

BOROUGH OF WALDWICK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

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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, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Waldwick, as of December 31, 2020 and 2019, 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, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Waldwick as of December 31, 2020 and 2019, or changes in financial position, or, where applicable, cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Waldwick as of December 31, 2020 and 2019, 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, 2020 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information


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


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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 23, 2021 on our consideration of the Borough of Waldwick’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Waldwick’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Waldwick’s internal control over financial reporting and compliance.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
August 23, 2021

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Cash	A-4	\$ 10,091,659	\$ 9,027,351
Cash - Change Funds	A-5	1,200	1,200
Grants Receivable	A-8	9,970	18,188
Due from State of NJ Senior Citizens' & Veterans' Deductions	A-6	<u>50,396</u>	<u>51,973</u>
		<u>10,153,225</u>	<u>9,098,712</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-7	195,518	361,179
Property Acquired for Taxes - Assessed Valuation	A	35,510	35,510
Revenue Accounts Receivable	A-9	2,206	3,299
Due from Animal Control Fund	B-5	29	
Due from Other Trust Fund	B-15	133,361	126,513
Due from Unemployment Insurance Trust Fund	B-9		43
Due from Self Insurance Trust Fund	B-13	101	147
Due from General Capital Fund	C-4		15,357
Due from Water Operating Fund	D-18	<u>544</u>	<u>-</u>
		<u>367,269</u>	<u>542,048</u>
Total Assets		<u>\$ 10,520,494</u>	<u>\$ 9,640,760</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 1,073,660	\$ 655,199
Accounts Payable	A-11	436,294	506,987
Prepaid Taxes	A-12	279,859	196,428
Tax Overpayments	A-13		47,757
County Taxes Payable	A-14	38,627	11,875
Due to Animal Control Fund	B-5		15
Due to Unemployment Insurance Trust Fund	B-9	119	
Due to Municipal Open Space Trust Fund	B-19	14,735	328
Due to General Capital Fund	C-4	404,063	
Miscellaneous Reserves	A-16	313,587	613,587
Appropriated Reserves - Public and Private Programs	A-17	74,135	63,494
Unappropriated Reserves - Public and Private Programs	A-18	-	14,491
Construction Code Fees Payable	A-19	<u>3,970</u>	<u>5,887</u>
		2,639,049	2,116,048
Reserve for Receivables and Other Assets	A	367,269	542,048
Fund Balance	A-1	<u>7,514,176</u>	<u>6,982,664</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,520,494</u>	<u>\$ 9,640,760</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,261,311	\$ 1,082,000
Miscellaneous Revenues Anticipated	3,950,999	3,916,967
Receipts from Delinquent Taxes	360,959	286,320
Receipts from Current Taxes	44,675,195	44,031,259
Non-Budget Revenue	214,468	195,718
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	512,012	467,917
Cancelled Accounts Payable	1,370	12,080
Cancelled Payable	-	11,525
Cancelled Appropriated Grant Reserve	2	
Cancelled Tax Overpayments	16,317	
Interfunds Liquidated	8,025	126,024
	<u>51,000,658</u>	<u>50,129,810</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	4,230,918	3,991,662
Other Expenses	6,123,353	6,139,165
Capital Improvements	583,808	286,700
Municipal Debt Service	1,534,274	1,504,695
Deferred Charges and Statutory Expenditures	1,059,657	1,147,473
County Taxes	4,061,214	3,895,815
County Open Space Preservation	170,393	166,883
County Share of Added and Omitted Taxes	38,627	11,875
Local District School Taxes	31,313,952	31,299,953
Municipal Open Space Taxes	81,124	80,282
Other Debits		
Senior Citizens Deductions Disallowed for Prior Year Taxes	3,250	2,964
Refund of Prior Year Revenue	7,265	744
	<u>49,207,835</u>	<u>48,528,211</u>
Excess in Revenue	1,792,823	1,601,599
Fund Balance, January 1	<u>6,982,664</u>	<u>6,463,065</u>
	8,775,487	8,064,664
Decreased by:		
Utilization as Anticipated Revenue	<u>1,261,311</u>	<u>1,082,000</u>
Fund Balance, December 31	<u>\$ 7,514,176</u>	<u>\$ 6,982,664</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, 2020

	<u>Budget</u>	<u>Special NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	\$ 1,261,311	-	\$ 1,261,311	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	18,720		18,720	
Other	18,900		21,554	\$ 2,654
Fees and Permits				
Construction Code Official	206,000		210,079	4,079
Other	215,000		148,528	(66,472)
Fines and Costs				
Municipal Court	79,100		29,058	(50,042)
Interest and Costs on Taxes	75,000		94,625	19,625
Sewer Privileges	102,534		59,859	(42,675)
Energy Receipts Tax	2,327,293		2,327,293	-
Supplemental Energy Receipts Tax	141,307		141,307	-
Police Training - Various Municipal Agreements	46,000		45,998	(2)
Police Vest Fund	2,263		2,263	-
Police Vest Fund - Reserve	2,320		2,321	1
Motor Vehicle Inspection - Reserve	400		400	
Recycling Tonnage Grant - Reserve	11,770		11,770	
Clean Communities	19,868		19,868	
Police Donations	4,256		4,256	
Cable Television Franchise Fees	149,406		149,406	
Sale of Assets	200,000		200,000	
Uniform Fire Safety Act - Other Fees & Permits	17,404		14,244	(3,160)
Cell Site Rental	328,000		344,275	16,275
Reserve for Tax Appeals	100,000		100,000	
Solar Energy Credit	3,500	-	5,175	1,675
	<u>4,069,041</u>	<u>-</u>	<u>3,950,999</u>	<u>(118,042)</u>
RECEIPTS FROM DELINQUENT TAXES	<u>300,000</u>	<u>-</u>	<u>360,959</u>	<u>60,959</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Municipal Operations	8,296,094		9,403,769	1,107,675
Free Public Library	564,496	-	564,496	-
	<u>8,860,590</u>	<u>-</u>	<u>9,968,265</u>	<u>1,107,675</u>
Total General Revenues	<u>\$ 14,490,942</u>	<u>\$ -</u>	<u>\$ 15,541,534</u>	<u>\$ 1,050,592</u>
Non-Budget Revenue			<u>214,468</u>	
			<u>\$ 15,756,002</u>	

BOROUGH OF WALDWICK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection	
Revenue from Collections	\$ 44,675,195
Less: Allocation to School, County and Municipal Open Space Taxes	<u>35,665,310</u>
	9,009,885
 Add: Appropriation "Reserve for Uncollected Taxes"	 <u>958,380</u>
 Balance for Support of Municipal Budget Appropriations	 <u>\$ 9,968,265</u>
 Fees and Permits - Other	
Borough Clerk	\$ 13,340
Tax Collector	620
Fire Prevention Bureau	19,040
Police	955
Swimming Pool	56,510
Park and Ride	56,881
Parking Meter	94
Sewer Connection	<u>1,088</u>
	<u>\$ 148,528</u>
 Licenses - Other	
Borough Clerk	\$ 955
Board of Health	<u>20,599</u>
	<u>\$ 21,554</u>
 Non-Budget	
Cash Received	\$ 174,082
Due From Animal Control Fund	286
Due From Other Trust Fund	14,527
Due From Self Insurance Trust Fund	1,607
Due From General Capital Fund	<u>23,966</u>
	<u>\$ 214,468</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, 2020

	<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>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 199,061	\$ 199,061	\$ 199,061		
Other Expenses	25,780	25,780	12,163	\$ 13,617	
Mayor and Council					
Salaries and Wages	11,600	11,600	11,600	-	
Other Expenses	4,000	4,000	3,265	735	
Municipal Clerk					
Salaries and Wages	139,070	139,070	137,070	2,000	
Other Expenses	49,420	49,420	46,245	3,175	
Financial Administration					
Salaries and Wages	152,791	152,791	152,791	-	
Other Expenses	12,200	12,200	823	11,377	
Audit Services					
Other Expenses	36,000	36,000	36,000	-	
Revenue Administration					
Salaries and Wages	50,495	49,475	49,462	13	
Other Expenses	95,250	95,250	83,638	11,612	
Other Expenses - Liquid of TTLs/Foreclosed Property	100	100		100	
Tax Assessment Administration					
Salaries and Wages	37,497	37,672	37,492	180	
Other Expenses	5,265	5,265	2,505	2,760	
Legal Services and Costs					
Other Expenses	116,000	116,000	79,808	36,192	
Engineering Services & Costs					
Other Expenses	10,600	10,600	10,000	600	
Planning Board					
Salaries and Wages	9,464	9,464	9,464	-	
Other Expenses	6,300	6,300	4,628	1,672	
Board of Adjustment					
Salaries and Wages	9,464	9,464	9,464	-	
Other Expenses	6,500	6,500	4,402	2,098	
Insurance					
Self Insurance & Surety Bonds	12,500	12,500	12,500	-	
General Liability	320,448	320,448	309,047	11,401	
Employee Group Health	574,980	549,980	521,075	28,905	
Health Benefit Waiver	45,000	45,000	20,206	24,794	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,400,475	2,400,475	2,283,736	116,739	
Other Expenses	117,043	117,043	113,155	3,888	
Other Expenses-Acquisition of Police Vehicles	95,700	95,700	95,700	-	
Office of Emergency Management					
Other Expenses	500	500	-	500	

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS (Cont'd)					
Aid to Volunteer Ambulance Companies (First Aid Contribution)	\$ 21,000	\$ 21,000	\$ 19,280	\$ 1,720	
Fire					
Salaries and Wages	8,550	8,550	6,725	1,825	
Other Expenses	67,800	67,800	56,862	10,938	
Other Expenses-Fire Hydrant Service	25,000	25,000	25,000	-	
Fire Prevention Bureau					
Salaries and Wages	21,377	21,377	21,334	43	
Other Expenses	19,615	19,615	9,059	10,556	
PUBLIC WORKS FUNCTION					
Streets and Road Maintenance					
Salaries and Wages	712,428	712,273	655,594	56,679	
Other Expenses	31,200	31,200	25,183	6,017	
Other Expenses - Snow Removal	111,400	111,400	26,252	85,148	
Other Public Works Function					
Other Expenses - Municipal Park and Ride	2,700	2,700	1,193	1,507	
Other Expenses - Traffic Control Devices	5,800	5,800	3,920	1,880	
Solid Waste Collection (Sanitation)					
Garbage Collection	338,796	338,796	336,796	2,000	
Recycling					
Salaries and Wages	49,863	50,863	50,456	407	
Other Expenses	217,898	217,898	181,552	36,346	
Public Buildings and Grounds					
Other Expenses	212,500	232,500	230,150	2,350	
Vehicle Maintenance (Municipal Garage)					
Other Expenses	205,000	205,000	188,952	16,048	
HEALTH & HUMAN SERVICES					
Public Health Services					
Other Expenses - Northwest Bergen Comm. Contractual	106,224	106,224	100,745	5,479	
Animal Control					
Other Expenses	2,500	2,500	2,500	-	
Welfare/Administration of Public Assistance					
Other Expenses	100	100		100	
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs (Parks and Playgrounds)					
Salaries and Wages	84,522	84,522	68,384	16,138	
Other Expenses	55,750	55,750	47,307	8,443	
Other Expenses-Community Television	1,000	1,000	1,000	-	
MUNICIPAL COURT					
Salaries and Wages	71,819	71,819	62,139	9,680	
Other Expenses	6,600	6,600	4,165	2,435	
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, 2020

	<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" (Cont'd)					
OTHER COMMON OPERATING					
FUNCTIONS					
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	\$ 9,000	\$ 9,000	\$ 4,313	\$ 4,687	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES (NJAC5:23-4.17)					
Uniform Construction Code Enforcement					
Salaries and Wages	221,637	221,637	218,027	3,610	
Other Expenses	4,540	4,540	3,332	1,208	
UTILITY EXPENSES AND BULK PURCHASES					
Fuel Oil	89,000	84,000	43,803	40,197	
Electricity	125,000	107,150	59,170	47,980	
Telephone	47,000	57,000	55,452	1,548	
Natural Gas	37,000	37,000	24,260	12,740	
Street Lighting	98,000	114,500	114,499	1	
Water	17,000	17,620	17,618	2	
Sewerage Processing and Disposal	23,000	23,000	10,730	12,270	
Landfill/Solid Waste Disposal Costs					
Sanitary Landfill Dump Fees	<u>342,300</u>	<u>342,300</u>	<u>315,275</u>	<u>27,025</u>	<u>-</u>
Total Operations Within "CAPS"	<u>7,952,422</u>	<u>7,951,692</u>	<u>7,251,700</u>	<u>699,992</u>	<u>-</u>
Detail:					
Salaries and Wages	4,180,113	4,180,113	3,972,799	207,314	-
Other Expenses (Including Contingent)	<u>3,772,309</u>	<u>3,771,579</u>	<u>3,278,901</u>	<u>492,678</u>	<u>-</u>
STATUTORY EXPENDITURES					
Social Security System	330,000	330,000	287,559	42,441	
Police & Firemen's Retirement System of NJ	477,711	477,711	476,211	1,500	
Public Employee Retirement System	212,446	212,446	211,196	1,250	
Defined Contribution Retirement Plan	<u>15,000</u>	<u>15,000</u>	<u>11,114</u>	<u>3,886</u>	<u>-</u>
Total Statutory Expenditures	<u>1,035,157</u>	<u>1,035,157</u>	<u>986,080</u>	<u>49,077</u>	<u>-</u>
Total Statutory Expenditures - Municipal Within "CAPS"	<u>1,035,157</u>	<u>1,035,157</u>	<u>986,080</u>	<u>49,077</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>8,987,579</u>	<u>8,986,849</u>	<u>8,237,780</u>	<u>749,069</u>	<u>-</u>

