2022 Budget Appropriation	\$ 922,771	
Transferred from 2021 Appropriation Reserves	<u>38,661</u>	
		<u>961,432</u>
		1,664,050
Decreased by:		
Cash Disbursements	662,999	
Cancelled Payables Restored to 2021 Appropriation Reserves	28,419	
Cancelled Payables	<u>11,200</u>	
		<u>702,618</u>
Balance, December 31, 2022		<u>\$ 961,432</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2022		\$ 235,464
Increased by:		
2023 Taxes Collected		<u>222,143</u>
		457,607
Decreased by:		
Applied to 2022 Taxes		<u>235,464</u>
Balance, December 31, 2022		<u>\$ 222,143</u>

**BOROUGH OF WALDWICK
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2022		\$ 52,623
Decreased by:		
Cash Disbursements		\$ <u>52,623</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2022		\$ 12,904
Increased by:		
2022 Tax Levy		
County Taxes	\$ 4,256,782	
County Open Space Preservation	175,756	
Added and Omitted Taxes	<u>12,150</u>	
		<u>4,444,688</u>
		4,457,592
Decreased by:		
Payments		<u>4,445,443</u>
Balance, December 31, 2022		\$ <u>12,149</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
Levy - Calendar Year 2022		\$ 32,720,992
Decreased by:		
Payments		<u>\$ 32,720,992</u>

**BOROUGH OF WALDWICK
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, January 1, <u>2022</u>	Cash Disbursements	Balance, December 31, <u>2022</u>
Tax Appeals	\$ 350,000	\$ 2,536	\$ 347,464
Sale of Municipal Assets	12,162		12,162
Police Donations	<u>5,681</u>	<u>-</u>	<u>5,681</u>
	<u>\$ 367,843</u>	<u>\$ 2,536</u>	<u>\$ 365,307</u>

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

	Balance, January 1, <u>2022</u>	Transferred from 2021 Appropriation Reserves	Cash Disbursements	Balance, December 31, <u>2022</u>
Drunk Driving Enforcement Fund	\$ 28,024		\$ 500	\$ 27,524
NJ Alcohol Rehab. Program - Court	5,723			5,723
Stormwater Grant	10,261		10,261	-
Police Vest Fund	35	\$ 498		533
Motor Vehicle Inspection	400			400
History Grant	274			274
Crime Prevention Grant	1,988			1,988
Municipal Alliance - Local Share	1,484			1,484
Recycling Grant	24,552		24,552	-
Steed Grant	1,578			1,578
BCUA Recycling Enhanced Grant	<u>251</u>	<u>-</u>	<u>-</u>	<u>251</u>
	<u>\$ 74,570</u>	<u>\$ 498</u>	<u>\$ 35,313</u>	<u>\$ 39,755</u>

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

	Balance, December 31, 2022	Cash Received	Anticipated 2022 Budget	Balance, December 31, 2022
ARP - Local Fiscal Recovery Funds	\$ 528,995	\$ 528,995		\$ 1,057,990
Clean Communities		19,593		19,593
NJ Municipal Relief Funds		128,772		128,772
Opiod Settlement		8,667		8,667
Police Vest		1,628		1,628
Motor Vehicle Inspection		400		400
Recycling Tonnage Grant	<u>7,286</u>	<u>12,349</u>	\$ 7,286	<u>12,349</u>
	<u>\$ 536,281</u>	<u>\$ 700,404</u>	<u>\$ 7,286</u>	<u>\$ 1,229,399</u>

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

Balance, January 1, 2022	\$ 3,972
Increased by:	
Cash Received	<u>19,341</u>
	23,313
Decreased by:	
Payments to State of New Jersey	<u>19,318</u>
Balance, December 31, 2022	<u>\$ 3,995</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, 2022	\$ 19,710	\$ 32,298	\$ 2,274,674	\$ 66,635	\$ 57,028	\$ 4,810
Increased by Receipts:						
COAH Proceeds			\$ 24,768			
Interest on Investments and Deposits				\$ 387		\$ 103
Employee Payroll Deductions			6,212,163	7,554		
Developer's Escrow and Other Reserves			554,741			
State Dog License Fees	\$ 1,197					
Dog License Fees	11,178					
Late Fees Collected	710					
Receipts from Current Fund			141,887			82,023
Receipts for Current Fund			2,500			
Receipts from Unemployment Trust			673			
Insurance Reimbursements	-	-	-	-	\$ 17,888	-
	<u>13,085</u>	<u>-</u>	<u>6,936,732</u>	<u>7,941</u>	<u>17,888</u>	<u>82,126</u>
	32,795	32,298	9,211,406	74,576	74,916	86,936
Decreased by Disbursements:						
Expenditures Under R.S. 4:19-15.11	15,959					
Payments to Other Trust Fund				673		
Payments to General Capital Fund						45,000
Payments to State of New Jersey	1,186			289		
Developer's Escrow and Other Reserves			720,682			
Payroll Deductions Payable			6,315,135			
Reserve for COAH Expenditures			11,954			
Self-Insurance Expenditures	-	-	-	-	48,297	-
	<u>17,145</u>	<u>-</u>	<u>7,047,771</u>	<u>962</u>	<u>48,297</u>	<u>45,000</u>
Balance, December 31, 2022	<u>\$ 15,650</u>	<u>\$ 32,298</u>	<u>\$ 2,163,635</u>	<u>\$ 73,614</u>	<u>\$ 26,619</u>	<u>\$ 41,936</u>

