

BOROUGH OF WANAQUE
COUNTY OF PASSAIC
FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

BOROUGH OF WANAQUE

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BOROUGH OF WANAQUE

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Wanaque
Wanaque, New Jersey 07465

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 Wanaque in the County of Passaic, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



The Honorable Mayor and
Members of the Borough Council
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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 Wanaque on the basis of the financial reporting provisions 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 requirements of New Jersey.

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 Wanaque as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 16 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,503,713.88 and \$1,581,014.59 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



The Honorable Mayor and
Members of the Borough Council
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Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Wanaque’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

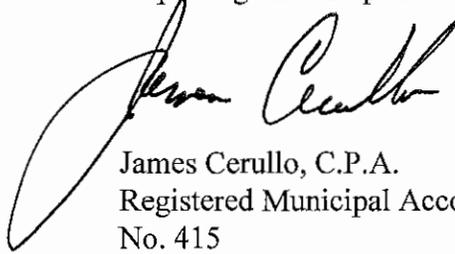
The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2019 on our consideration of the Borough of Wanaque'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 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 Wanaque's internal control over financial reporting and compliance.



James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

July 18, 2019

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Current Fund:			
Cash	A-4	4,448,881.46	6,424,723.16
Change Fund	A-6	625.00	625.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	10,558.87	7,639.71
		<u>4,460,065.33</u>	<u>6,432,987.87</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	391,410.50	358,123.54
Tax Title Liens Receivable	A-9	172,497.01	164,611.61
Property Acquired for Taxes - Assessed Valuation	A-10	388,475.00	388,475.00
Revenue Accounts Receivable	A-11	24,400.62	27,868.56
Due from Passaic County	A-12	8,700.24	8,931.28
Interfund Receivables:			
Animal Control Trust Fund	A-13	122.44	13.99
Other Trust Fund	A-13	79,478.08	
Escrow Trust	A-13	2,800.00	586.71
Recycling Trust	A-13	3,845.36	
Payroll Fund	A-13	11,605.41	10,358.25
Assessment Trust Fund	A-13	75,673.79	
		<u>1,159,008.45</u>	<u>958,968.94</u>
		<u>5,619,073.78</u>	<u>7,391,956.81</u>
Federal and State Grant Fund:			
State Grants Receivable	A-21	250,060.00	124,574.72
Interfund - Current Fund	A-24	307,094.89	290,520.08
		<u>557,154.89</u>	<u>415,094.80</u>
Total Assets		<u>6,176,228.67</u>	<u>7,807,051.61</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	453,162.94	384,698.33
Encumbrances Payable	A-15	139,332.86	190,614.80
Prepaid Taxes	A-16	233,908.93	2,048,163.32
Interfunds Payable			
Other Trust Fund	A-13		17,260.77
Open Space Trust Fund	A-13	32,423.42	84,173.94
Flex Spending Trust	A-13	600.49	2,200.45
Assessment Trust Fund	A-13		97,115.97
Federal and State Grant Fund	A-13	307,094.89	290,520.08
Water Operating Fund	A-13	20,695.14	2,146.67
General Capital Fund	A-13	37,850.44	
Local School Tax Payable	A-17	181.00	179.00
Regional School Tax Payable	A-18	9,487.62	9,487.62
County Taxes Payable	A-19		28,373.26
Deposits for Redemption of Tax Sale Certificates	A-20		29,552.86
Tax Overpayments	A-20	3,386.17	28,620.91
Due to State of NJ:			
Marriage Surcharge	A-20	225.00	275.00
Building Surcharge	A-20	1,207.00	1,150.00
Reserve for:			
Revaluation / Tax Map	A-20	60,134.15	60,134.15
Police Law Enforcement	A-20	56.64	56.64
Project D.A.R.E.	A-20	18,863.55	18,863.55
P.I.L.O.T. Service Charge	A-20	666,663.09	670,258.79
		<u>1,985,273.33</u>	<u>3,963,846.11</u>
Reserve for Receivables	Contra	1,159,008.45	958,968.94
Fund Balance	A-1	<u>2,474,792.00</u>	<u>2,469,141.76</u>
		<u>5,619,073.78</u>	<u>7,391,956.81</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	532,298.19	376,575.58
Unappropriated Reserve for Grants	A-23	24,856.70	38,519.22
		<u>557,154.89</u>	<u>415,094.80</u>
Total Liabilities, Reserves and Fund Balance		<u><u>6,176,228.67</u></u>	<u><u>7,807,051.61</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	955,000.00	995,000.00
Miscellaneous Revenue Anticipated	A-2	2,336,198.66	2,398,764.13
Receipts from Delinquent Taxes	A-2	322,824.61	384,782.43
Receipts from Current Taxes	A-2	42,461,260.13	41,415,407.86
Non-Budget Revenue	A-2	154,857.27	49,737.42
Other Credits to Income:			
Interfunds Returned	A-13	10,958.95	31,867.20
Canceled Grant Reserves	A-13	0.83	21,127.48
Unexpended Balance of Appropriation Reserves	A-14	286,766.69	105,843.34
Canceled Tax Overpayments	A-20	1.63	500.11
		<hr/>	<hr/>
Total Revenues and Other Income		<u>46,527,868.77</u>	<u>45,403,029.97</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,961,798.59	4,981,039.00
Other Expenses	A-3	4,975,087.22	5,031,533.58
Capital Improvement Fund	A-3	365,000.00	300,000.00
Municipal Debt Service	A-3	1,345,249.10	1,162,222.35
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,234,129.42	1,338,391.00
Refund of Prior Years Revenue	A-4	1,278.00	55,970.21
Interfund Advances	A-13	173,525.08	10,958.95
Canceled Grants Receivable	A-13	0.83	24,863.08
Municipal Open Space	A-13	112,066.14	112,011.94
Local District School Tax	A-17	15,082,840.00	14,738,068.00
Regional High School Tax	A-18	7,827,791.50	7,448,067.50
County Taxes including Added Taxes	A-19	9,488,452.65	9,308,104.16
		<hr/>	<hr/>
Total Expenditures		<u>45,567,218.53</u>	<u>44,511,229.77</u>

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Excess (Deficit) Revenue Over Expenditures		960,650.24	891,800.20
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		960,650.24	891,800.20
Fund Balance, January 1,	A	<u>2,469,141.76</u>	<u>2,572,341.56</u>
		3,429,792.00	3,464,141.76
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>955,000.00</u>	<u>995,000.00</u>
Fund Balance, December 31,	A	<u><u>2,474,792.00</u></u>	<u><u>2,469,141.76</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque , N.J.
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	955,000.00	955,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	21,000.00	20,000.00	(1,000.00)
Licenses - Other	A-2	7,000.00	8,313.00	1,313.00
Fees & Permits	A-2	11,500.00	11,425.60	(74.40)
Fines and Costs:				
Municipal Court	A-11	186,500.00	172,272.09	(14,227.91)
Interest and Costs on Taxes	A-5	82,500.00	82,793.31	293.31
Interest on Investments	A-11	30,000.00	116,653.71	86,653.71
Consolidated Municipal Property Tax Relief Aid	A-4	45,533.00	45,533.00	
Energy Receipts Tax	A-4	856,825.00	856,825.00	
Garden State Trust PILOT	A-4	4,385.00	4,385.00	
Uniform Construction Code Fees	A-11	165,000.00	148,529.00	(16,471.00)
Interlocal Agreements				
Street Lighting Contract	A-12	8,100.00	8,931.28	831.28
Clean Communities Program	A-21	20,044.47	20,044.47	
Recycling Tonnage Grant	A-21	9,437.22	9,437.22	
N.J. Transit Trust Fund Authority Act	A-21	200,000.00	200,000.00	
Don't Text and Drive	A-21	5,500.00	5,500.00	
Municipal Alliance	A-21	44,880.00	44,880.00	
Alcohol Education and Rehabilitation Fund	A-21	1,351.14	1,351.14	
Bulletproof Vest Program	A-21	5,177.76	5,177.76	
Body Armor Replacement Fund	A-21	2,508.63	2,508.63	
Cable TV	A-11	58,210.00	58,112.00	(98.00)
Uniform Fire Safety Act	A-11	18,000.00	23,407.96	5,407.96
Library Services	A-11	22,000.00	22,000.00	
Hotel Occupancy Fee	A-11	71,000.00	69,763.41	(1,236.59)
Social Services Rent	A-11	81,989.00	81,984.00	(5.00)
Cellular Tower Lease	A-11	191,000.00	206,371.08	15,371.08
Wanaque BOE Field Reimbursement	A-11	5,000.00	5,000.00	
General Capital Fund - Fund Balance	A-11	43,000.00	43,000.00	
Municipal Open Space Share of Debt Service	A-11	30,000.00	30,000.00	
Reserve for Debt Service	A-11	32,000.00	32,000.00	
Total Miscellaneous Revenues	A-1	2,259,441.22	2,336,198.66	76,757.44
Receipts from Delinquent Taxes	A-1/A-2	370,000.00	322,824.61	(47,175.39)
Subtotal General Revenues		3,584,441.22	3,614,023.27	29,582.05
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	10,185,434.70	10,662,030.91	476,596.21
Budget Totals		13,769,875.92	14,276,054.18	506,178.26
Non-Budget Revenue	A-1/A-2		154,857.27	154,857.27
		13,769,875.92	14,430,911.45	661,035.53
	A-3			

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque , N.J.
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2018

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	42,461,260.13
Allocated to School and County Taxes	A-8	<u>32,687,840.79</u>
Balance for Support of Municipal Budget Appropriations		9,773,419.34
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>888,611.57</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>10,662,030.91</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-2,A-8	292,265.68
Tax Title Liens	A-9	<u>30,558.93</u>
	A-2	<u>322,824.61</u>
Licenses - Other:		
Clerk	A-11	5,295.00
Board of Health	A-11	<u>3,018.00</u>
	A-2	<u>8,313.00</u>
Fees & Permits		
Clerk	A-11	924.50
Police	A-11	1,577.10
Board of Health	A-11	<u>8,924.00</u>
	A-2	<u>11,425.60</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Revenue Accounts Receivable:		
Lyndhurst QPA Interlocal - Prior Year	A-11	15,500.00
Tax Miscellaneous		681.58
Insurance Dividend		14,487.09
FEMA		38,483.44
Senior Citizen and Veterans Administrative Fee		1,978.03
Homestead Rebate Administrative Fee		1,213.20
Developer Applications		7,250.00
Vaccine Reimbursements		16,818.18
Interest and Costs on Assessments		324.37
Use of Borough Property		1,474.00
DMV Inspections		1,900.00
Sale of Borough Assets		37,160.00
Various Refunds and Miscellaneous		<u>17,587.38</u>
	A-4	<u>139,357.27</u>
	A-2	<u>154,857.27</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
General Government Functions						
Administrative and Executive						
Salaries and Wages		100,776.00	100,776.00	100,449.35	326.65	
Other Expenses						
Mayor and Council						
Salaries and Wages		39,000.00	39,000.00	38,999.48	0.52	
Other Expenses		3,750.00	3,750.00	3,684.00	66.00	
Municipal Clerk						
Salaries and Wages		182,451.00	184,651.00	184,633.39	17.61	
Other Expenses		28,600.00	28,600.00	28,091.10	508.90	
Elections						
Salaries & Wages		2,500.00	3,650.00	3,647.13	2.87	
Other Expenses		4,000.00	4,000.00	3,500.00	500.00	
Financial Administration:						
Salaries & Wages		122,751.00	122,751.00	121,710.99	1,040.01	
Other Expenses		4,800.00	5,625.00	5,555.20	69.80	
Data Processing		35,000.00	31,075.00	25,695.50	5,379.50	
Miscellaneous Other Expenses		49,000.00	49,000.00	40,711.25	8,288.75	
Collection of Taxes						
Salaries and Wages		67,694.00	67,704.00	67,702.85	1.15	
Other Expenses		7,850.00	6,150.00	2,281.00	3,869.00	
Assessment of Taxes						
Salaries and Wages		57,966.00	58,216.00	58,187.50	28.50	
Other Expenses		12,725.00	10,225.00	9,501.63	723.37	
Legal Services and Costs						
Other Expenses		195,000.00	185,300.00	133,145.09	52,154.91	
Engineering Services and Costs						
Other Expenses		45,000.00	43,000.00	29,997.67	13,002.33	

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Planning Board						
Salaries and Wages		6,310.00	6,310.00	6,309.94	0.06	
Other Expenses		9,075.00	7,075.00	3,702.53	3,372.47	
Board of Adjustment						
Salaries and Wages		6,310.00	6,310.00	6,309.94	0.06	
Other Expenses		3,175.00	3,675.00	3,475.00	200.00	
Insurance:						
Other Insurance Premiums		420,625.00	400,625.00	398,580.09	2,044.91	
Group Insurance for Employees		1,100,000.00	1,092,000.00	1,111,201.60	(19,201.60)	
Health Benefit Waiver		88,000.00	88,000.00	(8,382.48)	96,382.48	
Police						
Salaries and Wages		3,592,300.59	3,553,300.59	3,445,915.37	107,385.22	
Other Expenses		155,700.00	153,300.00	151,433.73	1,866.27	
Police Vehicles		35,000.00	73,900.00	69,645.00	4,255.00	
911 Dispatch Services		9,700.00	9,700.00	9,700.00		
Emergency Management Services:						
Salaries and Wages		15,555.00	15,555.00	14,766.18	788.82	
Other Expenses		4,250.00	4,250.00	4,218.00	32.00	
First Aid Organization Contribution		58,000.00	58,000.00	41,581.95	16,418.05	
Fire						
Salaries and Wages		4,000.00	6,000.00	6,000.00		
Clothing Allowance		25,000.00	25,000.00	23,750.00	1,250.00	
Miscellaneous Other Expenses		123,875.00	123,875.00	120,135.09	3,739.91	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		31,250.00	33,750.00	33,737.38	12.62	
Other Expenses		3,650.00	3,650.00	3,166.69	483.31	
Municipal Prosecutor Retainer		30,611.00	30,611.00	30,010.92	600.08	

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Road Repair and Maintenance						
Salaries and Wages		410,000.00	394,590.00	366,256.90	28,333.10	
Other Expenses		187,600.00	187,600.00	180,054.13	7,545.87	
Public Buildings and Grounds						
Other Expenses		250,000.00	307,700.00	305,220.25	2,479.75	
Garbage and Trash Removal						
Other Expenses		750,000.00	723,000.00	710,592.11	12,407.89	
Municipal Services Act (P.L. 1993, CH. 6)						
Garbage and Trash Removal						
Other Expenses		28,000.00	28,000.00	3,238.36	24,761.64	
Recycling						
Other Expenses		232,500.00	232,500.00	228,687.35	3,812.65	
Board of Health						
Salaries and Wages		92,751.00	94,751.00	92,768.17	1,982.83	
Other Expenses		115,400.00	121,500.00	119,491.15	2,008.85	
Parks and Playgrounds:						
Salaries and Wages		8,906.00	8,906.00	8,906.00		
Other Expenses						
Golden Agers		12,000.00	12,000.00	10,807.00	1,193.00	
Miscellaneous Other Expenses		35,840.00	35,840.00	35,840.00		
Municipal Court:						
Salaries and Wages		167,065.00	181,565.00	181,528.72	36.28	
Other Expenses		9,800.00	9,800.00	8,536.50	1,263.50	
Uniform Construction Code Officials						
Salaries and Wages		110,279.00	114,779.00	114,779.00		
Other Expenses		9,550.00	6,050.00	5,067.07	982.93	
Electrical Inspector						
Salaries and Wages		14,517.00	15,117.00	15,068.52	48.48	

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Plumbing Inspector		14,517.00	16,217.00	15,289.38	927.62	
Salaries and Wages						
Fire Sub-Code Official		8,065.00	8,065.00	8,065.00		
Salaries and Wages						
Celebration of Public Events		40,000.00	41,700.00	41,700.00		
Other Expenses		46,300.00	46,300.00	40,616.69	5,683.31	
Street Lighting		43,000.00	43,000.00	40,861.45	2,138.55	
Telephone		65,000.00	65,000.00	56,262.84	8,737.16	
Gasoline						
Total Operations within "CAPS"		9,332,339.59	9,332,339.59	8,922,386.65	409,952.94	
Detail:						
Salaries and Wages	A-1	4,984,798.59	4,961,798.59	4,820,592.76	141,205.83	
Other Expenses	A-1	4,347,541.00	4,370,541.00	4,101,793.89	268,747.11	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employee Retirement System		231,444.42	231,444.42	231,444.42		
Social Security System (O.A.S.I.)		187,000.00	187,000.00	186,725.53	274.47	
Police and Firemen's Retirement System of NJ		777,685.00	777,685.00	777,685.00		
Defined Contribution Retirement Plan		8,000.00	8,000.00	5,064.47	2,935.53	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,204,129.42	1,204,129.42	1,200,919.42	3,210.00	
Total General Appropriations for Municipal Purposes within "CAPS"		10,536,469.01	10,536,469.01	10,123,306.07	413,162.94	

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		427,547.00	427,547.00	427,547.00		
Reserve for Tax Appeals		40,000.00	40,000.00	40,000.00		
Emergency Services Volunteer Length of Service Award Program		40,000.00	40,000.00		40,000.00	
Interlocal Municipal Service Agreements:						
Street Lighting						
Other Expenses		8,100.00	8,100.00	8,100.00		
Public and Private Programs Offset by Revenues						
Clean Communities Program		20,044.47	20,044.47	20,044.47		
Over the Limit Under Arrest						
Municipal Alliance		44,880.00	44,880.00	44,880.00		
Don't Text and Drive		5,500.00	5,500.00	5,500.00		
Alcohol Education & Rehab. Grant		1,351.14	1,351.14	1,351.14		
Recycling Tonnage Grant		9,437.22	9,437.22	9,437.22		
Bulletproof Vest Program		5,177.76	5,177.76	5,177.76		
Body Armor Replacement Program		2,508.63	2,508.63	2,508.63		
Total Operations - Excluded from "CAPS"		604,546.22	604,546.22	564,546.22	40,000.00	
Detail:						
Salaries & Wages	A-1					
Other Expenses	A-1	604,546.22	604,546.22	564,546.22	40,000.00	
Capital Improvements:						
Down Payment on Improvements		15,000.00	15,000.00	15,000.00		
Capital Improvement Fund		150,000.00	150,000.00	150,000.00		
New Jersey Transportation Trust Fund Authority Act		200,000.00	200,000.00	200,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	365,000.00	365,000.00	365,000.00		

