

**BOROUGH OF ALLENDALE**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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**PART I  
REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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# LERCH, VINCI & BLISS, LLP

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## 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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, 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, 2023 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, 2023 and 2022, 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.

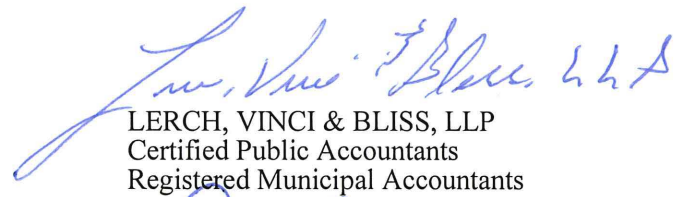
***Other Information***

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.

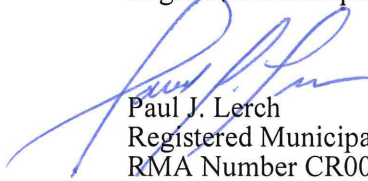
In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based 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 8, 2024 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.



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



Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR000457

Fair Lawn, New Jersey  
July 8, 2024

**BOROUGH OF ALLENDALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2023 AND 2022**

ASSETS	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Current Fund:			
Cash	A-4	\$ 6,655,018	\$ 5,204,310
Change Fund	A-5	<u>400</u>	<u>400</u>
		<u>6,655,418</u>	<u>5,204,710</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	263,490	193,109
Tax Title Liens	A-9	94,217	91,479
Property Acquired for Taxes-			
Assessed Valuation	A-10	4,900	4,900
Revenue Accounts Receivable	A-11	11,824	583
Due from Animal Control Trust Fund	B-6	7,498	4,801
Due from Water Utility Operating Fund	D-20	<u>105,416</u>	<u>-</u>
		<u>487,345</u>	<u>294,872</u>
Deferred Charges			
Special Emergency Authorization	A-23	<u>140,000</u>	<u>192,000</u>
		<u>140,000</u>	<u>192,000</u>
Total Assets		<u>\$ 7,282,763</u>	<u>\$ 5,691,582</u>

**BOROUGH OF ALLENDALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2023 AND 2022**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Current Fund:			
Appropriation Reserves	A-3,A-12	\$ 1,588,316	\$ 1,043,280
Due to State of New Jersey: Ch. 73, P.L.			
Senior Citizens and Veterans Deduction	A-7	7,934	7,434
Encumbrances Payable	A-13	52,782	236,584
Accounts Payable	A-14	1,093	
Prepaid Taxes	A-15	215,818	225,659
Due to Municipal Open Space Trust Fund	A-19	154	
Tax Overpayments	A-20		1,005
County Taxes Payable	A-18	7,471	8,684
State Fees Payable	A-22	3,714	6,851
Appropriated Reserve for Grants	A-25	99,199	74,917
Unappropriated Reserve for Grants	A-26	631,723	669,236
Reserve for Municipal Relief Fund Aid	A-27	111,490	55,756
Reserve for Tax Appeals	A-21	455,090	401,149
		<u>3,174,784</u>	<u>2,730,555</u>
Reserve for Receivables	A	487,345	294,872
Fund Balance	A-1	<u>3,620,634</u>	<u>2,666,155</u>
		<u>\$ 7,282,763</u>	<u>\$ 5,691,582</u>

**BOROUGH OF ALLENDALE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>Year 2023</u>	<u>Year 2022</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,100,000	\$ 1,246,000
Miscellaneous Revenues Anticipated	A-2	3,582,825	3,038,272
Receipts from Delinquent Taxes	A-2	193,359	393,741
Receipts from Current Taxes	A-2	44,425,558	43,520,337
Non-Budget Revenue	A-2	317,180	282,691
Other Credits to Income			
Statutory Excess in Animal Control Fund	B-6	2,697	4,801
Unexpended Balance of Appropriation Reserves	A-12	862,395	332,109
Cancelled Accounts Payable	A		7,031
Interfunds Liquidated	A	-	1,107
		<hr/>	<hr/>
Total Revenues and Other Income		50,484,014	48,826,089
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations:			
Operations			
Salaries and Wages	A-3	4,862,795	4,760,964
Other Expenses	A-3	7,855,371	7,158,582
Capital Improvements	A-3	953,000	45,000
Municipal Debt Service	A-3	105,415	1,964,068
Deferred Charges and Statutory Expenditures-			
Municipal	A-3	1,427,330	1,308,133
Refund and Prior Year's Revenue	A-4	10,586	9,905
Interfund Advanced	A	108,113	4,801
Senior Citizens and Veterans Deductions Disallowed - Prior Year	A-8	250	
Municipal Open Space Tax	A-19	101,951	96,167
Local District School Tax	A-16	17,470,190	16,875,576
Regional High School Tax	A-17	10,602,890	10,459,375
County Taxes including added Taxes	A-18	4,931,644	4,654,541
		<hr/>	<hr/>
Total Expenditures		48,429,535	47,337,112
Excess Revenue Over Expenditures		2,054,479	1,488,977
Fund Balance, January 1,	A	<hr/>	<hr/>
		2,666,155	2,423,178
		<hr/>	<hr/>
		4,720,634	3,912,155
Decreased by:			
Fund Balance Utilized as Budget Revenue	A-1	<hr/>	<hr/>
		1,100,000	1,246,000
Fund Balance, December 31,	A	<hr/> <hr/>	<hr/> <hr/>
		\$ 3,620,634	\$ 2,666,155