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

Balance, January 1, 2022	\$ 775
Increased by:	
Payments to State of New Jersey	<u>1,186</u>
	1,961
Decreased by:	
State Share Dog License Fees Collected	<u>1,197</u>
Balance, December 31, 2022	<u>\$ 764</u>

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

Balance, January 1, 2022	\$ 20,485
Increased by:	
Dog License Fees Collected	\$ 11,178
Late Fees Collected	<u>710</u>
	<u>11,888</u>
	32,373
Decreased by:	
Expenditures Under R.S. 4:19 - 15.11	<u>15,959</u>
Balance, December 31, 2022	<u>\$ 16,414</u>

**BOROUGH OF WALDWICK
STATEMENT OF DUE FROM CURRENT FUND
PARK AND RIDE CONTINGENCY FUND**

Increased by:	
Park and Ride Permits Collected in Current Fund	\$ <u>4,376</u>
Balance, December 31, 2022	\$ <u>4,376</u>

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

Balance, January 1, 2022	\$ 32,298
Increased by:	
Park and Ride Permits Collected	<u>4,376</u>
Balance, December 31, 2022	\$ <u>36,674</u>

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

Balance, January 1, 2022	\$ 673
Decreased by:	
Payments to Other Trust Fund	<u>673</u>

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

Balance, January 1, 2022	\$ 11,554
Decreased by:	
Benefit Due to State of New Jersey	<u>5,636</u>
Balance, December 31, 2022	\$ <u>5,918</u>

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

Balance, January 1, 2022		\$	77,516
Increased by:			
Interest on Investments and Deposits		\$	387
Employee Payroll Deductions			<u>7,554</u>
			<u>7,941</u>
			85,457
Decreased by:			
Cash Disbursements - Benefits Due to State of NJ			289
Benefit Due to State of New Jersey			<u>5,636</u>
			<u>5,925</u>
Balance, December 31, 2022		\$	<u>79,532</u>

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

Balance, January 1, 2022		\$	57,028
Increased by:			
Insurance Reimbursements			<u>17,888</u>
			74,916
Decreased by:			
Expenditures			
Property Insurance Expenditures			<u>48,297</u>
Balance, December 31, 2022		\$	<u>26,619</u>

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

Balance, January 1, 2022		\$ 141,887
Increased by:		
Transfer from Current Fund Appropriation Reserves		95,000
		236,887
Increased by:		
Received from Current Fund	\$ 141,887	
Received for Current Fund	2,500	
		144,387
Balance, December 31, 2022		\$ 92,500

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

	Balance, January 1, <u>2022</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2022</u>
Performance and Maintenance Bonds	\$ 184,035	\$ 3,155	\$ 18,030	\$ 169,160
Developer's and Other Escrows	455,966	45,089	71,142	429,913
Road Openings	5,100	9,000		14,100
Dumpster Permits	-	1,600	1,600	-
Vacant Properties	40,002	3,000		43,002
TTL Premiums	496,600	51,100	231,600	316,100
Municipal Court - P.O.A.A.	2,554	138		2,692
Police Outside Duty	269,312	378,095	371,956	275,451
Police Donations	6,799	1,045	605	7,239
Swim Meet	2,000	50		2,050
Basketball Program	10		10	-
Municipal Alliance - Teen Canteen	16,974	4,227	7,684	13,517
Storm Recovery Trust	165,642	41,718		207,360
Wall of Heroes	8,603	900	1,600	7,903
Yoga in the Park	1,061			1,061
Fire Prevention Trust Deposits	2,800			2,800
Fire Department Trust Deposits	2,760			2,760
Tennis	1,059			1,059
Accumulated Absences	144,641	105,000		249,641
Jr Police Academy	-	7,293	7,293	-
Soil Movement	300	900	900	300
Beautification of Waldwick	-	500		500
E-Bay	-			-
Flexible Spending	17,210	6,931	8,262	15,879
	<u>\$ 1,823,428</u>	<u>\$ 659,741</u>	<u>\$ 720,682</u>	<u>\$ 1,762,487</u>

Cash Receipts		\$ 554,741	
Cash Disbursements			\$ 720,682
Due From Water Operating Fund		10,000	
Due From Current Fund		95,000	-
		<u>\$ 659,741</u>	<u>\$ 720,682</u>

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

Balance, January 1, 2022	\$ 176,113
Increased by:	
Cash Receipts	<u>6,212,163</u>
	6,388,276
Decreased by:	
Cash Disbursements	<u>6,315,135</u>
Balance, December 31, 2022	<u>\$ 73,141</u>

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

Balance, January 1, 2022	\$ 417,693
Increased by:	
Cash Receipts	<u>24,768</u>
	442,461
Increased by:	
Cash Disbursements	<u>11,954</u>
Balance, December 31, 2022	<u>\$ 430,507</u>

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

Balance, January 1, 2022	\$ 281
Increased by:	
2022 Tax Levy	\$ 81,518
2022 Added Tax Levy	<u>224</u>
	<u>81,742</u>
	82,023
Decreased by:	
Cash Receipts	<u>\$ 82,023</u>