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATIONS - EXCLUDED FROM "CAPS"	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
UTILITY EXPENSES AND BULK PURCHASES					
Northwest Bergen Sewer Authority					
Share of Costs	\$ 1,695,453	\$ 1,695,453	\$ 1,695,453		
Village of Ridgewood - Contractual - Sewer	5,600	5,600	5,600		
Boro of Ho-Ho-Kus - Contractual - Sewer	3,200	3,930	3,929	\$ 1	
Recycling Tax Appropriation	14,000	14,000	13,239	761	
EDUCATION FUNCTION					
Maintenance of Free Public Library	564,496	564,496	546,615	17,881	
PUBLIC SAFETY FUNCTION					
"911" Telecommunications System	10,623	10,623	10,623	-	
PUBLIC WORKS FUNCTION					
NJPDES Stormwater Permit					
Streets and Roads					
Salaries and Wages	19,000	19,000	19,000	-	
Other Expenses	2,600	2,600	2,600	-	
INTERLOCAL MUNICIPAL SERVICE					
AGREEMENTS					
Public Safety - Police Training					
Salaries and Wages	11,937	11,937	11,937	-	
Other Expense	34,063	34,063	27,176	6,887	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Recycling Tonnage Grant	11,770	11,770		11,770	
Police Vest Fund	4,583	4,583	4,548	35	
Motor Vehicle Inspection	400	400		400	
Police Donations	4,256	4,256	-	4,256	
Clean Communities Grant - Salaries and Wages	19,868	19,868	19,868	-	-
Total Operations Excluded from "CAPS"	2,401,849	2,402,579	2,360,588	41,991	-
Detail:					
Salaries and Wages	50,805	50,805	50,805	-	-
Other Expenses	2,351,044	2,351,774	2,309,783	41,991	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	283,808	283,808	283,808	-	-
Acquisition & Development of Land	300,000	300,000	17,400	282,600	-
Total Capital Improvements-Excluded from "CAPS"	583,808	583,808	301,208	282,600	-

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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	\$ 1,217,000	\$ 1,217,000	\$ 1,217,000		
Payment of Bond Anticipation Notes and Capital Notes	132,800	132,800	132,800		
Interest on Bonds	78,985	78,985	78,985		
Interest on Notes	94,300	94,300	93,749		\$ 551
NJ Infrastructure Trust Loan					
Loan Repayments for Principal and Interest	<u>11,741</u>	<u>11,741</u>	<u>11,740</u>	<u>-</u>	<u>1</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,534,826</u>	<u>1,534,826</u>	<u>1,534,274</u>	<u>-</u>	<u>552</u>
DEFERRED CHARGES MUNICIPAL -					
Deferred Charges					
General Capital Fund					
Unfunded - Ordinance No 06-06/20-06	<u>24,500</u>	<u>24,500</u>	<u>24,500</u>	<u>-</u>	<u>-</u>
Total Deferred Charges-Municipal Excluded from "CAPS"	<u>24,500</u>	<u>24,500</u>	<u>24,500</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,544,983</u>	<u>4,545,713</u>	<u>4,220,570</u>	<u>\$ 324,591</u>	<u>552</u>
Subtotal General Appropriations	13,532,562	13,532,562	12,458,350	1,073,660	552
Reserve for Uncollected Taxes	<u>958,380</u>	<u>958,380</u>	<u>958,380</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 14,490,942</u>	<u>\$ 14,490,942</u>	<u>\$ 13,416,730</u>	<u>\$ 1,073,660</u>	<u>\$ 552</u>
Cash Disbursed			\$ 11,616,432		
Accounts Payable			425,310		
Due to General Capital Fund			416,608		
Reserve for Uncollected Taxes			<u>958,380</u>		
			<u>\$ 13,416,730</u>		

**BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019**

Reference 2020 2019

ASSETS**ANIMAL CONTROL FUND**

Cash	B-3	\$ 19,492	\$ 16,725
Due from State of New Jersey	B-4	804	839
Due from Current Fund	B-5	-	15
		20,296	17,579

PARK AND RIDE CONTINGENCY FUND

Cash	B-3	30,329	23,723
		30,329	23,723

OTHER TRUST FUND

Cash	B-3	2,705,273	2,271,447
Due from Park and Ride Contingency Fund	B-7	4,006	4,006
		2,709,279	2,275,453

UNEMPLOYMENT INSURANCE TRUST FUND

Cash	B-3	65,916	66,010
Due from Current Fund	B-9	119	
Due from Other Trust Fund	B-10	2,317	2,388
		68,352	68,398

SELF INSURANCE TRUST FUND

Cash	B-3	145,354	146,855
		145,354	146,855

MUNICIPAL OPEN SPACE TRUST FUND

Cash	B-3	74,355	124,483
Due from Current Fund	B-19	14,735	328
		89,090	124,811

Total Assets		\$ 3,062,700	\$ 2,656,819
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BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2020</u>	<u>2018</u>
ANIMAL CONTROL FUND			
Due to Current Fund	B-5	\$ 29	
Reserve for Animal Control Expenditures	B-6	<u>20,267</u>	<u>\$ 17,579</u>
		<u>20,296</u>	<u>17,579</u>
PARK AND RIDE CONTINGENCY FUND			
Due to Other Trust Fund	B-7	4,006	4,006
Reserve for Park and Ride Expenditures	B-8	<u>26,323</u>	<u>19,717</u>
		<u>30,329</u>	<u>23,723</u>
OTHER TRUST FUND			
Due to Current Fund	B-15	133,361	126,513
Due to Unemployment Ins. Trust Fund	B-10	2,317	2,388
Due to General Capital Fund	C-6	50	50
Developer's Escrow and Other Reserves	B-16	1,999,500	1,859,356
Reserve for Payroll Deductions Payable	B-17	170,108	60,412
Reserve for COAH Expenditures	B-18	<u>403,943</u>	<u>226,734</u>
		<u>2,709,279</u>	<u>2,275,453</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to Current Fund	B-9		43
Due to State of New Jersey	B-11	9,263	449
Reserve for Unemployment Claims	B-12	<u>59,089</u>	<u>67,906</u>
		<u>68,352</u>	<u>68,398</u>
SELF-INSURANCE TRUST FUND			
Due to Current Fund	B-13	101	147
Reserve for Property Insurance Expenditures	B-14	<u>145,253</u>	<u>146,708</u>
		<u>145,354</u>	<u>146,855</u>
MUNICIPAL OPEN SPACE TRUST FUND			
Due to General Capital Fund	B-20	120,900	33,500
Reserve/(Deficit) for Expenditures	B-21	<u>(31,810)</u>	<u>91,311</u>
		<u>89,090</u>	<u>124,811</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,062,700</u>	<u>\$ 2,656,819</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALDWICK
STATEMENT OF REVENUES-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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	\$ 80,389	\$ 81,124	\$ 81,124	\$ -
Reserve Funds	-	92,366	92,366	-
	<u>\$ 80,389</u>	<u>\$ 173,490</u>	<u>\$ 173,490</u>	<u>\$ -</u>

EXHIBIT B-2

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
MUNICIPAL OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Development of Lands for Recreation and Conservation: Other Expenses	\$ 80,389	\$ 173,490	\$ 205,300	\$ (31,810)
	<u>\$ 80,389</u>	<u>\$ 173,490</u>	<u>\$ 205,300</u>	<u>\$ (31,810)</u>

Analysis of Paid or Charged

Cash Disbursements	\$ 117,900
Due to General Capital Fund	<u>87,400</u>
	<u>\$ 205,300</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Cash	C-2,C-3	\$ 2,668,294	\$ 2,294,543
Deferred Charges to Future Taxation			
Funded	C-7	9,586,762	3,835,035
Unfunded	C-8	42,520	4,733,897
Grant and Other Receivable	C-9	174,541	174,470
Due from Current Fund	C-4	404,063	
Due from Municipal Open Space Trust Fund	C-5	120,900	33,500
Due from Other Trust Fund	C-6	50	50
		<u>\$ 12,997,130</u>	<u>\$ 11,071,495</u>
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 9,496,000	\$ 3,735,000
Loans Payable	C-11	90,762	100,035
Bond Anticipation Notes	C-12		4,713,613
Improvement Authorizations			
Funded	C-13	987,979	450,106
Unfunded	C-13	602	965,125
Accounts Payable	C-14	1,679,088	586,504
Due to Current Fund	C-4		15,357
Reserve for Payment of Debt Service	C-15	34,536	34,536
Reserve for Pistol Range	C-16	31,396	24,536
Capital Improvement Fund	C-17	91,960	102,822
Fund Balance	C-1	584,807	343,861
		<u>\$ 12,997,130</u>	<u>\$ 11,071,495</u>

There were bonds and notes authorized but not issued of \$42,520. and \$72,625 at December 31, 2020 and 2019 respectively (Exhibit C-18).

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 343,861	\$ 321,048
Increased by:		
Premium on Sale of Bond Anticipation Notes	69,780	22,814
Cancelled Improvement Authorizations	<u>226,366</u>	<u>-</u>
	640,007	343,862
Decreased by:		
Appropriated to Finance Improvement Authorization	<u>55,200</u>	<u>1</u>
Balance, December 31	<u>\$ 584,807</u>	<u>\$ 343,861</u>

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Cash	D-5	\$ 1,932,298	\$ 1,642,551
Change Fund	D	100	100
Due from Water Utility Capital Fund	D-17	<u>-</u>	<u>17</u>
		<u>1,932,398</u>	<u>1,642,668</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	<u>64,391</u>	<u>37,773</u>
 Total Assets		 <u>\$ 1,996,789</u>	 <u>\$ 1,680,441</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	D-4,D-10	\$ 140,296	\$ 201,995
Accounts Payable	D-11	82,632	92,727
Prepaid Water Rents	D-12	5,552	5,191
Water Rent Overpayments	D-13	3,823	5,037
Due to Water Utility Capital Fund	D-17	4,531	
Due to Current Fund	D-18	544	-
Reserve for Tax Map	D-23	3,667	3,667
Reserve for Redemption of Tax Title Lien	D-24	-	326
Accrued Interest Payable on Bonds and Notes	D-19	6,406	7,525
Accrued Interest Payable on Loans	D-22	<u>7,188</u>	<u>7,708</u>
		254,639	324,176
Reserve for Receivables	D	64,391	37,773
Fund Balance	D-1	<u>1,677,759</u>	<u>1,318,492</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 1,996,789</u>	 <u>\$ 1,680,441</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019
(Continued)

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	D-5,D-6	\$ 386,399	\$ 193,151
Fixed Capital	D-8	9,236,995	8,996,596
Fixed Capital Authorized and Uncompleted	D-9	431,706	251,105
Due from Water Utility Operating Fund	D-17	<u>4,531</u>	<u>-</u>
 Total Assets		 <u>\$ 10,059,631</u>	 <u>\$ 9,440,852</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	D-21	\$ 1,376,000	\$ 518,000
State Water Loans Payable	D-14	643,165	697,981
Bond Anticipation Notes	D-20		600,387
Accounts Payable	D-11	103,822	15,667
Improvement Authorization			
Funded	D-15	233,679	
Unfunded	D-15	418	135,079
Due to Water Utility Operating Fund	D-17		17
Reserves for			
Amortization	D-25	7,649,118	7,418,157
Deferred Amortization	D-26	-	12,305
Payment of Debt	D-27	4,008	4,008
Capital Improvement Fund	D-16	14,643	14,643
Fund Balance	D-2	<u>34,778</u>	<u>24,608</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 10,059,631</u>	 <u>\$ 9,440,852</u>

There were bonds and notes authorized but not issued of \$418 and \$871 at December 31, 2020 and 2019, respectively. (Exhibit D-28).