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Municipal Debt Service:						
Payment of Bond Principal		750,000.00	750,000.00	750,000.00		
Interest on Bonds		475,120.00	475,120.00	475,120.00		
Interest on Notes		106,745.64	106,745.64	106,745.62		0.02
Green Trust Loan Program:						
Loan Repayments for Principal and Interest		13,383.48	13,383.48	13,383.48		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,345,249.12	1,345,249.12	1,345,249.10		0.02
Deferred Charges:						
Deficit in Assessment Cash		30,000.00	30,000.00	30,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	30,000.00	30,000.00	30,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		2,344,795.34	2,344,795.34	2,304,795.32	40,000.00	0.02

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Subtotal General Appropriations		<u>12,881,264.35</u>	<u>12,881,264.35</u>	<u>12,428,101.39</u>	<u>453,162.94</u>	<u>0.02</u>
Reserve for Uncollected Taxes		<u>888,611.57</u>	<u>888,611.57</u>	<u>888,611.57</u>		
Total General Appropriations		<u>13,769,875.92</u>	<u>13,769,875.92</u>	<u>13,316,712.96</u>	<u>453,162.94</u>	<u>0.02</u>
			<u>A-2</u>		<u>A</u>	
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			888,611.57		
Cash Disbursed	A-4			11,959,869.31		
Encumbrances Payable	A-15			139,332.86		
Reserve for Tax Appeals	A-20			40,000.00		
Reserve for Federal and State Grants	A-22			288,899.22		
				<u>13,316,712.96</u>		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assessment Trust Fund			
Cash	B-4, B-5	100,682.88	1,893.80
Assessments Receivable	B-6	4,846.89	5,846.21
Interfund - Current Fund	B-7		97,115.97
Prospective Assessments Funded	B-8		792,300.00
		<u>105,529.77</u>	<u>897,155.98</u>
Animal Control Trust Fund:			
Cash	B-4	735.39	3,270.83
		<u>735.39</u>	<u>3,270.83</u>
Other Trust Funds:			
Cash	B-4	1,805,209.12	1,653,654.21
Interfund - Current Fund - Other Trust	B-7		17,260.77
Interfund - Current Fund - Flex Spending	B-7	600.49	2,200.45
Intrafund - Payroll Fund - Other Trust	B-16	3,289.06	113.06
		<u>1,809,098.67</u>	<u>1,673,228.49</u>
Open Space Trust			
Cash	B-4	259,096.03	123,169.56
Interfund - Current Fund	B-7	32,423.42	84,173.94
		<u>291,519.45</u>	<u>207,343.50</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash in Plan	B-4	1,445,063.88	1,526,964.59
Contributions Receivable	B-20	58,650.00	54,050.00
		<u>1,503,713.88</u>	<u>1,581,014.59</u>
Total Assets		<u>3,710,597.16</u>	<u>4,362,013.39</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Trust Fund			
Interfund - Current Fund	B-7	75,673.79	
Interfund - General Capital Fund	B-9	6,000.00	
Assessment Serial Bonds	B-10		624,000.00
Reserve for Assessments and Liens	B-11	4,846.89	255,146.21
Fund Balance	B-1	<u>19,009.09</u>	<u>18,009.77</u>
		<u>105,529.77</u>	<u>897,155.98</u>
Animal Control Trust Fund:			
Interfund - Current Fund	B-7	122.44	13.99
Reserve for Animal Control Expenditures	B-12	<u>612.95</u>	<u>3,256.84</u>
		<u>735.39</u>	<u>3,270.83</u>
Other Trust Fund:			
Interfund - Current Fund - Escrow	B-7	2,800.00	586.71
Interfund - Current Fund - Payroll Fund	B-7	11,605.41	10,358.25
Interfund - Current Fund - Other Trust	B-7	79,478.08	
Interfund - Current Fund - Recycling Trust	B-7	3,845.36	
Various Reserves	B-14	1,599,934.47	1,577,328.78
Interfund - General Capital Fund	B-16	12,712.03	
Reserve for Recreation	B-17	50,740.06	31,416.56
Payroll Deductions Payable	B-18	44,694.20	53,425.13
Intrafund - Other Trust Fund - Payroll	B-19	<u>3,289.06</u>	<u>113.06</u>
		<u>1,809,098.67</u>	<u>1,673,228.49</u>
Open Space Trust Fund:			
Reserve for Open Space Expenditures	B-15	<u>291,519.45</u>	<u>207,343.50</u>
		<u>291,519.45</u>	<u>207,343.50</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-21	<u>1,503,713.88</u>	<u>1,581,014.59</u>
		<u>1,503,713.88</u>	<u>1,581,014.59</u>
Total Liabilities, Reserves and Fund Balances		<u><u>3,710,597.16</u></u>	<u><u>4,362,013.39</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

Assessment Trust Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - January 1,	B	18,009.77	17,060.31
Increased by:			
Collection of Unpledged Assessments	B-11	<u>999.32</u>	<u>949.46</u>
Balance - December 31,	B	<u><u>19,009.09</u></u>	<u><u>18,009.77</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Schedule of Revenues - Regulatory Basis

Assessment Trust Fund

Year Ended December 31, 2018

	<u>Ref.</u>	Budget <u>Revenue</u>	<u>Realized</u>
Assessment Cash		75,000.00	75,000.00
Deficit		<u>30,000.00</u>	<u>30,000.00</u>
	B-3	<u>105,000.00</u>	<u>105,000.00</u>

Schedule of Expenditures - Regulatory Basis

Assessment Trust Fund

Year Ended December 31, 2018

	<u>Ref.</u>	Budget <u>Appropriation</u>	<u>Expended</u>
Payment of Bond Principal	B-2	<u>105,000.00</u>	<u>105,000.00</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque , N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Cash	C-2/C-3	2,189,640.65	2,923,757.22
Various Grants Receivable	C-4	543,195.72	725,907.52
Deferred Charges to Future Taxation:			
Funded	C-5	14,841,654.71	15,082,733.66
Deferred Charges to Future Taxation:			
Unfunded	C-6	3,455,849.98	5,305,849.98
Interfund - Current Fund	C-14	37,850.44	
Interfund - Assessment Trust Fund	C-14	6,000.00	
Interfund - Other Trust Fund	C-14	12,712.03	
		<hr/>	<hr/>
Total Assets		<u>21,086,903.53</u>	<u>24,038,248.38</u>
 <u>Liabilities, Reserves and Fund Balance</u> 			
General Serial Bonds	C-7	14,684,000.00	14,915,000.00
Bond Anticipation Notes	C-8	3,397,750.00	4,744,250.00
Loan Payable - NJDEP Green Trust	C-9	157,654.71	167,733.66
Improvement Authorizations:			
Funded	C-10	364,854.83	350,685.41
Unfunded	C-10	959,510.61	2,895,329.66
Capital Improvement Fund	C-11	165,433.73	48,425.00
Down Payment on Improvements	C-12	15,000.00	
Reserve for:			
Debt Service	C-13	29,653.53	55,653.53
Bond Issue Costs	C-13	21,066.51	21,066.51
Special Needs Housing	C-13	795,859.00	795,859.00
Interfund - Water Capital Fund	C-14	463,679.86	
Fund Balance	C-1	32,440.75	44,245.61
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		<u>21,086,903.53</u>	<u>24,038,248.38</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2018 and 2017 of \$58,099.98 and \$595,599.98 respectively per Exhibit C-15.

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - January 1,	C	44,245.61	742.55
Increased by:			
Canceled Funded Improvement Authorizations			213,741.35
Premium on Sale of Bond Anticipation Notes	C-2	<u>31,195.14</u>	<u>42,747.26</u>
			<u>256,488.61</u>
		75,440.75	257,231.16
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2	<u>43,000.00</u>	<u>146,826.11</u>
Canceled Grants Receivable			<u>66,159.44</u>
		<u>43,000.00</u>	<u>212,985.55</u>
Balance - December 31,	C,C-3	<u><u>32,440.75</u></u>	<u><u>44,245.61</u></u>

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	1,198,849.22	972,185.40
Change Fund	D-6	100.00	100.00
Interfund - Sewer Operating Fund	D-9		21,600.16
Interfund - Current Fund	D-9	20,695.14	2,146.67
Interfund - Water Utility Capital Fund	D-9	1,036.08	37,190.81
		<u>1,220,680.44</u>	<u>1,033,223.04</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-10	197,324.30	211,679.00
		<u>197,324.30</u>	<u>211,679.00</u>
Total Operating Fund		<u>1,418,004.74</u>	<u>1,244,902.04</u>
Capital Fund:			
Cash	D-5/D-8	178,955.57	614,625.45
Fixed Capital	D-11	10,414,865.16	10,414,865.16
Fixed Capital Authorized and Uncompleted	D-12	2,345,000.00	2,345,000.00
Interfund - General Capital Fund	D-25	463,679.86	
Total Capital Fund		<u>13,402,500.59</u>	<u>13,374,490.61</u>
Total Assets		<u>14,820,505.33</u>	<u>14,619,392.65</u>

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Interfund - Sewer Operating Fund	D-9	94,233.27	
Appropriation Reserve	D-4/D-13	93,590.28	363,033.31
Encumbrances Payable	D-14	40,364.62	12,254.34
Accrued Interest on Bonds	D-15	77,743.30	78,898.19
Accrued Interest on Notes	D-16	17,550.00	
Security Deposits Payable	D-17	375.00	375.00
Reserve for Water Improvement Escrow	D-18	182,139.38	182,139.38
Water Rent Overpayments	D-19	667.37	671.26
Reserve for Legal Settlement	D-27	130,550.30	130,550.30
		<u>637,213.52</u>	<u>767,921.78</u>
Reserve for Receivables	Contra	197,324.30	211,679.00
Fund Balance	D-1	583,466.92	265,301.26
Total Operating Fund		<u>1,418,004.74</u>	<u>1,244,902.04</u>
Capital Fund:			
Serial Bonds Payable	D-20	3,661,000.00	3,926,000.00
Bond Anticipation Notes	D-21	1,490,000.00	1,040,000.00
Improvement Authorizations:			
Funded	D-22	62,708.80	306,431.80
Unfunded	D-22	414,800.27	570,592.42
Capital Improvement Fund	D-23	29,946.22	29,946.22
Reserve for Amortization	D-24	6,528,865.16	6,263,865.16
Interfund - Water Utility Operating Fund	D-25	1,036.08	37,190.81
Reserve for Deferred Amortization	D-26	1,080,000.00	1,080,000.00
Fund Balance	D-2	134,144.06	120,464.20
Total Capital Fund		<u>13,402,500.59</u>	<u>13,374,490.61</u>
Total Liabilities, Reserves and Fund Balances		<u>14,820,505.33</u>	<u>14,619,392.65</u>

The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. There was authorized but not issued debt at December 31, 2018 and 2017 of \$0.00 and \$450,000.00 respectively per Exhibit D-28.

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	132,850.00	104,896.00
Rents	D-3	1,745,102.89	1,642,150.00
Miscellaneous Revenue	D-3	58,818.66	64,538.18
Interlocal Service Agreement - WBSA	D-3	130,000.00	150,000.00
PCIA Interest Rebate	D-3	49,705.10	51,407.68
Additional Water Rents			75,243.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-13	<u>339,389.01</u>	<u>43,827.77</u>
Total Income		<u>2,455,865.66</u>	<u>2,132,062.64</u>
Expenditures:			
Operating	D-4	1,364,269.00	1,472,500.00
Capital Improvements	D-4	50,000.00	50,000.00
Debt Service	D-4	491,399.00	397,809.04
Deferred Charges and Statutory Expenditures	D-4	<u>99,182.00</u>	<u>103,901.00</u>
Total Expenditures		<u>2,004,850.00</u>	<u>2,024,210.04</u>
Excess in Revenue over Expenditures		451,015.66	107,852.60
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years		<u> </u>	<u> </u>
Statutory Excess to Surplus		451,015.66	107,852.60
Fund Balance - January 1,	D	<u>265,301.26</u>	<u>262,344.66</u>
		716,316.92	370,197.26
Decreased by:			
Utilized as Anticipated Revenue		<u>132,850.00</u>	<u>104,896.00</u>
Fund Balance - December 31,	D	<u><u>583,466.92</u></u>	<u><u>265,301.26</u></u>

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Statement of Capital Surplus - Regulatory Basis

		Water Capital Fund		
		Year Ended December 31,		
	<u>Ref.</u>	<u>2018</u>	<u>2017</u>	
Balance - January 1,	D	120,464.20	111,093.46	
Increased by:				
Premium on Sale of Bond Anticipation Notes	D-5	13,679.86	9,370.74	
Funded Improvement Authorizations Canceled		<u>13,679.86</u>	<u>250,000.00</u>	
		134,144.06	370,464.20	
Decreased by:				
Appropriated to Finance Improvement Auth.			<u>250,000.00</u>	
Balance - December 31,	D	<u>134,144.06</u>	<u>120,464.20</u>	

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	132,850.00	132,850.00	
Rents	D-1,D-7	1,717,150.00	1,745,102.89	27,952.89
Interlocal Service Agreement - Sewer Utility	D-1, D-5	130,000.00	130,000.00	
PCIA Interest Rebate	D-1, D-5	24,850.00	49,705.10	24,855.10
Miscellaneous	D-1		58,818.66	58,818.66
Budget Totals		<u>2,004,850.00</u>	<u>2,116,476.65</u>	<u>111,626.65</u>
		D-4		

Analysis Realized Revenues

Miscellaneous:

Interest on Deposits:	13,620.44
Late Interest Charge	6,198.22
Connection Fee	<u>39,000.00</u>
D-5	<u>58,818.66</u>

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2018

	Ref.	Appropriated		Expended	
		Budget	Budget After Modification	Paid or Charged	Reserved
Operating:					
Salaries and Wages		539,269.00	539,269.00	511,508.97	27,760.03
Other Expenses		750,000.00	782,800.00	782,770.75	29.25
Purchase of Water		75,000.00	42,200.00	30,789.46	11,410.54
Total Operating	D-1	<u>1,364,269.00</u>	<u>1,364,269.00</u>	<u>1,325,069.18</u>	<u>39,199.82</u>
Capital Improvements:					
Capital Outlay		<u>50,000.00</u>	<u>50,000.00</u>		<u>50,000.00</u>
Total Capital Improvements	D-1	<u>50,000.00</u>	<u>50,000.00</u>		<u>50,000.00</u>
Debt Service:					
Payment of Bond Principal		185,000.00	185,000.00	185,000.00	
Interest on Bonds		53,642.00	53,642.00	53,642.00	
Interest on Notes		40,950.00	40,950.00	40,950.00	
PCIA Loan Principal Payment		80,000.00	80,000.00	80,000.00	
PCIA Loan Interest Payment		<u>131,807.00</u>	<u>131,807.00</u>	<u>131,807.00</u>	
Total Debt Service	D-1	<u>491,399.00</u>	<u>491,399.00</u>	<u>491,399.00</u>	
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		57,861.11	57,861.11	57,861.00	0.11
Social Security System (O.A.S.I.)		<u>41,320.89</u>	<u>41,320.89</u>	<u>36,930.54</u>	<u>4,390.35</u>
Total Deferred Charges and Statutory Expenditures	D-1	<u>99,182.00</u>	<u>99,182.00</u>	<u>94,791.54</u>	<u>4,390.46</u>
		<u>2,004,850.00</u>	<u>2,004,850.00</u>	<u>1,911,259.72</u>	<u>93,590.28</u>
			D-3		D
Cash Disbursed	D-5			1,644,496.10	
Encumbrances Payable	D-14			40,364.62	
Interest on Bonds	D-15			185,449.00	
Interest on Notes	D-16			<u>40,950.00</u>	
				<u>1,911,259.72</u>	

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Operating Fund:			
Cash	E-4	941,452.81	1,090,973.67
Interfund - Water Operating Fund	E-7	<u>94,233.27</u>	<u>1,090,973.67</u>
		<u>1,035,686.08</u>	<u>1,090,973.67</u>
Receivables with Full Reserves:			
Consumers Account Receivable	E-8	455,379.37	462,018.67
Prepaid Expenses	E-20	<u>42,375.00</u>	<u>16,875.00</u>
		<u>497,754.37</u>	<u>478,893.67</u>
Total Operating Fund		<u>1,533,440.45</u>	<u>1,569,867.34</u>
Capital Fund:			
Cash	E-4/E-6	2,021,787.98	1,986,509.39
Fixed Capital	E-9	13,772,138.73	13,772,138.73
Fixed Capital Authorized and Uncompleted	E-10	2,413,158.50	2,413,158.50
Due from Passaic County - Community			
Development Block Grant	E-18	1,794.41	1,794.41
Interfund - Sewer Utility Operating Fund	E-19	<u>308,752.88</u>	<u>344,031.47</u>
Total Capital Fund		<u>18,517,632.50</u>	<u>18,517,632.50</u>
Total Assets		<u>20,051,072.95</u>	<u>20,087,499.84</u>

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Interfund - Sewer Utility Capital Fund	E-7	308,752.88	344,031.47
Interfund - Water Operating Fund	E-7		21,600.16
Appropriation Reserve	E-3/E-11	115,208.77	19,488.09
Encumbrances Payable	E-12	2,584.51	260.62
Sewer Overpayments	E-13	1,568.93	1,929.47
Reserve for Sewer Improvement Escrow	E-13	45,000.00	45,000.00
Reserve for O&M Requirement	E-13	57,000.00	57,000.00
Accrued Interest on Bonds	E-14	6,709.00	8,725.00
		<u>536,824.09</u>	<u>498,034.81</u>
Reserve for Receivables	Contra	497,754.37	478,893.67
Fund Balance	E-1	<u>498,861.99</u>	<u>592,938.86</u>
Total Operating Fund		<u>1,533,440.45</u>	<u>1,569,867.34</u>
Capital Fund:			
Serial Bonds Payable	E-15	4,087,261.35	4,692,261.35
Improvement Authorizations:			
Funded	E-16	1,562,408.97	1,562,408.97
Reserve for Amortization	E-17	11,740,640.88	11,135,640.88
Bond & Debt Service Reserve Fund	E-21	769,926.30	769,926.30
Deferred Reserve for Amortization	E-22	357,395.00	357,395.00
Total Capital Fund		<u>18,517,632.50</u>	<u>18,517,632.50</u>
Total Liabilities, Reserves and Fund Balances		<u>20,051,072.95</u>	<u>20,087,499.84</u>

The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

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

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31,

	Ref.	2018	2017
Revenue and Other Income Realized:			
Surplus Anticipated	E-2	400,000.00	388,316.67
Rents	E-2	4,220,692.80	4,142,956.78
Miscellaneous Anticipated	E-2	266,056.70	245,659.65
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	E-11	19,673.63	15.65
Total Income		<u>4,906,423.13</u>	<u>4,776,948.75</u>
Expenditures:			
Operating	E-3	3,867,316.00	3,815,000.00
Debt Service	E-3	707,684.00	659,316.67
Prepaid Expenses	E-20	25,500.00	
Total Expenditures		<u>4,600,500.00</u>	<u>4,474,316.67</u>
Excess in Revenue over Expenditures		305,923.13	302,632.08
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years			
Statutory Excess to Surplus		305,923.13	302,632.08
Fund Balance - January 1,	E	<u>592,938.86</u>	<u>678,623.45</u>
		898,861.99	981,255.53
Decreased by:			
Utilized as Anticipated Revenue		<u>400,000.00</u>	<u>388,316.67</u>
Fund Balance - December 31,	E	<u><u>498,861.99</u></u>	<u><u>592,938.86</u></u>

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	E-1	400,000.00	400,000.00	
Rents	E-1,E-5	3,935,000.00	4,220,692.80	285,692.80
Miscellaneous	E-1	<u>240,000.00</u>	<u>266,056.70</u>	<u>26,056.70</u>
Budget Totals		<u>4,575,000.00</u>	<u>4,886,749.50</u>	<u>311,749.50</u>
		E-3		

Analysis Realized Revenues

Miscellaneous:

Interest on Deposits

50,596.33

Late Interest Charge

14,635.37

Connection Fees

200,825.00

E-4

266,056.70

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Borough of Wanaque, N.J.

