

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

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

**PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2022**

BOROUGH OF ALLENDALE

TABLE OF CONTENTS

Page

Part I – Report on Audit of Financial Statements and Supplementary Schedules

Independent Auditor’s Report 1-3

Financial Statements

Exhibits

A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-15
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	16
B-1	Statement of Revenues – Regulatory Basis – Municipal Open Space Preservation Trust Fund	17
B-2	Statement of Appropriations – Regulatory Basis – Municipal Open Space Preservation Trust Fund	17
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	18
C-1	Comparative Statements of Changes in Fund Balances – Regulatory Basis – General Capital Fund	19
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Operating Fund	20-21
D-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis - Water Utility Operating Fund	22
D-2	Comparative Statements of Changes in Fund Balances-Regulatory Basis- Water Utility Capital Fund	23
D-3	Statement of Revenues – Regulatory Basis - Water Utility Operating Fund	23
D-4	Statement of Expenditures - Regulatory Basis - Water Utility Operating Fund	24
E	Comparative Statements of General Fixed Asset Account Group – Regulatory Basis	25
	Notes to Financial Statements	26-68

Supplementary Schedules

Current Fund

A-4	Statement of Current Cash-Treasurer	69
A-5	Statement of Change Funds	70
A-6	Statement of Petty Cash Fund	70
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	70
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	71
A-9	Statement of Tax Title Liens	72
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	72
A-11	Statement of Revenue Accounts Receivable	73
A-12	Statement of 2021 Appropriation Reserves	74-75
A-13	Statement of Encumbrances Payable	76
A-14	Statement of Accounts Payable	76
A-15	Statement of Prepaid Taxes	77
A-16	Statement of Local District School Taxes	77

BOROUGH OF ALLENDALE

TABLE OF CONTENTS

Supplementary Schedules (Continued)

<u>Current Fund (Continued)</u>		<u>Page</u>
A-17	Statement of Regional High School Tax	77
A-18	Statement of County Taxes Payable	78
A-19	Statement of Due to Municipal Open Space Trust Fund	78
A-20	Statement of Tax Overpayments	78
A-21	Statement of Reserve for Tax Appeals	79
A-22	Statement of State Fees Payable	79
A-23	Statement of Deferred Charges	79
A-24	Schedule of Grants Receivable – Current Fund	80
A-25	Schedule of Appropriated Reserves for Grants – Current Grant Fund	80
A-26	Schedule of Unappropriated Reserves for Grants – Current Fund	81
A-27	Schedule of Reserve for Municipal Relief Fund Aid	81
 <u>Trust Funds</u>		
B-3	Statement of Cash – Treasurer	82
B-4	Statement of Reserve for Animal License Expenditures – Animal Control Trust Fund	83
B-5	Statement of Due From State of New Jersey – Animal Control Trust Fund	83
B-6	Statement of Due to Current Fund – Animal Control Trust Fund	84
B-7	Statement of Reserve for Municipal Open Space Trust –Open Space Preservation Trust Fund	84
B-8	Statement of Reserve for Unemployment Insurance Benefits – Other Trust Fund	84
B-9	Statement of Miscellaneous Reserve – Other Trust Fund	85
B-10	Statement of Reserve for Payroll Salaries & Withholdings Payable – Other Trust Fund	86
 <u>General Capital Fund</u>		
C-2	Statement of General Capital Cash	87
C-3	Analysis of General Capital Cash	88
C-4	Statement of Deferred Charges to Future Taxation - Funded	88
C-5	Statement of Deferred Charges to Future Taxation – Unfunded	89
C-6	Statement of Improvement Authorizations	90
C-7	Statement of General Serial Bonds	91
C-8	Statement of Bond Anticipation Notes	92
C-9	Statement of Grant Receivables/Other Receivables	93
C-10	Statement of Capital Improvement Fund	94
C-11	Statement of Reserve for Municipal Improvements	94
C-12	Statement of Reserve for Debt Service	94
C-13	Statement of Contracts Payable	94
C-14	Statement of Reserve for Community Center	95
C-15	Statement of Reserve for Sale of Assets – Debt Defeasance	95
C-16	Statement of Deferred Charge – Cancelled Grants Receivables	95
C-17	Statement of Bonds and Notes Authorized but not Issued	96

BOROUGH OF ALLENDALE

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Schedules (Continued)	
<u>Water Utility Fund</u>	
D-5	Statement of Cash - Treasurer 97
D-6	Analysis of Water Utility Capital Cash 98
D-7	Statement of Water Utility Accounts Receivable – Water Utility Operating Fund 98
D-8	Statement of Fixed Capital – Water Utility Capital Fund 99
D-9	Statement of Fixed Capital Authorized and Uncompleted – Water Utility Operating Fund 100
D-10	Statement of Encumbrances Payable – Water Utility Operating Fund 101
D-11	Statement of Appropriation Reserves – Water Utility Operating Fund 101
D-12	Statement of Accounts Payable – Water Utility Operating Fund 102
D-13	Statement of Accrued Interest – Water Utility Operating Fund 102
D-14	Statement of General Serial Bonds – Water Utility Capital Fund 103
D-15	Statement of Bond Anticipation Notes – Water Utility Capital Fund 104
D-16	Statement of Improvement Authorizations – Water Utility Capital Fund 105
D-17	Statement of Reserve for Capital Infrastructure – Water Utility Capital Fund 106
D-18	Statement of Contracts Payable – Water Utility Capital Fund 106
D-19	Statement of Capital Improvement Fund – Water Utility Capital Fund 107
D-20	Statement of Reserve for Amortization – Water Utility Capital Fund 107
D-21	Statement of Reserve for Payment of Bonds 107
D-22	Statement of Reserve for Deferred Amortization – Water Utility Capital Fund 108
D-23	Statement of Due to General Capital Fund – Water Utility Capital Fund 109
D-24	Statement of Due to Water Utility Capital Fund – Water Utility Operating Fund 109
D-25	Statement of Due from General Capital Fund – Water Utility Capital Fund 109
D-26	Statement of Reserve for Sale of Assets – Cost Reimbursement – Water Utility Operating Fund 110
D-27	Statement of Reserve for Sale of Assets – Water Utility Operating Fund 110
D-28	Statement of Deferred Charge – Future Debt Defeasance – Water Utility Capital Fund 110
D-29	Statement of Reserve for Sale of Assets – Debt Defeasance – Water Utility Capital Fund 111
D-30	Statement of Bonds and Notes Authorized But Not Issued – Water Utility Capital Fund 111
<u>Part II – Government Auditing Standards</u>	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report 112-113
	Schedule of Expenditures of Federal Awards 114
	Schedule of Expenditures of State Financial Assistance 115
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance 116
	Schedule of Findings and Responses 117-120

BOROUGH OF ALLENDALE

TABLE OF CONTENTS

	<u>Page</u>
<u>Part III – Supplementary Data and Letter of Comments and Recommendations</u>	
Comparative Statement of Operations and Changes in Fund Balance - Current Fund	121
Comparative Statement of Operations and Changes in Fund Balance - Water Utility Operating Fund	122
Comparative Schedule of Tax Rate Information	123
Comparison of Water Utility Levies	123
Comparison of Tax Levies and Collection Currently	123
Delinquent Taxes and Tax Title Liens	124
Property Acquired by Tax Title Lien Liquidation	124
Comparative Schedule of Fund Balances	124
Officials in Office and Surety Bonds	125
General Comments	126-127
Recommendations	128



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Allendale, as of December 31, 2022 and 2021, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Allendale as of December 31, 2022 and 2021, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2022 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Allendale as of December 31, 2022 and 2021, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Allendale's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Allendale as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Allendale. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2023 on our consideration of the Borough of Allendale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Allendale's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Allendale's internal control over financial reporting and compliance.



James Vinci & Bliss, CPA

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



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 10, 2023

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

ASSETS	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Current Fund:			
Cash	A-4	\$ 5,204,310	\$ 4,091,482
Change Fund	A-5	<u>400</u>	<u>400</u>
		<u>5,204,710</u>	<u>4,091,882</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	193,109	399,244
Tax Title Liens	A-9	91,479	88,645
Property Acquired for Taxes- Assessed Valuation	A-10	4,900	4,900
Revenue Accounts Receivable	A-11	583	1,403
Due from Municipal Open Space Trust Fund	A-19		296
Due from Animal Control Trust Fund	B-6	<u>4,801</u>	<u>811</u>
		<u>294,872</u>	<u>495,299</u>
Deferred Charges			
Emergency Authorization	A-23		30,000
Special Emergency Authorization	A-23	<u>192,000</u>	<u>244,000</u>
		<u>192,000</u>	<u>274,000</u>
Total Assets		<u>\$ 5,691,582</u>	<u>\$ 4,861,181</u>

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

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Current Fund:			
Appropriation Reserves	A-3,A-12	\$ 1,043,280	\$ 588,699
Due to State of New Jersey: Ch. 73, P.L. Senior Citizens and Veterans Deduction	A-7	7,434	7,684
Encumbrances Payable	A-13	236,584	258,987
Accounts Payable	A-14		6,824
Prepaid Taxes	A-15	225,659	275,614
Tax Overpayments	A-20	1,005	33,455
County Taxes Payable	A-18	8,684	2,260
State Fees Payable	A-22	6,851	499
Appropriated Reserve for Grants	A-25	74,917	64,439
Unappropriated Reserve for Grants	A-26	669,236	366,124
Reserve for Municipal Relief Fund Aid	A-27	55,756	-
Reserve for Tax Appeals	A-21	401,149	338,119
		<u>2,730,555</u>	<u>1,942,704</u>
Reserve for Receivables	A	294,872	-
Fund Balance	A-1	<u>2,666,155</u>	<u>2,423,178</u>
		<u>\$ 5,691,582</u>	<u>\$ 4,365,882</u>

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>Year 2022</u>	<u>Year 2021</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,246,000	\$ 1,150,000
Miscellaneous Revenues Anticipated	A-2	3,038,272	3,374,228
Receipts from Delinquent Taxes	A-2	393,741	163,528
Receipts from Current Taxes	A-2	43,520,337	41,888,673
Non-Budget Revenue	A-2	282,691	225,019
Other Credits to Income			
Statutory Excess in Animal Control Fund	B-6	4,801	811
Unexpended Balance of Appropriation Reserves	A-12	332,109	584,173
Cancelled Appropriated Grant Reserves	A		6,695
Cancelled Accounts Payable	A-14	7,031	
Interfunds Liquidated	A	1,107	-
		<hr/>	<hr/>
Total Revenues and Other Income		48,826,089	47,393,127
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations			
Salaries and Wages	A-3	4,760,964	4,591,100
Other Expenses	A-3	7,158,582	6,674,233
Capital Improvements	A-3	45,000	45,000
Municipal Debt Service	A-3	1,964,068	2,309,589
Deferred Charges and Statutory Expenditures-			
Municipal	A-3	1,308,133	1,177,663
Refund and Prior Year's Revenue	A-4	9,905	6,070
Interfund Advanced	A	4,801	1,107
Senior Citizens and Veterans Deductions Disallowed - Prior Year	A-1		250
Municipal Open Space Tax	A-19	96,167	90,079
Local District School Tax	A-16	16,875,576	16,573,831
Regional High School Tax	A-17	10,459,375	10,186,340
County Taxes including added Taxes	A-18	4,654,541	4,524,463
		<hr/>	<hr/>
Total Expenditures		47,337,112	46,179,725
Excess Revenue Over Expenditures		1,488,977	1,213,402
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year	A-1	-	30,000
		<hr/>	<hr/>
Statutory Excess to Fund Balance		1,488,977	1,243,402
Fund Balance, January 1,	A	2,423,178	2,329,776
		<hr/>	<hr/>
		3,912,155	3,573,178
Decreased by:			
Fund Balance Utilized as Budget Revenue	A-1	1,246,000	1,150,000
		<hr/>	<hr/>
Fund Balance, December 31,	A	\$ 2,666,155	\$ 2,423,178
See Accompanying Notes are an Integral Part of these Financial Statements		<hr/>	<hr/>

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

	<u>Reference</u>	<u>Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,246,000	-	\$ 1,246,000	-
MISCELLANEOUS REVENUES					
Licenses:					
Alcoholic beverages	A-11	15,250		15,250	
Fees and Permits	A-2	35,000		43,910	\$ 8,910
Fines and Costs:					
Municipal Court	A-11	12,000		21,852	9,852
Interest and Costs on Taxes	A-11	48,000		56,857	8,857
Interest on Investments on Deposits	A-11	13,000		108,454	95,454
Dues & Fees - Crestwood Lake	A-11	300,000		370,317	70,317
Ramsey Sewer Charges	A-11	150,000		194,143	44,143
Allendale Elementary School Contribution to Sewer Use	A-11	23,900		23,967	67
Northern Highlands Reg. H.S. Contribution to Sewer Use	A-11	39,650		39,374	(276)
Saddle River Sewer Payment	A-11	45,000		46,133	1,133
Garbage Collection	A-11	2,300		2,448	148
PILOT- 230 W. Crescent	A-11	217,000		133,832	(83,168)
Cellular Tower Lease	A-11	150,000		189,261	39,261
Cable TV Franchise Fee	A-11	100,000		102,676	2,676
Energy Receipts Tax	A-11	1,068,869		1,068,869	
Uniform Construction Code Fees	A-11	250,000		388,674	138,674
Public and Private Revenues:					
Clean Communities Program- Reserve	A-26	13,705		13,705	
Recycling Tonnage Grant	A-24	7,361		7,361	
American Rescue Plan- Reserve	A-26	52,000		52,000	
Other Special Items:					
Municipal Open Space Share of Bonds	A-11	90,000		90,000	
Engineering Fees	A-11	35,000		30,691	(4,309)
Uniform Fire Safety Act	A-11	14,000	-	38,498	24,498
Total Miscellaneous Revenues	A-1	<u>2,682,035</u>	<u>-</u>	<u>3,038,272</u>	<u>356,237</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>250,000</u>	<u>-</u>	<u>393,741</u>	<u>143,741</u>
AMOUNT TO BE RAISED BY TAXATION:					
Local Tax for Municipal Purposes		10,994,359		11,370,322	375,963
Minimum Library Tax		<u>639,356</u>	<u>-</u>	<u>639,356</u>	<u>-</u>
Total Amount to be Raised by Taxation	A-2	<u>11,633,715</u>	<u>-</u>	<u>12,009,678</u>	<u>375,963</u>
Total General Revenues		<u>\$ 15,811,750</u>	<u>\$ -</u>	<u>16,687,691</u>	<u>\$ 875,941</u>
Non-Budget Revenue	A-1,-2			<u>282,691</u>	
				<u>\$ 16,970,382</u>	