See Accompanying Notes are an Integral Part of these Financial Statements



**BOROUGH OF ALLENDALE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Reference	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 1,100,000	-	\$ 1,100,000	-
MISCELLANEOUS REVENUES					
Licenses:					
Alcoholic beverages	A-11	15,250		12,500	\$ (2,750)
Fees and Permits	A-2	40,000		65,129	25,129
Fines and Costs:					
Municipal Court	A-11	20,001		16,974	(3,027)
Interest and Costs on Taxes	A-11	56,000		61,594	5,594
Interest on Investments an Deposits	A-11	85,000		481,126	396,126
Dues & Fees - Crestwood Lake	A-11	325,000		344,822	19,822
Ramsey Sewer Charges	A-11	190,000		242,342	52,342
Allendale Elementary School Contribution to Sewer Use	A-11	24,000		24,026	26
Northern Highlands Reg. H.S. Contribution to Sewer Use	A-11	39,000		39,471	471
Saddle River Sewer Payment	A-11	46,000		50,084	4,084
Garbage Collection	A-11	2,400		1,836	(564)
PILOT- 230 W. Crescent	A-11	133,000		141,030	8,030
Cellular Tower Lease	A-11	65,000		147,140	82,140
Cable TV Franchise Fee	A-11	100,000		98,798	(1,202)
Energy Receipts Tax	A-11	1,076,257		1,076,257	
Consolidated Municipal Property Tax Relief Aid	A-27	55,756		55,756	
Uniform Construction Code Fees	A-11	300,000		440,645	140,645
Public and Private Revenues:					
Clean Communities Program- Reserve	A-26	13,958		13,958	
Recycling Tonnage Grant	A-24	8,048		8,048	
Body Armor Replacement Program	A-24	1,359		1,359	
Body Armor Replacement Program - Reserve	A-26	2,440		2,440	
Body Worn Camera Grant	A-24		\$ 38,722	38,722	
American Rescue Plan- Reserve	A-26	52,000		52,000	
Other Special Items:					
Reserve for Sale of Asset - Water Utility	D-20	105,416		105,416	
Engineering Fees	A-11	30,000		23,587	(6,413)
Uniform Fire Safety Act	A-11	35,000	-	37,765	2,765
Total Miscellaneous Revenues	A-1	<u>2,820,885</u>	<u>38,722</u>	<u>3,582,825</u>	<u>723,218</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>175,000</u>	<u>-</u>	<u>193,359</u>	<u>18,359</u>
AMOUNT TO BE RAISED BY TAXATION:					
Local Tax for Municipal Purposes		10,977,356		11,226,934	249,578
Minimum Library Tax		691,949	-	691,949	-
Total Amount to be Raised by Taxation	A-2	<u>11,669,305</u>	<u>-</u>	<u>11,918,883</u>	<u>249,578</u>
Total General Revenues		<u>\$ 15,765,190</u>	<u>\$ 38,722</u>	<u>16,795,067</u>	<u>\$ 991,155</u>
Non-Budget Revenue	A-1,-2			<u>317,180</u>	
				<u>\$ 17,112,247</u>	

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ALLENDALE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Reference</u>	<u>Realized</u>
Analysis of Realized Revenue		
Allocation of Current Tax Collections- Revenue from Collections	A-8, A-1	\$ 44,425,558
Less: Allocated to School, County Taxes and Municipal Open Space Taxes	A-16,A-17,A-18,A-19	<u>33,106,675</u>
		11,318,883
Add: Appropriation - Reserve for Uncollected Taxes	A-3	<u>600,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 11,918,883</u>
Fees and Permits - Other:		
Parking	A-11	\$ 24,158
Borough of Clerk	A-11	19,650
Board of Health	A-11	13,621
Planning Board/Board of Adjustment	A-11	<u>7,700</u>
	A-2	<u>\$ 65,129</u>
Non Budget Revenue		
Sale of Assets		\$ 92,325
Escrow Cancellations		54,852
Sewer- Miscellaneous		54,250
PILOT Payment		38,874
Police Outside Duty Admin Fees		38,376
Sewer Connection Fees		12,254
Miscellaneous Refunds & Reimbursements		15,974
Gun Permits/Police Copies/Firearm Reg.		4,201
FEMA Reimbursements - Hurricane Ida		3,354
Raffles		1,170
Alarm Registration		700
Administrative Fee - Senior Citizen's and Veteran's Deductions		480
Address Lists/Duplicate Bills		320
DMV Inspections		<u>50</u>
	A-2,A-4	<u>\$ 317,180</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, 2023**

	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries & Wages	\$ 65,000	\$ 70,000	\$ 68,332	\$ 1,668	
Other Expenses	95,000	95,000	87,864	7,136	
Mayor & Council					
Other Expenses	15,000	18,000	15,737	2,263	
Municipal Clerk					
Salaries & Wages	154,000	154,000	151,190	2,810	
Other Expenses	46,300	48,300	42,607	5,693	
Financial Administration					
Salaries & Wages	183,000	183,000	182,758	242	
Other Expenses	28,800	28,800	25,615	3,185	
Audit Services	50,000	50,000	12,284	37,716	
Collection of Taxes					
Salaries & Wages	70,720	70,720	70,720		
Other Expenses	18,600	18,600	9,802	8,798	
Assessment for Taxes					
Salaries & Wages	52,500	52,500	52,100	400	
Other Expenses	77,500	77,500	45,671	31,829	
Legal Services and Costs					
Other Expenses	165,000	165,000	125,518	39,482	
Engineering Services & Costs					
Other Expenses	95,000	95,000	83,366	11,634	
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries & Wages	62,500	62,500	58,605	3,895	
Other Expenses	26,100	26,100	7,727	18,373	
<b>INSURANCE</b>					
Other Insurance - Premiums	245,000	245,000	167,588	77,412	
Workers' Compensation Insurance	170,268	170,268	125,609	44,659	
Workers' Compensation Insurance- CAP Relief	7,732	7,732	7,732		
Employee Group Health	1,086,256	1,086,256	972,923	113,333	
Employee Group Health- CAP Relief	183,744	183,744	183,744		
Health Benefit Waiver	32,000	33,000	32,861	139	

**BOROUGH OF ALLENDALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Police Dispatch/911					
Salaries & Wages	#####	\$ 2,848,000	#####	\$ 329,432	
Other Expenses	285,000	285,000	272,364	12,636	
Emergency Management Services					
Salaries and Wages	3,800	3,800	3,788	12	
Other Expenses	5,350	5,350	5,163	187	
First Aid Organization					
Other Expenses-Contribution	38,000	38,000	38,000		
Fire Department					
Other Expenses	130,150	130,150	122,210	7,940	
Fire Certification					
Other Expenses	500	500	500		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	20,300	27,300	25,925	1,375	
Other Expenses	13,350	13,350	8,388	4,962	
Municipal Prosecutor					
Salaries & Wages	6,100	6,100	6,100		
Municipal Court					
Salaries and Wages	15,975	15,975	15,972	3	
Other Expenses	6,500	6,500	2,842	3,658	
Public Defender					
Other Expenses	2,000	2,000	1,000	1,000	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries & Wages	835,000	835,000	756,610	78,390	
Other Expenses	122,000	122,000	108,322	13,678	
Snow Removal					
Other Expenses	105,000	105,000	101,872	3,128	
Shade Tree Commission					
Other Expenses	33,000	33,000	24,752	8,248	
Sewer System					
Other Expenses	19,000	19,000	13,038	5,962	
Garbage and Trash Removal					
Other Expenses	583,740	583,740	417,779	165,961	
Garbage and Trash Collection - CAP Relief	46,260	46,260	46,260		
Recycling					
Salaries & Wages	2,000	2,000	2,000		
Other Expenses	209,657	209,657	89,100	120,557	
Recycling- CAP Relief	65,343	65,343	65,343		