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

Balance, January 1, 2022 (Due To)		\$ 45,000
Decreased by:		
Cash Disbursements	\$ 45,000	
Cash Received in General Capital - Bergen County Open Space Grant Proceeds	<u>70,366</u>	
		<u>115,366</u>
Balance, December 31, 2022 (Due From)		<u>\$ 70,366</u>

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

Balance, January 1, 2022 (Deficit)		\$ (39,909)
Increased by:		
Due from Current Fund:		
2022 Tax Levy	\$ 81,518	
2022 Added Tax Levy	<u>224</u>	
		\$ 81,742
Due from General Capital		
BC Open Space - Grant Proceeds		70,366
Interest on Investments and Deposits		<u>103</u>
		<u>152,211</u>
Balance, December 31, 2022		<u>\$ 112,302</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2022		\$ 1,492,224
Increased by:		
Grants and Other Receivables	\$ 327,927	
2022 Budget Appropriation		
Capital Improvement Fund	175,000	
Costs of Improvements	17,418	
Receipts from Municipal Open Space Trust Fund	45,000	
Receipts for Municipal Open Space Trust Fund	70,366	
Interest on Investments and Deposits	16,296	
Bond Anticipation Notes Issued	2,805,000	
Reserve for Pistol Range	<u>40,320</u>	
		<u>3,497,327</u>
		4,989,551
Decreased by Disbursements:		
Bond Anticipation Notes		
Improvement Authorizations	1,683,680	
Payments to Current Fund	333,577	
Accounts Payable	526,717	
Reserve for Pistol Range	<u>50,960</u>	
		<u>2,594,934</u>
Balance, December 31, 2022		<u>\$ 2,394,617</u>

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

		Balance, December 31, <u>2022</u>
Fund Balance		\$ 277,307
Capital Improvement Fund		21,262
Grant and Other Receivables		(510,287)
Accounts Payable		566,015
Due to Current Fund		11,341
Due to Municipal Open Space Trust Fund		70,366
Reserve for Payment of Debt Service		34,536
Reserve for Pistol Range		36,762
Improvement Authorizations:		
	<u>Ord.</u>	
	<u>No.</u>	
	<u>Improvement Description</u>	
2-96		Various Improvements and Acq. of Equipment 6,700
21-98/8-00		Various Improvements and Acq. of Equipment 240
01-09		Various Public Improvements & Acquisitions 2,933
5-10		Various Public Impvts. & Acq. Of Equip. 5,313
		Waldwick Public Library 11,788
2-13		Various Public Improvements & Acquisitions 23,470
1-15		Various Public Improvements & Acquisitions 44,472
1-16/10-17		Various Public Improvements & Acquisitions 25,178
1-17		Various Public Improvements & Acquisitions 1,502
18-17		Various Public Improvements 279
01-18		Various Public Improvements & Acquisitions 189,715
12-18/22-18		Various Public Improvements 20,072
02-19		Various Public Improvements 7,444
03-19		Various Public Improvements 145,095
07-19		Various Public Improvements 10,000
02-20		Various Public Improvements 28,707
08-20		Various Public Improvements & Acquisitions 141,100
07-20/11-20		Various Public Improvements & Acquisitions 127,384
05-21		Various Public Improvements & Acquisitions 237,113
07-21		Various Public Improvements & Acquisitions 29,269
28-21/22-06		Various Public Improvements & Acquisitions 91,804
09-22		Various Public Improvements & Acquisitions 708,787
13-22		Various Public Improvements & Acquisitions of Vehicles & Equipment 28,950
		<u>\$ 2,394,617</u>

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

Balance, January 1, 2022	\$	328,622
Increased by:		
Interest on Investments		16,296
		344,918
Decreased by:		
Payments to Current Fund	\$	333,577
Balance, December 31, 2022	\$	11,341

STATEMENT OF DUE FROM/TO MUNICIPAL OPEN SPACE TRUST FUND

Balance, January 1, 2022 (Due From)	\$	45,000
Decreased by:		
Cash Receipts	\$	45,000
Cash Received for Municipal Open Space Trust Fund		70,366
		115,366
Balance, December 31, 2022 (Due to)	\$	70,366

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

Balance, January 1, 2022		\$ 8,307,342
Decreased by:		
2022 Budget Appropriation		
Bond Principal	\$ 1,170,000	
Loan Principal	<u>9,584</u>	
		<u>1,179,584</u>
Balance, December 31, 2022		<u>\$ 7,127,758</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2022</u>	2022 <u>Authorizations</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2022</u>	<u>Analysis of Balance</u>	
						Financed by Bond Anticipation <u>Notes</u>	Unexpended Improvement <u>Authorizations</u>
6-06/20-06	Various Public Improvements & Acquisitions	\$ 17,418		\$ 17,418			
8-20	Various Public Improvements & Acquisitions	602			\$ 602		\$ 602
05-21	Various Public Improvements & Acquisitions	1,336,000			1,336,000	\$ 1,336,000	-
09-22	Various Public Improvements & Acquisitions	<u>-</u>	<u>\$ 1,469,000</u>	<u>-</u>	<u>1,469,000</u>	<u>1,469,000</u>	<u>-</u>
		<u>\$ 1,354,020</u>	<u>\$ 1,469,000</u>	<u>\$ 17,418</u>	<u>\$ 2,805,602</u>	<u>\$ 2,805,000</u>	<u>\$ 602</u>
							\$ 946,502
							(237,113)
							<u>(708,787)</u>
							<u>\$ 602</u>