**BOROUGH OF ALLENDALE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Reference</u>	<u>Realized</u>
Analysis of Realized Revenue		
Allocation of Current Tax Collections- Revenue from Collections	A-8, A-1	\$ 43,520,337
Less: Allocated to School, County Taxes and Municipal Open Space Taxes	A-16,A-17,A-18,A-19	<u>32,085,659</u>
		11,434,678
Add: Appropriation - Reserve for Uncollected Taxes	A-3	<u>575,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,009,678</u>
Fees and Permits - Other:		
Borough of Clerk	A-11	\$ 14,170
Board of Health	A-11	20
Planning Board/Board of Adjustment	A-11	10,900
Parking	A-11	<u>18,820</u>
	A-2	<u>\$ 43,910</u>
Non Budget Revenue		
Gun Permits/Police Copies/Firearm Reg.		\$ 1,407
Address Lists/Duplicate Bills		396
Sewer- Miscellaneous		100
Raffles		820
Alarm Registration		1,375
Police Outside Duty Admin Fees		20,231
PILOT Payment		35,396
Allendale Senior Housing		5,568
Library Admin Fees		1,304
DMV Inspections		350
Police Charger - Reimbursement		13,026
FEMA Reimbursements		126,529
Administrative Fee - Senior Citizen's and Veteran's Deductions		515
Miscellaneous Refunds & Reimbursements		<u>75,674</u>
	A-2,A-4	<u>\$ 282,691</u>

See Accompanying Notes are an Integral Part of these Financial Statements

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

OPERATIONS - WITHIN "CAPS"	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 70,100	\$ 82,100	\$ 81,214	\$ 886	
Other Expenses	92,000	88,500	81,658	6,842	
Mayor & Council					
Other Expenses	9,450	10,450	9,713	737	
Municipal Clerk					
Salaries & Wages	191,100	191,100	169,682	21,418	
Other Expenses	47,800	46,800	39,364	7,436	
Financial Administration					
Salaries & Wages	162,000	161,999	161,506	493	
Other Expenses	28,400	28,400	24,484	3,916	
Audit Services	50,000	50,000	10,230	39,770	
Collection of Taxes					
Salaries & Wages	68,000	68,001	68,000	1	
Other Expenses	13,200	13,200	10,174	3,026	
Assessment for Taxes					
Salaries & Wages	50,100	50,100	50,096	4	
Other Expenses	60,500	64,000	60,432	3,568	
Legal Services and Costs					
Other Expenses	200,000	200,000	113,780	86,220	
Engineering Services & Costs					
Other Expenses	95,000	95,000	89,093	5,907	
LAND USE ADMINISTRATION					
Planning Board					
Salaries & Wages	46,500	46,500	46,418	82	
Other Expenses	26,100	26,100	12,173	13,927	
INSURANCE					
Other Insurance - Premiums	214,500	214,500	182,541	31,959	
Workers' Compensation Insurance	164,510	164,510	164,510		
Employee Group Health	1,035,229	1,035,229	915,167	120,062	
Health Benefit Waiver	25,000	25,000	23,506	1,494	
Unemployment Insurance	10,000	10,000	10,000		

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

	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Police Dispatch/911					
Salaries & Wages	\$ 2,703,464	\$ 2,703,464	\$ 2,672,960	\$ 30,504	
Other Expenses	211,000	211,000	202,338	8,662	
Emergency Management Services					
Salaries and Wages	3,700	3,700	3,642	58	
Other Expenses	1,850	1,850	1,347	503	
First Aid Organization					
Other Expenses-Contribution	37,000	37,000	37,000		
Fire Department					
Other Expenses	127,150	127,150	96,060	31,090	
Fire Certification					
Other Expenses	500	500	500		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	20,000	20,000	18,562	1,438	
Other Expenses	10,350	10,350	10,161	189	
Municipal Prosecutor					
Salaries & Wages	5,900	5,900	5,865	35	
Municipal Court					
Salaries and Wages	15,400	15,400	15,358	42	
Other Expenses	6,500	6,500	2,852	3,648	
Public Defender					
Other Expenses	2,000	2,000	400	1,600	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	914,200	914,200	751,118	163,082	
Other Expenses	119,250	119,250	102,257	16,993	
Snow Removal					
Other Expenses	126,000	126,000	108,258	17,742	
Shade Tree Commission					
Other Expenses	35,500	35,500	31,623	3,877	
Sewer System					
Other Expenses	16,000	16,000	12,591	3,409	
Garbage and Trash Removal					
Other Expenses	540,500	564,000	522,848	41,152	
Recycling					
Salaries & Wages	3,000	3,000	1,500	1,500	
Other Expenses	225,000	201,500	138,680	62,820	

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
		<u>Modification</u>	<u>Charged</u>		
OPERATIONS - WITHIN "CAPS"					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Buildings and Grounds					
Other Expenses	\$ 133,000	\$ 133,000	\$ 129,919	\$ 3,081	
Health and Welfare:					
Board of Health					
Other Expenses	34,000	34,000	32,813	1,187	
RECREATION & EDUCATION					
Senior Citizens					
Other Expenses	5,000	5,000	4,456	544	
Animal Control					
Other Expenses	11,000	11,000	9,965	1,035	
Aid to Health Care Facilities (N.J.S.A. 44:5-2)					
Other Expense	6,000	6,000	6,000		
Municipal Alliance					
Other Expense	4,000	4,000	500	3,500	
Parks and Playgrounds					
Other Expense	48,000	48,000	39,165	8,835	
Crestwood Lake Public Swimming and Recreation Facility					
Salaries and Wages	175,000	175,000	164,821	10,179	
Other Expenses	130,500	130,500	121,021	9,479	
Salary and Wage Adjustment	118,000	106,000		106,000	
Radio Equipment Maintenance- All Departments	6,000	6,000	1,248	4,752	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	93,100	93,100	88,768	4,332	
Other Expenses	27,000	27,000	26,210	790	
Sub-Code Officials					
Zoning Officer/Property Maintenance					
Salaries & Wages	28,700	28,700	20,903	7,797	
Plumbing Inspector - Salaries & Wages	13,200	13,200	12,678	522	
Electrical Inspector - Salaries & Wages	14,900	14,900	14,468	432	
Fire Protection Inspector - Salaries & Wages	12,600	12,600	12,543	57	

See Accompanying Notes are an Integral Part of these Financial Statements

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

OPERATIONS - WITHIN "CAPS"	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	\$ 105,000	\$ 105,000	\$ 80,341	\$ 24,659	
Street Lighting	120,000	120,000	117,868	2,132	
Telephone	60,000	64,000	61,706	2,294	
Water	20,000	16,000	8,284	7,716	
Natural Gas	50,000	50,000	49,565	435	
Gasoline	100,000	100,000	79,815	20,185	-
	<u>9,098,753</u>	<u>9,098,753</u>	<u>8,142,718</u>	<u>956,035</u>	<u>-</u>
Total Operations Within "CAPS"					
Contingent	30,000	30,000	-	30,000	-
	<u>9,128,753</u>	<u>9,128,753</u>	<u>8,142,718</u>	<u>986,035</u>	<u>-</u>
Total Operations including Contingent Within "CAPS"					
Detail:					
Salaries & Wages	4,708,964	4,708,964	4,360,102	347,362	
Other Expenses (Including Contingent)	4,419,789	4,419,789	3,782,616	638,673	-
	<u>10,354,886</u>	<u>10,354,886</u>	<u>9,326,388</u>	<u>1,028,498</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	350,000	350,000	312,152	37,848	
Police and Firemen's Retirement System	649,133	649,133	649,133		
Public Employees Retirement System	217,000	217,000	216,916	84	
Defined Contribution Retirement Plan	10,000	10,000	5,469	4,531	-
	<u>1,226,133</u>	<u>1,226,133</u>	<u>1,183,670</u>	<u>42,463</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"					
Total General Appropriations for Municipal Purposes within "CAPS"	<u>10,354,886</u>	<u>10,354,886</u>	<u>9,326,388</u>	<u>1,028,498</u>	<u>-</u>

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 639,356	\$ 639,356	\$ 639,356		
Reserve for Tax Appeals	75,000	75,000	75,000		
Northwest Bergen County Sewerage Authority Share of Costs					
Other Expenses	1,948,100	1,948,100	1,948,100		
Insurance - Employee Group Health	8,771	8,771	8,771		
Borough of Waldwick - Well Baby					
Other Expenses	500	500	165	\$ 335	
Borough of Hohokus - Municipal Court					
Other Expenses	46,000	46,000	31,553	14,447	
PUBLIC AND PRIVATE OFFSET BY REVENUES					
Clean Communities Grant	13,705	13,705	13,705		
ARP - Police Salary and Wages	52,000	52,000	52,000		
Recycling Tonnage Grant	7,361	7,361	7,361	-	-
	<u>2,790,793</u>	<u>2,790,793</u>	<u>2,776,011</u>	<u>14,782</u>	<u>-</u>
Total Operations - Excluded from "CAPS"					
Detail:					
Salaries and Wages	52,000	52,000	52,000		
Other Expenses	2,738,793	2,738,793	2,724,011	14,782	-
CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"					
Capital Improvement Fund	45,000	45,000	45,000	-	-
	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"					
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	1,605,000	1,605,000	1,605,000		
Payment of Bond Anticipation Notes and Capital Notes	202,891	202,891	202,891		
Interest on Bonds	58,051	58,051	58,051		
Interest on Notes	98,129	98,129	98,126	-	\$ 3
	<u>1,964,071</u>	<u>1,964,071</u>	<u>1,964,068</u>	<u>-</u>	<u>3</u>
Total Municipal Debt Service - Excluded from "CAPS"					

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES					
Emergency Authorization	\$ 30,000	\$ 30,000	\$ 30,000		
Special Emergency Authorization- 5 Years	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>	-	-
Total Deferred Charges - Municipal-Excluded from "CAPS"	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,881,864</u>	<u>4,881,864</u>	<u>4,867,079</u>	\$ 14,782	\$ 3
Subtotal General Appropriations	<u>15,236,750</u>	<u>15,236,750</u>	<u>14,193,467</u>	<u>1,043,280</u>	<u>3</u>
Reserve for Uncollected Taxes	<u>575,000</u>	<u>575,000</u>	<u>575,000</u>	-	-
Total General Appropriations	<u>\$ 15,811,750</u>	<u>\$ 15,811,750</u>	<u>\$ 14,768,467</u>	<u>\$ 1,043,280</u>	<u>\$ 3</u>

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

	<u>Reference</u>	<u>Budget After Modification</u>	
Budget as Adopted	A-2	<u>\$ 15,811,750</u>	
			<u>Paid or Charged</u>
Cash Disbursed	A-4		\$ 13,726,817
Encumbrances Payable	A-13		236,584
Deferred Charges	A-23		82,000
Transfer to Reserve for Tax Appeals	A-21		75,000
Transfer to Grants Appropriated	A-25		73,066
Reserve for Uncollected Taxes	A-2		<u>575,000</u>
			<u>\$ 14,768,467</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
ANIMAL CONTROL TRUST FUND			
Cash	B-3	\$ 12,707	\$ 10,020
		<u>12,707</u>	<u>10,020</u>
OTHER TRUST FUND			
Cash	B-3	1,219,940	1,161,787
		<u>1,219,940</u>	<u>1,161,787</u>
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	97,024	90,616
		<u>97,024</u>	<u>90,616</u>
Total Assets		<u>\$ 1,329,671</u>	<u>\$ 1,262,423</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL TRUST FUND			
Reserve for Dog Fund Expenditures	B-4	7,892	9,202
Due to State of New Jersey	B-5	14	7
Due to Current Fund	B-6	4,801	811
		<u>12,707</u>	<u>10,020</u>
OTHER TRUST FUND			
Reserve for Unemployment	B-8	100,518	96,221
Miscellaneous Reserves	B-9	1,082,760	1,008,031
Payroll Deductions Payable	B-10	36,662	57,535
		<u>1,219,940</u>	<u>1,161,787</u>
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND			
Due to Current Fund	A-19		296
Reserve for Municipal Open Space Expenditures	B-7	97,024	90,320
Total Liabilities, Reserves and Fund Balance		<u>97,024</u>	<u>90,616</u>
		<u>\$ 1,329,671</u>	<u>\$ 1,262,423</u>

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>2022 Budget</u>	<u>Realized in 2022</u>	<u>Variance</u>
Amount to be Raised by Taxation	\$ 95,988	\$ 96,167	\$ 179
Interest Income	<u>-</u>	<u>537</u>	<u>537</u>
	<u>\$ 95,988</u>	<u>\$ 96,704</u>	<u>\$ 716</u>

Reference B-2 B-7

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

	<u>2022 Budget</u>	<u>2022 Paid or Charged</u>	<u>Variance</u>
Payment of Bond Principal	\$ 90,000	\$ 90,000	
Reserved for Future Use	<u>5,988</u>	<u>-</u>	<u>\$ 5,988</u>
	<u>\$ 95,988</u>	<u>\$ 90,000</u>	<u>\$ 5,988</u>

Reference B-1 B-7

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

OTHER ASSETS	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Cash	C-2/C-3	\$ 3,249,754	\$ 369,969
Grant Receivables	C-9	1,084,722	1,009,722
Due from Water Utility Operating Fund	D-23	10,923,815	
Deferred Charges to Future Taxation:			
Funded	C-4	2,090,000	3,695,000
Unfunded	C-5	8,638,168	8,080,059
Cancelled Grant Receivables	C-16	<u>5,028</u>	<u>5,028</u>
 Total Assets		 <u>25,991,487</u>	 <u>13,159,778</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-7	\$ 2,090,000	\$ 3,695,000
Bond Anticipation Notes Payable	C-8	8,797,755	7,724,646
Improvement Authorization			
Funded	C-6	16,701	67,281
Unfunded	C-6	935,617	740,804
Capital Improvement Fund	C-10	23,834	22,834
Contracts Payable	C-13	545,706	781,013
Reserve for:			
Municipal Improvements	C-11	7,134	35,510
Debt Service	C-12	466	466
Community Center	C-14	2,562,832	
Sale of Assets - Debt Defeasance	C-15	10,923,815	
Due to Water Utility Capital	D-25		4,597
Fund Balance	C-1	<u>87,627</u>	<u>87,627</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 25,991,487</u>	 <u>\$ 13,159,778</u>

There were bonds and notes authorized but not issued at December 31, 2022 and 2021 of \$14,438 and \$454,438, respectively (Exhibit C-17).