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, 2023**

	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Buildings and Grounds					
Other Expenses	\$ 179,000	\$ 179,000	\$ 154,466	\$ 24,534	
Health and Welfare:					
Board of Health					
Other Expenses	34,000	35,000	34,702	298	
RECREATION & EDUCATION					
Senior Citizens					
Other Expenses	5,000	5,000	5,000		
Animal Control					
Other Expenses	11,000	11,000	10,280	720	
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	54,000	54,000	48,345	5,655	
Crestwood Lake Public Swimming and Recreation Facility					
Salaries and Wages	180,000	196,354	196,354		
Other Expenses	146,300	146,300	130,078	16,222	
SALARY AND WAGE ADJUSTMENT					
	97,000	52,446		52,446	
RADIO EQUIPMENT MAINTENANCE - ALL DEPARTMENTS					
	30,000	30,000		30,000	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	112,700	112,700	105,074	7,626	
Other Expenses	29,250	29,250	22,761	6,489	
Sub-Code Officials					
Zoning Officer/Property Maintenance					
Salaries & Wages	56,500	56,500	54,208	2,292	
Plumbing Inspector - Salaries & Wages	16,800	27,000	26,611	389	
Electrical Inspector - Salaries & Wages	15,500	21,700	21,439	261	
Fire Protection Inspector - Salaries & Wages	13,200	13,200	13,023	177	

**BOROUGH OF ALLENDALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	\$ 106,000	\$ 106,000	\$ 79,675	\$ 26,325	
Street Lighting	125,000	125,000	100,778	24,222	
Telephone	68,000	68,000	59,128	8,872	
Water	20,000	20,000		20,000	
Natural Gas	60,000	60,000	27,311	32,689	
Gasoline	103,500	103,500	49,270	54,230	
Gasoline- CAP Relief	6,500	6,500	6,500	-	-
	<u>9,805,295</u>	<u>9,812,495</u>	<u>8,327,752</u>	<u>1,484,743</u>	<u>-</u>
 Total Operations Within "CAPS"					
Contingent	30,000	22,800	-	22,800	-
	<u>30,000</u>	<u>22,800</u>	<u>-</u>	<u>22,800</u>	<u>-</u>
 Total Operations including Contingent Within "CAPS"	<u>9,835,295</u>	<u>9,835,295</u>	<u>8,327,752</u>	<u>1,507,543</u>	<u>-</u>
 Detail:					
Salaries & Wages	4,810,595	4,810,795	4,329,377	481,418	
Other Expenses (Including Contingent)	5,024,700	5,024,500	3,998,375	1,026,125	-
	<u>5,024,700</u>	<u>5,024,500</u>	<u>3,998,375</u>	<u>1,026,125</u>	<u>-</u>
 DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Social Security System (O.A.S.I.)	350,000	350,000	316,690	33,310	
Police and Firemen's Retirement System	671,854	671,854	671,852	2	
Police and Firemen's Retirement System- CAP Relief	102,683	102,683	102,683		
Public Employees Retirement System	224,508	224,508	224,507	1	
Public Employees Retirement System- CAP Relief	16,285	16,285	16,285		
Defined Contribution Retirement Plan	10,000	10,000	4,573	5,427	-
	<u>1,375,330</u>	<u>1,375,330</u>	<u>1,336,590</u>	<u>38,740</u>	<u>-</u>
 Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"					
	<u>1,375,330</u>	<u>1,375,330</u>	<u>1,336,590</u>	<u>38,740</u>	<u>-</u>
 Total General Appropriations for Municipal Purposes within "CAPS"	<u>11,210,625</u>	<u>11,210,625</u>	<u>9,664,342</u>	<u>1,546,283</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, 2023**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 691,949	\$ 691,949	\$ 691,949		
Reserve for Tax Appeals	75,000	75,000	75,000		
Northwest Bergen County Sewerage Authority Share of Costs					
Other Expenses	1,952,895	1,952,895	1,919,048	\$ 33,847	
Borough of Waldwick - Well Baby					
Other Expenses	500	500	145	355	
Borough of Hohokus - Municipal Court					
Other Expenses	46,000	46,000	38,169	7,831	
<b>PUBLIC AND PRIVATE OFFSET BY REVENUES</b>					
Clean Communities Grant	13,958	13,958	13,958		
ARP - Police Salary and Wages	52,000	52,000	52,000		
Body Armor Replacement Program	3,799	3,799	3,799		
Body Worn Camera Grant	-	38,722	38,722		
Recycling Tonnage Grant	8,048	8,048	8,048	-	-
Total Operations - Excluded from "CAPS"	<u>2,844,149</u>	<u>2,882,871</u>	<u>2,840,838</u>	<u>42,033</u>	<u>-</u>
Detail:					
Salaries and Wages	52,000	52,000	52,000		
Other Expenses	<u>2,792,149</u>	<u>2,830,871</u>	<u>2,788,838</u>	<u>42,033</u>	<u>-</u>
<b>CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	<u>953,000</u>	<u>953,000</u>	<u>953,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>953,000</u>	<u>953,000</u>	<u>953,000</u>	<u>-</u>	<u>-</u>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	100,000	100,000	100,000		
Interest on Bonds	<u>5,416</u>	<u>5,416</u>	<u>5,415</u>	<u>-</u>	<u>\$ 1</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>105,416</u>	<u>105,416</u>	<u>105,415</u>	<u>-</u>	<u>1</u>

**BOROUGH OF ALLENDALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES					
Emergency Authorization					
Special Emergency Authorization- 5 Years	\$ 52,000	\$ 52,000	\$ 52,000	-	-
Total Deferred Charges - Municipal-Excluded from "CAPS"	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,954,565</u>	<u>3,993,287</u>	<u>3,951,253</u>	\$ 42,033	\$ 1
Subtotal General Appropriations	<u>15,165,190</u>	<u>15,203,912</u>	<u>13,615,595</u>	<u>1,588,316</u>	<u>1</u>
Reserve for Uncollected Taxes	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	-	-
Total General Appropriations	<u>\$ 15,765,190</u>	<u>\$ 15,803,912</u>	<u>\$ 14,215,595</u>	<u>\$ 1,588,316</u>	<u>\$ 1</u>



**BOROUGH OF ALLENDALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Reference</u>	<u>Budget After Modification</u>	
Budget as Adopted	A-2	\$ 15,765,190	
Added by N.J.S.A. 40A:4-87	A-2	<u>38,722</u>	
		<u>\$ 15,803,912</u>	
			<u>Paid or Charged</u>
Cash Disbursed	A-4		\$ 13,371,286
Encumbrances Payable	A-13		52,782
Deferred Charges	A-23		52,000
Transfer to Reserve for Tax Appeals	A-21		75,000
Transfer to Grants Appropriated	A-25		64,527
Reserve for Uncollected Taxes	A-2		<u>600,000</u>
			<u>\$ 14,215,595</u>