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

	Total	NJ Department	NJ Department		County of Bergen							
		Env. Protection	of Transportation	of Transportation	Mun. Open Space	CDBG	CDBG	CDBG	Mun. Open Space	Mun. Program	CDBG	
		Ord. No. 2-13	Ord. No. 01-18	Ord. No. 09-22	Ord. No. 09-22	Ord. No. 1-15	Ord. No. 9-15	Ord. No. 11-15	Ord. No. 05-21	Ord. No. 05-21	Ord. No. 28-21/06-22	Ord. No. 09-22
Balance, January 1, 2022	\$ 233,424	\$ 23,470	\$ 23,794			\$ 7,633	\$ 1,138	\$ 5,200	\$ 75,000	\$ 97,189		
Increased by:												
Grants Awarded	604,790	-	-	\$ 211,000	\$ 205,000	-	-	-	-	-	\$ 75,000	\$ 113,790
	<u>838,214</u>	<u>23,470</u>	<u>23,794</u>	<u>211,000</u>	<u>205,000</u>	<u>7,633</u>	<u>1,138</u>	<u>5,200</u>	<u>75,000</u>	<u>97,189</u>	<u>75,000</u>	<u>113,790</u>
Decreased by:												
Collections:												
Cash Receipts	327,927	-	-	-	-	-	-	-	75,000	97,189	41,948	113,790
Balance, December 31, 2022	\$ 510,287	\$ 23,470	\$ 23,794	\$ 211,000	\$ 205,000	\$ 7,633	\$ 1,138	\$ 5,200	\$ -	\$ -	\$ 33,052	\$ -

**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, 2022</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2022</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	11/1/2014	\$ 4,508,000	11/1/2023	\$ 420,000	2.000 %			
			11/1/2024-25	420,000	2.500			
			11/1/2026	418,000	2.500	\$ 2,098,000	\$ 420,000	\$ 1,678,000
General Improvements	7/15/2020	6,978,000	7/15/2023-24	725,000	0.050			
			7/15/2025	725,000	1.000			
			7/15/2026	725,000	1.500			
			7/15/2027	650,000	2.000			
			7/15/2028-29	625,000	2.000			
			7/15/2030	578,000	2.000	<u>6,128,000</u>	<u>750,000</u>	<u>5,378,000</u>
						<u>\$ 8,226,000</u>	<u>\$ 1,170,000</u>	<u>\$ 7,056,000</u>

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

Balance, January 1, 2022	\$	81,342
Decreased by:		
Paid by Budget Appropriation		9,584
Balance, December 31, 2022	\$	71,758
<u>Analysis of Balance</u>		
NJEIT - Fund Loan	\$	31,258
NJEIT- Trust Loan		40,500
	\$	71,758

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

Ord. No.	<u>Improvement Description</u>	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2022	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, 2022
05-21	Various Public Improvements and Acquisitions	10/14/22	10/14/2022	10/13/2023	3.92 %		\$ 1,336,000		\$ 1,336,000
09-22	Various Public Improvements & Acquisitions	10/14/2022	10/14/2022	10/13/2023	3.92	-	<u>1,469,000</u>	-	<u>1,469,000</u>
						<u>\$ -</u>	<u>\$ 2,805,000</u>	<u>\$ -</u>	<u>\$ 2,805,000</u>
					Notes Issued		<u>\$ 2,805,000</u>		

**BOROUGH OF WALDWICK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Balance, January 1, 2022		2022 Authorizations			Cancelled Improvement Authorization	Paid or Charged	Balance, December 31, 2022	
		Funded	Unfunded	Down-payment or Capital Impvt. Fund	Deferred Charges to Future Taxation Unfunded	Grants Receivable and Other Receivables			Funded	Unfunded
02-96	Various Impvts. & Acq. of Equip.	\$ 6,700							\$ 6,700	
9-98/14-98/										
21-98/8-00	Various Improvements & Acq. Of Equipment	240							240	
01-09	Various Public Improvements and the Acq. of New, Additional or Replacement Equip.	2,933							2,933	
05-10	Various Public Impvts. & Acq. Of Equip.	5,313							5,313	
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	11,788							11,788	
2-13	Various Public Improvements & Acquisitions	23,470							23,470	
1-15	Various Public Improvements & Acquisitions	44,472							44,472	
1-16/10-17	Various Public Improvements & Acquisitions	25,178							25,178	
1-17	Various Public Improvements & Acquisitions	3,222					\$ 1,720		1,502	
18-17	Various Public Improvements	279							279	
01-18	Various Public Improvements & Acquisitions	194,070					4,355		189,715	
12-18/22-18	Various Public Improvements	20,072							20,072	
02-19	Various Public Improvements & Acquisitions	7,444							7,444	
03-19	Various Public Improvements & Acquisitions	200,377					55,282		145,095	
07-19	Various Public Improvements & Acquisitions	10,000							10,000	
02-20	Various Public Improvements	28,707							28,707	
08-20	Various Public Improvements & Acquisitions	151,589	\$ 602					10,489	141,100	\$ 602
7-20/11-20	Various Public Improvements & Acquisitions	129,227						1,843	127,384	
05-21	Various Public Improvements & Acquisitions	-	872,703					635,590		237,113
07-21	Various Public Improvements & Acquisitions	37,676						8,407	29,269	
28-21/22-06	Various Improvements to Ted Bell Park	134,022				\$ 75,000	\$ 44,022	73,196	91,804	
09-22	Various Public Improvements & Acquisitions			\$ 73,710	\$ 1,469,000	529,790		1,363,713		708,787
13-22	Various Public Improvements & Acquisitions of Vehicles & Equip.			87,200				58,250	28,950	
		<u>\$ 1,036,779</u>	<u>\$ 873,305</u>	<u>\$ 160,910</u>	<u>\$ 1,469,000</u>	<u>\$ 604,790</u>	<u>\$ 44,022</u>	<u>\$ 2,212,845</u>	<u>\$ 941,415</u>	<u>\$ 946,502</u>
								Cash Disbursements	\$ 1,683,680	
								Accounts Payable	529,165	
									<u>\$ 2,212,845</u>	