Statement of Expenditures - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2018

	Ref.	Appropriated		Expended	Reserved
		Budget	Budget After Modification	Paid or Charged	
Operating:					
Other Expenses		217,806.00	217,806.00	102,597.23	115,208.77
Interlocal Water Utility		130,000.00	130,000.00	130,000.00	
Interlocal WVRSA		<u>3,519,510.00</u>	<u>3,519,510.00</u>	<u>3,519,510.00</u>	
Total Operating	E-1	<u>3,867,316.00</u>	<u>3,867,316.00</u>	<u>3,752,107.23</u>	<u>115,208.77</u>
Debt Service:					
Payment of Bond Principal		605,000.00	605,000.00	605,000.00	
Interest on Bonds		<u>102,684.00</u>	<u>102,684.00</u>	<u>102,684.00</u>	
Total Debt Service	E-1	<u>707,684.00</u>	<u>707,684.00</u>	<u>707,684.00</u>	
		<u>4,575,000.00</u>	<u>4,575,000.00</u>	<u>4,459,791.23</u>	<u>115,208.77</u>
			E-2		E
Cash Disbursed	E-4			4,354,522.72	
Encumbrances Payable	E-12			2,584.51	
Interest on Bonds	E-14			<u>102,684.00</u>	
				<u>4,459,791.23</u>	

The accompanying "Notes to the Financial Statements" are an integral part of these Financial Statements.

Exhibit G

Borough of Wanaque, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets:</u>		
Land	5,931,300.00	5,931,300.00
Buildings	8,922,100.00	8,922,100.00
Machinery and Equipment	<u>6,475,438.00</u>	<u>6,394,427.00</u>
	<u>21,328,838.00</u>	<u>21,247,827.00</u>
 Investment in Fixed Assets	 <u>21,328,838.00</u>	 <u>21,247,827.00</u>

See accompanying notes to financial statements.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Borough of Wanaque (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other 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.

Assessment Trust Fund - This fund is used to account for receivables arising from assessments for benefits accruing from local improvements. It also deals with indebtedness or other obligations arising from the transfer from capital fund of the liability of such indebtedness.

Payroll Fund - Receipts and disbursements of payroll withholdings that the Borough collects on behalf of various agencies as their agents.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

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

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

Sewer Operating and Sewer Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned sewer utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective July 1, 2010, the Borough transferred administration of the general assistance program to Passaic County Board of Social Services.

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Wanaque. 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 for municipalities by the Division 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:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund and Water Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

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

BOROUGH OF WANAUKE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

General Capital Fund	Public Assistance Fund
Trust Fund	Water Capital Fund
Sewer Capital Fund	

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. Several budget transfers were approved by the governing body.

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 canceled 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, which should be recognized when due.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

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

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

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

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

Inventories - The 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.

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

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

General Fixed Assets - The Borough of Wanaque has developed during the year 1999 a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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 drainage systems are not capitalized.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

C. Basic Financial Statements

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

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2018, \$-0- of the Borough's bank balance of \$13,551,313.71 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by VALIC, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2018 and 2017 amounted to \$1,445,063.88 and \$1,526,964.59, respectively.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Fixed Income	\$230,357.20	\$394,050.92
Index Funds	383,815.07	368,866.00
Growth Funds	351,323.95	238,905.60
Value Funds	259,169.26	295,635.16
All Others	<u>220,398.40</u>	<u>229,506.91</u>
Total	<u>\$1,445,063.88</u>	<u>\$1,526,964.59</u>

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2018 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$14,915,000.00	\$519,000.00	\$750,000.00	\$14,684,000.00	\$845,000.00
Trust Assessment	624,000.00		624,000.00	0.00	
Water Utility	3,926,000.00		265,000.00	3,661,000.00	290,000.00
Sewer Utility	4,692,261.35		605,000.00	4,087,261.35	625,000.00
Other Liabilities:					
Compensated Absences Payable	732,422.71	71,542.02	84,852.88	719,111.85	
Deferred Pension Liability	206,470.00		25,087.00	181,383.00	27,439.00
Green Trust Loan	<u>167,733.66</u>		<u>10,078.95</u>	<u>157,654.71</u>	<u>10,281.53</u>
	<u>\$25,263,887.72</u>	<u>\$590,542.02</u>	<u>\$2,364,018.83</u>	<u>\$23,490,410.91</u>	<u>\$1,797,720.53</u>

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.424%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$10,910,000.00	\$10,910,000.00	\$0.00
Regional High School District Debt	334,564.77	334,564.77	0.00
Water Utility Debt	5,151,000.00	5,151,000.00	0.00
Sewer Utility Debt	4,087,261.35	4,087,261.35	0.00
General Debt	<u>18,297,504.69</u>	<u>29,653.53</u>	<u>18,267,851.16</u>
	<u>\$38,780,330.81</u>	<u>\$20,512,479.65</u>	<u>\$18,267,851.16</u>

Net Debt \$18,267,851.16 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,282,961,849.67 equals 1.424%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3 ½% of Equalized Valuation Basis (Municipal)	\$44,903,664.74
Net Debt	<u>18,267,851.16</u>
Remaining Borrowing Power	<u>\$26,635,813.58</u>

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY
PER N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year		\$2,116,476.65
Deductions:		
Operating and Maintenance Cost	\$1,463,451.00	
Debt Service per Water Account	<u>491,399.00</u>	
Total Deductions		<u>1,954,850.00</u>
Excess in Revenue		<u>\$161,626.65</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE", SEWER UTILITY
PER N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year		\$4,886,749.50
Deductions:		
Operating and Maintenance Cost	\$3,867,316.00	
Debt Service per Sewer Account	<u>707,684.00</u>	
Total Deductions		<u>4,575,000.00</u>
Excess in Revenue		<u>\$311,749.50</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "Deficit", then the utility debt is not deductible to the extent of twenty times such deficit amount or the total debt service, whichever is smaller.

The foregoing debt information is not in agreement with the annual debt statement filed by the Chief Financial Officer.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long term debt consisted of the following at December 31, 2018:

<u>Paid by Current Fund</u>	<u>Debt Outstanding</u>
Ringwood Avenue Sidewalk Bonds of 2015 with an interest rate of 2.25%-3.00% issued February 26, 2015 due in installments through February 1, 2025	\$519,000.00
General Serial Bonds - General Improvement Bonds of 2015 with an interest rate of 2.25%-3.25% issued February 26, 2015, due in installments through February 1, 2035	10,505,000.00
General Refunding Bonds of 2015 with an interest rate of 3.00%-4.00% issued February 26, 2015, due in installments through February 1, 2027	3,660,000.00
Loan Payable - Green Trust Loan - State of New Jersey dated April 26, 2012 with an interest rate of 2.00% payable in semiannual installments through January 26, 2032	<u>157,654.71</u>
Total Current Fund	<u>\$14,841,654.71</u>
 <u>Paid by Water Utility Fund</u>	
Water Loan Program Bonds of 2010 with an interest rate of 1.66%-6.54% issued July 28, 2010, due in installments through August 1, 2031	2,099,000.00
Water Serial Bonds - Water Utility Bonds of 2015 with an interest rate of 2.25%-3.125% issued February 26, 2015, due in installments through February 1, 2032	652,000.00
Water Refunding Bonds of 2015 with an interest rate of 3.00%-4.00% issued February 26, 2015, due in installments through February 1, 2027	<u>910,000.00</u>
Total Water Utility Fund	<u>\$3,661,000.00</u>
 <u>Paid By Sewer Utility Fund</u>	
Sewer Revenue Bonds - Series 2008A with an interest rate of 4.77%-5.16% issued September 16, 2008, due in installments through December 1, 2028	2,137,261.35
Sewer Revenue Refunding Bonds - Series 2008B with an interest rate of 3.50%-4.25% issued September 16, 2008, due in installments through December 1, 2021	<u>1,950,000.00</u>
Total Sewer Utility Fund	<u>\$4,087,261.35</u>

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Capital and Water Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough and/or Water Utility Revenues.

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital	<u>\$58,099.98</u>
Water Capital	<u>\$ -0-</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING

Calendar Year	<u>General</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$855,281.53	\$455,034.45
2020	905,488.20	429,190.28
2021	975,699.01	399,654.47
2022	1,025,914.06	368,276.92
2023	1,076,133.43	335,270.05
2024-2028	5,058,115.18	1,127,257.18
2029-2033	3,545,023.30	498,818.84
2034-2035	1,400,000.00	45,500.00
	<u>\$14,841,654.71</u>	<u>\$3,659,002.19</u>

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING, (continued)

Calendar Year	<u>Water Utility</u>		<u>Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$290,000.00	\$177,300.85	\$625,000.00	\$80,500.00
2020	345,000.00	165,978.35	650,000.00	55,500.00
2021	350,000.00	151,125.85	675,000.00	28,687.50
2022	325,000.00	135,960.85	371,069.50	353,930.50
2023	300,000.00	121,795.85	348,422.40	371,577.60
2024-2028	1,285,000.00	420,564.25	1,417,769.45	2,052,230.55
2029-2032	<u>766,000.00</u>	<u>87,236.93</u>		
	<u>\$3,661,000.00</u>	<u>\$1,259,962.93</u>	<u>\$4,087,261.35</u>	<u>\$2,942,426.15</u>

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2018, the Borough had \$3,397,750.00 in outstanding general capital bond anticipation notes maturing on March 29, 2019 at an interest rate of 2.75% and \$1,490,000.00 in outstanding water capital bond anticipation notes maturing on March 29, 2019 at an interest rate of 2.75%. These notes were renewed on March 28, 2019 and maturing on March 27, 2020 at an interest rate of 2.75%.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Oppenheimer & Co.	\$	\$4,887,750.00	\$	\$4,887,750.00
Jefferies & Co.	<u>5,784,250.00</u>		<u>5,784,250.00</u>	<u>0.00</u>
	<u>\$5,784,250.00</u>	<u>\$4,887,750.00</u>	<u>\$5,784,250.00</u>	<u>\$4,887,750.00</u>

NOTE 5. LOAN AGREEMENTS

The Borough has entered into a loan agreement with the State of New Jersey for Memorial Field Lighting Replacement. The loan is payable in 39 semiannual payments from the date of the final consummation of the loan. The funds have been provided through the Green Trust Program. The loan of \$215,226.58 is at an interest rate of 2.00% under loan number 1613-08-031. Drawdowns of the \$215,226.58 loan were initiated in 2012. Installment payments of principal and interest on this loan are due on January 26 and July 26 of each year.

NOTE 6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the Borough had no deferred charges.

NOTE 7. LOCAL AND REGIONAL HIGH SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District.

The calculation of the Regional High School Tax balances and deferrals are as follows:

	<u>Regional High School Taxes</u>	
	<u>Balance Dec. 31, 2018</u>	<u>Balance Dec. 31, 2017</u>
Balance of Tax	\$4,011,728.62	\$3,835,038.12
Deferred	<u>4,002,241.00</u>	<u>3,825,550.50</u>
Taxes Payable	<u>\$ 9,487.62</u>	<u>\$ 9,487.62</u>

Local school taxes have been raised on a calendar year basis and there is no deferred liability at December 31, 2018.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS), (continued)

by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Police and Firemens' Retirement System (PFRS)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

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

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012. The Borough of Wanaque opted for this deferral in the amount of \$315,277.00.

Of this amount, \$80,352.00 represents the Public Employees' Retirement System deferral and \$234,925.00 represents the Police and Firemen's Retirement System deferral. The outstanding balance at December 31, 2018 for PERS is \$45,810.00 and PFRS is \$135,573.00. The principal amounts that are due in 2019 are \$7,120.00 for PERS and \$20,319.00 for PFRS.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2018	\$274,250.00	\$741,609.00	\$5,064.47
2017	276,148.00	706,783.00	3,435.42
2016	258,980.00	705,596.00	3,685.10

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2018, the Borough had a liability of \$5,878,523 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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)

contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was .02985613 percent, which was an increase of 0.0002520699 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$274,250. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$112,104.00	\$30,312.00
Changes of assumptions	968,683.00	1,879,639.00
Net difference between projected and actual earnings on pension plan investments		55,141.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>183,552.00</u>	<u>62,291.00</u>
Total	<u>\$1,264,339.00</u>	<u>\$2,027,383.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$40,800
2020	(56,488)
2021	(405,066)
2022	(351,117)
2023	(112,432)

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	0.029856130%	0.0296040601%

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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)

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 PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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)

plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Borough's proportionate share of the pension liability	\$7,690,127	\$5,878,523	\$4,609,177

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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)

At December 31, 2018, the Borough had a liability of \$11,492,721.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0849321603 percent, which was an increase of 0.0011362809 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$741,609.00. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$116,923.00	\$47,560.00
Changes of assumptions	986,496.00	2,945,386.00
Net difference between projected and actual earnings on pension plan investments		62,876.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>477,755.00</u>	<u>9,616.00</u>
Total	<u>\$1,581,174.00</u>	<u>\$3,065,438.00</u>

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$98,839
2020	(333,180)
2021	(932,116)
2022	(598,355)
2023	(187,590)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Borough's Proportion	0.0849321603%	0.0837958794%

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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)

Actuarial Assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rates

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

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

BOROUGH OF WANAUKE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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 Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (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

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Borough's proportionate share of the pension liability	\$17,470,915	\$11,492,721	\$9,410,517

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 8. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Special Funding Situation - PFRS

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

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,561,096 and \$1,448,993, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$184,909 and \$177,245, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$92,455 and \$72,456, respectively. 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 pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 8, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (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) retired 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) retired 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.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

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 provides 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 of coverage.

Total OPEB Liability

At December 31, 2018, the Borough had a liability of \$8,471,410 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2018 the Borough's proportion was 0.0540730 percent.

For the year ended December 31, 2018, the Borough recognized OPEB expense of \$364,151. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$1,719,998
Changes of assumptions		2,148,884
Net difference between projected and actual earnings on OPEB plan investments	4,477	
Changes in proportion	<u>66,892</u>	<u>430,070</u>
Total	<u>\$71,369</u>	<u>\$4,298,952</u>

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$(567,436)
2020	(567,436)
2021	(567,437)
2022	(567,910)
2023	(568,674)
Thereafter	<u>(1,025,512)</u>
	<u><u>\$(3,864,405)</u></u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.14 and 8.04 years for 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65 - 8.98%
Thereafter	2.65 - 9.98%

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

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This 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.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Borough's proportionate share of Net OPEB liability	\$9,939,204	\$8,471,410	\$7,298,975

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB), continued

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Borough's proportionate share of Net OPEB liability	\$7,066,615	\$8,471,410	\$10,289,554

Special Funding Situation PFRS

Under Chapter 330, P.L. 1997, the State shall pay the premium 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.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$6,778,869 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$205,204.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 10. FUND BALANCES

Fund balances as of December 31, 2018 and 2017 that have been anticipated as revenue in the 2019 budgets is as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	\$965,000.00	\$955,000.00
Water Operating Fund	272,648.58	132,850.00
Sewer Operating Fund	378,316.00	400,000.00

NOTE 11. FIXED ASSETS

The balance as of December 31, 2018 and December 31, 2017 are as follows:

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Land	\$5,931,300.00	\$5,931,300.00
Buildings	8,922,100.00	8,922,100.00
Machinery and Equipment	<u>6,475,438.00</u>	<u>6,394,427.00</u>
	<u>\$21,328,838.00</u>	<u>\$21,247,827.00</u>

NOTE 12. ACCRUED SICK AND VACATION BENEFITS

The Borough permits all employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation approximates \$719,111.85 as of December 31, 2018. The Division of Local Government Services, Department of Community Affairs, State of New Jersey does not allow this amount to be reported either as an expenditure or liability.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 13. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2018 consist of the following:

\$3,845.36	Due to Current Fund from Recycling Trust for Current Fund receipts deposited in Recycling Trust.
79,478.08	Due to Current Fund from Other Trust Fund for Other Trust Fund expenditures paid by Current Fund.
11,605.41	Due to Current Fund from Payroll Fund for excess deposit.
2,800.00	Due to Current Fund from Escrow Trust for interest earned.
122.44	Due to Current Fund from Animal Control Trust Fund for interest earned.
75,673.79	Due to Current Fund from Assessment Trust Fund for Assessment Trust Fund expenditures paid by Current Fund.
307,094.89	Due to Federal and State Grant Fund from Current Fund for grant receipts deposited in Current Fund.
600.49	Due to Flex Spending Trust from Current Fund for Flex Spending Trust receipts deposited in Current Fund.
32,423.42	Due to Open Space Trust from Current Fund for Open Space Trust receipts deposited in Current Fund.
37,850.44	Due to General Capital Fund from Current Fund for General Capital Fund receipts deposited in Current Fund.
6,000.00	Due to General Capital Fund from Assessment Trust Fund for General Capital Fund receipts deposited in Assessment Trust Fund.
12,712.03	Due to General Capital Fund from Other Trust Fund for General Capital receipts deposited in Other Trust Fund.
20,695.14	Due to Water Operating Fund from Current Fund for Water Operating receipts deposited in Current Fund.
1,036.08	Due to Water Operating Fund from Water Capital Fund for Water Operating receipts deposited in Water Capital.
463,679.86	Due to Water Capital Fund from General Capital Fund for Water Capital Fund receipts deposited in General Capital Fund.
94,233.27	Due to Sewer Operating Fund from Water Operating Fund for Sewer Operating Fund receipts deposited in Water Operating Fund.
<u>308,752.88</u>	Due to Sewer Capital Fund from Sewer Operating Fund for Sewer Capital Fund receipts deposited in Sewer Operating Fund.
<u>\$1,458,603.58</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 14. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2018 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Wanaque is a member of the North Jersey Intergovernmental Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability, property and workers' compensation insurance coverage for member municipalities. The Borough of Wanaque pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be issued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Financial statements for the Funds are available at the office of the Funds' Administrator, Inservco, Inc.