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER INCOME		
Rents	\$ 1,917,337	\$ 1,814,529
Fire Hydrant Service	25,000	25,000
Miscellaneous	23,463	15,856
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	143,281	147,924
Cancelled Accounts Payable	<u>7,054</u>	<u>6,178</u>
	<u>2,116,135</u>	<u>2,009,487</u>
EXPENDITURES		
Budget Appropriations		
Operating	1,317,300	1,270,632
Capital Improvements	11,500	22,305
Debt Service	257,971	282,739
Deferred Charges and Statutory Expenditures	<u>170,097</u>	<u>150,705</u>
	<u>1,756,868</u>	<u>1,726,381</u>
Excess in Revenue	359,267	283,106
Fund Balance, January 1	<u>1,318,492</u>	<u>1,035,386</u>
Fund Balance, December 31	<u>\$ 1,677,759</u>	<u>\$ 1,318,492</u>

BOROUGH OF WALDWICK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 24,608	\$ 21,703
Increased by:		
Premium on Sale of Bonds	10,170	
Premium on Sale of Bond Anticipation Notes	<u>-</u>	<u>2,905</u>
Balance, December 31	<u>\$ 34,778</u>	<u>\$ 24,608</u>

EXHIBIT D-3

STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	\$ 1,725,921	\$ 1,917,337	\$ 191,416
Fire Hydrant Service	25,000	25,000	
Miscellaneous	<u>8,418</u>	<u>23,463</u>	<u>15,045</u>
	<u>\$ 1,759,339</u>	<u>\$ 1,965,800</u>	<u>\$ 206,461</u>
Analysis of Miscellaneous Revenue			
Interest on Investments and Deposits		\$ 14,927	
Interest and Costs on Delinquent Accounts		4,011	
Other Miscellaneous		<u>4,525</u>	
		<u>\$ 23,463</u>	
Analysis of Miscellaneous Revenue			
Cash Receipts		\$ 19,958	
Due From Water Capital		<u>3,505</u>	
		<u>\$ 23,463</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALDWICK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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	\$ 712,149	\$ 712,149	\$ 644,626	\$ 67,523	
Other Expenses	609,382	605,151	559,620	45,531	
Capital Improvements					
Capital Outlay	10,000	11,500	11,494	6	
Debt Service					
Payment of Bond Principal	159,000	159,000	159,000		
Payment of Bond Anticipation Notes	4,840	4,840	4,840		
Interest on Bonds	9,989	10,970	10,970		
Interest on Notes	12,670	12,670	10,822		\$ 1,848
Environmental Trust Principal & Interest	72,962	72,962	72,339		623
Statutory Expenditures					
Public Employees Retirement System	98,347	100,097	100,085	12	
Social Security System	70,000	70,000	42,776	27,224	-
	<u>\$ 1,759,339</u>	<u>\$ 1,759,339</u>	<u>\$ 1,616,572</u>	<u>\$ 140,296</u>	<u>\$ 2,471</u>
Cash Disbursed			\$ 1,490,206		
Accounts Payable			82,211		
Interest on Bonds and Notes			21,792		
Interest on Loans			17,523		
Due to Water Utility Capital			<u>4,840</u>		
			<u>\$ 1,616,572</u>		

BOROUGH OF WALDWICK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
Land	\$ 8,508,600	\$ 8,604,989
Buildings and Building Improvements	5,412,020	4,882,250
Machinery and Equipment	<u>7,301,209</u>	<u>7,073,793</u>
 Total Assets	 <u>\$ 21,221,829</u>	 <u>\$ 20,561,032</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 21,221,829</u>	<u>\$ 20,561,032</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2019 balances to conform to the December 31, 2020 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables (Continued)

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

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

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

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

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

Incurred But Not Reported (IBNR) Reserves and Claims Payable - The Borough has not created a reserve for any potential unreported self-insurance losses which have taken place but in which the Borough has not received notices or report of losses (i.e. IBNR). Additionally, the Borough has not recorded a liability for those claims filed, but which have not been paid (i.e. claims payable). GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining potential claims are recorded as a long-term obligation in the government-wide financial statements.

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. The Borough Council did not increase the original budget during 2020. During 2019 the Borough Council increased the original budget by \$2,478. In addition, the governing body approved several budget transfers during 2020 and 2019.

B. Deficit Fund Balances

The Borough has an accumulated deficit of \$31,810 in the Municipal Open Space Trust Fund. The Borough anticipates funding this deficit through the Municipal Open Space Budget in 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 all deposits not covered by the FDIC or NCUSIF.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2020 and 2019, the book value of the Borough's deposits were \$18,120,669 and \$15,808,139 and bank and brokerage firm balances of the Borough's deposits amounted to \$18,515,873 and \$16,234,477, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2020</u>	<u>2019</u>
Insured	\$ 17,627,051	\$ 15,350,375
Uninsured and Collateralized	<u>888,822</u>	<u>884,102</u>
	<u>\$ 18,515,873</u>	<u>\$ 16,234,477</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2020 and 2019, the Borough’s bank balances of \$888,822 and \$884,102 were exposed to custodial credit risk as follows:

	<u>2020</u>	<u>2019</u>
<u>Uninsured and Collateralized:</u>		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 888,822</u>	<u>\$ 884,102</u>

B. Investments

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2020 and 2019 the Borough had no outstanding investments.

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2020 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2020</u>			
Property Taxes	\$ 195,518		\$ 195,518
Utility Rents	-	\$ 64,391	64,391
	<u>\$ 195,518</u>	<u>\$ 64,391</u>	<u>\$ 259,909</u>

In 2020, the Borough collected \$360,959 and \$37,773 from delinquent taxes and utility charges and fees, which represented 99% and 100% of the delinquent tax and water charges receivable at December 31, 2019.

Receivables at December 31, 2019 consisted of the following:

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>		<u>2019</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 134,035	\$ 418,917	\$ 142,060	\$ 343
Trust Funds				
Animal Control		29	15	
Park and Ride Contingency		4,006		4,006
Other Trust	4,006	135,728	4,006	128,951
Unemployment Insurance Trust	2,436		2,388	43
Self-Insurance Trust Fund		101		147
Municipal Open Space	14,735	120,900	328	33,500
General Capital Fund	525,013		33,550	15,357
Water Utility Operating Fund		5,075	17	
Water Utility Capital Fund	4,531	-	-	17
	<u>\$ 684,756</u>	<u>\$ 684,756</u>	<u>\$ 182,364</u>	<u>\$ 182,364</u>
Total	<u>\$ 684,756</u>	<u>\$ 684,756</u>	<u>\$ 182,364</u>	<u>\$ 182,364</u>

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

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

NOTE 6 FUND BALANCES APPROPRIATED

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

	<u>2020</u>		<u>2019</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 7,453,810	\$ 1,525,102	\$ 6,912,503	\$ 1,261,311
Non-Cash Surplus	60,366	-	70,161	-
	<u>\$ 7,514,176</u>	<u>\$ 1,525,102</u>	<u>\$ 6,982,664</u>	<u>\$ 1,261,311</u>
Water Utility Operating Fund				
Cash Surplus	\$ 1,677,759	-	\$ 1,318,492	-
	<u>\$ 1,677,759</u>	<u>\$ -</u>	<u>\$ 1,318,492</u>	<u>\$ -</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 7 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2020 and 2019.

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Land	\$ 8,604,989		\$ 96,389	\$ 8,508,600
Buildings and Building Improvements	4,882,250	\$ 529,770		5,412,020
Machinery and Equipment	<u>7,073,793</u>	<u>531,916</u>	<u>304,500</u>	<u>7,301,209</u>
	<u>\$ 20,561,032</u>	<u>\$ 1,061,686</u>	<u>\$ 400,889</u>	<u>\$ 21,221,829</u>
	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Land	\$ 8,558,600	\$ 46,389		\$ 8,604,989
Buildings and Building Improvements	4,729,780	152,470		4,882,250
Machinery and Equipment	<u>6,982,412</u>	<u>382,345</u>	<u>\$ 290,964</u>	<u>7,073,793</u>
	<u>\$ 20,270,792</u>	<u>\$ 581,204</u>	<u>\$ 290,964</u>	<u>\$ 20,561,032</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 7 FIXED ASSETS (Continued)

B. Water Utility Fund Fixed Assets

The following is a summary of changes in the Water Utility Fund fixed assets for the years ended December 31, 2020 and 2019.

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Fixed Capital				
System and System Improvements	\$ 3,298,779	\$ 51,473		\$ 3,350,252
Tanks, Pumping Station Structures	3,033,192	22,013		3,055,205
Vehicles and Equipment	<u>2,664,625</u>	<u>166,913</u>	<u>-</u>	<u>2,831,538</u>
	<u>\$ 8,996,596</u>	<u>\$ 240,399</u>	<u>\$ -</u>	<u>\$ 9,236,995</u>
	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Fixed Capital				
System and System Improvements	\$ 3,298,410	\$ 369		\$ 3,298,779
Tanks, Pumping Station Structures	3,033,192			3,033,192
Vehicles and Equipment	<u>2,656,315</u>	<u>8,310</u>	<u>-</u>	<u>2,664,625</u>
	<u>\$ 8,987,917</u>	<u>\$ 8,679</u>	<u>\$ -</u>	<u>\$ 8,996,596</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects 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>2020</u>	<u>2019</u>
Issued		
General		
Bonds, Loans and Notes	\$ 9,586,762	\$ 8,548,648
Water Utility		
Bonds, Notes and Loans	<u>2,019,165</u>	<u>1,816,368</u>
Total Issued	11,605,927	10,365,016
Less Funds Temporarily Held to Pay Bonds and Notes	<u>38,544</u>	<u>90,885</u>
Net Debt Issued	11,567,383	10,274,131
Authorized But Not Issued		
General		
Bonds and Notes	42,520	72,625
Water Utility		
Bonds and Notes	<u>418</u>	<u>871</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,610,321</u>	<u>\$ 10,347,627</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .57% and .52% at December 31, 2020 and 2019, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 9,629,282	\$ 34,536	\$ 9,594,746
School Debt	1,250,000	1,250,000	
Water Utility Debt	<u>2,019,583</u>	<u>2,019,583</u>	<u>-</u>
Total	<u>\$ 12,898,865</u>	<u>\$ 3,304,119</u>	<u>\$ 9,594,746</u>

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

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>2020</u>	<u>2019</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 59,295,837	\$ 57,895,975
Less: Net Debt	<u>9,594,746</u>	<u>8,534,396</u>
Remaining Borrowing Power	<u>\$ 49,701,091</u>	<u>\$ 49,361,579</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2020</u>	<u>2019</u>
\$8,127,000, 2008 Bonds, due in an annual installment of \$802,000 due April, 2020, interest at 3.50%		\$ 802,000
\$4,508,000, 2014 Bonds, due in annual installments of \$415,000 to \$420,000 through November, 2026, interest at 2.00% to 2.50%	\$ 2,518,000	2,933,000
\$6,978,000, 2020 Bonds, due in annual installments of \$578,000 to \$850,000 through July, 2030, interest at 0.05% to 2.00%	<u>6,978,000</u>	<u>-</u>
	<u>\$ 9,496,000</u>	<u>\$ 3,735,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection and Energy for the financing relating to the Borough sanitary sewer infiltration and inflow reduction improvements. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
\$86,874, 2011 Fund Loan due in Semi-annual installments of \$1,589 to \$3,178 through August 2029, interest free	\$ 40,792	\$ 45,559
\$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>49,970</u>	<u>54,476</u>
	<u>\$ 90,762</u>	<u>\$ 100,035</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Water Utility Bonds

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

	<u>2020</u>	<u>2019</u>
\$1,144,000, 2008 Bonds, due in an annual installment of \$114,000 due April, 2020, interest at 3.50%		\$ 114,000
\$564,000, 2014 Bonds, due in annual installments of \$45,000 to \$60,000 through November, 2026, interest at 2.00% to 2.50%	\$ 359,000	404,000
\$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>1,017,000</u>	<u>-</u>
	<u>\$ 1,376,000</u>	<u>\$ 518,000</u>

Water Utility Intergovernmental Loans Payable

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

	<u>2020</u>	<u>2019</u>
\$566,508, 2010 Fund Loan due in Semi-annual installments of \$9,939 to \$19,877 through August 2030, interest free	\$ 298,165	\$ 327,981
\$545,000, 2010 Trust Loan due in Annual installments of \$25,000 to \$45,000 through August 2030, interest at 5.00%	<u>345,000</u>	<u>370,000</u>
	<u>\$ 643,165</u>	<u>\$ 697,981</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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

Calendar Year	General Bonds		General Loans		Water Utility Bonds		Water Utility Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 1,270,000	\$ 125,860	\$ 9,421	\$ 2,042	\$ 160,000	\$ 19,115	\$ 54,817	\$ 17,250	\$ 1,658,505
2022	1,170,000	116,835	9,584	1,879	160,000	17,865	59,817	16,000	1,551,980
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
2026-2030	<u>3,621,000</u>	<u>192,625</u>	<u>41,887</u>	<u>2,889</u>	<u>576,000</u>	<u>32,075</u>	<u>344,080</u>	<u>30,500</u>	<u>4,841,056</u>
	<u>\$ 9,496,000</u>	<u>\$ 731,713</u>	<u>\$ 90,762</u>	<u>\$ 11,328</u>	<u>\$ 1,376,000</u>	<u>\$ 114,850</u>	<u>\$ 643,165</u>	<u>\$ 102,750</u>	<u>\$ 12,566,568</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