**BOROUGH OF WALDWICK
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2022		\$ 526,717
Increased by:		
Charges to Improvement Authorizations	\$ 529,165	
Preliminary Costs - Capital Improvement Fund	<u>36,850</u>	
		<u>566,015</u>
		1,092,732
Decreased by:		
Cash Disbursements		<u>526,717</u>
Balance, December 31, 2022		<u><u>\$ 566,015</u></u>

EXHIBIT C-14

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE

Balance, January 1, 2022		<u>\$ 34,536</u>
Balance, December 31, 2022		<u><u>\$ 34,536</u></u>

EXHIBIT C-15

STATEMENT OF RESERVE FOR PISTOL RANGE

Balance, January 1, 2022		\$ 47,402
Increased by:		
Cash Receipts		
Contributions	\$ 18,765	
2022 Budget Appropriation - Interlocal Agreement	11,321	
2021 Budget Appropriation - Interlocal Agreement	<u>10,234</u>	
		<u>40,320</u>
		87,722
Decreased by:		
Cash Disbursement		
2022 Anticipated Current Fund Revenue		<u>50,960</u>
Balance, December 31, 2022		<u><u>\$ 36,762</u></u>

EXHIBIT C-16

STATEMENT OF CAPITAL IMPROVEMENT FUND

Increased by:		
2022 Budget Appropriation	\$ 175,000	
Cancelled Improvement Authorization	<u>44,022</u>	
		<u>\$ 219,022</u>
		219,022
Decreased by:		
Appropriation to Finance Improvement Authorizations	160,910	
Preliminary Costs Traffic Study	<u>36,850</u>	
		<u>197,760</u>
Balance, January 1, 2022		<u><u>\$ 21,262</u></u>

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

Ord. No.		Balance, January 1, <u>2022</u>	2022 Authori- zations	Bond Anticipation <u>Notes Issued</u>	Funded by Budget <u>Appropriation</u>	Balance, December 31, <u>2022</u>
6-06/20-06	Various Public Improvements & Acquisitions	\$ 17,418			\$ 17,418	
08-20	Various Public Improvements & Acquisitions	602		-	-	\$ 602
05-21	Various Public Improvements & Acquisitions	1,336,000		\$ 1,336,000	-	-
09-22	Various Public Improvements & Acquisitions	<u>-</u>	<u>\$ 1,469,000</u>	<u>1,469,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,354,020</u>	<u>\$ 1,469,000</u>	<u>\$ 2,805,000</u>	<u>\$ 17,418</u>	<u>\$ 602</u>

WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2022	\$ 1,970,792	\$ 5,710
Increased by:		
Consumer Accounts Receivable	\$ 1,919,106	
Fire Hydrant Service	25,000	
Miscellaneous	10,487	
Water Overpayments	4,900	
Prepaid Water Rents	23,531	
Bond Anticipation Notes Issued		\$ 841,000
Capital Improvement Fund	-	<u>10,000</u>
	<u>1,983,024</u>	<u>851,000</u>
	3,953,816	856,710
Decreased by:		
2022 Budget Appropriations	1,583,367	
2021 Appropriation Reserves	20,195	
Accounts Payable	68,047	253,177
Water Overpayments Refunded	74	
Improvement Authorizations		85,369
Interest on Bonds and Notes	17,865	
Interest on Water Loan	<u>16,000</u>	<u>-</u>
	<u>1,705,548</u>	<u>338,546</u>
Balance, December 31, 2022	<u>\$ 2,248,268</u>	<u>\$ 518,164</u>

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

	Balance, December 31, <u>2022</u>
Fund Balance	\$ 278
Capital Improvement Fund	20,143
Accounts Payable	121,033
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	5,269
09-20 Various Public Improvements & Acquisitions	124,983
06-21 Various Public Improvements & Acquisitions	5,188
23-21 Various Public Improvements & Acquisitions	16,000
10-22 Various Public Improvements & Acquisitions	279,973
16-22 Various Public Improvements & Acquisitions	<u>(63,716)</u>
	<u>\$ 518,164</u>

EXHIBIT D-7

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

Balance, January 1, 2022	\$ 85,482
Increased by:	
Water Rents Levied	<u>1,905,659</u>
	1,991,141
Decreased by:	
Collections	\$ 1,919,106
Overpayments Applied	5,802
Prepaid Water Rents Applied	<u>3,667</u>
	<u>1,928,575</u>
Balance, December 31, 2022	<u>\$ 62,566</u>