The Borough of Wanaque continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2018</u>	<u>Balance</u> <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$233,908.93</u>	<u>\$2,048,163.32</u>
Cash Liability for Taxes Collected in Advance	<u>\$233,908.93</u>	<u>\$2,048,163.32</u>

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 16. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On March 21, 2002, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company (VALIC). The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating active volunteer member shall be \$100 per year of active emergency service and the maximum contribution for each active volunteer member shall be \$1,150 per year of active emergency service, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2018 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 17. DISSOLUTION OF WANAQUE BOROUGH SEWERAGE AUTHORITY

On September 14, 2009, the Borough of Wanaque passed Ordinance number 15-0-09 which dissolved the Wanaque Borough Sewerage Authority effective December 31, 2009. As of January 1, 2010, all assets, liabilities and equity of the Authority were transferred to the Borough of Wanaque.

BOROUGH OF WANAQUE, N.J.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017
(continued)

NOTE 18. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by Borough Counsel that the Borough is involved in several suits that are either covered by insurance or not material to the financial statements.

The Borough is involved in several tax appeals. The tax refund exposure is not known at this time.

NOTE 19. SUBSEQUENT EVENT

The Borough has evaluated subsequent events through July 18, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

<u>Tax Rate:</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
	3.830	3.740	3.648
Apportionment of Tax Rate:			
Municipal	.871	.8568	.8484
Municipal Open Space	.010	.010	.010
County	.848	.8307	.8324
Local School	1.348	1.3195	1.2741
Regional High School	.715	.685	.6463
Library	.038	.038	.0368

Assessed Valuation:

2018	<u>\$1,119,326,200.00</u>		
2017		<u>\$1,117,051,600.00</u>	
2016			<u>\$1,121,074,300.00</u>

*Revaluation

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>Currently</u>	
		<u>Cash</u>	<u>Percentage of</u>
<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Collection</u>
2018	\$42,921,177.80	\$42,401,260.13	98.93%
2017	41,905,255.77	41,415,407.86	98.83
2016	41,020,395.26	40,539,205.97	98.83

DELINQUENT TAXES AND TAX TITLE LIENS

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

		<u>Amount of</u>		
<u>Dec. 31</u>	<u>Amount of</u>	<u>Delinquent</u>	<u>Total</u>	<u>Percentage</u>
	<u>Tax Title Liens</u>	<u>Taxes</u>	<u>Delinquent</u>	<u>of Tax Levy</u>
2018	\$172,497.01	\$391,410.50	\$563,907.51	1.31%
2017	164,611.61	358,123.54	522,735.15	1.25
2016	146,056.59	406,960.72	553,017.31	1.35

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2018	\$388,475.00
2017	388,475.00
2016	388,475.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Current Fund</u>		
<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$2,474,792.00	\$965,000.00
2017	2,469,141.76	955,000.00
2016	2,572,341.56	995,000.00
2015	2,560,219.09	952,500.00
2014	2,133,120.98	888,500.00

<u>Water Utility Operating Fund</u>		
<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$583,466.92	\$272,648.58
2017	265,301.26	132,850.00
2016	262,344.66	104,896.04
2015	194,178.61	74,453.00
2014	263,718.10	197,160.53

<u>Sewer Utility Operating Fund</u>		
<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2018	\$498,861.99	\$378,316.00
2017	592,938.86	400,000.00
2016	678,623.45	388,316.67
2015	429,959.71	345,583.33
2014	784,580.80	506,732.94

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections*</u>
2018	\$1,730,748.19	\$1,745,102.89
2017	1,728,054.58	1,717,393.01
2016	1,649,459.50	1,642,152.04
2015	1,638,728.62	1,648,093.15
2014	1,671,538.83	1,649,674.20

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections*</u>
2018	\$4,214,053.50	\$4,220,692.80
2017	4,150,463.83	4,142,956.78
2016	4,085,207.80	4,067,337.92
2015	4,128,711.42	4,158,940.26
2014	4,097,067.74	4,060,813.01

*Includes collections of prior years levy.

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond*</u>
Daniel Mahler	Mayor	
Thomas Balunis	Councilman	
Dominick Cortellessa	Councilman	
Edward Leonard	Councilman	
Donald D. Pasquariello	Councilman	
Robert Pettet	Councilman	
Eric Willse	Councilman	
John Eskilson	Administrator	
Katherine Falone	Borough Clerk	
Ann Smolen	Tax Collector	
Mary Ann Brindisi	Chief Financial Officer	
Joseph Perconti	Magistrate	
Kathleen Gallanthen	Court Administrator	
Robert Kronyak	Police Chief	
David Hammerle	Building Inspector	
Brian Townsend	Tax Assessor	
Richard A. Alaimo Associates	Engineers	
Anthony Fiorello	Attorney	
Ralph Fava	Prosecutor	
Charles J. Ferraioli, Jr.	Auditor	

*Covered under New Jersey Intergovernmental Insurance Fund.

Adequacy of insurance coverage is the responsibility of the Borough.

Borough of Wanaque

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/Revenues	Expended	Balance Dec. 31, 2018	Cumulative Expenditures
<u>Current Fund</u>									
<u>U.S. Department of Homeland Security</u> Pass Through NJ Department of Law & Public Safety: Public Assistance Grant Program	97.036	066-1200-100-C27	2018	38,483.44		38,483.44	38,483.44		38,483.44
Total Current Fund						38,483.44	38,483.44		
<u>Federal and State Grant Fund</u>									
<u>U.S. Department of Transportation:</u> Pass Through NJ Department of Law & Public Safety: Don't Text and Drive Click It or Tiek It	20.616 20.602	066-1160-100-158 066-1160-100-157	2018 2009	5,500.00 4,400.00	4,000.00	5,500.00	(5,500.00) 4,000.00		5,500.00 400.00
					4,000.00		(1,500.00)		
<u>U.S. Department of Justice</u> Bulletproof Vest Partnership Program	16.607		2017	5,177.76	5,177.76	3,820.00	1,357.76		3,820.00
<u>U.S. Department of HUD:</u> Pass Through County of Passaic: Community Development Block Grant	14.218		2017	59,694.72	(3,765.22)	59,604.72	55,929.50	(90.00)	59,694.72
<u>U.S. Environmental Protection Agency:</u> Pass Through NJ Department of Environmental Protection Municipal Stormwater Regulation	66.605		2007 2006	10,207.00 10,207.00	10,207.00 6,340.93		10,207.00 6,340.93		
					16,547.93		16,547.93		3,866.07
Total Federal and State Grant Fund					21,960.47	59,604.72	65,249.50	16,315.69	

Borough of Wanaque

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/Revenues	Expended	Balance Dec. 31, 2018	Cumulative Expenditures
<u>General Capital Fund</u>									
<u>U.S. Department of HUD:</u> Pass Through County of Passaic: Community Development Block Grant	14.218		2017	75,000.00	(75,000.00)	75,000.00			75,000.00
<u>U.S. Department of Homeland Security:</u> Pass Through NJ Department of Law & Public Safety: Hazard Mitigation Program	97.039		2016	75,000.00	(75,000.00)	69,999.00		(5,001.00)	75,000.00
Total General Capital Fund					(150,000.00)	144,999.00		(5,001.00)	
<u>Sewer Capital Fund</u>									
<u>U.S. Department of HUD:</u> Pass Through County of Passaic: Community Development Block Grant	14.218		2014	100,000.00					98,205.59
Total Sewer Capital Fund									
Total Federal Awards					(128,039.53)	243,087.16	103,732.94	11,314.69	

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance

Borough of Wanaque

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/Revenues	Expended	Canceled	Balance Dec. 31, 2018	MEMO Cumulative Expenditures
Federal and State Grant Fund									
NJ Department of Environmental Protection:									
Clean Communities	4900-765-004	2018	19,180.53		19,180.53			19,180.53	
		2017	20,044.47	20,044.47				20,044.47	
		2016	23,593.87	23,593.87				23,593.87	
		2015	20,637.50	20,637.50				20,637.50	
		2014	16,978.48	16,978.48				16,978.48	
		2013	18,104.76	18,104.76				18,104.76	
		2012	15,420.37	15,420.37				15,420.37	
		2011	15,679.08	15,679.08		1,680.61		13,739.76	1,680.61
		2010	14,857.02	831.35		15,679.08		13,739.76	15,679.08
				131,289.88	19,180.53	18,191.04		132,279.37	14,857.02
Recycling Tonnage Grant									
	4910-100-224	2019	3,845.36		3,845.36			3,845.36	
		2018	9,437.22	9,437.22				9,437.22	
		2017	12,395.67	12,395.67				12,395.67	
		2016	5,983.85	5,983.85				5,983.85	
		2015	12,714.00	12,714.00				12,714.00	
		2014	11,154.63	11,154.63				11,154.63	
		2013	13,718.10	13,718.10				13,718.10	
		2012	6,191.44	6,191.44				6,191.44	
		2011	18,493.22	18,493.22				18,493.22	
		2010	8,388.11	8,388.11				8,388.11	
		2009	4,761.43	4,761.43				4,761.43	
				103,237.67	3,845.36			107,083.03	

Borough of Wanaque

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/Revenues	Expended	Canceled	Balance Dec. 31, 2018	MEMO Cumulative Expenditures
<u>NJ Department of Health:</u>									
Alcohol Education Rehabilitation	9735-760-001	2018	1,830.81		1,830.81			1,830.81	
		2017	1,351.14	1,351.14				1,351.14	
		2016	1,450.35	1,450.35				1,450.35	
		2015	235.73	235.73				235.73	
		2014	738.85	738.85				738.85	
		2013	1,834.74	1,834.74				1,834.74	
		2012	1,887.71	1,887.71				1,887.71	
		2011	653.55	653.55				653.55	
		2010	374.82	374.82				374.82	
		2009	570.30	570.30				570.30	
		2008	2,186.83	2,186.83		927.45		1,259.38	927.45
		2007	2,620.00	985.07		985.07		1,259.38	2,620.00
				12,269.09	1,830.81	1,912.52		12,187.38	
<u>NJ Division of Highway Traffic Safety:</u>									
Drunk Driving Enforcement Fund	6400-100-078	2014	10,003.36	3,349.20		648.00		2,701.20	7,302.16
<u>NJ Department of Transportation:</u>									
Highway Planning and Construction Various Roads	078-6320-480	2018	200,000.00						
<u>NJ Highlands Council:</u>									
NJ Highlands Water Protection		2015	6,593.75	6,593.75				6,593.75	
		2008	55,259.28	38,639.28				38,639.28	16,620.00
				45,233.03				45,233.03	

Borough of Wanaque

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2018

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID Number	Grant Year	Grant Award	Balance Jan. 1, 2018	Receipts/Revenues	Expended	Canceled	Balance Dec. 31, 2018	MEMO Cumulative Expenditures
<u>NJ Department of Law and Public Safety:</u>									
Body Armor Replacement	066-1020-718-001	2018	2,508.63	2,508.63				2,508.63	2,502.97
		2017	2,504.97	2.00				2.00	
				<u>2,510.63</u>				<u>2,510.63</u>	
<u>Council on Alcoholism and Drug Abuse:</u>									
Pass Through County of Morris Municipal Drug Alliance		2018	44,880.00		410.00	11,625.44		(11,215.44)	44,879.17
		2017	44,879.17	(11,224.61)	44,879.17	33,654.56		(11,215.44)	
				<u>(11,224.61)</u>	<u>45,289.17</u>	<u>45,280.00</u>		<u>(11,215.44)</u>	
Total Federal and State Grant Fund				<u>286,664.89</u>	<u>70,145.87</u>	<u>66,031.56</u>		<u>290,779.20</u>	
<u>General Capital Fund</u>									
<u>NJ Department of Transportation:</u>									
Highway Planning and Construction	078-6320-480	2016	180,000.00	(180,000.00)				(180,000.00)	180,000.00
Various Roads		2015	205,000.00	(205,000.00)				(205,000.00)	205,000.00
Phelan and 6th		2013	205,000.00		37,712.80	37,712.80		(61,497.28)	113,302.56
5th Ave		2013	230,000.00	(61,497.28)				(61,497.28)	230,000.00
Westbrook Rd				<u>(446,497.28)</u>	<u>37,712.80</u>	<u>37,712.80</u>		<u>(446,497.28)</u>	
Total General Capital Fund				<u>(446,497.28)</u>	<u>37,712.80</u>	<u>37,712.80</u>		<u>(446,497.28)</u>	
Total State Awards				<u>(159,832.39)</u>	<u>107,858.67</u>	<u>103,744.36</u>		<u>(155,718.08)</u>	

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08

Borough of Wanaque , N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2017	A	6,424,723.16
Increased by Receipts:		
Consolidated Municipal Property Tax Relief Aid	A-2	45,533.00
Energy Receipts Tax	A-2	856,825.00
Garden State Trust PILOT	A-2	4,385.00
Miscellaneous Revenue Not Anticipated	A-2	139,357.27
Tax Collector	A-5	41,356,087.95
Revenue Accounts Receivable	A-11	1,064,331.85
Due From Passaic County - Street Lighting	A-12	8,931.28
Interfunds	A-13	439,378.11
Various Cash Liabilities and Reserves	A-20	<u>5,465.00</u>
		<u>43,920,294.46</u>
		50,345,017.62
Decreased by Disbursements:		
Refund Prior Years Revenue	A-1	1,278.00
Current Year Budget Appropriations	A-3	11,959,869.31
Interfunds	A-13	808,763.88
Appropriation Reserves	A-14	288,546.44
Local District School Taxes	A-17	15,082,838.00
Regional High School Taxes	A-18	7,827,791.50
County Taxes Payable	A-19	9,516,825.91
Various Cash Liabilities and Reserves	A-20	<u>410,223.12</u>
		<u>45,896,136.16</u>
Balance - December 31, 2018	A	<u><u>4,448,881.46</u></u>

Borough of Wanaque , N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Increased by Receipts:			
Interest and Costs on Taxes	A-2	82,793.31	
Due from NJ Senior Citizens & Vets	A-7	98,901.39	
Property Taxes Receivable	A-8	40,603,541.94	
Tax Title Liens	A-11	30,558.93	
Prepaid Taxes	A-16	233,908.93	
Deposits for Redemption of Tax Sale Certificates	A-20	142,243.88	
Tax Overpayments	A-20	<u>164,139.57</u>	
			<u><u>41,356,087.95</u></u>
Decreased by Disbursements:			
Paid to Treasurer	A-4		<u><u>41,356,087.95</u></u>

Borough of Wanaque , N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u>625.00</u>
Balance - December 31, 2018	A	<u>625.00</u>
<u>Analysis of Balance:</u>		
Health		25.00
Water Clerk		100.00
Sewer Clerk		100.00
Municipal Court		200.00
Tax Collector		<u>200.00</u>
		<u>625.00</u>

Borough of Wanaque , N.J.