**BOROUGH OF ALLENDALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Cash	B-3	\$ 14,841	\$ 12,707
		<u>14,841</u>	<u>12,707</u>
<b>OTHER TRUST FUND</b>			
Cash	B-3	<u>1,177,877</u>	<u>1,219,940</u>
		<u>1,177,877</u>	<u>1,219,940</u>
<b>MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND</b>			
Cash	B-3	204,211	97,024
Due from Current Fund		<u>154</u>	<u>-</u>
		<u>204,365</u>	<u>97,024</u>
Total Assets		<u>\$ 1,397,083</u>	<u>\$ 1,329,671</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Reserve for Dog Fund Expenditures	B-4	7,322	7,892
Due to State of New Jersey	B-5	21	14
Due to Current Fund	B-6	<u>7,498</u>	<u>4,801</u>
		<u>14,841</u>	<u>12,707</u>
<b>OTHER TRUST FUND</b>			
Reserve for Unemployment	B-8	103,405	100,518
Miscellaneous Reserves	B-9	1,038,328	1,082,760
Payroll Deductions Payable	B-10	<u>36,144</u>	<u>36,662</u>
		<u>1,177,877</u>	<u>1,219,940</u>
<b>MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND</b>			
Reserve for Municipal Open Space Expenditures	B-7	<u>204,365</u>	<u>97,024</u>
Total Liabilities, Reserves and Fund Balance		<u>204,365</u>	<u>97,024</u>
		<u>\$ 1,397,083</u>	<u>\$ 1,329,671</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, 2023**

	<u>2023 Budget</u>	<u>Realized in 2023</u>	<u>Variance</u>
Amount to be Raised by Taxation	\$ 101,797	\$ 101,951	\$ 154
Interest Income	<u>-</u>	<u>5,390</u>	<u>5,390</u>
	<u>\$ 101,797</u>	<u>\$ 107,341</u>	<u>\$ 5,544</u>
Reference	B-2	B-7	

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS  
MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023 Budget</u>	<u>2023 Paid or Charged</u>	<u>Variance</u>
Reserved for Future Use	\$ 101,797	<u>-</u>	\$ 101,797
	<u>\$ 101,797</u>	<u>\$ -</u>	<u>\$ 101,797</u>
Reference	B-1	B-7	

**BOROUGH OF ALLENDALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
<b>OTHER ASSETS</b>			
Cash	C-2,C-3	\$ 2,681,335	\$ 3,249,754
Grant Receivables	C-9	321,473	1,084,722
Due from Water Utility Operating Fund	D-18		10,923,815
Deferred Charges to Future Taxation:			
Funded	C-4		2,090,000
Unfunded	C-5	4,725,413	8,638,168
Cancelled Grant Receivables	C-16	<u>5,028</u>	<u>5,028</u>
 Total Assets		 <u>7,733,249</u>	 <u>25,991,487</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Serial Bonds Payable	C-7		\$ 2,090,000
Bond Anticipation Notes Payable	C-8		8,797,755
Improvement Authorization			
Funded	C-6	\$ 763,975	16,701
Unfunded	C-6	1,120,613	935,617
Capital Improvement Fund	C-10	97,309	23,834
Contracts Payable	C-13	3,939,929	545,706
Reserve for:			
Municipal Improvements	C-11	3,643	7,134
Debt Service	C-12	4,721	466
Community Center	C-14	1,712,832	2,562,832
Sale of Assets - Debt Defeasance	C-15		10,923,815
Fund Balance	C-1	<u>90,227</u>	<u>87,627</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 7,733,249</u>	 <u>\$ 25,991,487</u>

There were bonds and notes authorized but not issued at December 31, 2023 and 2022 of \$4,725,413 and \$14,438, 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, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Balance, January 1	C	\$ 87,627	\$ 87,627
Increased by:			
Cancellation of Funded Improvement Authorizations	C-6	<u>2,600</u>	<u>-</u>
Balance, December 31	C	<u>\$ 90,227</u>	<u>\$ 87,627</u>

**BOROUGH OF ALLENDALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**AS OF DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
Operating Fund:			
Cash	D-5	\$ 7,774,694	\$ 20,108,000
Total Operating Fund		<u>\$ 7,774,694</u>	<u>\$ 20,108,000</u>
Capital Fund:			
Cash	D-5,D-6	\$ 1,042,387	\$ 1,074,954
Due from Water Utility Operating Fund	D-24		1,697,949
Deferred Charge - Future Debt Defeasance	D-23	-	<u>2,132,356</u>
Total Capital Fund		<u>1,042,387</u>	<u>4,905,259</u>
Total Assets		<u>\$ 8,817,081</u>	<u>\$ 25,013,259</u>

**BOROUGH OF ALLENDALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**WATER UTILITY CAPITAL FUND**  
**AS OF DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Operating Fund:			
Appropriation Reserve	D-4,D-28	\$ 715	\$ 552,536
Encumbrances Payable	D-7		17,813
Accrued Interest on Bonds and Notes	D-9		12,697
Due to Current Fund	D-20	105,416	
Due to General Capital Fund	D-18		10,923,815
Due to Water Utility Capital Fund	D-19		1,697,949
Reserve for Sale of Assets - Cost Reimbursement	D-21	150,000	150,000
Reserve for Sale of Assets	D-22	<u>5,534,928</u>	<u>5,378,236</u>
		<u>5,791,059</u>	<u>18,733,046</u>
 Fund Balance	 D-1	 <u>1,983,635</u>	 <u>1,374,954</u>
 Total Operating Fund		 <u>\$ 7,774,694</u>	 <u>\$ 20,108,000</u>
 Capital Fund:			
Water Serial Bonds Payable	D-10		\$ 1,536,000
Bond Anticipation Notes	D-11		268,806
Improvement Authorizations:			
Funded	D-12		188,491
Unfunded	D-12		390,938
Contracts Payable	D-14		8,740
Capital Improvement Fund	D-15		3
Reserve for Payment of Bonds	D-17		426
Reserve for Capital Infrastructure	D-13		793,893
Reserve for Sale of Assets - Debt Defeasance	D-24		1,697,949
Fund Balance	D-2	<u>\$ 1,042,387</u>	<u>20,013</u>
 Total Capital Fund		 <u>1,042,387</u>	 <u>4,905,259</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 8,817,081</u>	 <u>\$ 25,013,259</u>

There were bonds and notes authorized but not issued on December 31, 2023 and 2022 of \$-0- and \$327,550, respectively. (Exhibit D-25).

**BOROUGH OF ALLENDALE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - WATER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
<b>REVENUES AND OTHER INCOME</b>			
Surplus Anticipated	D-3	\$ 140,000	\$ 153,000
Rents	D-1		2,456,391
Miscellaneous	D-3	289,040	100,744
Facilities Charge	D-1		247,780
Other Credits to Income:			
Unexpended Balance of			
Appropriations Reserves	D-8	457,412	307,680
Cancelled Prior Year Accounts Payable	D-1	-	29,000
		<u>886,452</u>	<u>3,294,595</u>
<b>Total Income</b>			
<b>EXPENDITURES</b>			
Operating	D-4	10,000	1,660,293
Capital Improvements	D-1		230,000
Debt Service	D-4	127,771	322,686
Deferred Charges and Statutory Expenditures	D-1	-	1,500
		<u>137,771</u>	<u>2,214,479</u>
<b>Total Expenditures</b>			
Excess in Revenue		748,681	1,080,116
Fund Balance, January 1	D	<u>1,374,954</u>	<u>447,838</u>
		2,123,635	1,527,954
Decreased by:			
Utilized as Anticipated Revenue	D-3	<u>140,000</u>	<u>153,000</u>
Fund Balance, December 31	D	<u>\$ 1,983,635</u>	<u>\$ 1,374,954</u>