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	C	\$ 87,627	\$ 78,946
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-1	<u>-</u>	<u>78,681</u>
		87,627	157,627
Decreased by:			
Realized as Current Fund Budgeted Revenue	C-1	<u>-</u>	<u>70,000</u>
Balance, December 31	C	<u>\$ 87,627</u>	<u>\$ 87,627</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Operating Fund:			
Cash	D-5	\$ 20,108,000	\$ 937,765
		<u>20,108,000</u>	<u>937,765</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-7	-	542,033
		<u>-</u>	<u>542,033</u>
Total Operating Fund		\$ 20,108,000	\$ 1,479,798
		<u>20,108,000</u>	<u>1,479,798</u>
Capital Fund:			
Cash	D-5,D-6	\$ 1,074,954	\$ 1,079,425
Due from General Capital Fund	D-25		4,597
Due from Water Utility Operating Fund	D-24	1,697,949	
Deferred Charge - Future Debt Defeasance	D-28	2,132,356	
Fixed Capital	D-8		8,841,343
Fixed Capital Authorized and Uncompleted	D-9	-	1,578,761
		<u>-</u>	<u>1,578,761</u>
Total Capital Fund		4,905,259	11,504,126
		<u>4,905,259</u>	<u>11,504,126</u>
Total Assets		<u>\$ 25,013,259</u>	<u>\$ 12,983,924</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserve	D-4,D-11	\$ 552,536	\$ 330,218
Encumbrances Payable	D-10	17,813	113,831
Accounts Payable	D-12		29,000
Accrued Interest on Bonds and Notes	D-13	12,697	16,878
Due to General Capital Fund	D-23	10,923,815	
Due to Water Utility Capital Fund	D-24	1,697,949	
Reserve for Sale of Assets - Cost Reimbursement	D-26	150,000	
Reserve for Sale of Assets	D-27	<u>5,378,236</u>	<u>-</u>
		<u>18,733,046</u>	<u>489,927</u>
Reserve for Receivables	D		542,033
Fund Balance	D-1	<u>1,374,954</u>	<u>447,838</u>
Total Operating Fund		<u>\$ 20,108,000</u>	<u>\$ 1,479,798</u>
Capital Fund:			
Water Serial Bonds Payable	D-14	\$ 1,536,000	\$ 1,806,000
Bond Anticipation Notes	D-15	268,806	273,403
Improvement Authorizations:			
Funded	D-16	188,491	141,638
Unfunded	D-16	390,938	388,388
Contracts Payable	D-18	8,740	67,211
Capital Improvement Fund	D-19	3	3
Reserve for Amortization	D-20	-	7,355,266
Reserve for Payment of Bonds	D-21	426	426
Reserve for Deferred Amortization	D-22	-	657,885
Reserve for Capital Infrastructure	D-17	793,893	793,893
Reserve for Sale of Assets - Debt Defeasance	D-29	1,697,949	
Fund Balance	D-2	<u>20,013</u>	<u>20,013</u>
Total Capital Fund		<u>4,905,259</u>	<u>11,504,126</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 25,013,259</u>	<u>\$ 12,983,924</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$327,550 and \$327,550, respectively. (Exhibit D-30).

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER INCOME			
Surplus Anticipated	D-3	\$ 153,000	\$ 123,000
Rents	D-3	2,456,391	1,912,995
Miscellaneous	D-3	100,744	37,343
Facilities Charge	D-3	247,780	239,160
Other Credits to Income:			
Unexpended Balance of			
Appropriations Reserves	D-11	307,680	155,787
Cancelled Prior Year Accounts Payable	D-12	29,000	-
Total Income		<u>3,294,595</u>	<u>2,468,285</u>
EXPENDITURES			
Operating	D-4	1,660,293	1,530,379
Capital Improvements	D-4	230,000	230,000
Debt Service	D-4	322,686	386,473
Deferred Charges and Statutory Expenditures	D-4	1,500	1,500
Total Expenditures		<u>2,214,479</u>	<u>2,148,352</u>
Excess in Revenue		1,080,116	319,933
Fund Balance, January 1	D	<u>447,838</u>	<u>250,905</u>
Decreased by:		1,527,954	570,838
Utilized as Anticipated Revenue	D-3	<u>153,000</u>	<u>123,000</u>
Fund Balance, December 31	D	<u>\$ 1,374,954</u>	<u>\$ 447,838</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1,	D	\$ 20,013	\$ 20,013
Balance, December 31,	D	<u>\$ 20,013</u>	<u>\$ 20,013</u>

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

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 153,000	\$ 153,000	
Rents	D-1,D-7	1,800,000	2,456,391	\$ 656,391
Facilities Charge	D-1,D-5	230,000	247,780	17,780
Miscellaneous	D-1	<u>35,000</u>	<u>100,744</u>	<u>65,744</u>
Budget Totals		<u>\$2,218,000</u>	<u>\$2,957,915</u>	<u>\$ 739,915</u>

ANALYSIS OF REALIZED REVENUE

Miscellaneous:

Interest on Investments	\$ 64,779
Fire Standby	19,550
Hydrant Annual Fee	15,600
Miscellaneous	<u>815</u>
	D-5
	<u>\$ 100,744</u>

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

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
		<u>Modifications</u>			
OPERATING					
Salaries and Wages	\$ 25,714	\$ 25,714	\$ 15,431	\$ 10,283	
Other Expenses	1,109,579	1,109,579	861,323	248,256	
Purchase of Water	525,000	525,000	419,975	105,025	
CAPITAL IMPROVEMENTS					
Capital Infrastructure	230,000	230,000	42,060	187,940	
DEBT SERVICE					
Payment of Bond Principal	270,000	270,000	270,000		
Payment of Bond Anticipation Notes	4,600	4,600	4,597		\$ 3
Interest on Bonds	47,607	47,607	44,149		3,458
Interest on Notes	4,000	4,000	3,940		60
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	<u>1,500</u>	<u>1,500</u>	<u>468</u>	<u>1,032</u>	<u>-</u>
	<u>\$ 2,218,000</u>	<u>\$ 2,218,000</u>	<u>\$ 1,661,943</u>	<u>\$ 552,536</u>	<u>\$ 3,521</u>
	Reference	D-3			
Budget as Adopted	D-3	<u>\$ 2,218,000</u>			
Cash Disbursed	D-5		\$ 1,596,041		
Encumbrances	D-10		17,813		
Accrued Interest on Bonds and Notes	D-13		<u>48,089</u>		
			<u>\$ 1,661,943</u>		

See Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALLENDALE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
GENERAL FIXED ASSETS		
Land	\$ 4,488,498	\$ 10,344,144
Land Improvements	1,908,756	1,888,779
Building and Building Improvements	5,784,550	10,360,001
Machinery and Equipment	<u>9,159,905</u>	<u>9,578,708</u>
	<u>\$ 21,341,709</u>	<u>\$ 32,171,632</u>
Investment in General Fixed Assets	<u>\$ 21,341,709</u>	<u>\$ 32,171,632</u>

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Allendale (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

Municipal Open Space Preservation Trust Fund - This fund is used to account for the resources which have accumulated from a dedicated tax to be used for the preservation of open space, recreation and farm land property.

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

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

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2021 balances to conform to the December 31, 2022 presentation.

Financial Statements – Regulatory Basis

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, the Borough doesn't allow for the accumulation of sick and vacation days.

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

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

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

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

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

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

General Fixed Assets stated at cost or estimated historical cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets are stated as follows:

Land and Buildings	Assessed Value 1985
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2022, the Borough Council did not increase the original budget. During 2021, the Borough Council increased the original Current Fund budget by \$30,000. The increase was attributable to an emergency resolution for fire truck repairs. In addition, the governing body approved several budget transfers during 2022 and 2021 for both the Current Fund and the Water Utility Operating Fund.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2022 and 2021, the book value of the Borough's deposits were \$30,967,089 and \$7,741,464 and bank and brokerage firm balances of the Borough's deposits amounted to \$31,437,656 and \$7,707,893, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Insured	\$ 27,720,975	\$ 7,508,994
Uninsured and Collateralized	3,716,681	198,899
	<u>\$ 31,437,656</u>	<u>\$ 7,707,893</u>

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2022 and 2021, the Borough’s bank balances of \$3,716,681 and \$198,899 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized		
Collateral held by Borough's agent in the Borough's name	\$ 3,500,000	
Collateral held by pledging financial institution's trust department but not in the Borough's name	216,681	\$ 198,899
	<u>\$ 3,716,681</u>	<u>\$ 198,899</u>

B. Investments

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

As of December 31, 2022 and 2021 the Borough had no outstanding investments.

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

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2022 consisted of the following:

	<u>Current Fund</u>	<u>Water Utility Operating Fund</u>	<u>Total</u>
<u>2022</u>			
Property Taxes	\$ 193,109		\$ 193,109
Tax Title Liens	91,479		91,479
Utility Charges and Fees	-	-	-
	<u>\$ 284,588</u>	<u>\$ -</u>	<u>\$ 284,588</u>

In 2022, the Borough collected \$393,741 and \$542,033 from delinquent taxes and utility charges and fees, which represented 81% and 100% of the delinquent tax and water charges receivable at December 31, 2021. As discussed in Note 18, the Borough completed a sale of its water utility system during 2022, therefore no receivables exist as of December 31, 2022.

Receivables at December 31, 2021 consisted of the following:

	<u>Current Fund</u>	<u>Water Utility Operating Fund</u>	<u>Total</u>
<u>2021</u>			
Property Taxes	\$ 399,244		\$ 399,244
Tax Title Liens	88,645		88,645
Utility Charges and Fees	-	\$ 542,033	542,033
	<u>\$ 487,889</u>	<u>\$ 542,033</u>	<u>\$ 1,029,922</u>

In 2021, the Borough collected \$163,528 and \$502,584 from delinquent taxes and utility charges and fees, which represented 66% and 100% of the delinquent tax and water charges receivable at December 31, 2020.

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

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2022</u>		<u>2021</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 4,801		\$ 1,107	
Trust Fund:				
Animal Control Trust Fund		\$ 4,801		\$ 811
Open Space Trust Fund				296
General Capital Fund	10,923,815			4,597
Water Utility Fund				
Operating		12,621,764		
Capital	<u>1,697,949</u>	<u>-</u>	<u>4,597</u>	<u>-</u>
Total	<u>\$ 12,626,565</u>	<u>\$ 12,626,565</u>	<u>\$ 5,704</u>	<u>\$ 5,704</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues earned in on fund that are due to another fund.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2022</u>			
Current Fund			
Special Emergency Authorization - COVID-19	\$ 192,000	\$ 52,000	\$ 140,000
General Capital Fund			
Cancelled Grant Receivable	5,028		5,028
<u>2021</u>			
Current Fund			
Emergency Authorization	\$ 30,000	\$ 30,000	
Special Emergency Authorization - COVID-19	244,000	52,000	\$ 192,000
General Capital Fund			
Cancelled Grant Receivable	5,028		5,028

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

NOTE 7 FUND BALANCES APPROPRIATED

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

	2022		2021	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 2,474,155	\$ 1,100,000	\$ 2,149,178	\$ 1,246,000
Non-Cash Surplus	<u>192,000</u>	<u>-</u>	<u>274,000</u>	<u>-</u>
	<u>\$ 2,666,155</u>	<u>\$ 1,100,000</u>	<u>\$ 2,423,178</u>	<u>\$ 1,246,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 1,374,954	\$ 140,000	\$ 447,838	\$ 153,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,374,954</u>	<u>\$ 140,000</u>	<u>\$ 447,838</u>	<u>\$ 153,000</u>

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

NOTE 8 FIXED ASSETS

A. General Fixed Assets

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

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2022</u>
<u>2022</u>					
Land	\$ 10,344,144	\$ 189,000	\$ 6,044,646		\$ 4,488,498
Land Improvements	1,888,779	83,539	63,562		1,908,756
Buildings and Building Improvements	10,360,001		4,575,451		5,784,550
Machinery and Equipment	<u>9,578,708</u>	<u>93,503</u>	<u>512,306</u>	-	<u>9,159,905</u>
	<u>\$ 32,171,632</u>	<u>\$ 366,042</u>	<u>\$ 11,195,965</u>	<u>\$ -</u>	<u>\$ 21,341,709</u>
	Balance January 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2021</u>
<u>2021</u>					
Land	\$ 11,007,900			\$ (663,756)	\$ 10,344,144
Land Improvements	1,888,779				1,888,779
Buildings and Building Improvements	19,860,001		\$ 9,500,000		10,360,001
Machinery and Equipment	<u>9,717,776</u>	<u>\$ 248,086</u>	<u>404,510</u>	<u>17,356</u>	<u>9,578,708</u>
	<u>\$ 42,474,456</u>	<u>\$ 248,086</u>	<u>\$ 9,904,510</u>	<u>\$ (646,400)</u>	<u>\$ 32,171,632</u>

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

NOTE 8 FIXED ASSETS (Continued)

B. Water Utility Fund Fixed Assets

The following is a summary of changes in the water utility fund fixed assets for the years ended December 31, 2022 and 2021.

	Balance January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 8,841,343	\$ -	\$ 8,841,343	\$ -
	<u>\$ 8,841,343</u>	<u>\$ -</u>	<u>\$ 8,841,343</u>	<u>\$ -</u>
	Balance January 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 8,437,030	\$ 404,313	\$ -	\$ 8,841,343
	<u>\$ 8,437,030</u>	<u>\$ 404,313</u>	<u>\$ -</u>	<u>\$ 8,841,343</u>

As discussed in Note 18, during 2022, the Borough completed a sale of its water utility system, including Borough owned fixed assets.

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

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2022</u>	<u>2021</u>
Issued		
General		
Bonds and Notes	\$ 10,887,755	\$ 11,419,646
Water Utility		
Bonds and Notes	<u>1,804,806</u>	<u>2,079,403</u>
	12,692,561	13,499,049
Less Funds Temporarily Held to Pay Bonds and Notes	<u>12,692,561</u>	<u>898</u>
Net Debt Issued	<u>-</u>	<u>13,498,151</u>
Authorized But Not Issued		
General		
Bonds and Notes	14,438	454,438
Water Utility		
Bonds and Notes	<u>327,550</u>	<u>327,550</u>
	<u>341,988</u>	<u>781,988</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 341,988</u>	<u>\$ 14,280,139</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of 0.017% and 0.646% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
Local School District Debt	\$ 1,315,000	\$ 1,315,000	
Regional School District Debt	3,858,314	3,858,314	
General Debt	10,901,855	10,574,305	\$ 327,550
Utility Debt	<u>2,132,356</u>	<u>2,132,356</u>	<u>-</u>
Total	<u>\$ 18,207,525</u>	<u>\$ 17,879,975</u>	<u>\$ 327,550</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
Local School District Debt	\$ 1,680,000	\$ 1,680,000	
Regional School District Debt	884,117	884,117	
General Debt	11,874,084	41,685	\$ 11,832,399
Utility Debt	<u>2,406,953</u>	<u>2,406,953</u>	<u>-</u>
Total	<u>\$ 16,845,154</u>	<u>\$ 5,012,755</u>	<u>\$ 11,832,399</u>

Statutory Borrowing Power

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

	<u>2022</u>	<u>2021</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 67,398,624	\$ 64,073,961
Less: Net Debt	<u>327,550</u>	<u>11,832,399</u>
Remaining Borrowing Power	<u>\$ 67,071,074</u>	<u>\$ 52,241,562</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2022</u>	<u>2021</u>
\$4,165,000, 2010 General Improvement Bonds, due in an annual installment of \$1,085,000 through February 15, 2022, interest at 3.00%.		\$ 1,085,000
\$3,580,000, 2015 General Improvement Bonds, due in annual installments of \$425,000 through May 1, 2025, interest at 1.00% to 2.00%	\$ 1,275,000	1,700,000
\$985,000, 2020 General Improvement Bonds, due in annual installments of \$100,000 to \$150,000 through January 15, 2028, interest at 1.30%	<u>815,000</u>	<u>910,000</u>
	<u>\$ 2,090,000</u>	<u>\$ 3,695,000</u>