**Schedule of Amount Due From State of New Jersey
for Senior Citizens' and Veterans Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	7,639.71
Increased by:		
Senior Citizens' Deductions Per Tax Billing		16,000.00
Veterans' Deductions Per Tax Billing		84,250.00
Senior Citizens' and Veterans' Allowed by Tax Collector		<u>5,000.00</u>
		105,250.00
Less: Senior Citizens Deduction Disallowed		<u>3,429.45</u>
	A-8	<u>101,820.55</u>
		109,460.26
Decreased by:		
Cash Receipts	A-5	<u>98,901.39</u>
Balance - December 31, 2018	A	<u><u>10,558.87</u></u>

Borough of Wanaque, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2018

Year	Balance, Dec. 31, 2017	Added Taxes	Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2018
				2017	2018				
prior 2018	358,123.54	50,984.34	42,870,193.46	2,048,163.32	295,695.13 40,307,846.81	(3,429.45) 105,250.00	10,163.92 25,634.44	34,059.09 64,507.58	21,634.85 369,775.65
	<u>358,123.54</u>	<u>50,984.34</u>	<u>42,870,193.46</u>	<u>2,048,163.32</u>	<u>40,603,541.94</u>	<u>101,820.55</u>	<u>35,798.36</u>	<u>98,566.67</u>	<u>391,410.50</u>
	A			A-2/A-16	A-2/A-5	A-2/A-7	A-9		A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	42,870,193.46
Added Tax (R.S. 54:4-63.1 et seq.)	50,984.34
	<u>42,921,177.80</u>
Tax Levy:	
Municipal Open Space Tax	111,933.00
Added Municipal Open Space Tax	133.14
	<u>112,066.14</u>
Local District School Tax	15,082,840.00
Regional High School Tax	8,004,482.00
County Tax	9,477,164.09
Added County Taxes	11,288.56
	<u>9,488,452.65</u>
Local Tax for Municipal Purposes	32,687,840.79
Additional Taxes	10,185,434.70
	<u>47,902.31</u>
	<u>10,233,337.01</u>
	<u>42,921,177.80</u>

Exhibit A-9

Borough of Wanaque , N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A		164,611.61
Increased by:			
Interest and Costs on Tax Sale		2,645.97	
Transfer from Taxes Receivable	A-8	<u>35,798.36</u>	
			<u>38,444.33</u>
			203,055.94
Decreased by:			
Tax Liens Paid	A-2, A-5		<u>30,558.93</u>
Balance - December 31, 2018	A		<u><u>172,497.01</u></u>

Exhibit A-10

**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A		<u><u>388,475.00</u></u>
Balance - December 31, 2018	A		<u><u>388,475.00</u></u>

Borough of Wanaque , N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2018

	Ref.	Balance Dec. 31, 2017	Accrued	Collected	Balance Dec. 31, 2018
Clerk:					
Licenses:					
Alcoholic Beverages	A-2		20,000.00	20,000.00	
Other	A-2		5,720.00	5,295.00	425.00
Fees and Permits	A-2		924.50	924.50	
Health Department					
Licenses:					
Other	A-2		3,018.00	3,018.00	
Fees and Permits	A-2		8,924.00	8,924.00	
Police Department					
Fees and Permits	A-2		1,577.10	1,577.10	
Municipal Court :					
Fines and Costs	A-2	12,368.56	175,945.49	172,272.09	16,041.96
Construction Code					
Fees	A-2		148,529.00	148,529.00	
Township of Lyndhurst -					
QPA Services	A-2	15,500.00		15,500.00	
Uniform Fire Safety Act	A-2		23,407.96	23,407.96	
Library Services	A-2		22,000.00	22,000.00	
Hotel Occupancy Fee	A-2		69,763.41	69,763.41	
Social Services Rent	A-2		81,984.00	81,984.00	
Cable TV	A-2		58,112.00	58,112.00	
Cellular Tower Lease	A-2		214,304.74	206,371.08	7,933.66
Wanaque BOE Field Maintenance	A-2		5,000.00	5,000.00	
General Capital Fund - Fund Balance	A-2		43,000.00	43,000.00	
Municipal Open Space Share of Debt Service	A-2		30,000.00	30,000.00	
Interest on Investments and Deposits	A-2		116,653.71	116,653.71	
Reserve for Debt Service	A-2		32,000.00	32,000.00	
		<u>27,868.56</u>	<u>1,060,863.91</u>	<u>1,064,331.85</u>	<u>24,400.62</u>
		A		A-4	A

Borough of Wanaque , N.J.
Schedule of Due from County of Passaic
Current Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	8,931.28
Increased by:		
Street Lighting Contract Fees		<u>8,700.24</u>
		17,631.52
Decreased by:		
Receipts	A-2,A-4	<u>8,931.28</u>
Balance - December 31, 2018	A	<u><u>8,700.24</u></u>

Borough of Wanaque, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2018

		Due From/(To)			Due From/(To)
		Balance			Balance
	Ref.	Dec. 31, 2017	Increased	Decreased	Dec. 31, 2018
Other Trust	A	(17,260.77)	28,675.41	125,414.26	79,478.08
Escrow Trust	A	586.71	2,794.68	581.39	2,800.00
Recycling Trust			3,845.36		3,845.36
Flex Spending Trust	A	(2,200.45)	1,629.21	3,229.17	(600.49)
Open Space Trust	A	(84,173.94)	122,028.14	173,778.66	(32,423.42)
General Capital Fund	A		187,712.80	149,862.36	(37,850.44)
Animal Control Trust	A	13.99	122.44	13.99	122.44
Payroll Fund	A	10,358.25	11,605.41	10,358.25	11,605.41
Assessment Trust Fund	A	(97,115.97)	30,000.00	202,789.76	75,673.79
Water Operating Fund	A	(2,146.67)	20,694.47	2,146.00	(20,695.14)
State and Federal Grant Fund	A	(290,520.08)	149,751.42	133,176.61	(307,094.89)
		<u>(482,458.93)</u>	<u>558,859.34</u>	<u>801,350.45</u>	<u>(225,139.30)</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	10,958.95			173,525.08
Due From Current Fund	A	<u>(493,417.88)</u>			<u>(398,664.38)</u>
		<u>(482,458.93)</u>			<u>(225,139.30)</u>
Municipal Open Space Tax	A-1, A-8		112,066.14		
Canceled Grant Reserves	A-1			0.83	
Canceled Grant Receivables	A-1		0.83		
Disbursed	A-4		18,367.89	790,395.99	
Received	A-4		428,424.48	10,953.63	
			<u>558,859.34</u>	<u>801,350.45</u>	

Borough of Wanaque , N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

<u>Appropriations</u>	Balance Dec. 31, 2017	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
General Government:				
Administrative and Executive				
Salaries and Wages	12,414.65	11,264.65	11,152.05	112.60
Other Expenses	853.94	9,236.44	2,702.74	6,533.70
Mayor and Council				
Salaries and Wages	0.52	0.52		0.52
Other Expenses	589.46	989.46	400.00	589.46
Municipal Clerk				
Salaries and Wages	1,464.31	1,464.31		1,464.31
Other Expenses	1,751.73	2,611.19	1,094.29	1,516.90
Financial Administration				
Salaries and Wages	2,650.17	2,650.17	1,496.28	1,153.89
Other Expenses	1,037.24	1,037.24		1,037.24
Data Processing	4,408.80	5,082.52	1,930.38	3,152.14
Miscellaneous Other Expenses	15,700.00	15,700.00		15,700.00
Collection of Taxes				
Salaries and Wages	25.00	25.00		25.00
Other Expenses	3,811.31	4,211.31	221.03	3,990.28
Assessment of Taxes				
Other Expenses	3,529.26	5,945.14	5,915.88	29.26
Legal Services				
Other Expenses	9,898.02	9,898.02	9,898.02	
Engineering Services and Costs				
Other Expenses	5,943.97	5,943.97	380.00	5,563.97
Planning Board				
Salaries and Wages	88.75	88.75		88.75
Other Expenses	5,750.24	5,750.24		5,750.24
Board of Adjustment				
Salaries and Wages	88.75	88.75		88.75
Other Expenses	7.50	1,007.50	900.00	107.50
Insurance				
Other Insurance Premiums	94,894.10	85,194.10		85,194.10
Employee Group Health	12,199.88	12,199.88		12,199.88
Health Benefit Waiver	34.49	34.49		34.49

Borough of Wanaque , N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Police				
Salaries and Wages	16,418.68	19,718.68	19,679.34	39.34
Other Expenses	2,167.57	20,637.78	20,609.81	27.97
Police Vehicles	1,000.00	70,000.00	70,000.00	
Emergency Management Services				
Salaries and Wages	3,907.00	3,907.00		3,907.00
Other Expenses	725.00	725.00		725.00
First Aid Organization Contribution	991.69	3,910.34	3,467.30	443.04
Fire				
Other Expenses	826.19	16,338.07	10,166.90	6,171.17
Uniform Fire Safety Act (Ch. 383, P.L. 1983)				
Salaries and Wages	789.48	789.48		789.48
Other Expenses	170.82	170.82		170.82
Municipal Prosecutor				
Retainer	1,999.90	299.90		299.90
Road Repair and Maintenance				
Other Expenses	3,810.20	16,057.48	12,877.28	3,180.20
Public Buildings and Grounds				
Other Expenses	5,015.86	22,580.71	22,142.28	438.43
Garbage and Trash Removal				
Other Expenses	38,130.06	62,016.85	24,600.79	37,416.06
Municipal Services Act (P.L. 1993, CH. 6)				
Garbage and Trash Removal				
Other Expenses	28,000.00	28,000.00		28,000.00
Recycling				
Other Expenses	15,753.46	15,753.46		15,753.46
Board Of Health:				
Salaries and Wages	10,172.02	10,172.02		10,172.02
Other Expenses	3,621.84	5,494.35	2,052.51	3,441.84
Parks and Playgrounds				
Salaries and Wages	67.90	67.90		67.90
Other Expenses				
Golden Agers	375.00	1,625.00		1,625.00
Miscellaneous Other Expenses	1,100.85	6,450.85	5,350.00	1,100.85
Municipal Court				
Salaries and Wages	4,645.94	4,645.94		4,645.94
Other Expenses	2,344.78	2,644.78	1,013.06	1,631.72

Borough of Wanaque , N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2018

	Balance Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Uniform Construction Code Officials				
Salaries and Wages	1,664.14	114.14		114.14
Other Expenses	3,842.49	3,842.49	1,487.30	2,355.19
Electrical Inspector				
Salaries and Wages	371.25	371.25		371.25
Plumbing Inspector				
Salaries and Wages	0.05	0.05		0.05
Fire Sub-Code Official				
Salaries and Wages	42.83	42.83		42.83
Gasoline	7,902.26	11,592.83	3,690.57	7,902.26
Telephone	2,351.15	3,111.62	760.47	2,351.15
Street Lighting	538.53	10,139.51	10,125.81	13.70
Celebration of Public Events				
Other Expenses	5,018.00	5,018.00	2,775.41	2,242.59
Contribution to:				
Social Security System (O.A.S.A.)	355.88	355.88		355.88
Defined Contribution Retirement Plan	3,435.42	3,435.42	1,656.94	1,778.48
Emergency Services Volunteer Length of Service Award Program	40,000.00	40,000.00	40,000.00	
Interlocal - Street Lighting		4,859.05		4,859.05
	<u>384,698.33</u>	<u>575,313.13</u>	<u>288,546.44</u>	<u>286,766.69</u>
	A		A-4	A-1
		Ref.		
Appropriation Reserves		above	384,698.33	
Transfer from Reserve for Encumbrances		A-15	<u>190,614.80</u>	
			<u>575,313.13</u>	

Borough of Wanaque , N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	190,614.80
Increased by:		
Transfer from Current Appropriations	A-3	<u>139,332.86</u>
		329,947.66
Decreased by:		
Transferred to Appropriation Reserves	A-14	<u>190,614.80</u>
Balance - December 31, 2018	A	<u><u>139,332.86</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	A	2,048,163.32
Increased by:		
Receipts - Prepaid 2019 Taxes	A-5	<u>233,908.93</u>
		2,282,072.25
Decreased by:		
Applied to 2018 Taxes	A-8	<u>2,048,163.32</u>
Balance - December 31, 2018	A	<u><u>233,908.93</u></u>

Borough of Wanaque , N.J.

Schedule of Local District School Tax

Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	<u>Ref.</u> A	179.00
Increased by:		
Levy Calendar Year , 2018	A-8	<u>15,082,840.00</u>
		15,083,019.00
Decreased by:		
Payments	A-4	<u>15,082,838.00</u>
Balance - December 31, 2018	A	<u><u>181.00</u></u>
2018 Liability for Local District School Tax:		
Tax Paid		15,082,838.00
Tax Payable December 31, 2018		<u>181.00</u>
		15,083,019.00
Less Tax Payable December 31, 2017		<u>179.00</u>
Amount Charged to 2018 Operations	A-1	<u><u>15,082,840.00</u></u>

Borough of Wanaque , N.J.

Schedule of Regional High School Tax

Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017			
School Tax Payable		9,487.62	
School Tax Deferred		<u>3,825,550.50</u>	3,835,038.12
Increased by:			
Levy School Year - July 1, 2018 to June 30, 2019	A-8		<u>8,004,482.00</u>
			11,839,520.12
Decreased by:			
Payments	A-4		<u>7,827,791.50</u>
Balance - December 31, 2018			
School Tax Payable	A	9,487.62	
School Tax Deferred		<u>4,002,241.00</u>	<u>4,011,728.62</u>
2018 Liability for Regional High School Tax			
Tax Paid			7,827,791.50
Tax Payable December 31, 2018			<u>9,487.62</u>
			7,837,279.12
Less Tax Payable December 31, 2017			<u>9,487.62</u>
Amount Charged to 2018 Operations	A-1		<u>7,827,791.50</u>

Borough of Wanaque , N.J.
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	28,373.26
Increased by:		
Tax Levy -2018		
County Tax		9,477,164.09
Added and Omitted Taxes		<u>11,288.56</u>
	A-1/A-8	<u>9,488,452.65</u>
		9,516,825.91
Decreased by:		
Payments	A-4	<u>9,516,825.91</u>
Balance - December 31, 2018	A	<u><u>0.00</u></u>

Borough of Wanaque, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2018

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
<u>Liabilities:</u>				
Deposits for Redemption of Tax Sale Certificates	29,552.86	142,243.88	171,796.74	
Tax Overpayments	28,620.91	164,139.57	189,374.31	3,386.17
Due to State of N.J. Marriage Surcharge	275.00	1,025.00	1,075.00	225.00
Due to State of N.J. Building Surcharge	1,150.00	4,440.00	4,383.00	1,207.00
<u>Reserves for:</u>				
Revaluation / Tax Map	60,134.15			60,134.15
Police Law Enforcement	56.64			56.64
Project D.A.R.E.	18,863.55			18,863.55
Pilot	670,258.79		3,595.70	666,663.09
Tax Appeals		40,000.00	40,000.00	
	<u>808,911.90</u>	<u>351,848.45</u>	<u>410,224.75</u>	<u>750,535.60</u>
	A			A
	<u>Ref.</u>			
Canceled Tax Overpayments	A-1		1.63	
Appropriations Payable	A-3	40,000.00		
Receipts	A-4	5,465.00		
Disbursed	A-4		410,223.12	
Tax Overpayments	A-5	164,139.57		
Deposits for Redemption of Tax Sale Certificates	A-5	142,243.88		
		<u>351,848.45</u>	<u>410,224.75</u>	

Borough of Wanaque, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	<u>Balance, Dec. 31, 2017</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2018</u>
Local Grants					
Passaic County Open Space - Tremont Park	20,000.00		20,000.00		
	<u>20,000.00</u>		<u>20,000.00</u>		
Federal Grants:					
Don't Text and Drive		5,500.00			5,500.00
CDBG - Library Elevator	59,694.72		59,604.72		90.00
Bulletproof Vest Program		5,177.76	5,177.76		
	<u>59,694.72</u>	<u>10,677.76</u>	<u>64,782.48</u>		<u>5,590.00</u>
State Grants:					
Alcohol Education and Rehabilitation Fund		1,351.14	1,351.14		
Division of Criminal Justice - Body Armor Grant		2,508.63	2,508.63		
Clean Communities Program		20,044.47	20,044.47		
Recycling Tonnage Grant		9,437.22	9,437.22		
N.J. Transit Trust Fund Authority Act		200,000.00			200,000.00
Municipal Alliance	44,880.00	44,880.00	45,289.17	0.83	44,470.00
	<u>44,880.00</u>	<u>278,221.46</u>	<u>78,630.63</u>	<u>0.83</u>	<u>244,470.00</u>
	<u>124,574.72</u>	<u>288,899.22</u>	<u>163,413.11</u>	<u>0.83</u>	<u>250,060.00</u>
	A	A-2		A-24	A
Transfer from Unappropriated Reserve for Grants	A-23		38,519.22		
Interfund - Current Fund	A-24		<u>124,893.89</u>		
			<u>163,413.11</u>		

Borough of Wanaque , N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	<u>Balance, Dec. 31, 2017</u>	<u>Transfer From 2018 Budget</u>	<u>Expended</u>	<u>Canceled</u>	<u>Balance, Dec. 31, 2018</u>
Local Grants					
Library Elevator - Wanaque Library	1,894.72		1,894.72		
	<u>1,894.72</u>		<u>1,894.72</u>		
Federal Grants					
Don't Text and Drive		5,500.00	5,500.00		
CDBG - Library Elevator	55,929.50		55,929.50		
Click It or Ticket	4,000.00				4,000.00
Bulletproof Vest Program		5,177.76	3,820.00		1,357.76
Municipal Stormwater Grant	16,547.93				16,547.93
	<u>76,477.43</u>	<u>10,677.76</u>	<u>65,249.50</u>		<u>21,905.69</u>
State Grants:					
Clean Communities Program	111,245.41	20,044.47	18,191.04		113,098.84
Body Armor Fund	2.00	2,508.63			2,510.63
N.J. Transit Trust Fund Authority Act		200,000.00			200,000.00
Alcohol Education and Rehabilitation Fund	10,917.95	1,351.14	1,912.52		10,356.57
Drunk Driving Enforcement Fund	3,349.20		648.00		2,701.20
Recycling Tonnage Grant	93,800.45	9,437.22			103,237.67
Municipal Alliance	33,655.39	44,880.00	45,280.00	0.83	33,254.56
Highlands Protection Fund	6,593.75				6,593.75
NJ Highlands Water Protection	38,639.28				38,639.28
	<u>298,203.43</u>	<u>278,221.46</u>	<u>66,031.56</u>	<u>0.83</u>	<u>510,392.50</u>
	<u>376,575.58</u>	<u>288,899.22</u>	<u>133,175.78</u>	<u>0.83</u>	<u>532,298.19</u>
	A	A-3	A-24	A-24	A

Borough of Wanaque, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2018

Grant	Balance,	Transfer	Received	Balance,
	Dec. 31, 2017	To 2018 Budget		Dec. 31, 2018
Federal Grants:				
Bulletproof Vest Program	5,177.76	5,177.76		
	<u>5,177.76</u>	<u>5,177.76</u>		
State Grants:				
Alcohol Education and Rehabilitation Fund	1,351.14	1,351.14	1,830.81	1,830.81
Body Armor Fund	2,508.63	2,508.63		
Recycling Tonnage Grant	9,437.22	9,437.22	3,845.36	3,845.36
Clean Communities	20,044.47	20,044.47	19,180.53	19,180.53
	<u>33,341.46</u>	<u>33,341.46</u>	<u>24,856.70</u>	<u>24,856.70</u>
	<u>38,519.22</u>	<u>38,519.22</u>	<u>24,856.70</u>	<u>24,856.70</u>
	A	A-21	A-24	A

Borough of Wanaque , N.J.