**BOROUGH OF ALLENDALE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS**  
**WATER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>Reference</u>	<u>2023</u>	<u>2022</u>
Balance, January 1,	D	\$ 20,013	\$ 20,013
Increased by:			
Cancellation of Balances			
Reserve for Payment of Bonds	D-17	426	
Capital Improvement Fund	D-15	3	
Reserve for Capital Infrastructure	D-13	793,893	
Funded Improvement Authorizations	D-12	<u>228,052</u>	<u>-</u>
Balance, December 31,	D	<u>\$ 1,042,387</u>	<u>\$ 20,013</u>

EXHIBIT D-3

**STATEMENT OF REVENUES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ -</u>
Budget Totals		<u>\$ 140,000</u>	140,000	<u>\$ -</u>
Non-Budget Revenue			<u>289,040</u>	
			<u>\$ 429,040</u>	

**ANALYSIS OF NON-BUDGET REVENUE**

Miscellaneous:

Facilities Charge	\$ (4,414)
Rents	(24,526)
Miscellaneous	<u>317,980</u>
	<u>\$ 289,040</u>

D-5

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ALLENDALE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
WATER UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATING</b>					
Other Expenses	\$ 10,000	\$ 10,000	\$ 9,285	\$ 715	
<b>DEBT SERVICE</b>					
Payment of Bond Principal	125,000	125,000	125,000		
Interest on Bonds	5,000	5,000	2,771	-	\$ 2,229
	\$ 140,000	\$ 140,000	\$ 137,056	\$ 715	\$ 2,229
Reference	D-3				
Budget as Adopted	D-3 \$ 140,000				
Cash Disbursed	D-5	\$ 134,285			
Accrued Interest on Bonds and Notes	D-9	2,771			
		\$ 137,056			

**BOROUGH OF ALLENDALE**  
**COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
GENERAL FIXED ASSETS		
Land	\$ 4,567,598	\$ 4,488,498
Land Improvements	1,908,756	1,908,756
Building and Building Improvements	5,784,550	5,784,550
Machinery and Equipment	<u>8,529,442</u>	<u>9,159,905</u>
	<u>\$ 20,790,346</u>	<u>\$ 21,341,709</u>
Investment in General Fixed Assets	<u>\$ 20,790,346</u>	<u>\$ 21,341,709</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2023 AND 2022**

**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, 2022 balances to conform to the December 31, 2023 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, 2023 AND 2022**

**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 11<sup>th</sup> 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, 2023 AND 2022**

**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, 2023 AND 2022**

**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 proprietary funds and 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 proprietary funds and 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 acquired under capital financing agreements are capitalized at their acquisition cost. Intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs) 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, 2023 AND 2022**

**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, including intangible right-to-use leased assets and intangible right-to-use IT software (SBITAs), 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 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 Current Fund 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, 2023 AND 2022**

**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 2023, the Borough Council increased the original Current Fund budget by \$38,722. The increase was funded by additional aid allotted to the Borough. During 2022, the Borough Council did not increase the original budget. In addition, the governing body approved several budget transfers during 2023 and 2022.

**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, 2023 and 2022, the book value of the Borough's deposits were \$19,550,763 and \$30,967,089 and bank and brokerage firm balances of the Borough's deposits amounted to \$21,316,184 and \$31,437,656, 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>2023</u>	<u>2022</u>
Insured	\$ 17,991,093	\$ 27,720,975
Uninsured and Collateralized	3,325,091	3,716,681
	<u>\$ 21,316,184</u>	<u>\$ 31,437,656</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2023 and 2022, the Borough’s bank balances of \$3,325,091 and \$3,716,681 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2023</u>	<u>2022</u>
Uninsured and Collateralized		
Collateral held by Borough's agent in the Borough's name	\$ 3,107,943	\$ 3,500,000
Collateral held by pledging financial institution's trust department but not in the Borough's name	217,148	216,681
	<u>\$ 3,325,091</u>	<u>\$ 3,716,681</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 Local Government Services in the Department of Community Affairs 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, 2023 and 2022 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, 2023 AND 2022**

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at December 31, 2023 consisted of the following:

	<u>Current Fund</u>	<u>Water Utility Operating Fund</u>	<u>Total</u>
<b><u>2023</u></b>			
Property Taxes	\$ 263,490		\$ 263,490
Tax Title Liens	94,217		94,217
Utility Charges and Fees	-	-	-
	<u>\$ 357,707</u>	<u>\$ -</u>	<u>\$ 357,707</u>

In 2023, the Borough collected \$193,359 from delinquent taxes which represented 68% of the delinquent tax receivable at December 31, 2022. 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, 2023.

Receivables at December 31, 2022 consisted of the following:

	<u>Current Fund</u>	<u>Water Utility Operating Fund</u>	<u>Total</u>
<b><u>2022</u></b>			
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.

**BOROUGH OF ALLENDALE  
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**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>2023</u>		<u>2022</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	\$ 112,914	\$ 154	\$ 4,801	
Trust Fund:				
Animal Control Trust Fund		7,498		\$ 4,801
Open Space Trust Fund	154			
General Capital Fund			10,923,815	
Water Utility Fund				
Operating		105,416		12,621,764
Capital	-	-	1,697,949	-
	<u>-</u>	<u>-</u>	<u>1,697,949</u>	<u>-</u>
 Total	 <u>\$ 113,068</u>	 <u>\$ 113,068</u>	 <u>\$ 12,626,565</u>	 <u>\$ 12,626,565</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>2023</u>			
Current Fund			
Special Emergency Authorization - COVID-19	\$ 140,000	\$ 140,000	
General Capital Fund			
Cancelled Grant Receivable	5,028	5,028	
 <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

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
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**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:

	<u>2023</u>		<u>2022</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,480,634	\$ 1,100,000	\$ 2,474,155	\$ 1,100,000
Non-Cash Surplus	<u>140,000</u>	<u>-</u>	<u>192,000</u>	<u>-</u>
	<u>\$ 3,620,634</u>	<u>\$ 1,100,000</u>	<u>\$ 2,666,155</u>	<u>\$ 1,100,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 1,983,635		\$ 1,374,954	\$ 140,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,983,635</u>	<u>\$ -</u>	<u>\$ 1,374,954</u>	<u>\$ 140,000</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
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**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, 2023 and 2022.

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2023</u>
<b><u>2023</u></b>				
Land	\$ 4,488,498	\$ 79,100		\$ 4,567,598
Land Improvements	1,908,756			1,908,756
Buildings and Building Improvements	5,784,550			5,784,550
Machinery and Equipment	<u>9,159,905</u>	<u>323,950</u>	<u>\$ 954,413</u>	<u>8,529,442</u>
	<u>\$ 21,341,709</u>	<u>\$ 403,050</u>	<u>\$ 954,413</u>	<u>\$ 20,790,346</u>
	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2022</u>
<b><u>2022</u></b>				
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>\$ 21,341,709</u>

**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, 2023 and 2022.

**2023**

There were none.