	Balance, January 1, 2020	Additions	Reductions	Balance, December 31, 2020	Due Within One Year
<u>General Capital Fund</u>					
Bonds Payable	\$ 3,735,000	\$ 6,978,000	\$ 1,217,000	\$ 9,496,000	\$ 1,270,000
Intergovernmental Loans	<u>100,035</u>	<u>-</u>	<u>9,273</u>	<u>90,762</u>	<u>9,421</u>
General Capital Fund Long-Term Liabilities	<u>\$ 3,835,035</u>	<u>\$ 6,978,000</u>	<u>\$ 1,226,273</u>	<u>\$ 9,586,762</u>	<u>\$ 1,279,421</u>
<u>Water Utility Capital Fund</u>					
Bonds Payable	\$ 518,000	\$ 1,017,000	\$ 159,000	\$ 1,376,000	\$ 160,000
Intergovernmental Loans	<u>697,981</u>	<u>-</u>	<u>54,816</u>	<u>643,165</u>	<u>54,817</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 1,215,981</u>	<u>\$ 1,017,000</u>	<u>\$ 213,816</u>	<u>\$ 2,019,165</u>	<u>\$ 214,817</u>

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

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

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes

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

Water Utility Capital Fund

Various Public Improvements & Acquisitions	2.00%	7/24/2020	\$ 397,463	\$ 600,387	\$ 397,463	\$ 600,387
Total Water Capital Fund			\$ 397,463	\$ 600,387	\$ 397,463	\$ 600,387

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 8 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

NOTE 9 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project/Purpose</u>	<u>Construction / Other Commitment</u>	<u>Estimated Date of Completion</u>
<u>2020</u>		
Dump Truck with Plow/Salter	\$ 95,511	2021
Single Axle Dump Truck	111,238	2021
Tow Behind Generator	43,989	2021
Public Safety Radio Equipment	1,131,732	2021
<u>2019</u>		
DPW Lighting	\$ 28,730	2020
Maple Avenue, Section 2 Project	18,990	2020
Fire Engine with Equipment	350,270	2020
Fire Department Radio's	39,969	2020

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$873,388 and \$732,319 at December 31, 2020 and 2019, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2020 and 2019, the Borough has reserved in the Other Trust Fund \$150,378 and \$150,000, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Balance, January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences	\$ 732,319	\$ 141,069		\$ 873,388	
Net Pension Liability					
PERS	6,564,604		\$ 1,625,892	4,938,712	
PFRS	<u>5,769,451</u>	<u>759,802</u>	<u>-</u>	<u>6,529,253</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 13,066,374</u>	<u>\$ 900,871</u>	<u>\$ 1,625,892</u>	<u>\$ 12,341,353</u>	<u>\$ -</u>
	Balance, January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
Compensated Absences	\$ 625,754	\$ 106,565		\$ 732,319	
Net Pension Liability					
PERS	7,373,985		\$ 809,381	6,564,604	
PFRS	<u>7,911,949</u>	<u>-</u>	<u>2,142,498</u>	<u>5,769,451</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 15,911,688</u>	<u>\$ 106,565</u>	<u>\$ 2,951,879</u>	<u>\$ 13,066,374</u>	<u>\$ -</u>

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

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

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

The following represents the membership tiers for PERS:

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 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 2020 and 2019 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 2020, 2019 and 2018 were equal to the required contributions.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2020, 2019 and 2018, 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>
2020	\$ 476,211	\$ 354,384	\$ 11,114
2019	571,630	372,520	11,541
2018	555,056	342,725	1,261

In addition for the years ended December 31, 2020, 2019 and 2018 the Borough contributed for long-term disability insurance premiums (LTDI) \$901, \$1,041 and \$2,560, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No. 68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the Borough reported a liability of \$4,938,712 and \$6,564,604, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .03029 percent, which was a decrease of .00614 percent from its proportionate share measured as of June 30, 2019 of .03643 percent.

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough’s pension expense (benefit) to be \$(216,852) and \$221,257, respectively, for PERS based on the actuarial valuations which is less than the actual contributions reported in the Borough’s financial statements of \$354,384 and \$372,520, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 89,926	\$ 17,465	\$ 117,826	\$ 29,000
Changes of Assumptions	160,217	2,067,885	655,500	2,278,553
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	168,809			103,625
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>62,236</u>	<u>1,393,093</u>	<u>161,122</u>	<u>442,790</u>
Total	<u>\$ 481,188</u>	<u>\$ 3,478,443</u>	<u>\$ 934,448</u>	<u>\$ 2,853,968</u>

At December 31, 2020 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>
2021	\$ (1,047,072)
2022	(942,991)
2023	(597,499)
2024	(347,632)
2025	(62,061)
Thereafter	<u>-</u>
	<u>\$ (2,997,255)</u>

**BOROUGH OF WALDWICK
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020 and 2019</u>
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 Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations 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 THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement dates of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

<u>2020</u>	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>6,217,015</u>	\$ <u>4,938,712</u>	\$ <u>3,854,037</u>
<u>2019</u>	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>8,292,162</u>	\$ <u>6,564,604</u>	\$ <u>5,108,892</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2020 and 2019, the Borough reported a liability of \$6,529,253 and \$5,769,451, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .05053 percent, which was an increase of .00339 percent from its proportionate share measured as of June 30, 2019 of .04714 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be \$126,589 and \$145,952, respectively, for PFRS based on the actuarial valuations which are less than the actual contributions reported in the Borough's financial statements of \$476,211 and \$571,630, respectively. At December 31, 2020 and 2019, 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>2020</u>		<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 65,826	\$ 23,433	\$ 48,702	\$ 36,527
Changes of Assumptions	16,431	1,750,454	197,693	1,864,634
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	382,841			78,174
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>625,525</u>	<u>1,506,034</u>	<u>333,240</u>	<u>1,987,325</u>
Total	<u>\$ 1,090,623</u>	<u>\$ 3,279,921</u>	<u>\$ 579,635</u>	<u>\$ 3,966,660</u>

**BOROUGH OF WALDWICK
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (568,608)
2022	(568,608)
2023	(568,606)
2024	(495,266)
2025	11,790
Thereafter	<u>-</u>
	<u>\$ (2,189,298)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

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

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit		
Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement dates of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>8,682,563</u>	\$ <u>6,529,253</u>	\$ <u>4,740,765</u>
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>7,798,195</u>	\$ <u>5,769,451</u>	\$ <u>4,090,373</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF WALDWICK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,013,310 and \$911,077, respectively. For the years ended December 31, 2020 and 2019, 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 \$114,838 and \$105,852, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$77,974 and \$61,383, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .05053 percent, which was an increase of .00339 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .04714 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2020 was not available and for 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

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

Actuarial Methods and Assumptions

In the June 30, 2018 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.

The employers participating in the OPEB plan made contributions of \$346.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

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

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

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 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 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 75 financial information for the year ended December 31, 2020 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, 2019. Employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation

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

At December 31, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$6,858,025. For the year ended December 31, 2019 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$90,905. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .12411 percent, which was an increase of .00798 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .11613 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

Actuarial Assumptions

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

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

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

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

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%

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

OPEB Plan Fiduciary Net Position

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

NOTE 13 RISK MANAGEMENT

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

The Borough has established a Self-Insurance Trust Fund for the purpose of funding non-reimbursable property, plant and equipment claims as well as the deductible portion of the claims. As of December 31, 2020 and 2019 the Borough has available in the Self-Insurance Trust Fund \$145,253 and \$146,708, 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 Fund is a risk-sharing public entity pool. The BJIF and MEL coverage amounts are on file with the Borough.

**BOROUGH OF WALDWICK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 201\8**

NOTE 13 RISK MANAGEMENT (Continued)

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020	\$ 6,587	\$ 20,306	\$ 59,089
2019	8,034	13,138	67,906
2018	8,622	8,489	73,010

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2020 and 2019. 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, 2020 and 2019, the Borough reserved \$300,000 and \$400,000, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2020 and 2019, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF WALDWICK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2020 and 2019, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 16 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Pandemic”). 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 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 in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 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. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Borough cannot predict how the outbreak will impact the financial condition or operations of the Borough, or if there will be any impact on the assessed values of property within the Borough or deferral of tax payments to municipalities. The Borough cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

NOTE 17 SUBSEQUENT EVENTS

Debt Authorized

On April 27, 2021 the Borough adopted a bond ordinance authorizing the issuance \$1,336,000 in Bonds or bond anticipation notes to fund certain General Capital Fund projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On April 27, 2021 the Borough adopted a bond ordinance authorizing the issuance \$465,000 in Bonds or bond anticipation notes to fund certain Water Utility Capital Fund 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, 2020		\$ 9,027,351
Increased by Receipts:		
Revenue Accounts Receivable	\$ 3,610,121	
Non-Budget Revenue	174,082	
Senior Citizens' and Veterans' Deductions - Due from State of NJ	74,627	
Taxes Receivable	44,763,426	
Grants Receivable	34,605	
Receipts from Animal Control Trust Fund	242	
Receipts from Unemployment Insurance Trust Fund	162	
Receipts from Other Trust Fund	7,679	
Receipts from Self Insurance Fund	1,653	
Receipts from General Capital Fund	26,778	
Tax Overpayments	66,159	
Prepaid Taxes	279,859	
Construction Code Fees Payable	<u>10,689</u>	
		<u>49,050,082</u>
		58,077,433
Decreased by Disbursements:		
2020 Budget Appropriations	11,616,432	
2019 Appropriation Reserves	154,582	
Accounts Payable	455,060	
Public and Private Programs- Appropriated Reserves	3,535	
Tax Overpayments	97,599	
County Taxes Payable	4,243,482	
Local District School Taxes Payable	31,313,952	
Payments to Municipal Open Space Trust Fund	80,717	
Payments for Water Utility Operating Fund	544	
Construction Code Fees Payable	12,606	
Refund of Prior Year Revenue	<u>7,265</u>	
		<u>47,985,774</u>
Balance, December 31, 2020		<u>\$ 10,091,659</u>

**BOROUGH OF WALDWICK
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2020</u>	Balance, December 31, <u>2020</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>

EXHIBIT A-6

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

Balance, January 1, 2020		\$ 51,973
Increased by:		
Senior Citizens' Deductions Per Tax Billings	\$ 11,500	
Veterans' Deductions Per Tax Billings	64,750	
Senior Citizens/Veterans' Deductions Allowed by Tax Collector-2020	3,500	
Senior Citizens/Veterans' Deductions Allowed by Tax Collector-2019	<u>500</u>	
		<u>80,250</u>
		132,223
Decreased by:		
Cash Received from State of New Jersey	74,627	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2020	3,950	
Senior Citizens/Veterans' Deductions Disallowed by Tax Collector-2019	<u>3,250</u>	
		<u>81,827</u>
Balance, December 31, 2020		<u>\$ 50,396</u>

**BOROUGH OF WALDWICK
STATEMENT OF TAXES RECEIVABLE**

<u>Year</u>	Balance, January 1, <u>2020</u>	<u>2020 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>2020</u>
				<u>2019</u>	<u>2020</u>			
2018	\$ 83				\$ 83			
2019	361,096		\$ 3,250		360,376	\$ 500	\$ 3,095	\$ 375
2020	<u>-</u>	<u>\$ 44,893,448</u>	<u>3,950</u>	<u>\$ 196,428</u>	<u>44,402,967</u>	<u>79,750</u>	<u>23,110</u>	<u>195,143</u>
	<u>\$ 361,179</u>	<u>\$ 44,893,448</u>	<u>\$ 7,200</u>	<u>\$ 196,428</u>	<u>\$ 44,763,426</u>	<u>\$ 80,250</u>	<u>\$ 26,205</u>	<u>\$ 195,518</u>

Analysis of 2020 Property Tax Levy

Tax Yield

General Purpose Tax	\$ 44,487,000
Added Taxes (54:4-63.1 et seq.)	<u>406,448</u>
	<u>\$ 44,893,448</u>

Tax Levy

Local District School Tax (Abstract)	\$ 31,313,952
County Tax (Abstract)	\$ 4,061,214
County Open Space Tax (Abstract)	170,393
Due for Added and Omitted Taxes (54:4-63.1 et seq.)	<u>38,627</u>
	4,270,234
Local Tax for Municipal Purposes	8,296,094
Minimum Library Tax	564,496
Municipal Open Space Tax	80,389
Municipal Open Space Tax Added	735
Add Additional Tax Levies	<u>367,548</u>
	<u>9,309,262</u>
	<u>\$ 44,893,448</u>