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

	Balance, January 1, <u>2022</u>	Additions by		Balance, December 31, <u>2022</u>
		<u>Budget</u> <u>Capital Outlay</u>	<u>Ordinance</u>	
Generator	\$ 74,817			\$ 74,817
Springs and Wells	522,732			522,732
Reservoirs	50,034			50,034
Filters	812,936			812,936
Tanks, Pumping Station Structures	3,055,205	\$ 2,195	395,781	3,453,181
Distribution Mains and Accessories	1,724,792	6,499		1,731,291
Meters and Accessories	987,656	4,284		991,940
Fire Hydrants	263,193			263,193
General Equipment	1,531,550		6,860	1,538,410
Engineering, Legal	184,407			184,407
Vehicles	31,842			31,842
Other Costs and System Improvements	106,526	3,735	-	110,261
	<u>\$ 9,345,690</u>	<u>\$ 16,713</u>	<u>\$ 402,641</u>	<u>\$ 9,765,044</u>

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

Ord. No.	<u>Improvement Description</u>	<u>Ordinance Amount</u>	Balance, January 1, <u>2022</u>	Increased by: 2022 Authorizations Deferred Charge to Future <u>Revenue</u>	Costs Fixed <u>Capital</u>	Balance, December 31, <u>2022</u>
02-17	Various Public Improvements & Acquisitions	\$ 109,000	\$ 5,005			\$ 5,005
04-19	Various Public Improvements & Acquisitions	246,100	5,701		432	5,269
09-20	Various Public Improvements & Acquisitions	421,000	421,000			421,000
06-21	Various Public Improvements & Acquisitions	465,000	417,365		412,177	5,188
23-21	Various Public Improvements & Acquisitions	49,000	6,032		(9,968)	16,000
22-10	Various Public Improvements & Acquisitions	376,475		\$ 376,475		376,475
22-16	Various Public Improvements & Acquisitions	5,000,000	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
			<u>\$ 855,103</u>	<u>\$ 5,376,475</u>	<u>\$ 402,641</u>	<u>\$ 5,828,937</u>

**BOROUGH OF WALDWICK
STATEMENT OF 2021 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2022</u>	Budget After <u>Modifications</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 22,673	\$ 22,673	\$ 11,262	\$ 11,411
Other Expenses	89,651	89,651	27,462	62,189
Capital Improvements				
Capital Outlay	138	138		138
Statutory Expenditures				
Public Employees Retirement System	300	300	92	208
Social Security	23,554	23,554	-	23,554
	<u>\$ 136,316</u>	<u>\$ 136,316</u>	<u>\$ 38,816</u>	<u>\$ 97,500</u>
			Cash Disbursements	\$ 20,195
			Due to Other Trust	10,000
			Accounts Payable	8,621
			<u>\$ 38,816</u>	

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, January 1, 2022	\$ 68,086	\$ 253,177
Increased by:		
Charges to 2022 Appropriations	98,668	
Charges to 2021 Appropriations	8,621	
Charges to Improvement Authorizations	-	121,033
	<u>175,375</u>	<u>374,210</u>
Decreased by:		
Cash Disbursements	68,047	253,177
Cancelled Payables	39	-
	<u>68,086</u>	<u>253,177</u>
Balance, December 31, 2022	<u>\$ 107,289</u>	<u>\$ 121,033</u>

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

Balance, January 1, 2022		\$ 3,667
Increased by:		
Prepaid Rents		<u>23,531</u>
		27,198
Decreased by:		
Applied to 2022 Water Rents		<u>3,667</u>
Balance, December 31, 2022		<u><u>\$ 23,531</u></u>

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

Balance, January 1, 2022		\$ 5,877
Increased by:		
Overpayments		<u>4,900</u>
		10,777
Decreased by:		
Overpayments Refunded	\$ 74	
Applied to 2022 Water Rents	<u>5,802</u>	
		<u>5,876</u>
Balance, December 31, 2022		<u><u>\$ 4,901</u></u>

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

Balance, January 1, 2022		\$ 588,349
Decreased by:		
Paid by Budget Appropriation		<u>59,816</u>
Balance, December 31, 2022		<u><u>\$ 528,533</u></u>

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

Ord. No.	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance, January 1, 2022</u>		<u>2022 Authorizations</u>	<u>Paid or Charged</u>	<u>Balance, December 31, 2022</u>		
			<u>Funded</u>	<u>Unfunded</u>	Deferred Charges to Future Revenue		<u>Funded</u>	<u>Unfunded</u>	
02-17	Various Public Improvements & Acquisitions	\$ 109,000	\$ 5,005				\$ 5,005		
04-19	Various Public Improvements & Acquisitions	246,100	5,701			\$ 432	5,269		
09-20	Various Public Improvements & Acquisitions	421,000	124,983	\$ 418			124,983	\$ 418	
06-21	Various Public Improvements & Acquisitions	465,000		51,415		46,227		5,188	
23-21	Various Public Improvements & Acquisitions	49,000	16,000	-			16,000		
10-22	Various Public Improvements & Acquisitions	376,475			\$ 376,475	96,027		280,448	
16-22	Various Public Improvements & Acquisitions	5,000,000	-	-	5,000,000	63,716	-	4,936,284	
			<u>\$ 151,689</u>	<u>\$ 51,833</u>	<u>\$ 5,376,475</u>	<u>\$ 206,402</u>	<u>\$ 151,257</u>	<u>\$ 5,222,338</u>	
						Cash Disbursed	\$ 85,369		
						Accounts Payable	<u>121,033</u>		
							<u>\$ 206,402</u>		