	Balance January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2022</u>
<b><u>2022</u></b>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	<u>\$ 8,841,343</u>	<u>\$ -</u>	<u>\$ 8,841,343</u>	<u>\$ -</u>
	<u>\$ 8,841,343</u>	<u>\$ -</u>	<u>\$ 8,841,343</u>	<u>\$ -</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  
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**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>2023</u>	<u>2022</u>
Issued		
General		
Bonds and Notes		\$ 10,887,755
Water Utility		
Bonds and Notes	-	<u>1,804,806</u>
	-	12,692,561
Less Funds Temporarily Held to Pay Bonds and Notes	-	<u>12,692,561</u>
Net Debt Issued	<u>-</u>	<u>-</u>
Authorized But Not Issued		
General		
Bonds and Notes	\$ 4,725,413	14,438
Water Utility		
Bonds and Notes	-	<u>327,550</u>
	<u>4,725,413</u>	<u>341,988</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 4,725,413</u>	<u>\$ 341,988</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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 0.228% and 0.017% at December 31, 2023 and 2022, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2023</u></b>			
Local School District Debt	\$ 1,005,000	\$ 1,005,000	
Regional School District Debt	3,480,057	3,480,057	
General Debt	4,725,413		\$ 4,725,413
Utility Debt	-	-	-
Total	<u>\$ 9,210,470</u>	<u>\$ 4,485,057</u>	<u>\$ 4,725,413</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2022</u></b>			
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	2,132,356	2,132,356	-
Total	<u>\$ 18,207,525</u>	<u>\$ 17,879,975</u>	<u>\$ 327,550</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>2023</u>	<u>2022</u>
3.5% of Equalized Valuation Basis (Municipal)	\$ 72,384,850	\$ 67,398,624
Less: Net Debt	<u>4,725,413</u>	<u>327,550</u>
Remaining Borrowing Power	<u>\$ 67,659,437</u>	<u>\$ 67,071,074</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
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**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>2023</u>	<u>2022</u>
\$3,580,000, 2015 General Improvement Bonds. These bonds were defeased during 2023.		\$ 1,275,000
\$985,000, 2020 General Improvement Bonds. These bonds were defeased during 2023.	-	<u>815,000</u>
	<u>\$ -</u>	<u>\$ 2,090,000</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>2023</u>	<u>2022</u>
\$946,000, 2010 Water Utility Bonds. These bonds were defeased during 2023.		\$ 831,000
\$2,620,000, 2012 Refunding Bonds. These bonds were defeased during 2023.		120,000
\$1,075,000, 2015 Water Utility Bonds. These bonds were defeased during 2023.	-	<u>585,000</u>
	<u>\$ -</u>	<u>\$ 1,536,000</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2023 and 2022 were as follows:

	Balance, January 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<b><u>2023</u></b>					
General Capital Fund Bonds Payable	\$ 2,090,000	\$ -	\$ 2,090,000	\$ -	\$ -
General Capital Fund Long-Term Liabilities	<u>\$ 2,090,000</u>	<u>\$ -</u>	<u>\$ 2,090,000</u>	<u>\$ -</u>	<u>\$ -</u>
Water Utility Capital Fund Bonds Payable	\$ 1,536,000	\$ -	\$ 1,536,000	\$ -	\$ -
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 1,536,000</u>	<u>\$ -</u>	<u>\$ 1,536,000</u>	<u>\$ -</u>	<u>\$ -</u>
	Balance, January 1, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<b><u>2022</u></b>					
General Capital Fund Bonds Payable	\$ 3,695,000	\$ -	\$ 1,605,000	\$ 2,090,000	\$ 525,000
General Capital Fund Long-Term Liabilities	<u>\$ 5,665,000</u>	<u>\$ -</u>	<u>\$ 1,605,000</u>	<u>\$ 2,090,000</u>	<u>\$ 1,605,000</u>
Water Utility Capital Fund Bonds Payable	\$ 1,806,000	\$ -	\$ 270,000	\$ 1,536,000	\$ 325,000
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 2,131,000</u>	<u>\$ -</u>	<u>\$ 270,000</u>	<u>\$ 1,536,000</u>	<u>\$ 325,000</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2023 and 2022 was as follows:

**Bond Anticipation Notes**

<u>2023</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, January 1, 2023</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2023</u>
<b><u>General Capital Fund</u></b>						
	<u>Purpose</u>					
	Acquisition of Real Property	4/21/2023	\$ 4,122,277		\$ 4,122,277	
	Acquisition of Real Property	3/23/2023	114,000		114,000	
	Various Improvements	3/23/2023	4,561,478	-	4,561,478	-
	Total General Capital Fund		<u>\$ 8,797,755</u>	<u>\$ -</u>	<u>\$ 8,797,755</u>	<u>\$ -</u>

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

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

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

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2023</u>	Due Within <u>One Year</u>
<b><u>2023</u></b>					
Net Pension Liability - PERS (1)	\$ 3,274,465			\$ 3,274,465	
Net Pension Liability - PFRS (1)	6,816,802			6,816,802	
Net OPEB Liability (1)	<u>11,399,192</u>	<u>-</u>	<u>-</u>	<u>11,399,192</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 21,490,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,490,459</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.

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2022</u>	Due Within <u>One Year</u>
<b><u>2022</u></b>					
Net Pension Liability - PERS	2,537,307	\$ 737,158		\$ 3,274,465	
Net Pension Liability - PFRS	4,071,006	2,745,796		6,816,802	
Net OPEB Liability	<u>12,108,093</u>	<u>-</u>	<u>\$ 708,901</u>	<u>11,399,192</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 18,716,406</u>	<u>\$ 3,482,954</u>	<u>\$ 708,901</u>	<u>\$ 21,490,459</u>	<u>\$ -</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
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**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](http://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:

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS 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 PFRS 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, 2023 AND 2022**

**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](http://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](http://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, 2023 was not available and for June 30, 2022 is \$13.5 billion, and the plan fiduciary net position as a percentage of the total pension liability is 68.33% at June 30, 2022. The collective net pension liability of the participating employers for local PFRS at June 30, 2023 was not available and for June 30, 2022 is 15.2 billion and the plan fiduciary net position as a percentage of total pension liability is 62.91% at June 30, 2022.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2021 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 2023 and 2022 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, 2023 and 2022 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 2023, 2022 and 2021 were equal to the required contributions.

During the years ended December 31, 2023, 2022 and 2021, 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>
2023	\$ 774,535	\$ 240,792	\$ 4,573
2022	649,133	250,832	5,469
2021	608,953	211,710	4,973

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

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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 No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2023 for the measurement date of June 30, 2023 was not available as of the date of audit. Accordingly, N.J.A.C. 5:30-6.1(c)2 authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2023 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 to the total contributions to the plan during the fiscal years ended June 30, 2022 and 2021. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2022, the Borough reported a liability of \$3,274,465, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022, the Borough’s proportionate share was .02169 percent, which was an increase of .00027 percent from its proportionate share measured as of June 30, 2021 of .02142 percent.