Schedule of Due from Current Fund

Federal and State Grant Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	A		290,520.08
Increased by:			
Federal and State Grant Receipts	A-21	124,893.89	
Canceled Receivable	A-21	0.83	
Unappropriated Reserves	A-23	<u>24,856.70</u>	
			<u>149,751.42</u>
			440,271.50
Decreased by:			
Canceled Appropriated Reserves	A-22	0.83	
Federal and State Grant Expenditures	A-22	<u>133,175.78</u>	
			<u>133,176.61</u>
Balance - December 31, 2018	A		<u><u>307,094.89</u></u>

Borough of Wanaque, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2018

	Ref.	Assessment Trust Fund	Animal Control Fund	Other Trust Funds	Open Space Trust Fund	L.O.S.A.P.
Balance - December 31, 2017	B	<u>1,893.80</u>	<u>3,270.83</u>	<u>1,653,654.21</u>	<u>123,169.56</u>	<u>1,526,964.59</u>
Increased by Receipts:						
Assessments Receivable	B-6	999.32				
Interfund - Current Fund	B-7	202,789.76	122.44	146,888.88	173,778.66	
Prospective Assessments	B-8	30,000.00				
Animal Control Fees	B-12		17,246.20			
Due to State of New Jersey	B-13		1,486.80			
Other Trust Funds	B-14			257,141.85		
Municipal Open Space Tax	B-15				114,585.01	
Interfunds	B-16			17,542.46		
Recreation Trust	B-17			150,067.32		
Payroll Deductions Payable	B-18			7,150,588.02		
Interfund - Other Trust Fund	B-19			8,006.43		
Contributions Receivable	B-20					54,050.00
Net Assets Available for Benefits	B-21					(81,563.13)
Total Receipts		<u>233,789.08</u>	<u>18,855.44</u>	<u>7,730,234.96</u>	<u>288,363.67</u>	<u>(27,513.13)</u>
		<u>235,682.88</u>	<u>22,126.27</u>	<u>9,383,889.17</u>	<u>411,533.23</u>	<u>1,499,451.46</u>
Decreased by Disbursements:						
Interfund - Current Fund	B-7	30,000.00	13.99	41,244.26	122,028.14	
Assessment Bonds	B-10	105,000.00				
Reserve for Animal Control Trust Fund Expenditures	B-12		19,890.09			
Due to State of New Jersey	B-13		1,486.80			
Other Trust Funds	B-14			234,536.16		
Municipal Open Space	B-15				30,409.06	
Interfunds	B-16			8,006.43		
Recreation Trust	B-17			130,743.82		
Payroll Deductions Payable	B-18			7,159,318.95		
Interfund - Other Trust Fund	B-19			4,830.43		
Net Assets Available for Benefits	B-21					54,387.58
Total Disbursements		<u>135,000.00</u>	<u>21,390.88</u>	<u>7,578,680.05</u>	<u>152,437.20</u>	<u>54,387.58</u>
Balance - December 31, 2018	B	<u>100,682.88</u>	<u>735.39</u>	<u>1,805,209.12</u>	<u>259,096.03</u>	<u>1,445,063.88</u>

Exhibit B-5

Borough of Wanaque, N.J.

Analysis of Assessment Cash

Assessment Trust Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Interfund - Current Fund	B-7	75,673.79
Interfund - General Capital Fund	B-9	6,000.00
Fund Balance	B-1	<u>19,009.09</u>
		<u>100,682.88</u>
		B

Borough of Wanaque, N.J.

Schedule of Assessments Receivable

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confir- mation</u>	<u>Balance Dec. 31, 2017</u>	<u>Collected</u>	<u>Balance Dec. 31, 2018</u>	<u>Balance Pledged to Reserve</u>
2-0-97/ 5-0-98	Improvement to the Sanitary Sewerage Collection System	7/14/2003	5,846.21	999.32	4,846.89	4,846.89
			<u>5,846.21</u>	<u>999.32</u>	<u>4,846.89</u>	<u>4,846.89</u>
			B	B-4	B	

Borough of Wanaque, N.J.

Schedule of Interfund - Current Fund

Year Ended December 31, 2018

	Due to/(from) Balance			Due to/(from) Balance
	<u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2018</u>
Animal Control Trust Fund	13.99	122.44	13.99	122.44
Assessment Trust Fund	(97,115.97)	30,000.00	202,789.76	75,673.79
Payroll Agency Fund	10,358.25	11,605.41	10,358.25	11,605.41
Open Space Trust	(84,173.94)	122,028.14	173,778.66	(32,423.42)
Escrow Trust	586.71	2,794.68	581.39	2,800.00
Recycling Trust		3,845.36		3,845.36
Flex Spending Trust	(2,200.45)	1,629.21	3,229.17	(600.49)
Other Trust Fund	(17,260.77)	28,675.41	125,414.26	79,478.08
	<u>(189,792.18)</u>	<u>200,700.65</u>	<u>516,165.48</u>	<u>140,501.17</u>
	B			B
	<u>Ref.</u>			
Cash Receipts - Assessment Trust Fund	B-4		202,789.76	
Cash Receipts - Animal Control Trust	B-4	122.44		
Cash Receipts - Other Trust Fund	B-4	18,245.45	128,643.43	
Cash Receipts - Open Space Trust Fund	B-4		173,778.66	
Cash Disbursements - Assessment Trust Fund	B-4	30,000.00		
Cash Disbursements - Animal Control Trust	B-4		13.99	
Cash Disbursements - Other Trust Fund	B-4	30,304.62	10,939.64	
Cash Disbursements - Open Space Trust Fund	B-4	122,028.14		
		<u>200,700.65</u>	<u>516,165.48</u>	

Borough of Wanaque, N.J.

Schedule of Prospective Assessments Funded

Year Ended December 31, 2018

<u>Improvement Description</u>	<u>Ord. Number</u>	<u>Balance Dec. 31, 2017</u>	<u>Budget Appropriation</u>	<u>Transferred to General Capital</u>	<u>Cancel</u>	<u>Balance Dec. 31, 2018</u>
Ringwood Ave Sidewalks	8-0-03	240,000.00	30,000.00		210,000.00	
Ringwood Ave Sidewalks	10-0-10	552,300.00		513,000.00	39,300.00	
		<u>792,300.00</u>	<u>30,000.00</u>	<u>513,000.00</u>	<u>249,300.00</u>	
		B	B-4	B-10	B-11	B

Borough of Wanaque, N.J.

Schedule of Due to General Capital Fund

Assessment Trust Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Bonds Transferred to General Capital Fund	B-10	<u>6,000.00</u>
Balance - December 31, 2018	B	<u><u>6,000.00</u></u>

Borough of Wanaque, N.J.
Schedule of Reserve for Assessments and Liens

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Collections to Surplus</u>	<u>Cancel</u>	<u>Balance Dec. 31, 2018</u>
<u>Assessments Receivable</u>					
2-0-97/	Improvement to the Sanitary		999.32		4,846.89
5-0-98	Sewerage Collection System	5,846.21			
		<u>5,846.21</u>	<u>999.32</u>		<u>4,846.89</u>
<u>Prospective Assessments Funded</u>					
8-0-03	Ringwood Avenue Sidewalks	210,000.00		210,000.00	
10-0-10	Ringwood Avenue Sidewalks	39,300.00		39,300.00	
		<u>249,300.00</u>		<u>249,300.00</u>	
		<u>255,146.21</u>	<u>999.32</u>	<u>249,300.00</u>	<u>4,846.89</u>
		B	B-1	B-8	B

Borough of Wanaque, N.J.

Schedule of Deficit in/Reserve for Animal Control Fund Expenditures

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	3,256.84
Increased by:		
Collections		
Dog License Fees - 2018		14,089.20
Cat License Fees - 2018		2,312.00
Late Charge Fees		845.00
	B-4	<u>17,246.20</u>
		20,503.04
Decreased by:		
Expenditures R.S. 4:19-15.11	B-4	<u>19,890.09</u>
Balance - December 31, 2018	B	<u><u>612.95</u></u>

License Fees Collected

<u>Year</u>	
2017	13,729.00
2016	13,344.20
	<u><u>27,073.20</u></u>

Schedule of Due to State Department of Health

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	
Increased by:		
State Fees Collected	B-4	1,486.80
Decreased by:		
Paid to State	B-4	<u>1,486.80</u>
Balance - December 31, 2018	B	<u><u> </u></u>

Borough of Wanaque, N.J.

Schedule of Other Trust Funds

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2018</u>
Developers Escrow	44,950.20	51,404.36	55,375.89	40,978.67
Parkside @Wanaque Escrow	6,597.65	3.31		6,600.96
Lakeland Village	21,152.01	10.64		21,162.65
Reserve for:				
Unemployment	99,131.05	13,218.50	7,830.14	104,519.41
Parking Offenses Adjudication Act	4,333.01	150.00	515.89	3,967.12
Public Defender		5,366.50	4,750.00	616.50
Recycling	167,540.48	32,773.26	2,864.50	197,449.24
Flexible Spending Account	2,275.00	6,914.09	5,829.09	3,360.00
Performance Bonds	148,691.92	2,030.27		150,722.19
Sprint Lease	10,819.05	5.44		10,824.49
Cingular Lease	10,000.00			10,000.00
Haskell Tank Lease	5,641.66	2.83		5,644.49
Wanaque Housing Trust	353,925.80	55,130.44	4,784.45	404,271.79
Soil Removal Permits	5,454.90			5,454.90
Sidewalk/Road Opening	9,904.57	1,400.00	1,583.32	9,721.25
Developer Agreements	38,400.00			38,400.00
State Housing Rehabilitation	31,883.00			31,883.00
Security Deposit	4,566.67			4,566.67
Picnic	13,000.00			13,000.00
Damaged Property		36,379.00		36,379.00
Municipal Alliance	3.22	12.36		15.58
L.O.S.A.P.	67,561.01		14,050.00	53,511.01
Redevelopment	13,745.12			13,745.12
Tax Sale Premiums	498,900.00	25,900.00	97,800.00	427,000.00
Storm Recovery	18,852.46		12,712.03	6,140.43
100th Anniversary		26,440.85	26,440.85	
	<u>1,577,328.78</u>	<u>257,141.85</u>	<u>234,536.16</u>	<u>1,599,934.47</u>
	B	B-4	B-4	B

Borough of Wanaque, N.J.
Reserve for Municipal Open Space
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	207,343.50
Increased by:		
2018 Tax Levy		111,933.00
2018 Added Taxes		133.14
Interest Earned		<u>2,518.87</u>
	B-4	<u>114,585.01</u>
		321,928.51
Decreased by:		
Expenditures	B-4	<u>30,409.06</u>
Balance - December 31, 2018	B	<u><u>291,519.45</u></u>

Borough of Wanaque, N.J.

Schedule of Interfunds

Trust Funds

Year Ended December 31, 2018

	Due to/(from) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2018</u>
General Capital Fund		12,712.03		12,712.03
Payroll Fund	(113.06)	8,006.43	4,830.43	(3,289.06)
	<u>(113.06)</u>	<u>20,718.46</u>	<u>4,830.43</u>	<u>9,422.97</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-4	12,712.03	4,830.43	
Cash Disbursements	B-4	8,006.43		
		<u>20,718.46</u>	<u>4,830.43</u>	

Schedule of Reserve for Recreation

Trust Funds

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	31,416.56
Increased by:		
Cash Receipts	B-4	<u>150,067.32</u>
		181,483.88
Decreased by:		
Cash Disbursements	B-4	<u>130,743.82</u>
Balance - December 31, 2018	B	<u>50,740.06</u>

Borough of Wanaque, N.J.

Schedule of Payroll Deductions

Payroll Fund

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Receipts</u>	<u>Disbursed</u>	Balance <u>Dec. 31, 2018</u>
Federal Withholding		625,545.75	625,545.75	
Social Security / Medicare		475,690.33	475,690.33	
State Withholding		222,605.38	222,605.38	
Unemployment Insurance		20,454.24	20,454.24	
Union Dues		28,291.74	28,227.74	64.00
P.E.R.S.	15,753.05	476,429.64	475,902.88	16,279.81
P.E.R.S. Contributory Insurance	798.02	9,616.60	9,602.17	812.45
P.F.R.S.	28,177.06	1,096,942.90	1,099,260.35	25,859.61
P.F.R.S. Annuity	746.50	9,137.28	9,122.34	761.44
D.C.R.P.	3,435.17	8,829.12	12,264.29	(0.00)
College Savings		5,200.00	5,200.00	
Life Insurance		520.80	520.80	
Deferred Compensation		133,902.08	133,902.08	
Flexible Spending Account		6,284.88	6,284.88	
Long Term Disability Insurance	4,515.33	36,302.84	39,901.28	916.89
Employee Share Health Ins.		244,218.78	244,218.78	
Net Payroll		<u>3,750,615.66</u>	<u>3,750,615.66</u>	
	<u>53,425.13</u>	<u>7,150,588.02</u>	<u>7,159,318.95</u>	<u>44,694.20</u>
	B	B-4	B-4	B

Borough of Wanaque, N.J.
Schedule of Due to Other Trust Fund
Payroll Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	113.06
Increased by:		
Cash Receipts	B-4	<u>8,006.43</u>
		8,119.49
Decreased by:		
Cash Disbursements	B-4	<u>4,830.43</u>
Balance - December 31, 2018	B	<u><u>3,289.06</u></u>

Borough of Wanaque, N.J.

Statement of Contributions Receivable

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	54,050.00
Increased by:		
Borough Contributions	B-21	<u>58,650.00</u>
		112,700.00
Decreased by:		
Receipts	B-4	<u>54,050.00</u>
Balance - December 31, 2018	B	<u><u>58,650.00</u></u>

Borough of Wanaque, N.J.

Statement of Net Assets Available for Benefits

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	1,581,014.59
Increased by:		
Borough Contributions	B-20	58,650.00
Gain or (Loss)	B-4	<u>(81,563.13)</u>
		<u>(22,913.13)</u>
Decreased by:		
Distributions	B-4	<u>54,387.58</u>
Balance - December 31, 2018	B	<u><u>1,503,713.88</u></u>

Borough of Wanaque , N.J.

Schedule of General Capital Cash - Treasurer

Year Ended December 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	C		2,923,757.22
Increased by Receipts:			
Premium on Sale of Bond Anticipation Notes	C-1	31,195.14	
Grant Receivable	C-4	182,711.80	
Bond Anticipation Notes	C-8	3,397,750.00	
Capital Improvement Fund	C-11	150,000.00	
Down Payment on Improvements	C-12	15,000.00	
Various Liabilities	C-13	6,000.00	
Interfunds	C-14	<u>1,653,542.22</u>	
			<u>5,436,199.16</u>
			8,359,956.38
Decreased by Disbursements:			
Payment to Current Fund as Anticipated Revenue	C-1	43,000.00	
Bond Anticipation Notes	C-9	4,744,250.00	
Improvement Authorizations	C-10	71,649.63	
Capital Improvement Fund	C-11	32,991.27	
Various Liabilities	C-13	32,000.00	
Interfunds	C-14	<u>1,246,424.83</u>	
			<u>6,170,315.73</u>
Balance - December 31, 2018	C		<u><u>2,189,640.65</u></u>

Borough of Wanaque , N.J.

Analysis of General Capital Cash

Year Ended December 31, 2018

	<u>Ref.</u>	
Fund Balance	C-1	32,440.75
Various Receivables	C-4	(543,195.72)
Capital Improvement Fund	C-11	165,433.73
Down Payment on Improvements	C-12	15,000.00
Various Reserves	C-13	846,579.04
Interfund - Current Fund	C-14	(37,850.44)
Interfund - Other Trust Fund	C-14	(12,712.03)
Interfund - Water Operating Fund	C-14	(6,000.00)
Interfund - Sewer Capital Fund	C-14	463,679.86

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
19-0-99	Provision of Affordable Housing	(36,000.00)
11-0-10	2nd Avenue Drainage System Improvement	(22,099.98)
18-0-10	Acquisition of Vehicles	469.55
16-0-12	Purchase of Property	11,617.90
07-0-13	Improvement of Westbrook Road	66,225.01
09-0-13	Construction of Municipal Building	186,016.18
10-0-14	Improvement of Various Roads	550.65
13-0-14	Improvement of Various Roads	191,149.93
6-0-15	Improvement of Various Roads	102,109.25
9-0-15	Improvement of Various Roads	16,149.29
19-0-15	Reconstruction of Roofs	10,842.00
10-0-16	Improvement of Various Roads	59,716.45
14-0-16	Various Improvements	33,685.13
18-0-16	Acquisition of Two Fire Trucks	51,125.00
26-0-16	Improvement of Various Roads	151,190.09
08-0-17	Improvement of Various Roads	106,218.08
10-0-17	Improvement of Storm Water Drainage Sys.	285,016.67
8-0-18	Improvement of Various Roads	52,284.26

2,189,640.65

C

Borough of Wanaque, N.J.

Schedule of Various Grants Receivable

Year Ended December 31, 2018

	Balance, <u>Dec. 31, 2017</u>	Cash <u>Received</u>	Balance, <u>Dec. 31, 2018</u>
State of NJ - D.O.T. - Westbrook Rd (Ord. 7-0-13)	61,497.28		61,497.28
State of NJ - D.O.T. - 5th Avenue (Ord. 13-0-14)	129,410.24	37,712.80	91,697.44
State of NJ - D.O.T. - Phelan & 6th (Ord. 6-0-15)	205,000.00		205,000.00
State of NJ - D.O.T. - Various Roads (Ord. 26-0-16)	180,000.00		180,000.00
FEMA - Generator (Ord. 14-0-16)	75,000.00	69,999.00	5,001.00
CDBG - Road Reconstruction (Ord. 8-0-17)	75,000.00	75,000.00	
	<u>725,907.52</u>	<u>182,711.80</u>	<u>543,195.72</u>
	C	C-2	C/C-3

Exhibit C-5

Borough of Wanaque , N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	15,082,733.66
Increased by:		
Transferred from General Capital Fund	C-7	<u>519,000.00</u> 15,601,733.66
Decreased by:		
Budget Appropriations		
Serial Bonds Payable	C-7	750,000.00
Loan Payable - NJDEP Green Trust	C-9	<u>10,078.95</u>
		<u>760,078.95</u>
Balance - December 31, 2018	C	<u><u>14,841,654.71</u></u>

Borough of Wanaque, N.J.