Utility Bonds

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

Water Utility

	<u>2022</u>	<u>2021</u>
\$946,000, 2010 Water Utility Bonds, due in annual installments of \$125,000 to \$250,000 through February 15, 2026, interest at 3.00% to 3.60%	\$ 831,000	\$ 841,000
\$2,620,000, 2012 Refunding Bonds, due in an annual installment of \$120,000 on July 15, 2023, interest at 2.00% to 4.00%	120,000	300,000
\$1,075,000, 2015 Water Utility Bonds, due in annual installments of \$25,000 to \$80,000 through May 1, 2030 interest at 1.00% to 3.00%	<u>585,000</u>	<u>665,000</u>
	<u>\$ 1,536,000</u>	<u>\$ 1,806,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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

<u>Calendar Year</u>	<u>General</u>		<u>Water Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 525,000	\$ 31,195	\$ 325,000	\$ 42,222	\$ 923,417
2024	555,000	21,200	305,000	32,363	913,563
2025	565,000	10,945	330,000	22,716	928,661
2026	145,000	4,843	311,000	12,608	473,451
2027	150,000	2,925	80,000	6,550	239,475
2028-2030	150,000	975	185,000	6,675	342,650
	<u>\$ 2,090,000</u>	<u>\$ 72,083</u>	<u>\$ 1,536,000</u>	<u>\$ 123,134</u>	<u>\$ 3,821,217</u>

Changes in Long-Term Municipal Debt

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

	<u>Balance, January 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2022</u>	<u>Due Within One Year</u>
<u>2022</u>					
General Capital Fund					
Bonds Payable	\$ 3,695,000	\$ -	\$ 1,605,000	\$ 2,090,000	\$ 525,000
General Capital Fund Long-Term					
Liabilities	\$ 5,665,000	\$ -	\$ 1,605,000	\$ 2,090,000	\$ 1,605,000
Water Utility Capital Fund					
Bonds Payable	\$ 1,806,000	\$ -	\$ 270,000	\$ 1,536,000	\$ 325,000
Water Utility Capital Fund Long-Term					
Liabilities	\$ 2,131,000	\$ -	\$ 270,000	\$ 1,536,000	\$ 325,000

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, January 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
General Capital Fund					
Bonds Payable	\$ 5,295,000	\$ -	\$ 1,600,000	\$ 3,695,000	\$ 1,605,000
General Capital Fund Long-Term					
Liabilities	\$ 5,665,000	\$ -	\$ 1,600,000	\$ 3,695,000	\$ 1,605,000
Water Utility Capital Fund					
Bonds Payable	\$ 2,131,000	\$ -	\$ 325,000	\$ 1,806,000	\$ 270,000
Water Utility Capital Fund Long-Term					
Liabilities	\$ 2,131,000	\$ -	\$ 325,000	\$ 1,806,000	\$ 270,000

B. Short-Term Debt

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

Bond Anticipation Notes

<u>2022</u>	Rate (%)	Maturity Date	Balance, January 1, <u>2022</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2022</u>
<u>General Capital Fund</u>						
		<u>Purpose</u>				
	1.40%	4/21/2023	\$ 4,176,518	\$ 4,122,277	\$ 4,176,518	\$ 4,122,277
	2.97%	3/23/2023	114,000	114,000	114,000	114,000
	2.97%	3/23/2023	3,434,128	4,561,478	3,434,128	4,561,478
		Total General Capital Fund	\$ 7,724,646	\$ 8,797,755	\$ 7,724,646	\$ 8,797,755

<u>2022</u>	Rate (%)	Maturity Date	Balance, January 1, <u>2022</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2022</u>
<u>Water Utility Capital Fund</u>						
		<u>Purpose</u>				
	2.97%	3/23/2023	\$ 273,403	\$ 268,806	\$ 273,403	\$ 268,806
		Total Water Utility Capital Fund	\$ 273,403	\$ 268,806	\$ 273,403	\$ 268,806

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2021</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2021</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
<u>General Capital Fund</u>						
<u>Purpose</u>						
Acquisition of Real Property	2.50%	4/23/2021	\$ 4,230,759		\$ 4,230,759	
Acquisition of Real Property	2.25%	4/23/2021	8,786,455		8,786,455	
Acquisition of Real Property	2.00%	5/24/2021		\$ 8,667,910	8,667,910	
Acquisition of Real Property	1.50%	4/22/2022		4,176,518		\$ 4,176,518
Acquisition of Real Property	1.00%	9/23/2022		114,000		114,000
Various Improvements	1.25%	9/24/2021	3,502,000		3,502,000	
Various Improvements	1.00%	9/23/2022	-	3,434,128	-	3,434,128
Total General Capital Fund			<u>\$ 16,519,214</u>	<u>\$ 16,392,556</u>	<u>\$ 25,187,124</u>	<u>\$ 7,724,646</u>

<u>2021</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2021</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
<u>Water Utility Capital Fund</u>						
<u>Purpose</u>						
Various Improvements	1.25%	9/24/2021	\$ 278,000		\$ 278,000	
Various Improvements	1.00%	9/23/2022	-	\$ 273,403	-	\$ 273,403
Total Water Utility Capital Fund			<u>\$ 278,000</u>	<u>\$ 273,403</u>	<u>\$ 278,000</u>	<u>\$ 273,403</u>

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

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

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

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are not allowed to accumulate unused vacation benefits, personal time, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement.

Changes in Other Long-Term Liabilities

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

The Borough's changes in other long-term liabilities for the years ended December 31, 2022 and 2021 were as follows:

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Net Pension Liability - PERS (1)	\$ 2,537,307			\$ 2,537,307	
Net Pension Liability - PFRS (1)	4,071,006			4,071,006	
Net OPEB Liability (1)	<u>12,108,093</u>	<u>-</u>	<u>-</u>	<u>12,108,093</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 18,716,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,716,406</u>	<u>\$ -</u>

(1): GASB Statement numbers 68 (Pension) and 75 (OPEB) financial information was not provided by the State of New Jersey's Division of Pensions and Benefits as of the date of audit.

	January 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	December 31, <u>2021</u>	Within <u>One Year</u>
<u>2021</u>					
Capital Leases	\$ 42,725		\$ 42,725		
Net Pension Liability - PERS	3,574,284		1,036,977	\$ 2,537,307	
Net Pension Liability - PFRS	7,043,216		2,972,210	4,071,006	
Net OPEB Liability	<u>12,573,038</u>	<u>-</u>	<u>464,945</u>	<u>12,108,093</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 23,233,263</u>	<u>\$ -</u>	<u>\$ 4,516,857</u>	<u>\$ 18,716,406</u>	<u>\$ -</u>

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

Collective Net Pension Liability

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2020 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2022 and 2021 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee’s annual compensation.

For the years ended December 31, 2022 and 2021 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2022, 2021 and 2020 were equal to the required contributions.

During the years ended December 31, 2022, 2021 and 2020, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2022	\$ 649,133	\$ 250,832	\$ 5,469
2021	608,953	211,710	4,973
2020	523,849	220,074	7,665

In addition for the years ended December 31, 2022, 2021 and 2020 the Borough contributed for long-term disability insurance premiums (LTDI) \$-0-, \$-0- and \$1,323, respectively for PERS and \$0 for PFRS.

(1) Includes contributions paid in the Water Operating Fund.

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 68 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough reported a liability of \$2,537,307, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the Borough's proportionate share was .02142 percent, which was a decrease of .0005 percent from its proportionate share measured as of June 30, 2020 of .02192 percent.

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2021, the pension system has determined the Borough's pension expense (benefit) to be (\$322,265) for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$211,710. At December 31, 2021, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 40,017	\$ 18,164
Changes of Assumptions	13,214	903,298
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		668,393
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>157,793</u>	<u>185,233</u>
Total	<u>\$ 211,024</u>	<u>\$ 1,775,088</u>

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (546,966)
2023	(467,013)
2024	(321,922)
2025	(226,550)
2026	(1,613)
Thereafter	<u>-</u>
	<u>\$ (1,564,064)</u>

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Mortality Rates

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

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

Discount Rate

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>3,455,298</u>	\$ <u>2,537,307</u>	\$ <u>1,758,262</u>

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

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2021, the Borough reported a liability of \$4,071,006, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the Borough's proportionate share was .05569 percent, which was an increase of .00118 percent from its proportionate share measured as of June 30, 2020 of .05451 percent.

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the pension system has determined the Borough pension expense to be \$(328,127), for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$608,953. At December 31, 2021, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 46,445	\$ 487,664
Changes of Assumptions	21,662	1,220,062
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,734,788
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>626,554</u>	<u>-</u>
Total	<u>\$ 694,661</u>	<u>\$ 3,442,514</u>

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ (787,438)
2023	(740,123)
2024	(609,731)
2025	(569,573)
2026	(35,036)
Thereafter	<u>(5,952)</u>
	<u>\$ (2,747,853)</u>

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

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

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

Mortality Rates

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Discount Rate

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

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ 6,181,695	\$ 4,071,006	\$ 2,314,085

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

Special Funding Situation – PFRS

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

At December 31, 2021, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,144,970. For the year ended December 31, 2021, the pension system has determined the State’s proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$127,516, which is more than the actual contribution the State made on behalf of the Borough of \$99,463. At December 31, 2021 (measurement date June 30, 2021) the State’s share of the PFRS net pension liability attributable to the Borough was .05569 percent, which was an increase of .00118 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .05451 percent. The State’s proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough’s financial statements.

Pension Plan Fiduciary Net Position

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

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

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

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

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

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

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

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

Actuarial Methods and Assumptions

In the June 30, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

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

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2022, 2021 and 2020 were \$376,919, \$273,108 and \$210,607, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2022, 2021 and 2020 were \$56,237, \$53,337 and \$44,335, respectively.

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

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

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

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2021, the Borough reported a liability of \$12,108,093 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2021 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2021. As of the measurement date of June 30, 2021 the Borough's proportionate share was .06726 percent, which was a decrease of .0028 percent from its proportionate share measured as of June 30, 2020 of .07006 percent.

For the year ended December 31, 2021, the Plan has determined the Borough's OPEB expense to be \$313,701 based on the actuarial valuation which is less than the actual contributions reported in the Borough's financial statements of \$376,919. At December 31, 2021, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 271,691	\$ 2,533,192
Changes of Assumptions	1,741,785	2,140,248
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	5,789	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	2,664,497	1,283,764
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 4,683,762</u>	<u>\$ 5,957,204</u>

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

At December 31, 2021 the amounts reported as deferred (benefit) outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending December 31,	<u>Total</u>
2022	\$ (346,860)
2023	(347,319)
2024	(347,739)
2025	(248,321)
2026	(41,743)
Thereafter	<u>58,540</u>
	<u>\$ (1,273,442)</u>

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 date:

	<u>2021</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%

*Salary increases are based on years of service within the respective pension plan.

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Mortality Rates

Pre-retirement and healthy post-retirement mortality rates were based on the Pub-2010 Healthy “Safety” for PFRS and Healthy “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled “Safety” for PFRS and Disabled “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 5.65 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. Future years PPO and HMO trend rates differ for each retirement plan. PPO trend is initially 7.56% in fiscal year 2024, increasing to 14.43% in fiscal year 2025 and decreasing to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.50% long-term after 7 years.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

The discount rate for the June 30, 2021 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the State. 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 Discounts Rate

The following presents the Borough’s proportionate share of the net OPEB liability as of December 31, 2021 calculated using the discount rate of 2.16%, 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 (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

<u>2021</u>	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 14,248,903</u>	<u>\$ 12,108,093</u>	<u>\$ 10,411,455</u>

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

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

The following presents the Borough’s proportionate share of the net OPEB liability as of December 31, 2021 calculated using the healthcare trend rates as disclosed above as well as what the Borough’s proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2021</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 10,102,227</u>	<u>\$ 12,108,093</u>	<u>\$ 14,725,499</u>

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

OPEB Plan Fiduciary Net Position

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

NOTE 13 RISK MANAGEMENT

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

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

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

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

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

NOTE 13 RISK MANAGEMENT (Continued)

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2022	\$ 10,000	\$ 6,069	\$ 13,055	\$ 100,518
2021	10,000	5,942	1,334	96,221
2020	10,000	14,331	5,439	81,445

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2022 and 2021. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2022 and 2021, the Borough reserved \$401,149 and \$338,119, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2022 and 2021, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

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

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

NOTE 16 TAX ABATEMENTS

For the years ended December 31, 2022 and 2021, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the “LTTE Law”), the Five-Year Exemption and Abatement Law (the “FYEA”) and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2022 and 2021 the Borough abated property taxes totaling \$271,917 and \$280,515, respectively, under the NJHMFA program. The Borough received \$133,832 and \$157,731 in PILOT payments under this program for the years ended December 31, 2022 and 2021, respectively.

NOTE 17 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

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

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

NOTE 17 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

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

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

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

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

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

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

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

The Borough will receive \$704,838 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough utilized \$52,000 of the funds in both the 2022 and 2023 budgets to replace lost public sector revenue. The Borough has not yet determined how it will spend the remaining funds. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

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

NOTE 18 SALE OF WATER UTILITY

During 2021, the Borough solicited and received bids for the sale of the water system and has determined that the bid submitted by Suez Water New Jersey, Inc in the amount of \$18,000,000 was the highest responsible bid. On November 2, 2021, the voters of the Borough voted in favor of the sale of the system to Suez Water New Jersey, Inc. On March 24, 2022, the governing body approved a resolution authorizing the execution of an agreement of sale between the Borough and Suez Water New Jersey, Inc. for the sale of the Borough's water system. A portion of the proceeds will be utilized to defease all temporary and permanent debt obligations of the Borough. As of December 31, 2022, reserves have been established for the future defeasance of general debt obligations and water utility debt obligations in the amounts of \$10,923,815 and \$1,697,949, respectively. A reserve has been established for the remaining proceeds in the amount of \$5,378,236. As part of the contract of sale, \$3,500,000 of the remaining proceeds have been deposited with an escrow agent until all contract terms have been met.

NOTE 19 SUBSEQUENT EVENTS

Debt Defeasance

On March 16, 2023, the Borough defeased all outstanding debt obligations utilizing a portion of the proceeds from the sale of its water utility system, as discussed in Note 18. The Borough defeased \$10,923,815 in general debt obligations, inclusive of \$8,797,755 of Bond Anticipation Notes and \$1,990,000 in serial bonds, along with the respective interest of \$107,870 and \$28,190. The Borough defeased \$1,697,949 in water utility debt obligations, inclusive of \$268,806 of Bond Anticipation Notes and \$1,411,000 in serial bonds, along with the respective interest of \$3,992 and \$14,1510.