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

Balance, January 1, 2022	\$ 10,143
Increased by:	
2022 Budget Appropriation	10,000
Balance, December 31, 2022	\$ 20,143

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

Increased by:	
2021 Appropriation Reserves	\$ 10,000
Balance, December 31, 2022	\$ 10,000

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

Balance, January 1, 2022	\$ 6,183
Increased by:	
Budget Appropriation	
Interest on Bonds	17,642
	23,825
Decreased by:	
Interest Paid	17,865
Balance, December 31, 2022	\$ 5,960

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, January 1, 2022	Increased	Decreased	Balance, December 31, 2022
			Date	Amount					
Water Bonds	11/1/2014	\$ 564,000	11/1/2023	\$ 60,000	2.000 %	\$ 299,000		\$ 60,000	\$ 239,000
			11/1/2024	60,000	2.500				
			11/1/2025	60,000	2.500				
			11/1/2026	59,000	2.500				
Water Bonds	7/15/2020	1,017,000	7/15/2023	100,000	0.050	917,000	\$ -	100,000	817,000
			7/15/2024	100,000	0.050				
			7/15/2025	100,000	1.000				
			7/15/2026	100,000	1.500				
			7/15/2027	105,000	2.000				
			7/15/2028	105,000	2.000				
			7/15/2029	105,000	2.000				
			7/15/2030	102,000	2.000				
						<u>917,000</u>	<u>\$ -</u>	<u>100,000</u>	<u>817,000</u>
						<u>\$ 1,216,000</u>	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ 1,056,000</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, <u>2022</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2022</u>
06-21	Various Public Improvements and Acquisitions	10/14/2022	10/14/2022	10/13/2023	3.92%	-	\$ 465,000	-	\$ 465,000
10-22	Various Public Improvements and Acquisitions	10/14/2022	10/14/2022	10/13/2023	3.92%	<u>-</u>	<u>376,000</u>	<u>-</u>	<u>376,000</u>
						<u>\$ -</u>	<u>\$ 841,000</u>	<u>\$ -</u>	<u>\$ 841,000</u>
							Notes Issued <u>\$ 841,000</u>		

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

Balance, January 1, 2022	\$	6,667
Increased by:		
Budget Appropriation		
Interest on Loans		15,375
		22,042
Decreased by:		
Interest Paid on Water Loan		16,000
Balance, December 31, 2022	\$	6,042

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

Balance, January 1, 2022	\$	3,667
Balance, December 31, 2022	\$	3,667

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

Balance, January 1, 2022	\$	7,882,026
Increased by:		
2022 Budget Appropriations:		
Serial Bonds	\$	160,000
Water Loans		59,816
Capital Outlay - Operating Budget		16,713
Transferred from Deferred Reserve for Amortization		33,000
		269,529
Balance, December 31, 2022	\$	8,151,555

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

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2022</u>	To Reserve For <u>Amortization</u>	Balance, December 31, <u>2022</u>
23-21	Various Public Improvements & Acquisitions	\$ 49,000	\$ 33,000	\$ 16,000
		<u>\$ 49,000</u>	<u>\$ 33,000</u>	<u>\$ 16,000</u>

EXHIBIT D-25

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

Balance, January 1, 2022	\$ 4,008
Balance, December 31, 2022	<u>\$ 4,008</u>

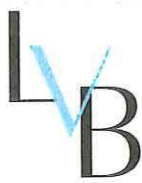
EXHIBIT D-26

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

<u>Ord.</u>	<u>Improvement Description</u>	Balance, January 1, <u>2022</u>	2022 <u>Authorizations</u>	Notes <u>Issued</u>	Balance, December 31, <u>2022</u>
09-20	Various Public Improvements & Acquisitions	\$ 418			\$ 418
06-21	Various Public Improvements & Acquisitions	465,000		\$ 465,000	-
22-10	Various Public Improvements & Acquisitions		\$ 376,475	376,000	475
22-16	Various Public Improvements & Acquisitions	-	5,000,000	-	5,000,000
		<u>\$ 465,418</u>	<u>\$ 5,376,475</u>	<u>\$ 841,000</u>	<u>\$ 5,000,893</u>

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

**PART II
GOVERNMENT AUDITING SECTION**



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2022, and the related notes to the financial statements, and have issued our report thereon dated July 13, 2023. 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

Report on 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) as a basis for designing 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.