Schedule of General Serial Bonds Payable

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance, Dec. 31, 2017	Increased by Transfer from General Capital Fund	Balance, Dec. 31, 2018
			Date	Amount				
Ringwood Avenue Sidewalks	02/26/15	744,000.00	02/01/19-24	75,000.00	2.25%-3.00%		519,000.00	519,000.00
			02/01/25	69,000.00				
Refunding Bonds of 2015	02/26/15	4,035,000.00	02/01/19	370,000.00	3.00%-4.00%	4,035,000.00		3,660,000.00
			02/01/20	395,000.00				
			02/01/21	415,000.00				
			02/01/22	440,000.00				
			02/01/23	465,000.00				
			02/01/24	485,000.00				
			02/01/25	510,000.00				
			02/01/26	485,000.00				
		02/01/27	95,000.00					
General Improvement Bonds of 2015	02/26/15	11,580,000.00	02/01/19	400,000.00	2.25%-3.25%	10,880,000.00		10,505,000.00
			02/01/20	425,000.00				
			02/01/21	475,000.00				
			02/01/22	500,000.00				
			02/01/23	525,000.00				
			02/01/24-25	625,000.00				
			02/01/26	630,000.00				
			02/01/27-35	700,000.00				
						<u>14,915,000.00</u>	<u>519,000.00</u>	<u>14,684,000.00</u>
						C	C-5	C

Borough of Wanaque, N.J.

Schedule of Bond Anticipation Notes

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Amount Issued</u>	<u>Original Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Balance, Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2018</u>
10-0-14	Improvement of Various Roads	281,250.00	03/30/17	03/29/19	2.75%	281,250.00	281,250.00	281,250.00	281,250.00
13-0-14	Improvement of Various Roads	153,750.00	03/30/17	03/29/19	2.75%	153,750.00	153,750.00	153,750.00	153,750.00
6-0-15	Improvement of Various Roads	141,250.00	03/30/17	03/29/19	2.75%	141,250.00	141,250.00	141,250.00	141,250.00
9-0-15	Improvement of Various Roads	333,000.00	03/30/17	03/29/19	2.75%	333,000.00	333,000.00	333,000.00	333,000.00
10-0-15	Acquisition of New Equipment	207,000.00	03/30/17	03/29/19	2.75%	207,000.00	207,000.00	207,000.00	207,000.00
10-0-16	Improvement of Various Roads	425,000.00	03/30/17	03/29/19	2.75%	425,000.00	425,000.00	425,000.00	425,000.00
14-0-16	Various Improvements	120,000.00	03/30/17	03/29/19	2.75%	120,000.00	85,000.00	120,000.00	85,000.00
17-0-16	Infrastructure Improvements	1,850,000.00	03/30/17	03/29/19	2.75%	1,850,000.00	1,850,000.00	1,850,000.00	85,000.00
18-0-16	Acquisition of Two Fire Trucks	990,000.00	03/30/17	03/29/19	2.75%	990,000.00	990,000.00	990,000.00	990,000.00
26-0-16	Improvement of Various Roads	243,000.00	03/30/17	03/29/19	2.75%	243,000.00	243,000.00	243,000.00	243,000.00
08-0-17	Improvement of Various Roads	225,000.00	03/29/18	03/29/19	2.75%		225,000.00		225,000.00
10-0-17	Improvement of Storm Water Drainage System	313,500.00	03/29/18	03/29/19	2.75%		313,500.00		313,500.00
						<u>4,744,250.00</u>	<u>3,397,750.00</u>	<u>4,744,250.00</u>	<u>3,397,750.00</u>
						C	C-2	C-2	C

Borough of Wanaque , N.J.

Schedule of Loan Payable

Department of Environmental Protection & Energy

Green Trust Loan

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	167,733.66
Decreased by:		
2018 Budget Appropriation	C-5	<u>10,078.95</u>
Balance - December 31, 2018	C	<u><u>157,654.71</u></u>

<u>Payment Number</u>	<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
13	01/26/19	1,576.55	5,115.19	152,539.52
14	07/26/19	1,525.40	5,166.34	147,373.18
15	01/26/20	1,473.73	5,218.01	142,155.17
16	07/26/20	1,421.55	5,270.19	136,884.98
17	01/26/21	1,368.85	5,322.89	131,562.09
18	07/26/21	1,315.62	5,376.12	126,185.97
19	01/26/22	1,261.86	5,429.88	120,756.09
20	07/26/22	1,207.56	5,484.18	115,271.91
21	01/26/23	1,152.72	5,539.02	109,732.89
22	07/26/23	1,097.33	5,594.41	104,138.48
23	01/26/24	1,041.39	5,650.35	98,488.13
24	07/26/24	984.88	5,706.86	92,781.27
25	01/26/25	927.81	5,763.92	87,017.35
26	07/26/25	870.17	5,821.56	81,195.79
27	01/26/26	811.96	5,879.78	75,316.01
28	07/26/26	753.16	5,938.58	69,377.43
29	01/26/27	693.77	5,997.96	63,379.47
30	07/26/27	633.79	6,057.94	57,321.53
31	01/26/28	573.22	6,118.52	51,203.01
32	07/26/28	512.03	6,179.71	45,023.30
33	01/26/29	450.23	6,241.50	38,781.80
34	07/26/29	387.82	6,303.92	32,477.88
35	01/26/30	324.78	6,366.96	26,110.92
36	07/26/30	261.11	6,430.63	19,680.29
37	01/26/31	196.80	6,494.93	13,185.36
38	07/26/31	131.85	6,559.88	6,625.48
39	01/26/32	66.25	6,625.48	(0.00)
		<u>23,022.19</u>	<u>157,654.71</u>	

Borough of Wanaque, N.J.

Schedule of Improvement Authorizations

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Amount	Balance, Dec. 31, 2017		Reappropriate	Paid or Charged	Canceled	Balance, Dec. 31, 2018	
			Funded	Unfunded				Funded	Unfunded
General Improvements									
18-0-10	Acquisition of Vehicles	210,000.00	469.55					469.55	
16-0-12	Purchase of Property	320,000.00	11,617.90					11,617.90	
20-0-12	Improvement of Various Roads	190,000.00	9,724.68		(9,724.68)				
7-0-13	Improvement of Westbrook Road	450,000.00	44,741.59		(21,483.42)			66,225.01	
9-0-13	Construction of Municipal Building	3,650,000.00	192,116.18		6,100.00			186,016.18	
10-0-14	Improvement of Various Roads	375,000.00		550.65					550.65
13-0-14	Improvement of Various Roads	410,000.00	37,399.93	153,750.00				37,399.93	153,750.00
6-0-15	Improvement of Various Roads	370,000.00		103,809.25		1,700.00			102,109.25
9-0-15	Improvement of Various Roads	370,000.00		16,149.29					16,149.29
19-0-15	Reconstruction of Roofs	75,000.00	10,842.00					10,842.00	
10-0-16	Improvement of Various Roads	500,000.00		59,716.45					59,716.45
14-0-16	Various Improvements	225,000.00		33,685.13					33,685.13
17-0-16	Infrastructure Improvements	1,850,000.00		1,850,000.00			1,850,000.00		
18-0-16	Acquisition of Two Fire Trucks	1,040,000.00		51,125.00					51,125.00
26-0-16	Improvement of Various Roads	450,000.00	42,559.58	157,750.09	(42,559.58)	6,560.00			151,190.09
7-0-17	2017 Road Resurfacing Program	350,000.00							
8-0-17	Improvement of Various Roads	325,000.00		155,293.80		49,075.72			106,218.08
10-0-17	Improve. of Storm Water Drainage System	330,000.00	1,214.00	313,500.00		29,697.33			285,016.67
8-0-18	Improvement of Various Roads	52,284.26			52,284.26			52,284.26	
			350,685.41	2,895,329.66		71,649.63	1,850,000.00	364,854.83	959,510.61
			C	C		C-2	C-6	C	C, C-6

Borough of Wanaque , N.J.
Schedule of Capital Improvement Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	48,425.00
Increased by:		
Budget Appropriation	C-2	<u>150,000.00</u>
		198,425.00
Decreased by:		
Direct Charges Made for Preliminary Costs	C-2	<u>32,991.27</u>
Balance - December 31, 2018	C/C-3	<u><u>165,433.73</u></u>

Borough of Wanaque , N.J.

Schedule of Down Payment on Improvements

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	
Increased by:		
Budget Appropriation	C-2	<u>15,000.00</u>
Balance - December 31, 2018	C/C-3	<u>15,000.00</u>

Borough of Wanaque , N.J.

Schedule of Various Liabilities

Year Ended December 31, 2018

	<u>Balance,</u> <u>Dec. 31, 2017</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance,</u> <u>Dec. 31, 2018</u>
Reserve for Debt Service	55,653.53	6,000.00	32,000.00	29,653.53
Reserve for Bond Issue Costs	21,066.51			21,066.51
Reserve for Special Needs Housing	795,859.00			795,859.00
	<hr/>	<hr/>	<hr/>	<hr/>
	872,579.04	6,000.00	32,000.00	846,579.04
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	C	C-2	C-2	C,C-3

Borough of Wanaque, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2017</u>	<u>Issued</u>	<u>Balance, Dec. 31, 2018</u>
<u>General Improvements:</u>				
19-0-99	Provision of Affordable Housing	36,000.00		36,000.00
11-0-10	2nd Avenue Drainage System Improvement	22,099.98		22,099.98
08-0-17	Improvement of Various Roads	225,000.00	225,000.00	
10-0-17	Improvement of Storm Water Drainage Sys.	313,500.00	313,500.00	
		<u>596,599.98</u>	<u>538,500.00</u>	<u>58,099.98</u>
		Footnote C		Footnote C

Borough of Wanaque, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2017	D	<u>972,185.40</u>	<u>614,625.45</u>
Increased by Receipts:			
BAN Premium	D-2		13,679.86
Miscellaneous Revenue	D-3	58,818.66	
Interlocal Service Agreement - WBSA	D-3	130,000.00	
PCIA Interest Rebate	D-3	49,705.10	
Collector	D-7	1,745,770.26	
Interfunds	D-9	4,319,854.96	
Bond Anticipation Notes	D-21		1,490,000.00
Interfunds	D-25		1,064,861.08
		<u>6,304,148.98</u>	<u>2,568,540.94</u>
		<u>7,276,334.38</u>	<u>3,183,166.39</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	1,644,496.10	
Interfunds	D-9	4,186,415.27	
Appropriation Reserves	D-13	35,898.64	
Interest on Bonds	D-15	186,603.89	
Interest on Notes	D-16	23,400.00	
Water Rent Overpayments	D-19	671.26	
Bond Anticipation Notes	D-21		1,040,000.00
Improvement Authorizations	D-22		399,515.15
Interfunds	D-25		1,564,695.67
		<u>6,077,485.16</u>	<u>3,004,210.82</u>
Balance - December 31, 2018	D	<u><u>1,198,849.22</u></u>	<u><u>178,955.57</u></u>

Exhibit D-6

Borough of Wanaque, N.J.

Schedule of Change Funds

Water Utility Fund

Year Ended December 31, 2018

<u>Office</u>	<u>Balance Dec. 31, 2018</u>	<u>Balance Dec. 31, 2017</u>
Water Utility Collector	100.00	100.00
	<u>D</u>	<u>D</u>

Exhibit D-7

Schedule of Water Utility Collector Cash

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>		
Increased by Receipts:			
Consumer Accounts Receivable	D-3,D-10	1,745,102.89	
Water Rents Overpayments	D-19	<u>667.37</u>	
			<u>1,745,770.26</u>
Decreased by Disbursements:			
Payment to Treasurer	D-5		<u>1,745,770.26</u>

Borough of Wanaque, N.J.

Schedule of Water Utility Capital Cash

Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Fund Balance	D-2	134,144.06
Capital Improvement Fund	D-23	29,946.22
Interfund - Water Operating	D-25	1,036.08
Interfund - General Capital Fund	D-25	(463,679.86)
 <u>Improvement Authorizations</u>		
5-0-11 Water System Improvements to Wanaque Ave and Butler Place		25,657.83
5-0-15 Improvements to the Water Supply and Distribution System		34,575.63
7-0-15 Improvements to the Water Supply and Distribution System		51,497.00
8-0-15 Improvements to the Water Supply and Distribution System		40,821.28
8-0-16 Replacement of Mater Mains		36,330.60
13-0-16 Replacement of Mater Mains		720.37
7-0-17 Improvements to the Water Supply and Distribution System		<u>287,906.36</u>
	D	<u><u>178,955.57</u></u>

Borough of Wanaque, N.J.

Schedule of Interfunds

Water Utility Operating Fund

Year Ended December 31, 2018

	Due to/(from) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2018</u>
Water Capital Fund	(37,190.81)	24,861.08	61,015.81	(1,036.08)
Sewer Operating Fund	(21,600.16)	4,140,859.72	4,256,693.15	94,233.27
Current Fund	<u>(2,146.67)</u>	<u>20,694.47</u>	<u>2,146.00</u>	<u>(20,695.14)</u>
	<u>(60,937.64)</u>	<u>4,186,415.27</u>	<u>4,319,854.96</u>	<u>72,502.05</u>
	D			D
	<u>Ref.</u>			
Cash Receipts	D-5		4,319,854.96	
Cash Disbursements	D-5	<u>4,186,415.27</u>		
		<u>4,186,415.27</u>	<u>4,319,854.96</u>	

Borough of Wanaque, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	211,679.00
Increased by:		
Water Rents Levied		<u>1,730,748.19</u>
		1,942,427.19
Decreased by:		
Collections	D-7	<u>1,745,102.89</u>
Balance - December 31, 2018	D	<u><u>197,324.30</u></u>

Exhibit D-11

Borough of Wanaque, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2018

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Garage and Building	14,242.56	14,242.56
Plant, Reservoir, Mains and Wells	9,441,653.12	9,441,653.12
Pay Loader	12,928.00	12,928.00
Meters	171,581.12	171,581.12
Supplies	3,308.50	3,308.50
Hydrants	17,596.10	17,596.10
Trucks	331,071.40	331,071.40
Automobile	19,850.00	19,850.00
General Equipment	397,445.28	397,445.28
Compactor	1,188.00	1,188.00
Other	4,001.08	4,001.08
	<u>10,414,865.16</u>	<u>10,414,865.16</u>
	D	D

Borough of Wanaque, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance, Dec. 31, 2017</u>	<u>Balance, Dec. 31, 2018</u>
		<u>Date</u>	<u>Amount</u>		
5-0-11	Water System Improvements to Wanaque Avenue and Butler Place	04/18/11	200,000.00	200,000.00	200,000.00
5-0-15	Improvements to the Water Supply and Distribution System	05/11/15	210,000.00	210,000.00	210,000.00
7-0-15	Improvements to the Water Supply and Distribution System	05/11/15	380,000.00	380,000.00	380,000.00
8-0-15	Improvements to the Water Supply and Distribution System	06/15/15	325,000.00	325,000.00	325,000.00
8-0-16	Replacement of Mater Mains	05/09/16	330,000.00	205,000.00	205,000.00
13-0-16	Replacement of Mater Mains	07/11/16	450,000.00	325,000.00	325,000.00
17-0-17	Improvements to the Water Supply and Distribution System	12/11/17	700,000.00	700,000.00	700,000.00
				2,345,000.00	2,345,000.00
				D	D

Borough of Wanaque, N.J.

Schedule of 2017 Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Balance After Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	88,059.21	88,059.21		88,059.21
Other Expenses	165,893.32	178,147.66	35,055.76	143,091.90
Purchase of Water	52,541.14	52,541.14	842.88	51,698.26
Capital Improvements				
Capital Outlay	50,000.00	50,000.00		50,000.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	6,539.64	6,539.64		6,539.64
	<u>363,033.31</u>	<u>375,287.65</u>	<u>35,898.64</u>	<u>339,389.01</u>
	D		D-4	D-I
	<u>Ref.</u>			
Appropriation Reserves	above	363,033.31		
Transfer from Reserve for Encumbrances	D-14	<u>12,254.34</u>		
		<u>375,287.65</u>		

Schedule of Reserve for Encumbrances

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	12,254.34
Increased by:		
Charges Against Current Year Appropriations	D-4	<u>40,364.62</u>
		52,618.96
Decreased by:		
Transferred to Appropriation Reserves	D-13	<u>12,254.34</u>
Balance - December 31, 2018	D	<u>40,364.62</u>

Borough of Wanaque, N.J.

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	78,898.19
Increased by:		
Budget Appropriation for Interest on Bonds	D-4	<u>185,449.00</u>
		264,347.19
Decreased by:		
Interest Paid	D-5	<u>186,603.89</u>
Balance - December 31, 2018	D	<u><u>77,743.30</u></u>

Schedule of Accrued Interest on Notes

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	
Increased by:		
Budget Appropriation for Interest on Notes	D-4	<u>40,950.00</u>
		40,950.00
Decreased by:		
Interest Paid	D-5	<u>23,400.00</u>
Balance - December 31, 2018	D	<u><u>17,550.00</u></u>

Exhibit D-17**Borough of Wanaque, N.J.****Schedule of Security Deposits Payable****Water Utility Operating Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	D	<u>375.00</u>
Balance - December 31, 2018	D	<u>375.00</u>

Exhibit D-18**Schedule of Reserve for Water Improvements****Water Utility Operating Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	D	<u>182,139.38</u>
Balance - December 31, 2018	D	<u>182,139.38</u>

Exhibit D-19**Schedule of Water Rent Overpayments****Water Utility Operating Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	D	671.26
Increased by:		
Receipts	D-7	<u>667.37</u>
		1,338.63
Decreased by:		
Disbursements	D-4	<u>671.26</u>
Balance - December 31, 2018	D	<u>667.37</u>

Borough of Wanaque, N.J.

Schedule of Water Serial Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2017	Decreased	Balance, Dec. 31, 2018
			Date	Amount				
Loan Program Bonds of 2010	07/28/10	2,304,000.00	08/01/19	100,000.00				
			08/01/20-24	150,000.00				
			08/01/25-26	125,000.00				
			08/01/27-30	200,000.00				
			08/01/31	199,000.00	1.66-6.54%	2,179,000.00	80,000.00	2,099,000.00
Refunding Water Bonds of 2015	02/26/15	1,060,000.00	02/01/19-21	150,000.00				
			02/01/22	125,000.00				
			02/01/23	100,000.00				
			02/01/24	95,000.00				
			02/01/25-26	45,000.00	3%-4%	1,060,000.00	150,000.00	910,000.00
Water Bonds of 2015	02/26/15	742,000.00	02/01/19	40,000.00				
			02/01/20	45,000.00				
			02/01/21-30	50,000.00				
			02/01/31	40,000.00				
			02/01/32	27,000.00	2.25-3.125%	687,000.00	35,000.00	652,000.00
						3,926,000.00	265,000.00	3,661,000.00
						D	D-24	D

Borough of Wanaque, N.J.