For the year ended December 31, 2022, the pension system has determined the Borough’s pension expense (benefit) to be (\$193,200) for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$250,832. At December 31, 2022, 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>2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 23,634	\$ 20,841
Changes of Assumptions	10,145	490,317
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	135,527	-
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>116,554</u>	<u>133,139</u>
Total	<u>\$ 285,860</u>	<u>\$ 644,297</u>

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

At December 31, 2022 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>
2023	\$ (302,407)
2024	(157,316)
2025	(61,944)
2026	162,994
2027	236
Thereafter	<u>-</u>
	<u>\$ (358,437)</u>

***Actuarial Assumptions***

The Borough's total pension liability reported for the year ended December 31, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2022</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Rate for All Future Years	2.75%-6.55%
	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2022) 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, 2022, as reported for the year ended December 31, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>2022</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

***Discount Rate***

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. 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, 2023 AND 2022**

**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>2022</u>	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 4,206,728	\$ 3,274,465	\$ 2,481,071

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2022. 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](http://www.state.nj.us/treasury/pensions).

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

At December 31, 2022, the Borough reported a liability of \$6,816,802, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022, the Borough’s proportionate share was .05955 percent, which was an increase of .00386 percent from its proportionate share measured as of June 30, 2021 of .05569 percent.

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

For the year ended December 31, 2022, the pension system has determined the Borough pension expense to be \$(249,011), for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$649,133. At December 31, 2022, 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>2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 308,547	\$ 417,622
Changes of Assumptions	18,682	858,101
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	624,219	-
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>849,180</u>	<u>-</u>
Total	<u>\$ 1,800,628</u>	<u>\$ 1,275,723</u>

At December 31, 2022 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>
2023	\$ (150,611)
2024	(20,219)
2025	19,939
2026	554,476
2027	98,376
Thereafter	<u>22,944</u>
	<u>\$ 524,905</u>



**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2022</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	
Rate for All Future Years	3.25%-16.25% 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Police and Firemen’s Retirement System (PFRS) (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, 2022) 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, 2022, as reported for the year ended December 31, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>2022</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2022. 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, 2022 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>2022</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>9,353,389</u>	\$ <u>6,816,802</u>	\$ <u>4,705,081</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2022. 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, 2022, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,213,191. For the year ended December 31, 2022, 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 \$139,970, which is less than the actual contribution the State made on behalf of the Borough of \$151,036. At December 31, 2022 (measurement date June 30, 2022) the State’s share of the PFRS net pension liability attributable to the Borough was .05955 percent, which was an increase of .00386 percent from its proportionate share measured as of December 31, 2021 (measurement date June 30, 2021) of .05569 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF ALLENDALE  
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**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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2022:

Active Plan Members	65,360
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>33,684</u>
Total	<u>99,044</u>
Contributing Employers	591
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.

**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, 2023 was not available and for 2022 is \$16.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is -0.36% at June 30, 2022.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2021 which was rolled forward to June 30, 2022.

**Actuarial Methods and Assumptions**

In the June 30, 2021 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, 2023 AND 2022**

**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 \$389.5 million and the State of New Jersey, as the non-employer contributing entity, contributed \$45.8 million for fiscal year 2022.

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, 2023, 2022 and 2021 were \$497,499, \$376,919 and \$273,108, 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, 2023, 2022 and 2021 were \$64,396, \$56,237 and \$53,337, 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, N.J.A.C. 5:30-6.1(c)2 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, 2023 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the plan members as an individual employer to the total plan members to the plan during the fiscal years ended June 30, 2022 and 2021. Employer allocation percentages have been rounded for presentation purposes.

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2022, the Borough reported a liability of \$11,399,192 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2022. As of the measurement date of June 30, 2022 the Borough's proportionate share was .07058 percent, which was an increase of .00332 percent from its proportionate share measured as of June 30, 2021 of .06726 percent.

For the year ended December 31, 2022, the Plan has determined the Borough's OPEB expense to be \$380,890 based on the actuarial valuation which is less than the actual contributions reported in the Borough's financial statements of \$497,499. At December 31, 2022, 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:

	<u>2022</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 588,666	\$ 2,112,926
Changes of Assumptions	1,521,269	3,890,324
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	3,001	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	2,768,001	943,603
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 4,880,937</u>	<u>\$ 6,946,853</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2022 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 <u>December 31,</u>	<u>Total</u>
2023	\$ (686,829)
2024	(687,495)
2025	(388,749)
2026	(34,772)
2027	184,195
Thereafter	<u>(452,266)</u>
	<u>\$ (2,065,916)</u>

***Actuarial Assumptions***

The Borough's total OPEB liability reported for the year ended December 31, 2022 was based on the June 30, 2022 measurement date as determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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>2022</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Rate For All Future Years	2.75% to 6.55% Based on Years of Service
PFRS:	
Rate For All Future Years	3.25% to 16.25% Based on Years of Service

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



**BOROUGH OF ALLENDALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

***Mortality Rates***

Pre-retirement and 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 6.25 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. For post-65 medical benefits PPO, the trend is initially -1.89 percent in Fiscal Year 2023, increasing to 15.04 percent in Fiscal Year 2026 and decreasing to 4.50 percent in Fiscal Year 2033. The HMO trend is initially -1.99 percent in Fiscal Year 2023, increasing to 15.18 percent in Fiscal Year 2026 and decreasing to 4.50 percent in Fiscal Year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to 4.50% long-term trend rate in fiscal year 2030.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021

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 3.54%. 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 3.54% 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 2.54% or 1-percentage-point higher 4.54% than the current rate:

<u><b>2022</b></u>	<b>1% Decrease (2.54%)</b>	<b>Current Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 13,213,958</u>	<u>\$ 11,399,192</u>	<u>\$ 9,939,043</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2022. 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, 2023 AND 2022**

**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, 2022 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>2022</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>9,670,278</u>	\$ <u>11,399,192</u>	\$ <u>13,613,444</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2022. 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](http://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, 2023 AND 2022**

**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>
2023	NONE	\$ 6,552	\$ 7,760	\$ 103,405
2022	\$ 10,000	6,069	13,055	100,518
2021	10,000	5,942	1,334	96,221

**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, 2023 and 2022. 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, 2023 and 2022, the Borough reserved \$455,090 and \$401,149, 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 AND 2022**

**NOTE 16 TAX ABATEMENTS**

For the years ended December 31, 2023 and 2022, 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, 2023 and 2022 the Borough abated property taxes totaling \$308,715 and \$271,917, respectively, under the NJHMFA program. The Borough received \$179,904 and \$133,832 in PILOT payments under this program for the years ended December 31, 2023 and 2022, 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, 2023 AND 2022**

**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 received \$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, 2023. The Borough utilized \$52,000 of the funds in both the 2022 and 2023 budgets to replace lost public sector revenue. The Borough has utilized the remaining funds in the 2024 budget to replace lost public sector revenue. 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, 2023 AND 2022**

**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 was utilized to defease all temporary and permanent debt obligations of the Borough. On March 16, 2023, the Borough defeased all outstanding debt obligations. 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 \$14,151. A reserve has been established for the remaining proceeds in the amount of \$5,534,928. As part of the contract of sale, \$3,107,943 of the sale proceeds, including interest earnings, remain on deposit with an escrow agent until all contract terms have been met.