Report on 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 financial statements. 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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
July 13, 2023

**BOROUGH OF WALDWICK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>2022 Grant Receipts</u>	<u>Balance, January 1, 2022</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2022</u>	<u>(Memo Only) Cumulative Expenditures</u>
U.S. Department of Treasury									
Coronavirus State and Local Fiscal Recovery Funds - ARP	2021	21.027	\$ 1,057,990	\$ 528,995	-	-	-	-	-
 U.S. Department of Housing and Urban Development									
Community Development Block Grant									
Harrison Ave Roadway Improvements Ord. 09-2022	2022	14.218	113,790	113,790		\$ 113,790	113,790		113,790
Frederick Street S/W and Street Improvements Ord. 05-2021	2021	14.218	75,000	-	\$ 75,000	-	75,000	\$ -	75,000
					<u>\$ 75,000</u>	<u>\$ 113,790</u>	<u>\$ 188,790</u>	<u>\$ -</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, 2022**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant/Loan Award</u>	<u>2022 Grant Receipts (Memo)</u>	<u>Balance, January 1, 2022</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2022</u>	<u>(Memo Only) Cumulative Expenditures</u>
Clean Communities Grant	4900-765-1789000	2023	\$ 19,593	\$ 19,593					\$ 19,593
		2022	19,066			\$ 19,066	\$ 19,066		19,066
Body Armor Replacement Fund	1020-718-066-1020-001	2020	2,263		\$ 35			\$ 35	2,228
Police Vest Fund	N/A	2023	1,628	1,628				-	1,628
		2022	1,262	1,262		1,262	1,262	-	1,262
		2021	1,789		498			498	1,291
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		500	8,214	6,926
Stormwater Management Grant	4840-150-05-7500	2010	1,469		1,469		1,469	-	1,469
		Prior	17,012		8,792		8,792	-	17,012
Alcohol Education and Rehabilitation Fund	9735-760-060000-60	2019	579		579			579	-
		2016	7,153		5,144			5,144	2,009
Recycling Tonnage Grant	042-4910-100-224	2023	12,349	12,349				-	
		2022	7,286		-	7,286	7,286	-	7,286
		2019	11,770		11,770		11,770	-	11,770
		2017	15,110		12,782		12,782	-	15,110
State Opiod Settlement	N/A	2023	8,667	8,667					
Crime Prevention Grant	N/A	2016	3,136		1,988			1,988	1,148
Department of Transportation Municipal Aid Program									
Imp to East Prospect St. Ph I - Ord 09-2022	480-078-6320-	2022	205,000			205,000	205,000	-	205,000
Imp. to East Prospect St. Ph II and Centre St. Ord 09-2022	480-078-6320-	2022	211,000		-	211,000	211,000	-	211,000
					<u>\$ 71,081</u>	<u>\$ 443,614</u>	<u>\$ 478,927</u>	<u>\$ 35,768</u>	

N/A - Not Available

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

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

**BOROUGH OF WALDWICK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

NOTE 1 REPORTING ENTITY

The Borough of Waldwick (the “Borough”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) which is a 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 federal awards and state financial assistances through separate accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough’s summary of significant accounting policies are described in Note 1 to the Borough’s Financial Statements.

NOTE 4 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		\$ 443,614	\$ 443,614
General Capital Fund	\$ 113,790	-	113,790
Total Financial Awards	<u>\$ 113,790</u>	<u>\$ 443,614</u>	<u>\$ 557,404</u>

**BOROUGH OF WALDWICK
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2022**

NOTE 5 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.

NOTE 6 STATE LOANS OUTSTANDING

The Borough’s state loans outstanding at December 31, 2022, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

Loan Program

NJ Environments Infrastructure Trust Loan Water Supply Rehabilitation Loans - 2010	\$ 528,533
NJ Environments Infrastructure Trust Loan Sanitary Sewer Improvement Loans - 2011	<u>71,758</u>
	<u>\$ 600,291</u>

NOTE 7 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, 2022**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements	_____ Unmodified _____
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, 2022**

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, 2022**

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, 2022**

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	2.848	\$2.794	\$2.767
<u>Apportionment of Tax Rate</u>			
Municipal	.526	.515	.516
Library	.037	.035	.035
Municipal Open Space	.005	.006	.005
County	.273	.271	.263
Local School	2.007	1.967	1.948

Assessed Valuation

2022	<u>\$1,630,354,800</u>
2021	<u>\$1,624,457,000</u>
2020	<u>\$1,607,770,100</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>
2022	\$ 46,559,224	\$ 46,270,193	99.38%
2021	45,520,684	45,308,946	99.53%
2020	44,893,448	44,675,195	99.51%

**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>Total Delinquent Taxes</u>	<u>Percentage of Tax Levy</u>
2022	\$ 244,313	\$ 244,313	0.52%
2021	201,978	201,978	0.44%
2020	195,518	195,518	0.44%

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>
2022	\$35,510
2021	35,510
2020	35,510

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2022	\$1,905,659	\$1,928,575
2021	1,867,327	1,846,236
2020	1,943,955	1,917,337

* 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>
Thomas A. Giordano	Mayor
Theresa Sherman	Council President
Kathleen Cericola	Councilwoman
Michael Ritchie	Councilman
Paul Schatz	Councilman
Donald Sciolaro	Councilman
Michele Weber	Councilwoman
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
Christine Oravetz	Court Administrator
Craig Bossong	Attorney
James McGinnis	Engineer

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

SCHEDULE OF FINDINGS OF NONCOMPLIANCE

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 \$44,000, 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:

Ted Bell Park Improvements	ADA Curb and Ramp Upgrades
Improvements to Frederick St. and Harrison Ave.	Improvements to E. Prospect St Ph. 1 and 2
Borough Hall Parking Lot Exp.	Solid Waste and Recycling Collection
Adm. Bld. Remediation and Repairs	

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 4, 2022 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 November 17, 2022.

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

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

RECOMMENDATIONS

There are none.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior year recommendations and corrective action was taken on all.