CURRENT FUND

**BOROUGH OF ALLENDALE
STATEMENT OF CURRENT CASH - TREASURER**

Balance, January 1, 2022		\$ 4,091,482
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 282,691	
Due from State - Senior Citizen and Veteran Dedications	25,750	
Taxes Receivable	43,612,464	
Petty Cash	800	
Revenue Accounts Receivable	2,965,206	
Grant Receivable	7,361	
Prepaid Taxes	225,659	
Tax Overpayments	1,005	
Unappropriated Reserves for Grants	368,817	
Reserve for Municipal Relief Fund Aid	55,756	
State Fees Payable	31,667	
Receipts from Animal Control Trust Fund	<u>811</u>	
		<u>47,577,987</u>
		51,669,469
Decreased by Disbursements:		
Current Year Budget Appropriations	13,726,817	
Appropriation Reserves	256,525	
Encumbrances Payable	258,679	
Petty Cash	800	
Tax Overpayments	33,455	
Accounts Payable	166	
Refund Prior Year Revenue	9,905	
Payments to Municipal Open Space Trust Fund	95,871	
Local District School Taxes	16,875,576	
Regional High School Taxes	10,459,375	
County Taxes Payable	4,648,117	
Reserve for Tax Appeals	11,970	
Appropriated Reserves for Grants	62,588	
State Fees Payable	<u>25,315</u>	
		<u>46,465,159</u>
Balance, December 31, 2022		<u>\$ 5,204,310</u>

**BOROUGH OF ALLENDALE
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, <u>January 1, 2022</u>	Balance, <u>December 31, 2022</u>
Tax Collector	\$ 400	\$ 400
	<u>\$ 400</u>	<u>\$ 400</u>

STATEMENT OF PETTY CASH FUND

Increased by:		
Disbursed		\$ 800
Decreased by:		
Returned to Treasurer		<u>\$ 800</u>

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

Balance, January 1, 2022		\$ 7,684
Increased by:		
Cash Receipts		<u>25,750</u>
		33,434
Decreased by:		
Senior Citizen Deductions per Tax Billing	\$ 1,250	
Veterans Deductions per Tax Billing	23,500	
Veterans Deductions Allowed by Collector	750	
Veterans Deductions Allowed by Collector - Prior Year	<u>500</u>	
		<u>26,000</u>
Balance, December 31, 2022		<u>\$ 7,434</u>

**BOROUGH OF ALLENDALE
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	<u>Balance, January 1, 2022</u>	<u>Levy</u>	<u>Added Taxes</u>	<u>Senior Citizens' and Veterans Deductions Disallowed</u>	<u>Collected In</u>		<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Remitted or Cancelled</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance, December 31, 2022</u>
2021	\$ 399,244					\$ 393,241	\$ 500	\$ 5,503		
2022	-	\$ 43,712,761	\$ 81,373	-	\$ 275,614	43,219,223	25,500	77,854	\$ 2,834	\$ 193,109
	<u>\$ 399,244</u>	<u>\$ 43,712,761</u>	<u>\$ 81,373</u>	<u>\$ -</u>	<u>\$ 275,614</u>	<u>\$ 43,612,464</u>	<u>\$ 26,000</u>	<u>\$ 83,357</u>	<u>\$ 2,834</u>	<u>\$ 193,109</u>

Analysis of Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 43,712,761
Added Taxes (54:4-63.1 et seq.)	<u>81,373</u>
	<u>\$ 43,794,134</u>
Tax Levy	
Municipal Open Space Tax	\$ 95,988
Added Municipal Open Space Tax	179
Local District School Tax (Abstract)	16,875,576
Regional High School Tax	10,459,375
County Tax	4,461,500
County Open Space Tax	184,357
Added County Taxes	<u>8,684</u>
	32,085,659
Local Tax for Municipal Purposes	10,994,359
Minimum Library Tax	639,356
Add Additional Tax Levied	<u>74,760</u>
	<u>11,708,475</u>
	<u>\$ 43,794,134</u>

**BOROUGH OF ALLENDALE
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2022	\$ 88,645
Increased by:	
Transfer from Taxes Receivable	<u>2,834</u>
Balance, December 31, 2022	<u>\$ 91,479</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2022	<u>\$ 4,900</u>
Balance, December 31, 2022	<u>\$ 4,900</u>

BOROUGH OF ALLENDALE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance,</u> <u>January 1, 2022</u>	<u>Accrued</u> <u>in 2022</u>	<u>Realized</u>	<u>Balance,</u> <u>December 31, 2022</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 15,250	\$ 15,250	
Fees and Permits		14,170	14,170	
Planning Board/Board of Adjustment				
Fees and Permits		10,900	10,900	
Board of Health:				
Fees and Permits		20	20	
Parking				
Fees and Permits		18,820	18,820	
Municipal Court:				
Fines and Costs	\$ 1,403	21,032	21,852	\$ 583
Uniform Construction Code:				
Fees and Permits - Building		388,674	388,674	
Interest and Costs on Taxes		56,857	56,857	
Energy Receipts Taxes		1,068,869	1,068,869	
Interest on Investments and Deposits		108,454	108,454	
Engineering Fees		30,691	30,691	
Cable TV Franchise Fees		102,676	102,676	
Cellular Tower Lease		189,261	189,261	
Uniform Fire Safety Act		38,498	38,498	
Garbage Collection		2,448	2,448	
PILOT - 230 Crescent		133,832	133,832	
Dues & Fees - Crestwood Lake		370,317	370,317	
Saddle River Sewer Payment	-	46,133	46,133	
Ramsey Sewer Charges		194,143	194,143	
Municipal Open Space Share of Bonds		90,000	90,000	
Allendale El. School Contribution to Sewer Use		23,967	23,967	
North. High. Reg. HS Contribution to Sewer Use	-	39,374	39,374	-
	<u>\$ 1,403</u>	<u>\$ 2,964,386</u>	<u>\$ 2,965,206</u>	<u>\$ 583</u>

**BOROUGH OF ALLENDALE
STATEMENT OF 2021 APPROPRIATION RESERVES**

	Balance, <u>January 1, 2022</u>	Encumbrances <u>Cancelled</u>	Budget After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Salaries and Wages					
Administrative and Executive	\$ 4,785		\$ 4,785	\$ 2,944	\$ 1,841
Borough Clerk	82		82		82
Financial Administration	60		60		60
Collection of Taxes	1,657		1,657		1,657
Assessment of Taxes	86		86		86
Planning Board	92		92		92
Police	2,648		37,648	37,563	85
Emergency Management Services	330		330		330
Uniform Fire Safety Act - Fire Official	128		528	434	94
Municipal Prosecutor	50		50		50
Municipal Court	43		43		43
Road Repairs and Maintenance	70,484		48,684	1,910	46,774
Crestwood Lake Swimming & Rec. Facility	804		804		804
Construction Code Official	5,755		4,755	861	3,894
Plumbing Inspector	348		348		348
Electric Inspector	211		211		211
Fire Subcode Official	3		3		3
Zoning Officer/Property Maintenance	4,757		4,757	530	4,227
Other Expenses					
Administrative and Executive	7,903		7,903	5,124	2,779
Borough Clerk	8,218		7,218	2,692	4,526
Mayor and Council	4,544		4,544		4,544
Financial Administration	3,716		3,716	3,716	
Annual Audit	19,462		19,462	19,462	
Collection of Taxes	3,951		3,951	3,932	19
Assessment of Taxes	4,032		4,032	4,000	32
Legal Services and Costs	22,243		22,243	12,821	9,422
Engineering	2,514		13,514	13,323	191
Planning Board	5,579		5,579	709	4,870
Insurance					
Other Insurance Premiums	3,098		3,098		3,098
Workers' Compensation Insurance	20,856		356		356
Group Insurance Plan for Employees	32,561		17,561	5,592	11,969
Health Benefit Waiver	672		672		672
Police	51,029		51,029	47,052	3,977
Emergency Management Services	982		982	50	932
Fire	25,802		25,802	10,597	15,205
Uniform Fire Safety Act - Fire Official	707		3,707	1,763	1,944
Municipal Court	4,780		4,780		4,780
Public Defender	1,400		1,400		1,400
Road Repairs and Maintenance	18,647		18,647	1,256	17,391

**BOROUGH OF ALLENDALE
STATEMENT OF 2021 APPROPRIATION RESERVES**

	Balance, <u>January 1, 2022</u>	Encumbrances <u>Cancelled</u>	Budget After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Snow Removal	\$ 29,990		\$ 29,990	\$ 27,474	\$ 2,516
Shade Tree	11,849	\$ 308	12,157		12,157
Sewer System	-		1,400	1,318	82
Garbage and Trash Removal	56,101		56,101	2,028	54,073
Recycling	1,127		5,627	1,517	4,110
Public Buildings and Grounds	20,313		17,313	17,313	
Board of Health	2,810		2,810		2,810
Senior Citizens	1,461		1,461		1,461
Animal Control	1,590		1,590	775	815
Municipal Alliance	797		797		797
Parks and Playgrounds	1,256		1,256		1,256
Crestwood Lake Swimming & Rec. Facility	2,921		2,921	298	2,623
Construction Official	1,820		1,820	124	1,696
Radio Equipment Maintenance	1,974		1,974		1,974
Electricity	9,756		9,756	2,101	7,655
Street Lighting	3,997		3,997	3,849	148
Telephone	614		614	417	197
Water	4,069		5,069	4,492	577
Natural Gas	288		6,288	4,029	2,259
Gasoline	18,634		18,634	476	18,158
Contingent	30,000		30,000		30,000
Social Security (O.A.S.I.)	29,463		29,463	2,971	26,492
Defined Contribution Retirement Plan	7,027		7,027	116	6,911
Borough of Waldwick - Well Baby	605		605		605
Borough of Hohokus - Municipal Court	15,218	-	15,218	11,269	3,949
	<u>\$ 588,699</u>	<u>\$ 308</u>	<u>\$ 589,007</u>	<u>\$ 256,898</u>	<u>\$ 332,109</u>
Appropriation Reserves			\$ 588,699		
Cancelled Prior Year Encumbrances			<u>308</u>		
			<u>\$ 589,007</u>		
Cash Disbursed				\$ 256,525	
Transfer to Accounts Payable				<u>373</u>	
				<u>\$ 256,898</u>	

**BOROUGH OF ALLENDALE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2022		\$ 258,987
Increased by:		
Transfer from Current Appropriations		<u>236,584</u>
		495,571
Decreased by:		
Cash Disbursement	\$ 258,679	
Cancelled to Appropriation Reserves	<u>308</u>	
		<u>258,987</u>
Balance, December 31, 2022		<u>\$ 236,584</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, January 1, 2022		\$ 6,824
Increased by:		
Transfer from Appropriation Reserves		<u>373</u>
		7,197
Decreased by:		
Cash Disbursements	\$ 166	
Cancelled to Operations	<u>7,031</u>	
		<u>\$ 7,197</u>

**BOROUGH OF ALLENDALE
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2022	\$	275,614
Increased by:		
Cash Receipts		225,659
		501,273
Decreased by:		
Applied to 2022 Taxes		275,614
Balance, December 31, 2022	\$	225,659

EXHIBIT A-16

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES

Increased by:		
Levy Calendar Year, 2022	\$	16,875,576
Decreased by:		
Payments	\$	16,875,576

EXHIBIT A-17

STATEMENT OF REGIONAL HIGH SCHOOL TAX

Increased by:		
Levy Calendar Year, 2022	\$	10,459,375
Decreased by:		
Payments	\$	10,459,375

**BOROUGH OF ALLENDALE
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2022		\$ 2,260
Increased by:		
2022 County Tax Levy	\$ 4,461,500	
2022 County Open Space Tax Levy	184,357	
County Added and Omitted Taxes	<u>8,684</u>	
		<u>4,654,541</u>
		4,656,801
Decreased by:		
Payments		<u>4,648,117</u>
Balance, December 31, 2022		<u><u>\$ 8,684</u></u>

EXHIBIT A-19

STATEMENT OF DUE FROM MUNICIPAL OPEN SPACE TRUST FUND

Balance, January 1, 2022		\$ 296
Increased by:		
Tax Levy- 2022	\$ 95,988	
Added and Omitted Taxes	<u>179</u>	
		<u>96,167</u>
		95,871
Decreased by:		
Cash Disbursed		<u><u>\$ 95,871</u></u>

EXHIBIT A-20

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2022		\$ 33,455
Increased by:		
Cash Receipts		<u>1,005</u>
		34,460
Decreased by:		
Cash Disbursements		<u>33,455</u>
Balance, December 31, 2022		<u><u>\$ 1,005</u></u>

**BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, January 1, 2022	\$ 338,119
Increased by:	
Transfer from Current Year Appropriations	<u>75,000</u>
	413,119
Decreased by:	
Cash Disbursements	<u>11,970</u>
Balance, December 31, 2022	<u>\$ 401,149</u>

STATEMENT OF STATE FEES PAYABLE

	Balance, <u>January 1, 2022</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, <u>December 31, 2022</u>
Construction- DCA	\$ 80	\$ 30,421	\$ 24,232	\$ 6,269
Parking Sales Tax	<u>419</u>	<u>1,246</u>	<u>1,083</u>	<u>582</u>
	<u>\$ 499</u>	<u>\$ 31,667</u>	<u>\$ 25,315</u>	<u>\$ 6,851</u>

STATEMENT OF DEFERRED CHARGES

	Balance, <u>January 1, 2022</u>	Authorized in <u>2022</u>	2022 Budget <u>Appropriation</u>	Balance, <u>December 31, 2022</u>
Emergency Authorization (40A:4-47)	\$ 30,000		\$ 30,000	
Special Emergency Authorization - COVID19	<u>244,000</u>	<u>-</u>	<u>52,000</u>	<u>\$ 192,000</u>
	<u>\$ 274,000</u>	<u>\$ -</u>	<u>\$ 82,000</u>	<u>\$ 192,000</u>

**BOROUGH OF ALLENDALE
SCHEDULE OF GRANTS RECEIVABLE
CURRENT FUND**

<u>Grant</u>	<u>Balance, January 1, 2022</u>	<u>Accrued</u>	<u>Cash Receipts</u>	<u>Balance, December 31, 2022</u>
State Grants:				
Recycling Tonnage Grant	-	\$ 7,361	\$ 7,361	-
	<u>\$ -</u>	<u>\$ 7,361</u>	<u>\$ 7,361</u>	<u>\$ -</u>

**SCHEDULE OF APPROPRIATED RESERVES FOR GRANTS
CURRENT FUND**

<u>Grant</u>	<u>Balance, January 1, 2022</u>	<u>Transfer From Current Appropriations</u>	<u>Cash Disbursed</u>	<u>Balance, December 31, 2022</u>
Drunk Driving Enforcement Fund	\$ 2,530		\$ 337	\$ 2,193
Recycling Grant	30,696	\$ 7,361	7,769	30,288
NJ SLA HEOP Grant				
Clean Communities Grant	29,335	13,705	635	42,405
Body Armor Replacement Fund	1,878		1,847	31
ARP	-	52,000	52,000	-
	<u>\$ 64,439</u>	<u>\$ 73,066</u>	<u>\$ 62,588</u>	<u>\$ 74,917</u>