Schedule of Water Capital Bond Anticipation Notes

Water Utility Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Original Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2017	Increased	Decreased	Balance, Dec. 31, 2018
14-0-14	Improve. to the Water Supply and Distribution System	03/30/17	03/29/19	2.75%	225,000.00	225,000.00	225,000.00	225,000.00
5-0-15	Improve. to the Water Supply and Distribution System	03/30/17	03/29/19	2.75%	210,000.00	210,000.00	210,000.00	210,000.00
7-0-15	Improve. to the Water Supply and Distribution System	03/30/17	03/29/19	2.75%	280,000.00	280,000.00	280,000.00	280,000.00
8-0-15	Improve. to the Water Supply and Distribution System	03/30/17	03/29/19	2.75%	325,000.00	325,000.00	325,000.00	325,000.00
17-0-17	Improve. to the Water Supply and Distribution System	03/29/18	03/29/19	2.75%		450,000.00		450,000.00
					1,040,000.00	1,490,000.00	1,040,000.00	1,490,000.00
					D	D-5	D-5	D

Borough of Wanaque, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2017		Paid or Charged	Balance Dec. 31, 2018	
				Funded	Unfunded		Funded	Unfunded
5-0-11	Water System Improvements to Wanaque Ave and Butler Place	04/18/11	200,000.00	25,657.83			25,657.83	
5-0-15	Improvements to the Water Supply and Distribution System	05/11/15	210,000.00		28,274.14	(6,301.49)		34,575.63
7-0-15	Improvements to the Water Supply and Distribution System	05/11/15	380,000.00		51,497.00			51,497.00
8-0-15	Improvements to the Water Supply and Distribution System	06/15/15	325,000.00		40,821.28			40,821.28
8-0-16	Replacement of Mater Mains	05/09/16	330,000.00	36,330.60			36,330.60	
13-0-16	Replacement of Mater Mains	07/11/16	450,000.00	1,733.37		1,013.00	720.37	
17-0-17	Improvements to the Water Supply and Distribution System	12/11/17	700,000.00	242,710.00	450,000.00	404,803.64		287,906.36
				<u>306,431.80</u>	<u>570,592.42</u>	<u>399,515.15</u>	<u>62,708.80</u>	<u>414,800.27</u>
				D	D	D-5	D	D

Exhibit D-23

Borough of Wanaque, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	<u>29,946.22</u>
Balance - December 31, 2018	D, D-8	<u>29,946.22</u>

Exhibit D-24

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	6,263,865.16
Increased by:		
Serial Bonds Paid by Budget	D-20	<u>265,000.00</u>
Balance - December 31, 2018	D	<u>6,528,865.16</u>

Borough of Wanaque, N.J.

Schedule of Interfunds

Water Utility Capital Fund

Year Ended December 31, 2018

	Due to/(from) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2018</u>
Water Operating Fund	37,190.81	24,861.08	61,015.81	1,036.08
Other Trust Fund				
General Capital Fund		<u>1,503,679.86</u>	<u>1,040,000.00</u>	<u>(463,679.86)</u>
	<u>37,190.81</u>	<u>1,528,540.94</u>	<u>1,101,015.81</u>	<u>(462,643.78)</u>
	D			D
	<u>Ref.</u>			
Cash Receipts	D-5	24,861.08	1,040,000.00	
Cash Disbursements	D-5	<u>1,503,679.86</u>	<u>61,015.81</u>	
		<u>1,528,540.94</u>	<u>1,101,015.81</u>	

Borough of Wanaque, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2017</u>	<u>Balance, Dec. 31, 2018</u>
5-0-11	Water System Improvements to Wanaque Ave and Butler Place	04/18/11	200,000.00	200,000.00
7-0-15	Improvements to the Water Supply and Distribution System	05/11/15	100,000.00	100,000.00
8-0-16	Replacement of Mater Mains	05/09/16	205,000.00	205,000.00
13-0-16	Replacement of Mater Mains	07/11/16	325,000.00	325,000.00
17-0-17	Improvements to the Water Supply and Distribution System	12/11/17	250,000.00	250,000.00
			<u>1,080,000.00</u>	<u>1,080,000.00</u>
			D	D

Borough of Wanaque, N.J.

Schedule of Reserve for Legal Settlement

Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	<u>130,550.30</u>
Balance - December 31, 2018	D	<u>130,550.30</u>

Borough of Wanaque, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2017</u>	<u>Issued</u>	<u>Balance, Dec. 31, 2018</u>
17-0-17	Improvements to the Water Supply and Distribution System	450,000.00	450,000.00	
		<u>450,000.00</u>	<u>450,000.00</u>	
		Footnote D		Footnote D

Borough of Wanaque, N.J.

Schedule of Cash

Sewer Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2017	E	<u>1,090,973.67</u>	<u>1,986,509.39</u>
Increased by Receipts:			
Miscellaneous Revenue	E-2	266,056.70	
Collector	E-5	4,220,692.80	
Interfunds	E-7	4,449,612.60	
Various Cash Liabilities and Reserves	E-13	1,568.93	
Interfunds	E-19		<u>344,031.47</u>
		<u>8,937,931.03</u>	<u>344,031.47</u>
		<u>10,028,904.70</u>	<u>2,330,540.86</u>
Decreased by Disbursements:			
Anticipated as 2018 Revenue			
Budget Appropriations	E-3	4,354,522.72	
Interfunds	E-7	4,600,724.62	
Appropriation Reserves	E-11	75.08	
Various Cash Liabilities and Reserves	E-13	1,929.47	
Interest on Bonds	E-14	104,700.00	
Interfunds	E-19		<u>308,752.88</u>
Prepaid Expenses	E-20	<u>25,500.00</u>	
		<u>9,087,451.89</u>	<u>308,752.88</u>
Balance - December 31, 2018	E	<u><u>941,452.81</u></u>	<u><u>2,021,787.98</u></u>

Exhibit E-5

Borough of Wanaque, N.J.

Schedule of Sewer Utility Collector Cash

Sewer Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by Receipts:		
Consumer Accounts Receivable	E-2,E-8	<u>4,220,692.80</u>
Decreased by Disbursements:		
Payment to Treasurer	E-4	<u>4,220,692.80</u>

Exhibit E-6

Schedule of Sewer Utility Capital Cash

Sewer Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Due from Passaic County - CDBG	E-18	(1,794.41)
Interfund - Sewer Operating Fund	E-19	(308,752.88)
Bond & Debt Service Reserve Fund	E-21	769,926.30
<u>Improvement Authorizations</u>		
<u>Improvement Description</u>		
Force Mains and Interceptors		1,325,248.59
13-0-01 Purchase of Utility Truck		1,947.40
1-0-13 Sewer Improvements		
Monroe & Jefferson Streets		89,548.94
7-0-14 Reconstruction of Sanitary Sewer		
Lateral and Mains		145,664.04
		<u> </u>
	E	<u>2,021,787.98</u>

Borough of Wanaque, N.J.

Schedule of Interfunds

Sewer Utility Operating Fund

Year Ended December 31, 2018

	Due to/(from) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2018</u>
Sewer Capital Fund	344,031.47	308,752.88	344,031.47	308,752.88
Water Operating Fund	<u>21,600.16</u>	<u>4,140,859.72</u>	<u>4,256,693.15</u>	<u>(94,233.27)</u>
	<u>365,631.63</u>	<u>4,449,612.60</u>	<u>4,600,724.62</u>	<u>214,519.61</u>
	E			E
	<u>Ref.</u>			
Cash Receipts	E-4	4,449,612.60		
Cash Disbursements	E-4		<u>4,600,724.62</u>	
		<u>4,449,612.60</u>	<u>4,600,724.62</u>	

Borough of Wanaque, N.J.

Schedule of Consumer Accounts Receivable

Sewer Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	462,018.67
Increased by:		
Sewer Rents Levied		<u>4,214,053.50</u>
		4,676,072.17
Decreased by:		
Collections	E-5	<u>4,220,692.80</u>
Balance - December 31, 2018	E	<u><u>455,379.37</u></u>

Exhibit E-9

Borough of Wanaque, N.J.

Schedule of Fixed Capital

Sewer Utility Capital Fund

Year Ended December 31, 2018

<u>Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2018</u>
Force Mains and Interceptors	13,724,733.73	13,724,733.73
Trucks	<u>47,405.00</u>	<u>47,405.00</u>
	<u>13,772,138.73</u>	<u>13,772,138.73</u>
	E	E

Borough of Wanaque, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance,</u>	<u>Balance,</u>
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2018</u>
	Force Mains and Interceptors	Transferred from WBSA		1,503,158.50	1,503,158.50
13-0-11	Purchase of Utility Truck	07/11/11	40,000.00	40,000.00	40,000.00
1-0-13	Sewer Improvements				
	Monroe & Jefferson Streets	02/11/13	420,000.00	420,000.00	420,000.00
7-0-14	Reconstruction of Sanitary Sewer				
	Lateral and Mains	05/12/14	450,000.00	450,000.00	450,000.00
				<u>2,413,158.50</u>	<u>2,413,158.50</u>
				E	E

Borough of Wanaque, N.J.

Schedule of 2017 Appropriation Reserves

Sewer Utility Operating Fund

Year Ended December 31, 2018

	<u>Balance Dec. 31, 2017</u>	<u>Balance After Transfers and Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Other Expenses	19,488.09	19,748.71	75.08	19,673.63
	<hr/>	<hr/>	<hr/>	<hr/>
	19,488.09	19,748.71	75.08	19,673.63
	<u>E</u>		<u>E-4</u>	<u>E-1</u>
		<u>Ref.</u>		
Appropriation Reserves		above	19,488.09	
Transfer from Reserve for Encumbrances		E-12	260.62	
			<hr/>	
			19,748.71	
			<hr/>	

Borough of Wanaque, N.J.

Schedule of Reserve for Encumbrances

Sewer Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	260.62
Increased by:		
Charges Against Current Year Appropriations	E-3	<u>2,584.51</u>
		2,845.13
Decreased by:		
Transferred to Appropriation Reserves	E-11	<u>260.62</u>
Balance - December 31, 2018	E	<u><u>2,584.51</u></u>

Borough of Wanaque, N.J.

Schedule of Various Cash Liabilities and Reserves

Sewer Utility Operating Fund

Year Ended December 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Sewer Overpayments	1,929.47	1,568.93	1,929.47	1,568.93
Reserve for O&M Requirements	57,000.00			57,000.00
Reserve for Sewer Improvements	45,000.00			45,000.00
	<u>103,929.47</u>	<u>1,568.93</u>	<u>1,929.47</u>	<u>103,568.93</u>
	E			E
	<u>Ref.</u>			
Cash Receipts	E-4	1,568.93		
Cash Disbursements	E-4		1,929.47	
		<u>1,568.93</u>	<u>1,929.47</u>	

Borough of Wanaque, N.J.

Schedule of Accrued Interest on Bonds

Sewer Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	8,725.00
Increased by:		
Budget Appropriation for Interest on Bonds	E-3	<u>102,684.00</u>
		111,409.00
Decreased by:		
Interest Paid	E-4	<u>104,700.00</u>
Balance - December 31, 2018	E	<u><u>6,709.00</u></u>

Borough of Wanaque, N.J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2017		Balance Dec. 31, 2018	
				Funded	Unfunded	Funded	Unfunded
	Force Mains and Interceptors	Transferred from WBSA	1,325,248.59	1,325,248.59		1,325,248.59	
13-0-11	Purchase of Utility Truck	07/11/11	40,000.00	1,947.40	1,947.40		
1-0-13	Sewer Improvements						
	Monroe & Jefferson Streets	02/11/13	420,000.00	89,548.94	89,548.94		
7-0-14	Reconstruction of Sanitary Sewer						
	Lateral and Mains	05/12/14	450,000.00	145,664.04	145,664.04		
				<u>1,562,408.97</u>	<u>E</u>	<u>1,562,408.97</u>	<u>E</u>

Borough of Wanaque, N.J.

Schedule of Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	11,135,640.88
Increased by:		
Serial Bonds Paid by Budget	E-15	<u>605,000.00</u>
Balance - December 31, 2018	E	<u><u>11,740,640.88</u></u>

Borough of Wanaque, N.J.

Schedule of Due from Passaic County - Community Development Block Grant

Sewer Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	<u>1,794.41</u>
Balance - December 31, 2018	E	<u>1,794.41</u>

Borough of Wanaque, N.J.

Schedule of Interfunds

Sewer Utility Capital Fund

Year Ended December 31, 2018

	Due to/(from) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2018</u>
Sewer Operating Fund	(344,031.47)	308,752.88	344,031.47	(308,752.88)
	<u>(344,031.47)</u>	<u>308,752.88</u>	<u>344,031.47</u>	<u>(308,752.88)</u>
	E			E
	<u>Ref.</u>			
Cash Receipts	E-4		344,031.47	
Cash Disbursements	E-4	<u>308,752.88</u>		
		<u>308,752.88</u>	<u>344,031.47</u>	

Borough of Wanaque, N.J.
Schedule of Prepaid Expenses
Sewer Utility Operating Fund
Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	16,875.00
Increased by:		
Cash Disbursements	E-1, E-4	25,500.00
Balance - December 31, 2018	E	42,375.00

Borough of Wanaque, N.J.

Schedule of Bond & Debt Service Reserve Fund

Sewer Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	<u>769,926.30</u>
Balance - December 31, 2018	E	<u>769,926.30</u>

Borough of Wanaque, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31,2017</u>	<u>Balance, Dec. 31,2018</u>
13-0-01	Purchase of Utility Truck	07/11/11	40,000.00	40,000.00
1-0-13	Sewer Improvements Monroe & Jefferson Streets	02/11/13	217,395.00	217,395.00
7-0-14	Reconstruction of Sanitary Sewer Lateral and Mains	05/12/14	100,000.00	100,000.00
			357,395.00	357,395.00
			E	E

BOROUGH OF WANAQUE

PART II

LETTERS ON COMPLIANCE AND ON INTERNAL CONTROL

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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

The Honorable Mayor and
Members of the Borough Council
Borough of Wanaque
Wanaque, New Jersey 07465

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Wanaque in the County of Passaic as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated July 18, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Length of Service Award Program not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Wanaque's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Wanaque's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Wanaque'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Wanaque in the accompany comments and recommendations section of this report.

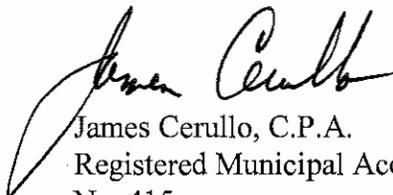
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Wanaque's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Wanaque in the accompanying comments and recommendations section of this report.

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 Wanaque'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 Wanaque's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



James Cerullo, C.P.A.
Registered Municipal Accountant
No. 415



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

GENERAL COMMENTS

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010 the threshold was increased to \$36,000.00 and on July 1, 2015 increased to \$40,000.00 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations." The Borough increased the bid threshold to \$36,000.00 and \$40,000.00, respectively, as allowed by law for having a qualified purchasing agent.

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract 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 by public advertising for the following items:

Back Beach Water Main Replacement

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

GENERAL COMMENTS, (continued)

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 material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory 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.

Some items were purchased without going through the proper bid process.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Resolved that interest on Tax Title Liens be 8% per annum and interest on delinquent taxes be 8% per annum on amounts less than \$1,500.00 and on any amount in excess of \$1,500.00 the rate shall be 18%."

"Be it further resolved that a grace period of ten (10) days shall be provided within which the installment of taxes may be received without charge for interest."

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 12, 2018.

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

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

<u>Year</u>	<u>Number of Liens</u>
2018	28
2017	25
2016	28

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

GENERAL COMMENTS, (continued)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices. In addition, we used analytical review procedures to satisfy the validity of the receivables.

The result of the test, which was made as of December 31, 2018, is not yet known but a separate report will be rendered if any irregularities develop.

School Taxes Payable

The amount due to the local and regional school districts, as of December 31, 2018, was verified by the school secretary.

Revenue

Receipts from licenses, fees, permits, etc., for all departments, including the Municipal Court, were checked to the extent deemed appropriated to the records maintained.

Expenditures

In connection with the expenditures, vouchers were examined to the extent deemed necessary to determine that the vouchers carried properly executed certifications as required by statute.

In some instances, purchases were made prior to proper approval.

In some instances, vouchers did not contain all proper backing documentation.

Political Contribution Disclosure Forms were not submitted by all vendors required to submit them.

An examination was made of the employees' compensation records to determine that salaries were paid in conformity with amounts of salaries and wages authorized in the ordinance.

The amount deducted from payroll for some employees share of health benefits was incorrect.

In one case, an employee was enrolled in DCRP but should not have been.

Other

There are NJDOT grant receivable balances in the General Capital Fund that should be investigated.

The Analysis of General Capital Fund Cash includes cash deficits for ordinances over 5 years old.

There are balances on the Schedule of Deferred Charges to Future Taxation – Unfunded over 5 years old where the project has been completed.

GENERAL COMMENTS, (continued)

The cost of additions to the fixed asset report were not in agreement with the actual cost paid by the Borough.

All fixed asset deletions were not removed from fixed asset report.

RECOMMENDATIONS

It is recommended:

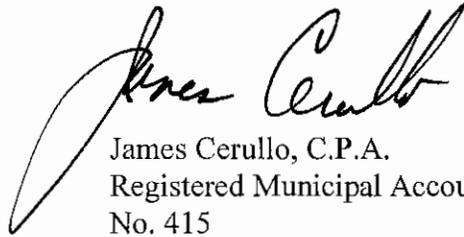
1. That the Borough go through the proper bid process when purchasing items over the bid threshold.
- *2. That all purchases be made only after proper approval.
- *3. That all vouchers contain all proper documentation.
- *4. That all vendors required to submit a Political Disclosure Form submit them.
- *5. That the amount deducted from employees pay for health benefits be calculated correctly.
6. That only eligible employees be enrolled in the DCRP.
7. That the NJDOT grant's receivable balances in the General Capital Fund be investigated and the proper action taken.
8. That cash deficits for ordinances over five years old in the General Capital Fund be funded.
9. That deferred charges to future taxation unfunded over five years old where the project has been completed be funded.
- *10. That the cost of additions to the fixed asset report be in agreement with the actual cost paid by the Borough.
11. That all fixed asset deletions be removed from the fixed asset inventory report.

STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all items except those marked with an (*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.



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