**BOROUGH OF WALDWICK
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2020</u>	<u>Accrued</u>	<u>Collections</u>	Balance, December 31, <u>2020</u>
Municipal Alliance Program-Donation	\$ 13,684		\$ 12,200	\$ 1,484
Clean Communities	2,026	\$ 19,868	17,915	3,979
BCUA Recycling Enhancement	2,478	-	2,227	251
Police Vest		2,263	2,263	
Police Donation	-	4,256	-	4,256
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 18,188</u>	<u>\$ 26,387</u>	<u>\$ 34,605</u>	<u>\$ 9,970</u>

BOROUGH OF WALDWICK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2020</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2020</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 18,720	\$ 18,720	
Other		955	955	
Fees and Permits		13,340	13,340	
Tax Collector				
Fees and Permits		620	620	
Board of Health				
Licenses		20,599	20,599	
Construction Code Official				
Fees and Permits		210,079	210,079	
Fire Prevention Bureau				
Fees and Permits		19,040	19,040	
Police				
Fees and Permits		955	955	
Swimming Pool				
Fees and Permits		56,510	56,510	
Park and Ride Contingency Fund				
Fees and Permits		56,881	56,881	
Parking Meter				
Fees and Permits		94	94	
Sewer Connection				
Fees and Permits		1,088	1,088	
Municipal Court				
Fines and Costs	\$ 3,299	27,965	29,058	\$ 2,206
Interest and Costs on Taxes		94,625	94,625	
Sewer Privileges - Midland Park and Wyckoff		59,859	59,859	
Cable Television Franchise Fees		149,406	149,406	
Energy Receipts Tax		2,327,293	2,327,293	
Supplemental Energy Receipts Tax		141,307	141,307	
Police Training - Various Municipal Agreements		45,998	45,998	
Uniform Fire Safety Act		14,244	14,244	
Other Trust Fund - Reserve for Police Vehicles				
Solar Energy Credit		5,175	5,175	
Cell Site Rent	-	344,275	344,275	-
	<u>\$ 3,299</u>	<u>\$ 3,609,028</u>	<u>\$ 3,610,121</u>	<u>\$ 2,206</u>

**BOROUGH OF WALDWICK
STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance, January 1, <u>2020</u>	Cancelled <u>Payables</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages					
General Administration	\$ 558		\$ 558		\$ 558
Mayor and Council	100		100		100
Municipal Clerk	5		5		5
Financial Administration	135	\$ 3,836	3,971		3,971
Revenue Administration	7		7		7
Tax Assessment Administration	162		162	\$ 162	
Planning Board	342		342		342
Uniform Construction Code	3,468	219	3,687		3,687
Police	99,335		99,335	8,867	90,468
Fire	809		809		809
Fire Prevention	5,228		5,228		5,228
Streets and Road Maintenance	46,959		46,959	9,127	37,832
Recycling	248		248		248
Recreation Services and Programs	405		405		405
Municipal Court	28,120	-	28,120	3,139	24,981
	<u>185,881</u>	<u>4,055</u>	<u>189,936</u>	<u>21,295</u>	<u>168,641</u>
Total Salaries and Wages					
Other Expenses					
General Administration	2,449		2,449	2,406	43
Mayor and Council	1,988		1,988	568	1,420
Municipal Clerk	356		356	182	174
Audit Services	3,426		3,426	2,996	430
Revenue Administration	4,487		4,487	2,438	2,049
Tax Assessment Administration	2,194		2,194	324	1,870
Legal Services & Costs	3,366	23,916	27,282		27,282
Engineering Services & Costs	87	2,318	2,405		2,405
Planning Board	836		836	111	725
Board of Adjustments	1,323		1,323		1,323
Insurance					
General Liability	99,472		99,472	82,091	17,381
Employee Group Health	24,295	2,783	27,078		27,078
Health Benefit Waiver	157		157		157
Police	5,781		5,781	2,913	2,868
Office of Emergency Management	500		500		500
Aid to Volunteer Ambulance Companies	1,486		1,486	236	1,250
Fire	16,409		16,409	2,955	13,454
Fire Prevention	13,799		13,799	5,177	8,622
Streets and Road Maintenance	54	1,425	1,479		1,479
Snow Removal	2,620	5,255	7,875		7,875
Municipal Park and Ride	26		26	19	7
Traffic Control Devices	1,638		1,638	346	1,292
Recycling	25,148	2,915	28,063		28,063
Public Buildings and Grounds	10,508	2,070	12,578		12,578
Vehicle Maintenance	48,506		48,506	1,201	47,305

BOROUGH OF WALDWICK
STATEMENT OF 2019 APPROPRIATION RESERVES
(Continued)

	Balance, January 1, 2020	Cancelled Payables	Balance After Modification	Expended	Balance Lapsed
Northwest Bergen Comm. Contractual	\$ 1,725	\$ 280	\$ 2,005		\$ 2,005
Welfare/Administration of Public Assistance	100		100		100
Recreation Services & Programs	4,457		4,457		4,457
Municipal Court	4,896		4,896	\$ 769	4,127
Public Defender	227		227		227
Celebration of Public Events	2,948		2,948		2,948
Uniform Construction Code	2,089		2,089	1,783	306
Fuel Oil	19,234		19,234	3,406	15,828
Electricity	26,892		26,892	26,085	807
Telephone	1,891	1,369	3,260		3,260
Natural Gas	6,068		6,068	4,451	1,617
Street Lighting	3	53	56		56
Water	1,472		1,472		1,472
Sewerage Processing and Disposal	4,124		4,124	1,569	2,555
Sanitary Landfill Dump Fees	66,381	68	66,449		66,449
Social Security System	19,508		19,508	3,333	16,175
Public Employee Retirement System	543		543	535	8
Boro of Ho-Ho-Kus - Contractual - Sewer	3,080		3,080	3,080	
Recycling Tax Appropriation	-	4,050	4,050		4,050
Maintenance of Free Public Library	7,621		7,621		7,621
"911" Telecommunications System	5		5		5
Streets and Roads	243		243		243
Public Safety - Police Training	7,070		7,070	7,070	
Recycling Tonnage Grant	11,770		11,770	11,770	
NJ Alcohol Rehab Program	579		579	579	
Street Grant - Reserve	1,578		1,578	1,578	
Police Donations	1,425		1,425		1,425
BCUA Recycling Enhancement Grant	2,478	-	2,478	2,478	-
	<u>469,318</u>	<u>46,502</u>	<u>515,820</u>	<u>172,449</u>	<u>343,371</u>
	<u>\$ 655,199</u>	<u>\$ 50,557</u>	<u>\$ 705,756</u>	<u>\$ 193,744</u>	<u>\$ 512,012</u>

Cash Disbursed	\$ 154,582
Accounts Payable	10,984
Appropriated Grant Reserves	14,178
Due to Municipal Open Space Trust Fund	<u>14,000</u>
	<u>\$ 193,744</u>

**BOROUGH OF WALDWICK
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2020		\$ 506,987
Increased by:		
Charges to 2020 Budget Appropriation	\$ 425,310	
Transferred from 2019 Appropriation Reserves	<u>10,984</u>	
		<u>436,294</u>
		943,281
Decreased by:		
Cash Disbursements	455,060	
Cancelled Payables Restored to 2019 Appropriation Reserves	50,557	
Cancellations	<u>1,370</u>	
		<u>506,987</u>
Balance, December 31, 2020		<u>\$ 436,294</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2020		\$ 196,428
Increased by:		
2021 Taxes Collected		<u>279,859</u>
		476,287
Decreased by:		
Applied to 2020 Taxes		<u>196,428</u>
Balance, December 31, 2020		<u>\$ 279,859</u>

**BOROUGH OF WALDWICK
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2020		\$ 47,757
Increased by:		
Overpayments		<u>66,159</u>
		113,916
Decreased by:		
Refunds	\$ 97,599	
Cancellations	<u>16,317</u>	
		<u>113,916</u>
		<u>\$ -</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, January 1, 2020		\$ 11,875
Increased by:		
2020 Tax Levy		
County Taxes	\$ 4,061,214	
County Open Space Preservation	170,393	
Added and Omitted Taxes	<u>38,627</u>	
		<u>4,270,234</u>
		4,282,109
Decreased by:		
Payments		<u>4,243,482</u>
Balance, December 31, 2020		<u>\$ 38,627</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
Levy - Calendar Year 2020		\$ 31,313,952
Decreased by:		
Payments		<u>\$ 31,313,952</u>

**BOROUGH OF WALDWICK
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, January 1, <u>2020</u>	Anticipated <u>Revenue</u>	Balance, December 31, <u>2020</u>
Tax Appeals	\$ 400,000	\$ 100,000	\$ 300,000
Sale of Municipal Assets	212,162	200,000	12,162
Police Donations	<u>1,425</u>	<u>-</u>	<u>1,425</u>
	<u>\$ 613,587</u>	<u>\$ 300,000</u>	<u>\$ 313,587</u>

EXHIBIT A-17

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

	Balance, January 1, <u>2020</u>	Transferred from 2019 Appropriation Reserves	Cash Disbursed	Cancelled	Balance, December 31, <u>2020</u>
Drunk Driving Enforcement Fund	\$ 28,024				\$ 28,024
NJ Alcohol Rehab. Program - Court	6,344	\$ 579	\$ 1,200		5,723
Police Other Expenses	2			\$ 2	-
Stormwater Grant	10,261				10,261
Police Vest Fund	1,187		1,187		-
History Grant	274				274
Crime Prevention Grant	3,136		1,148		1,988
Municipal Alliance - Local Share	1,484				1,484
Recycling Grant	12,782	11,770			24,552
Steed Grant		1,578			1,578
BCUA Recycling Enhanced Grant	<u>-</u>	<u>251</u>	<u>-</u>	<u>-</u>	<u>251</u>
	<u>\$ 63,494</u>	<u>\$ 14,178</u>	<u>\$ 3,535</u>	<u>\$ 2</u>	<u>\$ 74,135</u>

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

	Balance, January 1, 2020	Cash Received	Anticipated Revenue	Balance, December 31, 2020
Police Vest	\$ 2,321		\$ 2,321	\$ -
Recycling Tonnage Grant	11,770		11,770	
Motor Vehicle Inspection Fine	400	-	400	-
	<u>\$ 14,491</u>	<u>\$ -</u>	<u>\$ 14,491</u>	<u>\$ -</u>

EXHIBIT A-19

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

Balance, January 1, 2020	\$ 5,887
Increased by:	
Cash Received	<u>10,689</u>
	16,576
Decreased by:	
Payments to State of New Jersey	<u>12,606</u>
Balance, December 31, 2020	<u>\$ 3,970</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, 2020	\$ 16,725	\$ 23,723	\$ 2,271,447	\$ 66,010	\$ 146,855	\$ 124,483
Increased by Receipts:						
COAH Proceeds			\$ 207,501			
Interest on Investments and Deposits	\$ 286	\$ 286	14,527		1,607	\$ 1,055
Cancelled Outstanding Checks				\$ 4,902		
Employee Payroll Deductions			5,784,298	6,658		
Developer's Escrow and Other Reserves			823,491			
State Dog License Fees	1,231					
Dog License Fees	11,771					
Late Fees Collected	690					
Park & Ride Permits		6,320				
Receipts from Current Fund						80,717
Receipts for Unemployment Trust			6,587			
Insurance Reimbursements					12,103	
Budget Appropriation	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,430</u>	<u>-</u>
	<u>16,478</u>	<u>6,606</u>	<u>6,836,404</u>	<u>11,560</u>	<u>21,140</u>	<u>81,772</u>
	33,203	30,329	9,107,851	77,570	167,995	206,255
Decreased by Disbursements:						
Expenditures Under R.S. 4:19-15.11	12,273					
Payments to Current Fund	242		7,679	162	1,653	
Payments for Current Fund						14,000
Payments to Unemployment Trust Fund			6,658			
Payments to State of New Jersey	1,196			11,492		
Developer's Escrow and Other Reserves			683,347			
Payroll Deductions Payable			5,674,602			
Reserve for COAH Expenditures			30,292			
Reserve for Municipal Open Space						117,900
Self-Insurance Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,988</u>	<u>-</u>
	<u>13,711</u>	<u>-</u>	<u>6,402,578</u>	<u>11,654</u>	<u>22,641</u>	<u>131,900</u>
Balance, December 31, 2020	<u>\$ 19,492</u>	<u>\$ 30,329</u>	<u>\$ 2,705,273</u>	<u>\$ 65,916</u>	<u>\$ 145,354</u>	<u>\$ 74,355</u>

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

Balance, January 1, 2020	\$	839
Increased by:		
Payments to State of New Jersey		<u>1,196</u>
		2,035
Decreased by:		
State Share Dog License Fees Collected		<u>1,231</u>
Balance, December 31, 2020	\$	<u><u>804</u></u>