**BOROUGH OF ALLENDALE
SCHEDULE OF UNAPPROPRIATED RESERVES FOR GRANTS
CURRENT FUND**

<u>Grant</u>	<u>Balance, January 1, 2022</u>	<u>Realized as Budgeted Revenue</u>	<u>Cash Receipts</u>	<u>Balance, December 31, 2022</u>
Body Armor Replacement Fund			\$ 2,440	\$ 2,440
American Rescue Plan	\$ 352,419	\$ 52,000	352,419	652,838
Clean Communities	<u>13,705</u>	<u>13,705</u>	<u>13,958</u>	<u>13,958</u>
	<u>\$ 366,124</u>	<u>\$ 65,705</u>	<u>\$ 368,817</u>	<u>\$ 669,236</u>

EXHIBIT A-27

SCHEDULE OF RESERVE FOR MUNICIPAL RELIEF FUND AID

Increased by:	
Cash Receipts	<u>\$ 55,756</u>
Balance, December 31, 2022	<u>\$ 55,756</u>

TRUST FUNDS

**BOROUGH OF ALLENDALE
STATEMENT OF CASH - TREASURER**

	Animal Control <u>Fund</u>		Other Trust <u>Fund</u>		Municipal Open Space Preservation <u>Trust Fund</u>
Balance, January 1, 2022	\$ 10,020		\$ 1,161,787		\$ 90,616
Increased by Receipts:					
Animal License Fees - Borough Share	\$ 3,981				
Dog License Fees - State Share	550				
Miscellaneous Reserves		\$ 347,869			
Employee Contributions - Unemployment			6,069		
Budget Appropriation - Unemployment			10,000		
Municipal Open Space Tax Levy				\$ 96,167	
Payments from Current Fund				-	
Payroll Salaries and Withholdings		7,498,275			
Interest on Deposits	-		1,283		537
	<u>14,551</u>		<u>7,863,496</u>		<u>96,704</u>
	14,551		9,025,283		187,320
Decreased by:					
Reserve for Animal Expenditures	490				
State Share - Dog Licenses	543				
Miscellaneous Reserves		273,140			
Payroll Salaries and Withholdings		7,519,148			
Payments to Current Fund	811			296	
Reserve for Unemployment		13,055			
Reserve for Municipal Open Space	-		-	90,000	
	<u>1,844</u>		<u>7,805,343</u>		<u>90,296</u>
Balance, December 31, 2022	<u>\$ 12,707</u>		<u>\$ 1,219,940</u>		<u>\$ 97,024</u>

BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR ANIMAL LICENSE EXPENDITURES
ANIMAL CONTROL TRUST FUND

Balance, January 1, 2022		\$	9,202
Increased by:			
Dog License Fees	\$	3,458	
Cat License Fees		248	
Late Fees		<u>275</u>	
			<u>3,981</u>
			13,183
Decreased by:			
Expenditures R.S. 4:19-1511		490	
Statutory Excess		<u>4,801</u>	
			<u>5,291</u>
Balance, December 31, 2022		\$	<u><u>7,892</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2020	\$ 4,029
2021	<u>3,863</u>
	<u><u>\$ 7,892</u></u>

STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND

Balance, January 1, 2022		\$	7
Increased by:			
State Fees Collected			<u>550</u>
			557
Decreased by:			
Payments to State			<u>543</u>
Balance, December 31, 2022		\$	<u><u>14</u></u>

**BOROUGH OF ALLENDALE
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2022	\$	811
Increased by:		
Statutory Excess		4,801
		5,612
Decreased by:		
Payments to Current Fund		811
Balance, December 31, 2022	\$	4,801

**STATEMENT OF RESERVE FOR OPEN SPACE TRUST
OPEN SPACE PRESERVATION TRUST FUND**

Balance, January 1, 2022	\$	90,320
Increased by:		
2022 Tax Levy	\$	95,988
2022 Added Taxes		179
Interest Earned on Deposits		537
		96,704
		187,024
Decreased by:		
Realized as Current Fund Budgeted Revenue		90,000
Balance, December 31, 2022	\$	97,024

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS
OTHER TRUST FUND**

Balance, January 1, 2022	\$	96,221
Increased by:		
Budget Appropriation	\$	10,000
Employee Contributions		6,069
Interest Earned on Deposits		1,283
		17,352
		113,573
Decreased by:		
Unemployment Insurance Benefit Claims		13,055
Balance, December 31, 2022	\$	100,518

BOROUGH OF ALLENDALE
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	<u>Balance</u> <u>January 1, 2022</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>December 31, 2022</u>
Developers Escrow Administrator	\$ 123,889	\$ 95,534	\$ 57,266	\$ 162,157
Municipal Court - P.O.A.A.	30	34		64
Recycling	69,951	8,512	19,913	58,550
Escrow Deposits Payable	220,787	75,082	60,221	235,648
Vacant Property Escrow	14,000			14,000
Housing Trust	365,432	81,612	6,807	440,237
Municipal Alliance Donations	2,765		2,712	53
Rental Deposits	4,200	2,000	2,000	4,200
ATT Tower	11,849	159		12,008
Improvement and Beautification	32,645	7,341	4,306	35,680
9/11 Memorial	16,648	52	564	16,136
Police Donations	18,065	3,145	3,438	17,772
Orchard Commons Donation	4,488			4,488
Tax Sale Premiums	48,500		48,500	
CERT Donations	283			283
Flex Spending	1,259	10,700	11,762	197
Crestwood Cruisers	21,381	13,605	12,138	22,848
Storm Recovery	26,469		9,000	17,469
Police Outside Duty	25,290	50,093	34,413	40,970
Video Equipment Surcharge	100	-	100	-
	<u>\$ 1,008,031</u>	<u>\$ 347,869</u>	<u>\$ 273,140</u>	<u>\$ 1,082,760</u>

**BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR PAYROLL SALARIES & WITHHOLDINGS PAYABLE
OTHER TRUST FUND**

Balance, January 1, 2022	\$	57,535
Increased by:		
Cash Receipts		7,498,275
		7,555,810
Decreased by:		
Cash Disbursements		7,519,148
Balance, December 31, 2022	\$	36,662

GENERAL CAPITAL FUND

BOROUGH OF ALLENDALE
STATEMENT OF GENERAL CAPITAL CASH

Balance, January 1, 2022		\$	369,969
Increased by Receipts:			
Grant Proceeds			
Deferred Charges Unfunded	\$		75,000
Reserve for Community Center			
Proceeds from Sale of Property		2,562,832	
Bond Anticipation Notes		1,276,000	
Capital Improvement Fund		<u>45,000</u>	
			<u>3,958,832</u>
			4,328,801
Decreased by Disbursements:			
Improvement Authorizations		265,061	
Contracts Payable		781,013	
Payments to Water Utility Capital Fund		4,597	
Reserve for Municipal Improvements		<u>28,376</u>	
			<u>1,079,047</u>
Balance, December 31, 2022		\$	<u>3,249,754</u>

**BOROUGH OF ALLENDALE
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2022</u>
	Fund Balance	\$ 87,627
	Grant/Other Receivables	(1,084,722)
	Deferred Charge - Cancelled Grant Receivables	(5,028)
	Capital Improvement Fund	23,834
	Reserve for Municipal Improvements	7,134
	Reserve for Debt Service	466
	Reserve for Community Center	2,562,832
	Contacts Payable	545,706
	Excess Note Proceeds	174,025
Ord.		
<u>No.</u>	<u>Improvement Authorization</u>	
07-13	Acquisition of Real Property	(3,734)
15-04	Various Improvements	6,335
16-04	Various Improvements	2,443
17-02/20-21	Acquisition of Real Property	4,950
18-09	Various Improvements	476
19-06	Various Improvements	66,830
20-08	Various Improvements	77,024
21-11	Various Public Improvements	203,626
22-07	Various Public Improvements	579,930
		<u>3,249,754</u>

EXHIBIT C-4

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2022	\$ 3,695,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>1,605,000</u>
Balance, December 31, 2022	<u>\$ 2,090,000</u>

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

Ordinance Number	Improvement Description	Balance, January 1, 2022	Authorized 2022	Notes Paid by Budget Appropriation	Grant Proceeds	Balance, December 31, 2022	Analysis of Balance, December 31, 2022			
							Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded	
07-13	Acquisition of Real Property	\$ 14,100				\$ 14,100		\$ 14,100		
16-04	Various Improvements	400,223		\$ 27,714		372,509	\$ 372,509			
17-02/20-21	Acquisition of Real Property	4,268,421		54,241		4,214,180	4,214,180			
17-05	Various Improvements	471,245		40,158		431,087	431,087			
18-09	Various Improvements	830,225		43,358		786,867	786,867			
19-06	Various Improvements	798,845		37,420		761,425	761,425			
20-08	Various Improvements	857,000			\$ 75,000	782,000	781,662		\$ 338	
21-11	Various Public Improvements	440,000				440,000	440,000		-	
22-07	Various Public Improvements	-	\$ 836,000	-	-	836,000	836,000	-	-	
		<u>\$ 8,080,059</u>	<u>\$ 836,000</u>	<u>\$ 202,891</u>	<u>\$ 75,000</u>	<u>\$ 8,638,168</u>	<u>\$ 8,623,730</u>	<u>\$ 14,100</u>	<u>\$ 338</u>	
							\$ 8,797,755			
Bond Anticipation Notes										
Less: Excess Note Proceeds										
Ordinance 16-04							\$ 24,349			
Ordinance 17-02/20-21							22,097			
Ordinance 17-05							30,649			
Ordinance 18-09							11,775			
Ordinance 19-06							10,155			
Ordinance 20-08							<u>75,000</u>			
							<u>174,025</u>			
							<u>\$ 8,623,730</u>			
Improvement Authorizations Unfunded								\$ 935,617		
Less: Unexpended Note Proceeds										
Ord. #16-04							\$ 2,443			
Ord. #17-02/20-21							4,950			
Ord. #17-05										
Ord. #18-09							476			
Ord. #19-06							66,830			
Ord. #20-08							77,024			
Ord. #21-11							203,626			
Ord. #22-07							<u>579,930</u>			
								<u>935,279</u>		
								<u>\$ 338</u>		

**BOROUGH OF ALLENDALE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2022		2022 Authorizations			Balance, December 31, 2022	
				Funded	Unfunded	Grants Receivable	Capital Improvement Fund	Deferred Charges Unfunded	Paid or Charged	Funded
General Improvements										
12-05	Various Improvements	3/22/2012	181,000	\$ 10,867					\$ 501	\$ 10,366
15-04	Various Improvements	3/12/2015	1,081,000	6,335						6,335
15-18	Engineering for Capital Projects	5/14/2015	35,000	7,444					7,444	
16-04	Various Improvements	3/10/2016	645,000		\$ 13,370				10,927	\$ 2,443
17-02/20-21	Acquisition of Real Property	1/26/2017, 12/17/2020	14,470,000		15,527				10,577	4,950
17-05	Various Improvements	3/23/2017	924,500		5,892				5,892	
18-09	Various Improvements	4/12/2018	1,138,200		5,701				5,225	476
19-06	Various Improvements	4/25/2019	1,142,500		119,091				52,261	66,830
20-08	Various Improvements	4/16/2020	1,575,604		141,223				63,861	77,362
21-11	Various Public Improvements	10/14/2021	810,000	42,635	440,000				279,009	203,626
22-07	Various Public Improvements	7/21/2022	955,000	-	-	\$ 75,000	\$ 44,000	\$ 836,000	375,070	-
				<u>\$ 67,281</u>	<u>\$ 740,804</u>	<u>\$ 75,000</u>	<u>\$ 44,000</u>	<u>\$ 836,000</u>	<u>\$ 810,767</u>	<u>\$ 16,701</u>
									Cash Disbursed	\$ 265,061
									Contracts Payable	545,706
										<u>\$ 810,767</u>

**BOROUGH OF ALLENDALE
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2022</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2022</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	2/15/2010	\$ 4,165,000				\$ 1,085,000	\$ 1,085,000	
General Improvements	5/7/2015	3,580,000	5/01/2023-25	\$ 425,000	1.00% - 2.00%	1,700,000	425,000	\$ 1,275,000
General Improvements	1/23/2020	985,000	1/15/2023	100,000	1.30%			
			1/15/2024	130,000	1.30%			
			1/15/2025	140,000	1.30%			
			1/15/2026	145,000	1.30%			
			1/15/2027-2028	150,000	1.30%			
						<u>910,000</u>	<u>95,000</u>	<u>815,000</u>
						<u>\$ 3,695,000</u>	<u>\$ 1,605,000</u>	<u>\$ 2,090,000</u>
						Budget Appropriation	<u>\$ 1,605,000</u>	

**BOROUGH OF ALLENDALE
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	<u>Improvement Description</u>	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2022	Increased	Decreased	Balance, December 31, 2022
17-02	Acquisition of Real Property	4/26/2017	4/22/2022	4/21/2023	1.40 %		\$ 4,122,277		\$ 4,122,277
			4/23/2021	4/22/2022	1.50	\$ 4,176,518		\$ 4,176,518	
16-04	Various Improvements	9/26/2017	9/23/2022	3/23/2023	2.97		396,858		396,858
			9/24/2021	9/23/2022	1.00	424,572		424,572	
17-05	Various Improvements	9/26/2017	9/23/2022	3/23/2023	2.97		461,736		461,736
			9/24/2021	9/23/2022	1.00	501,894		501,894	
18-09	Various Improvements	9/26/2019	9/23/2022	3/23/2023	2.97		798,642		798,642
			9/24/2021	9/23/2022	1.00	842,000		842,000	
19-06	Various Improvements	9/26/2019	9/23/2022	3/23/2023	2.97		771,580		771,580
			9/24/2021	9/23/2022	1.00	809,000		809,000	
20-08	Various Improvements	9/25/2020	9/23/2022	3/23/2023	2.97		856,662		856,662
			9/24/2021	9/23/2022	1.00	856,662		856,662	
20-21	Acquisition of Real Property	9/24/2021	9/23/2022	3/23/2023	2.97		114,000		114,000
			9/24/2021	9/23/2022	1.00	114,000		114,000	
21-11	Various Public Improvements	9/23/2022	9/23/2022	3/23/2023	2.97		440,000		440,000
22-07	Various Public Improvements	9/23/2022	9/23/2022	3/23/2023	2.97	-	836,000	-	836,000
						<u>\$ 7,724,646</u>	<u>\$ 8,797,755</u>	<u>\$ 7,724,646</u>	<u>\$ 8,797,755</u>
					Renewals		\$ 7,521,755	\$ 7,521,755	
					Issued for Cash		1,276,000		
					Paid by Budget Appropriation		-	202,891	
							<u>\$ 8,797,755</u>	<u>\$ 7,724,646</u>	