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

Balance, January 1, 2020 (Due from)	\$	15
Increased by:		
Cash Disbursements		<u>242</u>
		257
Decreased by:		
Interest on Investments		<u>286</u>
Balance, December 31, 2020 (Due to)	\$	<u><u>29</u></u>

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

Balance, January 1, 2020	\$	17,579
Increased by:		
Dog License Fees Collected	\$	11,771
Late Fees Collected		690
2020 Budget Appropriation		<u>2,500</u>
		<u>14,961</u>
		32,540
Decreased by:		
Expenditures Under R.S. 4:19 - 15.11		<u>12,273</u>
Balance, December 31, 2020	\$	<u><u>20,267</u></u>

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

Balance, January 1, 2020	\$ <u>4,006</u>
Balance, December 31, 2020	\$ <u><u>4,006</u></u>

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

Balance, January 1, 2020	\$ 19,717
Increased by:	
Park and Ride Permits Collected	\$ 6,320
Interest on Investments	<u>286</u>
	<u>6,606</u>
Balance, December 31, 2020	\$ <u><u>26,323</u></u>

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

Balance, January 1, 2020 (Due To)	\$ 43
Decreased by:	
Payments to Current Fund	162
Balance, December 31, 2020 (Due from)	\$ 119

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

Balance, January 1, 2020	\$ 2,388
Increased by:	
Employee Payroll Deductions Received in Other Trust	6,587
	8,975
Decreased by:	
Cash Receipts	6,658
Balance, December 31, 2020	\$ 2,317

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

Balance, January 1, 2020	\$ 449
Increased by:	
Benefits Due to State of New Jersey	20,306
	20,755
Decreased by:	
Payments to State of New Jersey	11,492
Balance, December 31, 2020	\$ 9,263

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

Balance, January 1, 2020		\$	67,906
Increased by:			
Cancelled Outstanding Check	4,902		
Employee Payroll Deductions	<u>6,587</u>		
			<u>11,489</u>
			79,395
Decreased by:			
Benefits Due State of New Jersey			<u>20,306</u>
Balance, December 31, 2020		\$	<u><u>59,089</u></u>

EXHIBIT B-13

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

Balance, January 1, 2020		\$	147
Increased by:			
Interest on Investments and Deposits			<u>1,607</u>
			1,754
Decreased by:			
Payments to Current Fund			<u>1,653</u>
Balance, December 31, 2020		\$	<u><u>101</u></u>

EXHIBIT B-14

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

Balance, January 1, 2020		\$	146,708
Increased by:			
Insurance Reimbursements	\$ 12,103		
2020 Budget Appropriation	<u>7,430</u>		
			<u>19,533</u>
			166,241
Decreased by:			
Expenditures			
Property Insurance Expenditures			<u>20,988</u>
Balance, December 31, 2020		\$	<u><u>145,253</u></u>

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

Balance, January 1, 2020	\$	126,513
Increased by:		
Interest on Investments		14,527
		141,040
Decreased by:		
Payments to Current Fund		7,679
Balance, December 31, 2020	\$	133,361

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

	Balance, January 1, <u>2020</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2020</u>
Performance and Maintenance Bonds	\$ 262,213	\$ 49,010	\$ 127,759	\$ 183,464
Developer's and Other Escrows	535,902	55,700	133,687	457,915
Road Openings	6,600	4,500	4,500	6,600
Dumpster Permits		1,200	800	400
Vacant Properties	48,720	1,001	6,399	43,322
TTL Premiums	368,700	385,000	118,000	635,700
Municipal Court - P.O.A.A.	2,860	39	383	2,516
Police Outside Duty	264,206	147,314	128,709	282,811
Police Donations	4,256	1,620	367	5,509
Evidence Money	400		400	-
Swim Meet	3,165		1,748	1,417
Basketball Program	35,911	77,325	71,662	41,574
Municipal Alliance - Teen Canteen	20,497	10,189	12,200	18,486
Storm Recovery Trust	126,158	66,902	52,828	140,232
Wall of Heroes	9,474	90	1,066	8,498
Yoga in the Park	1,106			1,106
Fire Prevention Trust Deposits	1,600	150		1,750
Fire Department Trust Deposits	1,560	150		1,710
Tennis	1,228			1,228
Accumulated Absences	150,000	378		150,378
E-Bay	100	14,573	14,658	15
Flexible Spending	14,700	8,350	8,181	14,869
	\$ 1,859,356	\$ 823,491	\$ 683,347	\$ 1,999,500

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

Balance, January 1, 2020	\$ 60,412
Increased by:	
Cash Receipts	<u>5,784,298</u>
	5,844,710
Decreased by:	
Cash Disbursements	<u>5,674,602</u>
Balance, December 31, 2020	<u>\$ 170,108</u>

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

Balance, January 1, 2020	\$ 226,734
Increased by:	
Cash Receipts	<u>207,501</u>
	434,235
Increased by:	
Cash Disbursements	<u>30,292</u>
Balance, December 31, 2020	<u>\$ 403,943</u>

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

Balance, January 1, 2020	\$ 328
Increased by:	
Payments for Current Fund	\$ 14,000
2020 Tax Levy	80,389
2020 Added Tax Levy	<u>735</u>
	<u>95,124</u>
	95,452
Decreased by:	
Cash Receipts	<u>80,717</u>
Balance, December 31, 2020	<u>\$ 14,735</u>

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

Balance, January 1, 2020	\$ 33,500
Increased by:	
General Capital Fund Improvement Authorizations	<u>87,400</u>
Balance, December 31, 2020	<u>\$ 120,900</u>

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

Balance, January 1, 2020	\$ 91,311
Increased by:	
Due from Current Fund:	
2020 Tax Levy	\$ 80,389
2020 Added Tax Levy	<u>735</u>
	\$ 81,124
Interest on Investments and Deposits	<u>1,055</u>
	<u>82,179</u>
	173,490
Decreased by:	
Cash Disbursements	117,900
General Capital Fund Improvement Authorizations	<u>87,400</u>
	<u>205,300</u>
Balance, December 31, 2020	<u>\$ (31,810)</u>

GENERAL CAPITAL FUND

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

Balance, January 1, 2020		\$ 2,294,543
Increased by:		
Grants and Other Receivables	\$ 315,530	
2020 Budget Appropriation	24,500	
2019 Budget Appropriation:		
Reserve for Pistol Range	6,860	
Interest on Investments and Deposits	23,966	
Serial Bonds Issued	6,978,000	
Premium on Sale of Bond Anticipation Notes	<u>69,780</u>	
		<u>7,418,636</u>
		9,713,179
Decreased by Disbursements:		
Bond Anticipation Notes	4,580,813	
Improvement Authorizations	1,726,839	
Disbursements to Current Fund	26,778	
Payments for Current Fund	132,800	
Accounts Payable	<u>577,655</u>	
		<u>7,044,885</u>
Balance, December 31, 2020		<u>\$ 2,668,294</u>

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

		Balance, December 31, <u>2020</u>
Fund Balance		\$ 584,807
Capital Improvement Fund		91,960
Grant and Other Receivables		(174,541)
Accounts Payable		1,679,088
Due from Current Fund		(404,063)
Due from Municipal Open Space Trust Fund		(120,900)
Due from Other Trust Fund		(50)
Reserve for Payment of Debt Service		34,536
Reserve for Pistol Range		31,396
Improvement Authorizations:		
<u>Ord.</u>	<u>Improvement Description</u>	
<u>No.</u>		
2-96	Various Improvements and Acq. of Equipment	6,700
6-06/20-06	Various Public Improvements & Acquisitions	(41,918)
01-09	Various Public Improvements & Acquisitions	2,933
5-10	Various Public Impvts. & Acq. Of Equip.	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
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	3,221
01-18	Various Public Improvements & Acquisitions	172,409
12-18/22-18	Various Public Improvements	20,072
02-19	Various Public Improvements	8,777
03-19	Various Public Improvements	209,853
07-19	Various Public Improvements	10,000
02-20	Various Public Improvements	22,882
08-20	Various Public Improvements & Acquisitions	183,137
07-20/11-20	Various Public Improvements & Acquisitions	237,774
		<u>\$ 2,668,294</u>

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

Balance, January 1, 2020 (Due to)		\$ 15,357
Increased by:		
Interest on Investments		23,966
		39,323
Decreased by:		
2020 Budget Appropriation	\$ 283,808	
Notes Paid by General Capital Fund	132,800	
Cash Disbursements	26,778	
		443,386
Balance, December 31, 2020 (Due from)		\$ 404,063

EXHIBIT C-5

STATEMENT OF DUE FROM MUNICIPAL OPEN SPACE TRUST FUND

Balance, January 1, 2020		\$ 33,500
Increased by:		
Improvement Authorizations Funded by Municipal Open Space		87,400
Balance, December 31, 2020		\$ 120,900

EXHIBIT C-6

STATEMENT OF DUE FROM OTHER TRUST FUND

Balance, January 1, 2020		\$ 50
Balance, December 31, 2020		\$ 50

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

Balance, January 1, 2020		\$ 3,835,035
Increased by:		
Serial Bonds Issued		<u>6,978,000</u>
		10,813,035
Decreased by:		
2020 Budget Appropriation		
Bond Principal	\$ 1,217,000	
Loan Principal	<u>9,273</u>	
		<u>1,226,273</u>
Balance, December 31, 2020		<u>\$ 9,586,762</u>

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

Ord. No.	Improvement Description	Balance, January 1, 2020	2020 Authorizations	Notes Paid by Budget Appropriation	Serial Bonds Issued	Funded by Budget Appropriation	Cancelled Improvement Authorization	Balance, December 31, 2020	Analysis of Balance	
									Expenditures	Unexpended Improvement Authorizations
6-06/20-06	Various Public Improvements & Acquisitions	\$ 72,625				\$ 24,500	\$ 6,207	\$ 41,918	\$ 41,918	
1-15	Various Public Improvements & Acquisitions	701,200			\$ 701,200					
11-15	Various Public Improvements	7,807			7,807					
1-16	Various Public Improvements & Acquisitions	807,300			807,300					
16-16	Various Public Improvements & Acquisitions	164,480			164,480					
1-17	Various Public Improvements & Acquisitions	756,800		\$ 132,800	624,000					
18-17	Various Public Improvements	70,800			70,800					
1-18	Various Public Improvements & Acquisitions	713,160			713,160					
3-19	Various Public Improvements & Acquisitions	1,439,725			1,439,725					
2-20	Various Public Improvements		\$ 431,000		431,000					
8-20	Various Public Improvements & Acquisitions	-	2,019,130	-	2,018,528	-	-	602	-	\$ 602
		<u>\$ 4,733,897</u>	<u>\$ 2,450,130</u>	<u>\$ 132,800</u>	<u>\$ 6,978,000</u>	<u>\$ 24,500</u>	<u>\$ 6,207</u>	<u>\$ 42,520</u>	<u>\$ 41,918</u>	<u>\$ 602</u>

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

	<u>Total</u>	<u>NJ Department</u>	<u>NJ Department</u>	<u>NJ Department</u>	<u>County of Bergen</u>							
		<u>Env. Protection</u>	<u>of Transportation</u>	<u>of Transportation</u>	<u>Ord. No. 2-13</u>	<u>Ord. No. 18-17</u>	<u>Ord. No. 01-18</u>	<u>Ord. No. 3-14</u>	<u>Ord. No. 1-15</u>	<u>Ord. No. 9-15</u>	<u>Ord. No. 11-15</u>	<u>Ord. No. 20-02</u>
Balance, January 1, 2020	\$ 174,470	\$ 46,371	\$ 29,879	\$ 55,630	\$ 28,619	\$ 7,633	\$ 1,138	\$ 5,200				
Increased by:												
Grants Awarded	<u>397,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 397,000</u>
	<u>571,470</u>	<u>46,371</u>	<u>29,879</u>	<u>55,630</u>	<u>28,619</u>	<u>7,633</u>	<u>1,138</u>	<u>5,200</u>				<u>397,000</u>
Decreased by:												
Collections:												
Cash Receipts	315,530	-	-	-	-	-	-	-	-	-	-	315,530
Cancelled	<u>81,399</u>	<u>22,901</u>	<u>29,879</u>	<u>-</u>	<u>28,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 174,541</u>	<u>\$ 23,470</u>	<u>\$ -</u>	<u>\$ 55,630</u>	<u>\$ -</u>	<u>\$ 7,633</u>	<u>\$ 1,138</u>	<u>\$ 5,200</u>				<u>\$ 81,470</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2020</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements	4/15/2008	\$ 8,127,000				\$ 802,000		\$ 802,000	
General Improvements	11/1/2014	4,508,000	11/1/2021-23	\$ 420,000	2.000 %				
			11/1/2024-25	420,000	2.500				
			11/1/2026	418,000	2.500	2,933,000		415,000	\$ 2,518,000
General Improvements	7/15/2020	6,978,000	7/15/2021	850,000	0.050				
			7/15/2022	750,000	0.050				
			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				
						-	\$ 6,978,000	-	6,978,000
						<u>\$ 3,735,000</u>	<u>\$ 6,978,000</u>	<u>\$ 1,217,000</u>	<u>\$ 9,496,000</u>