**BOROUGH OF ALLENDALE
STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES**

	<u>Balance, January 1, 2022</u>	<u>2022 Grant Awards</u>	<u>Balance, December 31, 2022</u>
New Jersey Department of Transportation (DOT)			
Ordinance 18-09/20-08 - Downtown/DeMercurio	\$ 662,000		\$ 662,000
Ordinance 21-11 - Downtown/DeMercurio	234,000		234,000
 New Jersey Department of Law and Public Safety			
Ordinance 21-11 Body Worn Cameras	38,722		38,722
 Bergen County Open Space			
Ordinance 21-11 - Playground	75,000		75,000
Ordinance 22-07 Crestwood	<u> -</u>	<u>\$ 75,000</u>	<u>75,000</u>
	<u>\$ 1,009,722</u>	<u>\$ 75,000</u>	<u>\$ 1,084,722</u>

**BOROUGH OF ALLENDALE
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2022	\$ 22,834
Increased by:	
2022 Budget Appropriation	45,000
	67,834
Decreased by:	
Appropriated to Finance Improvement Authorizations	44,000
Balance, December 31, 2022	\$ 23,834

EXHIBIT C-11

STATEMENT OF RESERVE FOR MUNICIPAL IMPROVEMENTS

Balance, January 1, 2022	\$ 35,510
Decreased by:	
Cash Disbursements	28,376
Balance, December 31, 2022	\$ 7,134

EXHIBIT C-12

STATEMENT OF RESERVE FOR DEBT SERVICE

Balance, January 1, 2022	\$ 466
Balance, December 31, 2022	\$ 466

**BOROUGH OF ALLENDALE
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2022	\$ 781,013
Increased by:	
Contract Awards	<u>545,706</u>
	1,326,719
Decreased by:	
Cash Disbursements	<u>781,013</u>
Balance, December 31, 2022	<u>\$ 545,706</u>

EXHIBIT C-14

STATEMENT OF RESERVE FOR COMMUNITY CENTER

Increased by:		
Cash Receipts		
Proceeds from Sale of 220 W. Crescent	\$	2,108,124
Escrow Proceeds from 2021 Sale		<u>454,708</u>
		<u>\$ 2,562,832</u>
Balance, December 31, 2022		<u>\$ 2,562,832</u>

EXHIBIT C-15

STATEMENT OF RESERVE FOR SALE OF ASSETS - DEBT DEFEASANCE

Increased by:	
Proceeds from Sale of Water Utility Due from Water Utility Operating Fund	<u>\$ 10,923,815</u>
Balance, December 31, 2022	<u>\$ 10,923,815</u>

EXHIBIT C-16

STATEMENT OF DEFERRED CHARGE - CANCELLED GRANTS RECEIVABLES

Balance, January 1, 2022	<u>\$ 5,028</u>
Balance, December 31, 2022	<u>\$ 5,028</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2022</u>	<u>2022 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2022</u>
07-13	Acquisition of Real Property	\$ 14,100			\$ 14,100
20-08	Various Improvements	338			338
21-11	Various Public Improvements	440,000		\$ 440,000	
22-07	Various Public Improvements	-	\$ 836,000	836,000	-
		<u>\$ 454,438</u>	<u>\$ 836,000</u>	<u>\$ 1,276,000</u>	<u>\$ 14,438</u>

WATER UTILITY FUND

**BOROUGH OF ALLENDALE
STATEMENT OF CASH- TREASURER
WATER UTILITY FUND**

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2022	\$ 937,765	\$ 1,079,425
Increased by Receipts:		
Water Utility Rents Receivable	\$ 2,013,391	
Facilities Charge	247,780	
Miscellaneous Revenue	100,744	
Receipts from General Capital Fund		\$ 4,597
Proceeds from Sale of Water Utility		
Consumer Accounts Receivable	443,000	
Due to General Capital Fund	10,923,815	
Due to Water Utility Capital Fund	1,697,949	
Reserve for Sale of Assets - Cost Reimbursement	150,000	
Reserve for Sale of Assets	<u>5,378,236</u>	<u>-</u>
	<u>20,954,915</u>	<u>4,597</u>
	21,892,680	1,084,022
Decreased by Disbursements:		
2022 Budget Appropriations	1,596,041	
2021 Appropriation Reserves	22,538	
Encumbrances Payable	113,831	
Accrued Interest	52,270	
Improvement Authorizations		308
Contracts Payable	<u>-</u>	<u>8,760</u>
	<u>1,784,680</u>	<u>9,068</u>
Balance, December 31, 2022	<u>\$ 20,108,000</u>	<u>\$ 1,074,954</u>
Cash	\$ 16,608,000	\$ 1,074,954
Cash with Fiscal Agents	<u>3,500,000</u>	<u>-</u>
	<u>\$ 20,108,000</u>	<u>\$ 1,074,954</u>

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

	Balance, <u>December 31, 2022</u>
Fund Balance	\$ 20,013
Capital Improvement Fund	3
Reserve for Capital Infrastructure	793,893
Contracts Payable	8,740
Due from Water Utility Operating Fund	(1,697,949)
Reserve for Payment of Bonds	426
Reserve for Sale of Assets - Debt Defeasance	1,697,949
 Ord.	
<u>No.</u>	<u>Improvement Authorization</u>
12-06	Various Public Improvements 15,372
14-06	Various Public Improvements 6,651
15-05	Various Public Improvements 37,580
16-05	Various Public Improvements 90,100
18-10	Various Public Improvements (26,712)
19-07	Installation and Acquisition of Hydrants and Water Meters 1,880
20-05	Various Improvements <u>127,008</u>
	<u>\$ 1,074,954</u>

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

	Balance, <u>January 1, 2022</u>	Billing <u>Levy</u>	Collected In <u>2022</u>	Balance, <u>December 31, 2022</u>
Water Rents	\$ <u>542,033</u>	\$ <u>2,162,138</u>	\$ <u>2,704,171</u>	\$ <u>-</u>
	\$ <u>542,033</u>	\$ <u>2,162,138</u>	\$ <u>2,704,171</u>	\$ <u>-</u>
			Rents Collected \$ 2,013,391	
			Sale of Water Utility 443,000	
			Facilities Charge <u>247,780</u>	
			<u>\$ 2,704,171</u>	

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

	Balance, <u>January 1, 2022</u>	Decreased by: Sale of <u>Water Utility</u>	Balance, <u>December 31, 2022</u>
Springs and Wells	\$ 312,272	\$ 312,272	
Pumping Station Land	8,341	8,341	
Pumping Station Equipment	35,451	35,451	
Electric Power Pumping Equipment	48,448	48,448	
Chemical Treatment Plant	40,020	40,020	
Storage Reservoir Land	14,795	14,795	
Storage Reservoirs and Tanks	533,000	533,000	
Distribution Mains and Accessories	511,888	511,888	
Metes and Meter Boxes	134,792	134,792	
Fire Hydrants	152,181	152,181	
Structure and Improvements	352,859	352,859	
Office Furniture and Fixtures	6,893	6,893	
Transportation Equipment	176,703	176,703	
General Equipment	580,166	580,166	
Water Study	38,912	38,912	
Construction of Water System Improvements	69,753	69,753	
Reconstruction of Water Storage Tank	300,000	300,000	
Repairs to Well #11	10,472	10,472	
Lowry Air Stripper - Well #15	10,758	10,758	
Repairs to Well #15	57,959	57,959	
Well #17 Transmitter	3,390	3,390	
Office Equipment	1,096	1,096	
Study of Mahaw Interconnection	14,000	14,000	
Dehumidifiers for Wells	518	518	
New Street Wells	853	853	
Repairs to Well #4	5,711	5,711	
Improvement of Wells #2 and #4	36,817	36,817	
Communication Equipment	51,148	51,148	
Construction of Water Main	463,780	463,780	
Improvements to Water Mains	155,044	155,044	
Remediation to Wells #2, #4 and #15	993,153	993,153	
Various Improvements	2,280,241	2,280,241	
Computer Mapping	4,930	4,930	
Water Line Improvements	246,632	246,632	
Pump at Fairhaven Water Tank	168,000	168,000	
Chlorine Monitors	11,908	11,908	
Various Water Improvements and Acquisition of Equip.	<u>1,008,459</u>	<u>1,008,459</u>	<u>-</u>
	<u>\$ 8,841,343</u>	<u>\$ 8,841,343</u>	<u>\$ -</u>
Deferred Charge - Future Debt Defeasance		<u>\$ 8,841,343</u>	

BOROUGH OF ALLENDALE
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY OPERATING FUND

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Ordinance</u> <u>Date</u>	<u>Amount</u>	<u>Balance,</u> <u>January 1, 2022</u>	<u>Decreased by:</u> <u>Sale of</u> <u>Water Utility</u>	<u>Balance,</u> <u>December 31, 2022</u>
12-06	Various Public Improvements	3/22/2012	\$ 44,000	\$ 44,000	\$ 44,000	
14-06	Various Improvements	4/24/2014	785,000	688,761	688,761	
16-05	Various Improvements	3/10/2016	350,000	350,000	350,000	
18-10	Various Improvements	4/12/2018	325,000	325,000	325,000	
20-05	Various Improvements	4/16/2020	171,000	<u>171,000</u>	<u>171,000</u>	<u>-</u>
				<u>\$ 1,578,761</u>	<u>\$ 1,578,761</u>	<u>\$ -</u>
					<u>Deferred Charge - Future Debt Defeasance</u>	<u>\$ 1,578,761</u>

**BOROUGH OF ALLENDALE
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND**

Balance, January 1, 2022	\$ 113,831
Increased by:	
Charges to 2022 Budget Appropriations	<u>17,813</u>
	131,644
Decreased by:	
Cash Disbursements	<u>113,831</u>
Balance, December 31, 2022	<u>\$ 17,813</u>

EXHIBIT D-11

**STATEMENT OF APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	<u>Balance, January 1, 2022</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
OPERATING				
Salaries & Wages	\$ 6,709	\$ 6,709	\$ 1,786	\$ 4,923
Other Expenses	73,037	73,037	9,381	63,656
Purchase of Water	65,965	65,965		65,965
CAPITAL IMPROVEMENTS				
Capital Infrastructure	184,148	184,148	11,371	172,777
STATUTORY EXPENDITURES				
Social Security System (O.A.S.I.)	<u>359</u>	<u>359</u>	<u>-</u>	<u>359</u>
	<u>\$ 330,218</u>	<u>\$ 330,218</u>	<u>\$ 22,538</u>	<u>\$ 307,680</u>
Appropriation Reserves		<u>\$ 330,218</u>		
			<u>\$ 22,538</u>	
		Cash Disbursements		

**BOROUGH OF ALLENDALE
STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND**

Balance, January 1, 2022	\$ <u>29,000</u>
Balance, December 31, 2022	\$ <u>29,000</u>

**STATEMENT OF ACCRUED INTEREST
WATER UTILITY OPERATING FUND**

Balance, January 1, 2022	\$ 16,878
Increased by:	
2022 Budget Appropriation	<u>48,089</u>
	64,967
Decreased by:	
Interest Paid	<u>52,270</u>
Balance, December 31, 2022	\$ <u>12,697</u>

**BOROUGH OF ALLENDALE
STATEMENT OF GENERAL SERIAL BONDS
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2022</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2022</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>				
Water Bonds of 2010	2/15/2010	\$ 946,000	2/15/2023	\$ 125,000				
			2/15/2024	225,000				
			2/15/2025	250,000				
			2/15/2026	231,000	3.00% - 3.60%	\$ 841,000	\$ 10,000	\$ 831,000
Refunding Bonds of 2012	10/25/2012	\$ 2,620,000	7/15/2023	120,000	2.00% - 4.00%	300,000	180,000	120,000
Water Bonds of 2015	5/1/2015	\$ 1,075,000	05/01/23-29	80,000				
			5/1/2030	25,000	1.00% - 3.00%	<u>665,000</u>	<u>80,000</u>	<u>585,000</u>
						<u>\$ 1,806,000</u>	<u>\$ 270,000</u>	<u>\$ 1,536,000</u>
							<u>\$ 270,000</u>	
					Paid by Budget Appropriation		<u>\$ 270,000</u>	

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

Ord. No.	<u>Improvement Description</u>	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2022	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, 2022
16-05	Various Improvements	9/26/2017	9/23/2022	3/23/2023	2.97 %		\$ 268,806		\$ 268,806
			9/24/2021	9/23/2022	1.00	\$ 273,403	-	\$ 273,403	-
						<u>\$ 273,403</u>	<u>\$ 268,806</u>	<u>\$ 273,403</u>	<u>\$ 268,806</u>
							Renewals \$ 268,806	\$ 268,806	
							Paid by Budget Appropriation -	4,597	
							<u>\$ 268,806</u>	<u>\$ 273,403</u>	

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2022		Contracts Payable Cancelled	Paid or Charged	Balance, December 31, 2022	
				Funded	Unfunded			Funded	Unfunded
12-06	Various Public Improvements	3/22/2012	44,000	\$ 15,680			\$ 308	\$ 15,372	
14-06	Various Improvements	4/24/2014	785,000	6,651				6,651	
15-05	Various Improvements	3/12/2015	479,000			\$ 40,130		37,580	2,550
16-05	Various Improvements	3/10/2016	350,000		\$ 90,100				\$ 90,100
18-10	Various Improvements	4/12/2018	325,000		298,288				298,288
19-07	Installation and Acquisition of Hydrants and Water Meters	5/9/2019	31,000			1,880		1,880	
20-05	Various Improvements	4/16/2020	171,000	119,307	-	7,701	-	127,008	-
				<u>\$ 141,638</u>	<u>\$ 388,388</u>	<u>\$ 49,711</u>	<u>\$ 308</u>	<u>\$ 188,491</u>	<u>\$ 390,938</u>
Cash Disbursed							<u>\$ 308</u>		

**BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR CAPITAL INFRASTRUCTURE
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2022		\$ <u>793,893</u>
Balance, December 31, 2022		\$ <u>793,893</u>

**STATEMENT OF CONTRACTS PAYABLE
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2022		\$ 67,211
Decreased by:		
Cash Disbursements	\$ 8,760	
Cancellations	<u>49,711</u>	
		<u>58,471</u>
Balance, December 31, 2022		\$ <u>8,740</u>

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

Balance, January 1, 2022	\$ <u>3</u>
Balance, December 31, 2022	\$ <u><u>3</u></u>

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

Balance, January 1, 2022	\$ 7,355,266
Increased by:	
Principal Paid on Serial Bonds Payable	<u>270,000</u>
	7,625,266
Decreased by:	
Sale of Water Utility - Deferred Charge - Future Debt Defeasance	\$ <u><u>7,625,266</u></u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, January 1, 2022	\$ <u>426</u>
Balance, December 31, 2022	\$ <u><u>426</u></u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Balance, January 1, 2022</u>	<u>Notes Paid by Operating Budget</u>	<u>Sale of Water Utility - Future Debt Defeasance</u>	<u>Balance, December 31, 2022</u>
12-06	Various Public Improvements	3/22/2012	\$ 44,000		\$ 44,000	
14-06	Various Improvements	4/24/2014	275,755		275,755	
15-05	Various Public Improvements	3/12/2015	90,533		90,533	
16-05	Various Improvements	3/10/2016	76,597	\$ 4,597	81,194	
20-05	Various Improvements	4/16/2020	<u>171,000</u>	<u>-</u>	<u>171,000</u>	<u>-</u>
			<u>\$ 657,885</u>	<u>\$ 4,597</u>	<u>\$ 662,482</u>	<u>\$ -</u>