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

Balance, January 1, 2020	\$ 100,035
Decreased by:	
Paid by Budget Appropriation	<u>9,273</u>
Balance, December 31, 2020	<u>\$ 90,762</u>
<u>Analysis of Balance</u>	
NJEIT - Fund Loan	\$ 40,792
NJEIT- Trust Loan	<u>49,970</u>
	<u>\$ 90,762</u>

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

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2020	Decreased	Balance, December 31, 2020
1-15	Various Public Improvements & Acquisitions	7/30/2015	7/26/2019	7/24/20/20	2.00 %	\$ 701,200	\$ 701,200	
11-15	Various Public Improvements	7/30/2015	7/26/2019	7/24/2020	2.00	45,308	45,308	
1-16	Various Public Improvements & Acquisitions	11/10/2016	7/26/2019	7/24/2020	2.00	807,300	807,300	
16-16	Various Public Improvements & Acquisitions	11/10/2016	7/26/2019	7/24/2020	2.00	164,480	164,480	
1-17	Various Public Improvements & Acquisitions	12/12/2017	7/26/2019	7/24/2020	2.00	756,800	756,800	
18-17	Various Public Improvements	12/12/2017	7/26/2019	7/24/20/20	2.00	70,800	70,800	
1-18	Various Public Improvements & Acquisitions	7/27/2018	7/26/2019	7/24/20/20	2.00	728,000	728,000	
3-19	Various Public Improvements & Acquisitions	7/27/2018	7/26/2019	7/24/2020	2.00	<u>1,439,725</u>	<u>1,439,725</u>	<u>-</u>
						<u>\$ 4,713,613</u>	<u>\$ 4,713,613</u>	<u>\$ -</u>
					Cash Disbursements			
					Paid by Capital Cash	\$ 4,580,813		
					Due from Current Fund	<u>132,800</u>		
						<u>\$ 4,713,613</u>		

BOROUGH OF WALDWICK
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2020 Authorizations											
		Balance, January 1, 2020		Down-payment or Capital Impvt. Fund	Capital Surplus	Deferred Charges to Future Taxation Unfunded	Grants Receivable and Other Receivables	Open Space Trust Fund	Cancelled Accounts Payable	Cancelled Improvement Authorization	Paid or Charged	Balance, December 31, 2020	
		Funded	Unfunded									Funded	Unfunded
02-96	Various Impvts. & Acq. of Equip.	\$ 5,474							\$ 6,700	\$ 5,474		\$ 6,700	
9-98/14-98/													
21-98/8-00	Various Improvements & Acq. Of Equipment	4,775								775	\$ 4,000		
04-03	Renovation and Improvement of Signal Tower	822								822			
05-05	Various Public Improvements & Acquisitions	1,529								1,529			
06-06/20-06	Various Public Improvements & Acquisitions		\$ 6,207							6,207			
02-07	Various Public Improvements & Acquisitions	1,773								1,773			
01-08	Various Public Improvements and the Acq. of New, Additional or Replacement Equip.	16,424								16,424			
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.	15,021							2,149	11,857		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	
2-12	Various Public Improvements, the Acq. of New, Additional or Replacement Equip., and New Automotive Vehicles	2,813								2,712	101		
2-13	Various Public Improvements & Acquisitions	76,773								53,303		23,470	
3-14	Various Public Improvements & Acquisitions	36,700								36,229	471		
7-14	Various Public Improvements	1,967								1,967			
1-15	Various Public Improvements & Acquisitions		97,358							20,305	32,581	44,472	
4-15	Various Public Improvements	1,164								391	773		
5-15/3-17	Various Improvements to Maintain the Police Training Facility	146,382										146,382	
11-15	Various Public Improvements		1,151									1,151	
1-16/10-17	Various Public Improvements & Acquisitions		44,488							19,310		25,178	
3-16	Various Public Improvements	3,850									3,850		
16-16	Various Public Improvements & Acquisitions		65,538							60,832	4,706		
1-17	Various Public Improvements & Acquisitions		9,716							5,500	995	3,221	
4-17	Various Improvements	6,727									6,727		
18-17	Various Public Improvements		63,353							63,353			
01-18	Various Public Improvements & Acquisitions		191,294								18,885	172,409	
12-18/22-18	Various Public Improvements	30,681								3,190	7,419	20,072	
02-19	Various Public Improvements & Acquisitions	49,010								1,820	38,413	8,777	
03-19	Various Public Improvements & Acquisitions		486,020							199	275,968	209,853	
07-19	Various Public Improvements & Acquisitions	33,500									23,500	10,000	
02-20	Various Public Improvements			\$ 22,000		\$ 431,000	\$ 397,000				827,118	22,882	
08-20	Various Public Improvements & Acquisitions			106,270		2,019,130					1,941,661	183,137	\$ 602
7-20/11-20	Various Public Improvements & Acquisitions	-	-	166,400	\$ 55,200	-	-	\$ 87,400	-	-	71,226	237,774	-
		\$ 450,106	\$ 965,125	\$ 294,670	\$ 55,200	\$ 2,450,130	\$ 397,000	\$ 87,400	\$ 8,849	\$ 313,972	\$ 3,405,927	\$ 987,979	\$ 602

Cash Disbursements \$ 1,726,839
Accounts Payable 1,679,088
\$ 3,405,927

Fund Balance \$ 226,366
Grants Receivable 81,399
Deferred Charges - Unfunded 6,207
\$ 313,972

**BOROUGH OF WALDWICK
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2020		\$ 586,504
Increased by:		
Charges to Improvement Authorizations		<u>1,679,088</u>
		2,265,592
Decreased by:		
Cash Disbursements	\$ 577,655	
Cancelled	<u>8,849</u>	
		<u>586,504</u>
Balance, December 31, 2020		<u><u>\$ 1,679,088</u></u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE

Balance, January 1, 2020		<u>\$ 34,536</u>
Balance, December 31, 2020		<u><u>\$ 34,536</u></u>

STATEMENT OF RESERVE FOR PISTOL RANGE

Balance, January 1, 2020		\$ 24,536
Increased by:		
2019 Budget Appropriation - Interlocal Agreement		<u>6,860</u>
Balance, December 31, 2020		<u><u>\$ 31,396</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2020		\$ 102,822
Increased by:		
2020 Budget Appropriation		<u>283,808</u>
		386,630
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>294,670</u>
Balance, December 31, 2020		<u><u>\$ 91,960</u></u>

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

Ord. No.		Balance, January 1, <u>2020</u>	2020 Authori- zations	Serial Bonds Issued	Cancelled Improvement Authorizations	Funded by Budget Appropriation	Balance, December 31, <u>2020</u>
6-06/20-06	Various Public Improvements & Acquisitions	\$ 72,625			\$ 6,207	\$ 24,500	\$ 41,918
02-20	Various Public Improvements & Acquisitions		\$ 431,000	\$ 431,000			
08-20	Various Public Improvements & Acquisitions	-	2,019,130	2,018,528	-	-	602
		<u>\$ 72,625</u>	<u>\$ 2,450,130</u>	<u>\$ 2,449,528</u>	<u>\$ 6,207</u>	<u>\$ 24,500</u>	<u>\$ 42,520</u>

WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2020	\$ 1,642,551	\$ 193,151
Increased by:		
Consumer Accounts Receivable	\$ 1,907,254	
Fire Hydrant Service	25,000	
Miscellaneous	19,958	
Water Overpayments	3,823	
Prepaid Water Rents	5,552	
Reserve for Redeemed Tax Title Liens	218	
Serial Bonds Issued		\$ 1,017,000
Premium on Sale of Bonds		10,170
Interest on Investments		3,505
Receipts from Water Utility Capital Fund	<u>3,213</u>	
	<u>1,965,018</u>	<u>1,030,675</u>
	3,607,569	1,223,826
Decreased by:		
2020 Budget Appropriations	1,490,206	
2019 Appropriation Reserves	58,293	
Accounts Payable	85,673	15,667
Water Overpayments Refunded	145	
Improvement Authorizations		218,160
Interest on Bonds and Notes	22,911	
Interest on Water Loan	18,043	
Bond Anticipation Notes		595,547
Payments to Water Utility Operating Fund		3,213
Payments for Water Utility Operating Fund	<u>-</u>	<u>4,840</u>
	<u>1,675,271</u>	<u>837,427</u>
Balance, December 31, 2020	<u>\$ 1,932,298</u>	<u>\$ 386,399</u>

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

	Balance, December 31, <u>2020</u>
Fund Balance	\$ 34,778
Capital Improvement Fund	14,643
Due From Water Utility Operating Fund	(4,531)
Accounts Payable	103,822
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	5,701
09-20 Various Public Improvements & Acquisitions	<u>222,973</u>
	<u>\$ 386,399</u>

EXHIBIT D-7

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

Balance, January 1, 2020	\$ 37,773
Increased by:	
Water Rents Levied	<u>1,943,955</u>
	1,981,728
Decreased by:	
Collections	\$ 1,907,254
Overpayments Applied	4,892
Prepaid Water Rents Applied	<u>5,191</u>
	<u>1,917,337</u>
Balance, December 31, 2020	<u>\$ 64,391</u>

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

	Balance, January 1, <u>2020</u>	<u>Additions by</u> <u>Ordinance</u>	Balance, December 31, <u>2020</u>
Generator	\$ 74,817		\$ 74,817
Springs and Wells	440,537	\$ 31,020	471,557
Reservoirs	50,034		50,034
Filters	812,936		812,936
Tanks, Pumping Station Structures	3,033,192	22,013	3,055,205
Distribution Mains and Accessories	1,724,792		1,724,792
Meters and Accessories	965,363		965,363
Fire Hydrants	208,996	51,605	260,601
General Equipment	1,383,607	115,308	1,498,915
Engineering, Legal	175,706	8,701	184,407
Vehicles	31,842		31,842
Other Costs and System Improvements	<u>94,774</u>	<u>11,752</u>	<u>106,526</u>
	<u>\$ 8,996,596</u>	<u>\$ 240,399</u>	<u>\$ 9,236,995</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Ordinance</u> <u>Amount</u>	<u>Balance,</u> <u>January 1,</u> <u>2020</u>	Increased by: <u>2020 Authorizations</u> Deferred Charge to Future Revenue	<u>Costs to</u> <u>Fixed Capital</u>	<u>Balance,</u> <u>December 31,</u> <u>2020</u>
02-17	Various Public Improvements & Acquisitions	\$ 109,000	\$ 5,005			\$ 5,005
04-19	Various Public Improvements & Acquisitions	246,100	246,100		\$ 240,399	5,701
09-20	Various Public Improvements & Acquisitions	421,000	<u>-</u>	<u>\$ 421,000</u>	<u>-</u>	<u>421,000</u>
			<u>\$ 251,105</u>	<u>\$ 421,000</u>	<u>\$ 240,399</u>	<u>\$ 431,706</u>

**BOROUGH OF WALDWICK
STATEMENT OF 2019 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2020</u>	Budget After <u>Modifications</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 76,206	\$ 76,206	\$ 2,737	\$ 73,469
Other Expenses	100,060	100,060	55,768	44,292
Capital Improvements				
Capital Outlay	1,690	1,690		1,690
Statutory Expenditures				
Social Security	<u>24,039</u>	<u>24,039</u>	<u>209</u>	<u>23,830</u>
	<u>\$ 201,995</u>	<u>\$ 201,995</u>	<u>\$ 58,714</u>	<u>\$ 143,281</u>
			Cash Disbursements	
			\$ 58,293	
			Accounts Payable	
			<u>421</u>	
			<u>\$ 58,714</u>	

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

	Operating <u>Fund</u>	Capital <u>Fund</u>
Balance, January 1, 2020	\$ 92,727	\$ 15,667
Increased by:		
Charges to 2020 Appropriations	<u>82,632</u>	<u>103,822</u>
	175,359	119,489
Decreased by:		
Cash Disbursements	85,673	15,667
Cancelled Payables	<u>7,054</u>	<u>-</u>
	<u>92,727</u>	<u>15,667</u>
Balance, December 31, 2020	<u>\$ 82,632</u>	<u>\$ 103,822</u>

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

Balance, January 1, 2020	\$	5,191
Increased by:		
Prepaid Rents		5,552
		10,743
Decreased by:		
Applied to 2020 Water Rents		5,191
Balance, December 31, 2020	\$	5,552

EXHIBIT D-13

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

Balance, January 1, 2020	\$	5,037
Increased by:		
Overpayments		3,823
		8,860
Decreased by:		
Applied to 2020 Water Rents	\$	4,892
Overpayments Refunded		145
		5,037
Balance, December 31, 2020	\$	3,823

EXHIBIT D-14

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

Balance, January 1, 2020	\$	697,981
Decreased by:		
Paid by Budget Appropriation		54,816
Balance, December 31, 2020	\$	643,165

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

Ord. <u>No.</u>	<u>Improvement Description</u>	<u>Ordinance Amount</u>	<u>Balance, January 1, 2020</u>		<u>20 Authorizatio Deferred Charges to Future Revenue</u>	<u>Paid or Charged</u>	<u>Balance, December 31, 2020</u>	
			<u>Funded</u>	<u>Unfunded</u>			<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		130,074		\$ 124,373		5,701
09-20	Various Public Improvements & Acquisitions	421,000	-	-	\$ 421,000	197,609	222,973	\$ 418
			<u>\$ -</u>	<u>\$ 135,079</u>	<u>\$ 421,000</u>	<u>\$ 321,982</u>	<u>\$ 233,679</u>	<u>\$ 418</u>
						Cash Disbursed		\$ 218,160
						Accounts Payable		<u>103,822</u>
								<u>\$ 321,982</u>

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

Balance, January 1, 2020	\$ 14,643
Balance, December 31, 2020	<u>\$ 14,643</u>

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

Balance, January 1, 2020 (Due to)		\$ 17
Increased by:		
Interest on Investments		<u>3,505</u>
		3,522
Decreased by:		
Cash Disbursed	\$ 3,213	
Payments Made for Water Utility Operating Fund	<u>4,840</u>	
		<u>8,053</u>
Balance, December 31, 2020 (Due from)		<u>\$ 4,531</u>

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

Increased by:	
Payments Made Current Fund	\$ <u>544</u>
Balance, December 31, 2020	\$ <u><u>544</u></u>

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

Balance, January 1, 2020	\$ 7,525
Increased by:	
Budget Appropriation	
Interest on Bonds	\$ 10,970
Interest on Notes	<u>10,822</u>
	<u>21,792</u>
	29,317
Decreased by:	
Interest Paid	<u>22,911</u>
Balance, December 31, 2020	\$ <u><u>6,406</u></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>2020</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2020</u>
02-15	Various Public Improvements	7/30/2015	7/26/2019	7/24/2020	2.00%	\$ 116,463		\$ 116,463	
02-16	Various Public Improvements and Acquisitions	11/10/2016	7/26/2019	7/24/2020	2.00%	99,700		99,700	
2-17	Various Public Improvements and Acquisitions	12/12/2017	7/26/2019	7/24/2020	2.00%	103,800		103,800	
2-18	Various Public Improvements and Acquisitions	7/27/2018	7/26/2019	7/24/2020	2.00%	47,500		47,500	
4-19	Various Public Improvements and Acquisitions	2/26/2019	7/26/2019	7/24/2020	2.00%	<u>232,924</u>	<u>-</u>	<u>232,924</u>	<u>-</u>
						<u>\$ 600,387</u>	<u>\$ -</u>	<u>\$ 600,387</u>	<u>\$ -</u>
								\$ 4,840	
								<u>595,547</u>	
								<u>\$ 600,387</u>	

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2020</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>					
Water Bonds	4/15/2008	\$ 1,144,000				\$ 114,000		\$ 114,000	
Water Bonds	11/1/2014	564,000	11/1/2021	\$ 60,000	2.000 %				
			11/1/2022	60,000	2.000				
			11/1/2023	60,000	2.000				
			11/1/2024	60,000	2.500				
			11/1/2025	60,000	2.500				
			11/1/2026	59,000	2.500	404,000		45,000	\$ 359,000
Water Bonds	7/15/2020	1,017,000	7/15/2021	100,000	0.050				
			7/15/2022	100,000	0.050				
			7/15/2023	100,000	0.050				
			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	-	\$ 1,017,000	-	1,017,000
						<u>\$ 518,000</u>	<u>\$ 1,017,000</u>	<u>\$ 159,000</u>	<u>\$ 1,376,000</u>

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

Balance, January 1, 2020	\$	7,708
Increased by:		
Budget Appropriation		
Interest on Loans		<u>17,523</u>
		25,231
Decreased by:		
Interest Paid on Water Loan		<u>18,043</u>
Balance, December 31, 2020	\$	<u><u>7,188</u></u>

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

Balance, January 1, 2020	\$	<u>3,667</u>
Balance, December 31, 2020	\$	<u><u>3,667</u></u>

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

Balance, January 1, 2020	\$	326
Increased by:		
Cash Receipts		<u>218</u>
		544
Decreased by:		
Payments Made Current Fund		<u>544</u>

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

Balance, January 1, 2020	\$	7,418,157
Increased by:		
2020 Budget Appropriations:		
Serial Bonds	\$	159,000
Water Loans		54,816
Bond Anticipation Notes		4,840
Transferred from Deferred Reserve for Amortization		<u>12,305</u>
		<u>230,961</u>
Balance, December 31, 2020	\$	<u><u>7,649,118</u></u>

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

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2020</u>	To Reserve for Amortization <u>Fixed Capital</u>	Balance, December 31, <u>2020</u>
04-19	Various Public Improvements & Acquisitions	\$ 12,305	\$ 12,305	\$ -
		<u>\$ 12,305</u>	<u>\$ 12,305</u>	<u>\$ -</u>

EXHIBIT D-27

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

Balance, January 1, 2020	\$ 4,008
Balance, December 31, 2020	<u>\$ 4,008</u>

EXHIBIT D-28

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

Ord.	<u>Improvement Description</u>	Balance, January 1, <u>2020</u>	2020 <u>Authorizations</u>	Bonds <u>Issued</u>	Balance, December 31, <u>2020</u>
04-19	Various Public Improvements & Acquisitions	\$ 871		\$ 871	
09-20	Various Public Improvements & Acquisitions	<u>-</u>	\$ 421,000	<u>420,582</u>	<u>\$ 418</u>
		<u>\$ 871</u>	<u>\$ 421,000</u>	<u>\$ 421,453</u>	<u>\$ 418</u>

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

**PART II
GOVERNMENT AUDITING SECTION**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA
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, 2020, and the related notes to the financial statements, and have issued our report thereon dated August 23, 2021. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control over Financial Reporting

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

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

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

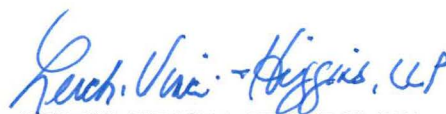
Compliance and Other Matters

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

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

Purpose of this Report

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


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
August 23, 2021

**BOROUGH OF WALDWICK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	Federal		2020	Balance,			Balance,	(Memo Only)
Grant	CFDA	Award	Grant	January 1,	Revenue		December 31,	Cumulative
<u>Year</u>	<u>Number</u>	<u>Amount</u>	<u>Receipts</u>	<u>2020</u>	<u>Realized</u>	<u>Expenditures</u>	<u>2020</u>	<u>Expenditures</u>

THERE ARE NONE

**BOROUGH OF WALDWICK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant/Loan Award</u>	<u>2020 Grant Receipts (Memo)</u>	<u>Balance, January 1, 2020</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2020</u>	<u>(Memo Only) Cumulative Expenditures</u>
Clean Communities Grant	4900-765-1789000	2020	\$ 19,868	\$ 17,915		\$ 19,868	\$ 19,868		\$ 19,868
Body Armor Replacement Fund	1020-718-066-1020-001	2020	2,263			2,263	2,228	\$ 35	2,263
		2019	2,321			2,321	2,321		2,321
		2015	2,100		\$ 1,187		1,187		2,100
Drunk Driving Enforcement Fund	1110-448031020-22	2016	16,310		16,310			16,310	
		2013	3,000		3,000			3,000	
		2012	15,140		8,714			8,714	6,426
Stormwater Management Grant	4840-150-05-7500	2010	1,469		1,469			1,469	
		Prior	17,012		8,792			8,792	8,220
Alcohol Education and Rehabilitation Fund	9735-760-060000-60	2019	579		579			579	-
		2016	7,153		6,344		1,200	5,144	2,009
Recycling Tonnage Grant	042-4910-100-224	2020				11,770		11,770	
		2019	11,770	11,770	11,770			11,770	
		2017	15,110		12,782			12,782	2,328
		2016	12,376						12,376
Crime Prevention Grant	N/A	2016	3,136		3,136		1,148	1,988	1,148
Department of Transportation John Dow Avenue and West Prospect Street (Ord. 02-2020)	N/A	2020	397,000		-	397,000	397,000	-	397,000
					<u>\$ 74,083</u>	<u>\$ 433,222</u>	<u>\$ 424,952</u>	<u>\$ 82,353</u>	

N/A - Not Available

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

**BOROUGH OF WALDWICK
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2020**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund		\$ 36,222	\$ 36,222
General Capital Fund	-	<u>397,000</u>	<u>397,000</u>
	<u>\$ -</u>	<u>\$ 433,222</u>	<u>\$ 433,222</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF WALDWICK
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2020**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2020, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

Loan Program

NJ Environmental Infrastructure Trust Loan Water Supply Rehabilitation Loans - 2010	\$ 643,165
NJ Environmental Infrastructure Trust Loan Sanitary Sewer Improvement Loans - 2011	<u>90,762</u>
	<u>\$ 733,927</u>

NOTE 6 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF WALDWICK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Part I – Summary of Auditor's Results

Financial Statements

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

Federal Awards Section - NOT APPLICABLE

State Awards Section - NOT APPLICABLE

**BOROUGH OF WALDWICK
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *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, 2020

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$2.767</u>	<u>\$2.766</u>	<u>\$2.679</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.516	.516	.518
Library	.035	.035	.034
Municipal Open Space	.005	.005	.004
County	.263	.255	.250
Local School	1.948	1.955	1.873

Assessed Valuation

2020	<u>\$1,607,770,100</u>
2019	<u>\$1,601,029,400</u>
2018	<u>\$1,597,703,800</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>
2020	\$ 44,893,448	\$ 44,675,195	99.51%
2019	44,413,225	44,031,259	99.14%
2018	42,866,777	42,538,122	99.23%

**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.

December 31 <u>Year</u>	Delinquent <u>Taxes</u>	Tax Title <u>Liens</u>	Total Delinquent <u>Taxes</u>	Percentage of <u>Tax Levy</u>
2020	\$ 195,518		\$ 195,518	0.44%
2019	361,179		361,179	0.81%
2018	288,667		288,667	0.67%

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>
2020	\$35,510
2019	35,510
2018	35,510

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2020	\$1,943,955	\$1,917,337
2019	1,749,365	1,814,529
2018	1,987,890	\$902,309

* 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
Paul Schatz	Council President
Gregor Bjork	Councilman
Debra Dellavechia	Councilwoman
Nicole McNamara	Councilwoman
Joseph Oravetz	Councilman
Donald Sciolaro	Councilman
Patrick Wherry	Borough Administrator
Colleen Ennis	Chief Financial Officer, Collector – Treasurer Supervisor of Water Consumer Accounts Tax Search Officer
Kelley Halewicz	Borough Clerk Officer for Searches for Municipal Improvements
Angela Mattiace	Tax Assessor
Mark Messner	Police Chief
Joseph Mysliwicz	Construction Code Official
Helene Herbert	Magistrate
Christine Oravetz	Court Administrator
Craig Bossong	Attorney
James McGinnis	Engineer

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

SCHEDULE OF FINDINGS OF NONCOMPLIANCE

Prior Year Findings

Our audit of bank reconciliations revealed numerous reconciling items were reported as the result of interfund transfers at year end. It is recommended that interfunfs be cleared of record prior to year end to ensure reconciling items on the bank reconciliations are limited and properly recorded at year end.

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

Current Year Findings

Our audit revealed a deficit balance of \$31,810 in the Municipal Open Space Trust Fund at year end. It is recommended that the Municipal Open Space Trust Fund deficit be funded through the subsequent year's open space budget.

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000 (\$44,000 effective July 1, 2020), 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:

- | | |
|--|--|
| Chassis Cab with Aerial Device | Improvements to Municipal Pool |
| Pistol Range Rehabilitation | 2020 Road Rehabilitation |
| Public Safety Radio Equipment and Upgrades | Ford F550 Super Duty Dump Truck |
| Two (2) Police Vehicles | Dump Truck Body with Plow/Salter |
| Borough Interior Alterations | Improvements to John Dow Ave, West Prospect and Hopper Avenue. |

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

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

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

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 1, 2020 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 18, 2020.

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

**BOROUGH OF WALDWICK
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Interfunds be cleared of record prior to year end to ensure reconciling items on the bank reconciliation are limited and properly recorded at year end.
- * 2. The payroll agency general ledger be reconciled on a monthly basis and be in agreement with the actual balance due for each deduction.
- 3. The Municipal Open Space Trust Fund deficit be funded through the subsequent year's open space budget.

Status of Prior Years' Audit Findings/Recommendations

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