**BOROUGH OF ALLENDALE
STATEMENT OF DUE TO GENERAL CAPITAL FUND
WATER UTILITY OPERATING FUND**

Increased by:	
Proceeds from Sale of Water Utility	\$ <u>10,923,815</u>
Balance, December 31, 2022	\$ <u>10,923,815</u>

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

Increased by:	
Proceeds from Sale of Water Utility	\$ <u>1,697,949</u>
Balance, December 31, 2022	\$ <u>1,697,949</u>

**STATEMENT OF DUE FROM GENERAL CAPITAL FUND
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2022	\$ <u>4,597</u>
Increased by:	
Receipts from General Capital Fund	\$ <u>4,597</u>

**STATEMENT OF RESERVE FOR SALE OF ASSETS - COST REIMBURSEMENT
WATER UTILITY OPERATING FUND**

Increased by:		
Proceeds from Sale of Water Utility	\$	<u>150,000</u>
 Balance, December 31, 2022	 \$	 <u>150,000</u>

EXHIBIT D-27

**STATEMENT OF RESERVE FOR SALE OF ASSETS
WATER UTILITY OPERATING FUND**

Increased by:			
Proceeds from Sale of Water Utility		\$	18,593,000
Decreased by:			
Future Debt Defeasance			
General Capital Fund	\$	10,923,815	
Water Utility Capital Fund		1,697,949	
Consumer Accounts Receivable		443,000	
Cost Reimbursement		<u>150,000</u>	
			<u>13,214,764</u>
 Balance, December 31, 2022	 \$		 <u>5,378,236</u>

EXHIBIT D-28

**STATEMENT OF DEFERRED CHARGE - FUTURE DEBT DEFEASANCE
WATER UTILITY CAPITAL FUND**

Increased by:			
Liquidation of Fixed Capital	\$	8,841,343	
Liquidation of Fixed Capital Authorized and Uncompleted		<u>1,578,761</u>	
			<u>10,420,104</u>
Decreased by:			
Liquidation of Reserve for Amortization		7,625,266	
Liquidation of Reserve for Deferred Amortization		<u>662,482</u>	
			<u>8,287,748</u>
 Balance, December 31, 2022	 \$		 <u>2,132,356</u>

**BOROUGH OF ALLENDALE
STATEMENT OF RESERVE FOR SALE OF ASSETS - DEBT DEFEASANCE
WATER UTILITY CAPITAL FUND**

Increased by:		
Proceeds from Sale of Water Utility Due from Water Utility Operating Fund	\$	<u>1,697,949</u>
Balance, December 31, 2022	\$	<u>1,697,949</u>

EXHIBIT D-30

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2022</u>	<u>Balance, December 31, 2022</u>
15-05	Various Public Improvements	\$ 2,550	\$ 2,550
18-10	Various Water System Improvements	<u>325,000</u>	<u>325,000</u>
		<u>\$ 327,550</u>	<u>\$ 327,550</u>

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

PART II

**GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements— regulatory basis of the Borough of Allendale as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated July 10, 2023. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Allendale's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Allendale's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Allendale's internal control.

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

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


Report on Compliance and Other Matters


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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Allendale'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 Allendale's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
July 10, 2023

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

	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>2022 Receipts</u>	<u>Balance, January 1, 2022</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustments/ Cancellations</u>	<u>Balance, December 31, 2022</u>	<u>Cumulative Expenditures</u>
U.S. Department of Treasury										
(Passed Through State Dept. of Community Affairs)										
Coronavirus State and Local Fiscal Recovery Funds										
American Rescue Plan										
	21.027	2021,2022	704,838	\$ 352,419		\$ 52,000	\$ 52,000			\$ 52,000
U.S. Department of Homeland Security										
(Passed Through State Dept. of Law and Public Safety)										
Public Assistance Grants										
	97.036					104,771	104,771			104,771
		2022	104,771		-	21,758	21,758	-	-	21,758
		2022	21,758		-	-	-	-	-	-
					<u>\$ -</u>	<u>\$ 178,529</u>	<u>\$ 178,529</u>	<u>\$ -</u>	<u>\$ -</u>	

Note: This schedule is not subject to Single Audit in accordance with U.S. Uniform Guidance.

See Accompanying Notes to Schedule of Expenditures of Federal Awards

BOROUGH OF ALLENDALE
SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant</u> <u>Year</u>	<u>Grant</u> <u>Award</u> <u>Amount</u>	<u>Grant</u> <u>Receipts</u>	<u>Balance,</u> <u>January 1,</u> <u>2022</u>	<u>Revenue</u> <u>Realized</u>	<u>Expended</u>	<u>Adjustment/</u> <u>Cancellations</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>	<u>Cumulative</u> <u>Expenditures</u>
Department of Environmental Protection										
Clean Communities Grant	4900-765-004	2023	\$ 13,958	\$ 13,958						
		2022	13,705			\$ 13,705			\$ 13,705	
		2021	12,879		\$ 12,879				12,879	
		2020	14,284		14,284				14,284	
		2019	12,797		2,172		\$ 635		1,537	\$ 11,260
Recycling Tonnage Grant	4910-100-224	2022	7,361	7,361		7,361			7,361	
		2021	9,607		9,607				9,607	
		2020	8,459		8,459				8,459	
		2019	7,725		7,725		2,864		4,861	2,864
		2018	7,834		4,905		4,905			7,834
Green Communities	4870-100-042-6110	2010	2,000		2,000			\$ (2,000)		
Div. of Highway Traffic Safety										
Drunk Driving Enforcement Fund	6400-100-078	2019	6,243		2,530		337		2,193	4,050
Department of Transportation - Local Municipal Aid										
DOT - Ord. 21-11	480-078-6320	2021	234,000		234,000		30,374		203,626	30,374
Dept. of Law and Public Safety										
Body Armor Replacement	066-1020-718-001	2022	2,440	2,440						
Body Armor Replacement	066-1020-718-001	2021	1,421		1,421		1,390		31	
Body Armor Replacement	066-1020-718-001	2019	1,865		457	-	457	-	-	1,865
					<u>\$ 300,439</u>	<u>\$ 21,066</u>	<u>\$ 40,962</u>	<u>\$ (2,000)</u>	<u>\$ 278,543</u>	

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

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

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

NOTE 1 REPORTING ENTITY

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

NOTE 2 BASIS OF PRESENTATION

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough’s summary of significant accounting policies are described in Note 1 to the Borough’s Financial Statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 178,529	\$ 21,066	\$ 199,595
	<u>\$ 178,529</u>	<u>\$ 21,066</u>	<u>\$ 199,595</u>

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 DE MINIMIS INDIRECT COST RATE

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

**BOROUGH OF ALLENDALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

There are none.

**BOROUGH OF ALLENDALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part 3 – Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF ALLENDALE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

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

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

**BOROUGH OF ALLENDALE
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,246,000	2.55 %	\$ 1,150,000	2.43 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,320,963	6.80	3,599,247	7.59
Collection of Delinquent Taxes and Tax Title Liens	393,741	0.81	163,528	0.35
Collection of Current Tax Levy	43,520,337	89.12	41,888,673	88.38
Other Credits	<u>345,048</u>	<u>0.71</u>	<u>591,679</u>	<u>1.25</u>
 Total Income	 <u>48,826,089</u>	 <u>100.00 %</u>	 <u>47,393,127</u>	 <u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	15,236,747	32.19 %	14,797,585	32.04 %
Local School Taxes	16,875,576	35.65	16,573,831	35.89
Regional School Taxes	10,459,375	22.10	10,186,340	22.06
County Taxes	4,654,541	9.83	4,524,463	9.80
Municipal Open Space Taxes	96,167	0.18	90,079	0.18
Other Expenditures	<u>14,706</u>	<u>0.04</u>	<u>7,427</u>	<u>0.03</u>
 Total Expenditures	 <u>47,337,112</u>	 <u>100.00 %</u>	 <u>46,179,725</u>	 <u>100.00 %</u>
 Excess in Revenue	 1,488,977		 1,213,402	
Adjustments to Income Before Surplus: Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	 <u>-</u>		 <u>30,000</u>	
 Statutory Excess to Surplus	 1,488,977		 1,243,402	
 Fund Balance, January 1	 <u>2,423,178</u>		 <u>2,329,776</u>	
	3,912,155		3,573,178	
 Less Utilization as Anticipated Revenue	 <u>1,246,000</u>		 <u>1,150,000</u>	
 Fund Balance, December 31	 <u>\$ 2,666,155</u>		 <u>\$ 2,423,178</u>	

**BOROUGH OF ALLENDALE
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 153,000	4.64 %	\$ 123,000	4.98 %
Collection of Water Service Charges	2,456,391	74.57	1,912,995	77.51
Miscellaneous - From Other Than Water Rents	<u>685,204</u>	<u>20.80</u>	<u>432,290</u>	<u>17.51</u>
Total Income	<u>3,294,595</u>	<u>100.00</u> %	<u>2,468,285</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Operating	1,660,293	74.97 %	1,530,379	71.24 %
Deferred Charges and Statutory Expenditures	1,500	0.07	1,500	0.07
Capital Improvements	230,000	10.38	230,000	10.70
Debt Service	<u>322,686</u>	<u>14.57</u>	<u>386,473</u>	<u>17.99</u>
Total Expenditures	<u>2,214,479</u>	<u>100.00</u> %	<u>2,148,352</u>	<u>100.00</u> %
Excess in Revenue	<u>1,080,116</u>		<u>319,933</u>	
Statutory Excess to Surplus	1,080,116		319,933	
Fund Balance, January 1	<u>447,838</u>		<u>250,905</u>	
	1,527,954		570,838	
Decreased by:				
Utilized in Water Operating Budget	<u>153,000</u>		<u>123,000</u>	
Fund Balance, December 31	<u>\$ 1,374,954</u>		<u>\$ 447,838</u>	

**BOROUGH OF ALLENDALE
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	\$ <u>2.277</u>	\$ <u>2.349</u>	\$ <u>2.413</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Including Municipal Library)	\$ 0.605	\$ 0.606	\$ 0.595
Municipal Open Space	0.005	0.005	0.005
County (Including Open Space)	0.243	0.252	0.264
District School	0.880	0.920	0.966
Regional School	0.544	0.566	0.583
<u>Assessed Valuation</u>			
2022	\$ <u>1,919,752,300</u>		
2021	\$ <u>1,800,689,700</u>		
2020			\$ <u>1,684,255,000</u>

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2022	\$ 2,162,138	\$ 2,456,391
2021	1,952,444	1,912,995
2020	1,881,130	1,751,253

(1) Includes collection of prior year's receivables.

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2022	\$ 43,794,134	\$ 43,520,337	99.37%
2021	42,319,263	41,888,673	98.98%
2020	40,808,506	40,576,088	99.43%

**BOROUGH OF ALLENDALE
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>December 31</u>	Amount of Delinquent <u>Taxes</u>	Amount of Tax Title <u>Liens</u>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
2022	\$ 193,109	\$ 91,479	\$ 284,588	0.65%
2021	399,244	88,645	487,889	1.15%
2020	163,278	85,720	248,998	0.61%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2022 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2022	\$4,900
2021	4,900
2020	4,900

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	Balance, <u>December 31st</u>	Utilized in Budget of <u>Succeeding Year</u>
<u>Current Fund</u>	2022	\$ 2,666,155	\$ 1,100,000
	2021	2,423,178	1,246,000
	2020	2,329,776	1,150,000
 <u>Water Utility Operating Fund</u>	2022	\$ 1,374,954	\$ 140,000
	2021	447,838	153,000
	2020	250,905	123,000

**BOROUGH OF ALLENDALE
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>
Ari Bernstein	Mayor	None
Elizabeth Homan	Council President	None
Susanne Lovisolo	Council Member	None
Edward O'Connell	Council Member	None
Matthew O'Toole	Council Member	None
Stephen Sasso	Council Member	None
Amy Wilczynski	Council Member	None
Alissa Mayer	Chief Financial Officer/Water Collector	\$1,000,000
Michelle Ryan	Acting Borough Clerk Jan - May	None
Linda Cervino	Borough Clerk -May - Dec	None
Ronald Kistner	Director of Operations/Administrator Officer	None
Colleen Ennis	Tax Collector	1,000,000
Harry D. Norton	Judge	1,000,000
Raymond Wiss	Attorney	None
Sherri D'Alessandro	Acting Court Administrator	1,000,000
Rosemarie Novelli	Municipal Court Administrator	1,000,000

**BOROUGH OF ALLENDALE
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS

Our audit indicated that escrow balances remain outstanding on inactive accounts related to projects which have been completed. It is recommended that escrow balances be reviewed and inactive balances for completed projects be refunded or cancelled, as applicable.

Our audit indicated that monies collected and deposited by the Board of Health were not remitted to the Treasurer and have therefore not been reflected on the financial records of the Borough. It is recommended that monies collected by the Board of Health be remitted to the Treasurer and be reflected on the Borough's financial records accordingly.

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR NJS 40A:11-4

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

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year.

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

- Paving Program

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

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

Our examination of expenditures did not reveal any instances where expenditures exceeded the bid threshold of \$44,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

**BOROUGH OF ALLENDALE
LETTER OF COMMENTS AND RECOMMENDATIONS**

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held in December 2017.

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>
2022	4
2021	4
2020	4

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 tax-paying basis.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Governing Body on January 3, 2022 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Allendale that it does hereby fix the rate of interest to be charged for the non-payment of taxes or assessments to be eight (8%) per annum on the first \$1,500 delinquency and 18 percent (18%) per annum on any amount in excess of \$1,500 from the date of delinquency(s) to date of payment, providing however, that payments made during the first ten days of delinquency shall not be subject to interest charges."

APPRECIATION

We desire to express our appreciation to the Borough Administrator and other Borough Staff who assisted us during the course of our audit.

**BOROUGH OF ALLENDALE
RECOMMENDATIONS**

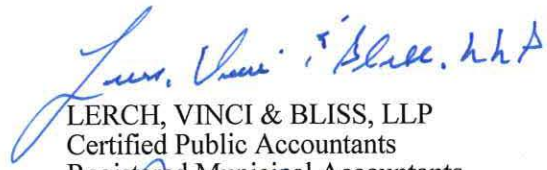
It is recommended that:

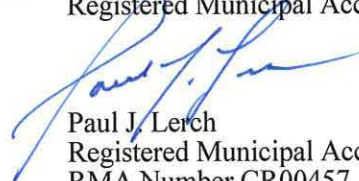
1. Escrow balances be reviewed and inactive balances for completed projects be refunded or cancelled, as applicable.
2. Monies collected by the Board of Health be remitted to the Treasurer and be reflected on the Borough's financial records accordingly.

Status of Prior Years' Audit Findings/Recommendations

There were no prior year recommendations.

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


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


Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457