**NOTE 19 SUBSEQUENT EVENTS**

**Debt Authorized**

On May 23, 2024, the Governing Body adopted a bond ordinance authorizing the issuance of \$1,187,500 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report, the Borough has not issued nor awarded the sale of said bonds or notes.

**CURRENT FUND**

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

Balance, January 1, 2023		\$ 5,204,310
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 317,180	
Due from State - Senior Citizen and Veteran Dedications	24,000	
Taxes Receivable	44,369,508	
Petty Cash	800	
Revenue Accounts Receivable	3,305,126	
Grant Receivable	48,129	
Prepaid Taxes	215,818	
Unappropriated Reserves for Grants	30,885	
Reserve for Municipal Relief Fund Aid	111,490	
State Fees Payable	<u>28,129</u>	
		<u>48,451,065</u>
		53,655,375
Decreased by Disbursements:		
Current Year Budget Appropriations	13,371,286	
Appropriation Reserves	208,347	
Encumbrances Payable	208,029	
Petty Cash	800	
Tax Overpayments	1,005	
Refund Prior Year Revenue	10,586	
Payments to Municipal Open Space Trust Fund	101,797	
Local District School Taxes	17,470,190	
Regional High School Taxes	10,602,890	
County Taxes Payable	4,932,857	
Reserve for Tax Appeals	21,059	
Appropriated Reserves for Grants	40,245	
State Fees Payable	<u>31,266</u>	
		<u>47,000,357</u>
Balance, December 31, 2023		<u>\$ 6,655,018</u>



**BOROUGH OF ALLENDALE  
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, <u>January 1, 2023</u>	Balance, <u>December 31, 2023</u>
Tax Collector	\$ 400	\$ 400
	<u>\$ 400</u>	<u>\$ 400</u>

EXHIBIT A-6

**STATEMENT OF PETTY CASH FUND**

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

EXHIBIT A-7

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

Balance, January 1, 2023		\$ 7,434
Increased by:		
Deductions Disallowed	\$ 500	
Deductions Disallowed - Prior Year Taxes	250	
Cash Receipts	<u>24,000</u>	
		<u>24,750</u>
		32,184
Decreased by:		
Senior Citizen Deductions per Tax Billing	1,000	
Veterans Deductions per Tax Billing	23,000	
Veterans Deductions Allowed by Collector	<u>250</u>	
		<u>24,250</u>
Balance, December 31, 2023		<u>\$ 7,934</u>

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

<u>Year</u>	<u>Balance,</u> <u>January 1, 2023</u>	<u>Levy</u>	<u>Added</u> <u>Taxes</u>	Senior Citizens' and Veterans <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>		Senior Citizens' and Veterans' <u>Deductions</u> <u>Allowed</u>	<u>Remitted</u> <u>or</u> <u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31, 2023</u>
					<u>2022</u>	<u>2023</u>				
2022	\$ 193,109			\$ 250	\$ 193,359					
2023	-	\$ 44,770,135	\$ 67,605	500	\$ 225,659	44,176,149	\$ 24,250	\$ 145,954	\$ 2,738	\$ 263,490
	<u>\$ 193,109</u>	<u>\$ 44,770,135</u>	<u>\$ 67,605</u>	<u>\$ 750</u>	<u>\$ 225,659</u>	<u>\$ 44,369,508</u>	<u>\$ 24,250</u>	<u>\$ 145,954</u>	<u>\$ 2,738</u>	<u>\$ 263,490</u>

Analysis of Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 44,770,135
Added Taxes (54:4-63.1 et seq.)	<u>67,605</u>
	<u>\$ 44,837,740</u>
Tax Levy	
Municipal Open Space Tax	\$ 101,797
Added Municipal Open Space Tax	154
Local District School Tax (Abstract)	17,470,190
Regional High School Tax	10,602,890
County Tax	4,717,464
County Open Space Tax	206,709
Added County Taxes	<u>7,471</u>
	33,106,675
Local Tax for Municipal Purposes	10,977,356
Minimum Library Tax	691,949
Add Additional Tax Levied	<u>61,760</u>
	<u>11,731,065</u>
	<u>\$ 44,837,740</u>

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

Balance, January 1, 2023	\$ 91,479
Increased by:	
Transfer from Taxes Receivable	<u>2,738</u>
Balance, December 31, 2023	<u>\$ 94,217</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, January 1, 2023	<u>\$ 4,900</u>
Balance, December 31, 2023	<u>\$ 4,900</u>

**BOROUGH OF ALLENDALE**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Balance,</u> <u>January 1, 2023</u>	<u>Accrued</u> <u>in 2023</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance,</u> <u>December 31, 2023</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 12,500	\$ 12,500	
Fees and Permits		19,650	19,650	
Planning Board/Board of Adjustment				
Fees and Permits		7,700	7,700	
Board of Health:				
Fees and Permits		13,621	13,621	
Parking				
Fees and Permits		24,158	24,158	
Municipal Court:				
Fines and Costs	\$ 583	17,414	16,974	\$ 1,023
Uniform Construction Code:				
Fees and Permits - Building		440,645	440,645	
Interest and Costs on Taxes		61,594	61,594	
Energy Receipts Taxes		1,076,257	1,076,257	
Interest on Investments and Deposits		481,126	481,126	
Engineering Fees		23,587	23,587	
Cable TV Franchise Fees		98,798	98,798	
Cellular Tower Lease		147,140	147,140	
Uniform Fire Safety Act		37,765	37,765	
Garbage Collection		1,836	1,836	
PILOT - 230 Crescent		141,030	141,030	
Dues & Fees - Crestwood Lake		344,822	344,822	
Saddle River Sewer Payment		60,885	50,084	10,801
Ramsey Sewer Charges		242,342	242,342	
Allendale El. School Contribution to Sewer Use		24,026	24,026	
North. High. Reg. HS Contribution to Sewer Use	-	39,471	39,471	-
	<u>\$ 583</u>	<u>\$ 3,316,367</u>	<u>\$ 3,305,126</u>	<u>\$ 11,824</u>

**BOROUGH OF ALLENDALE**  
**STATEMENT OF 2022 APPROPRIATION RESERVES**

	Balance, January 1, 2023	Encumbrances Cancelled	Budget After Modification	Expended	Balance Lapsed
<b>Salaries and Wages</b>					
Administrative and Executive	\$ 886	\$ 1	\$ 887		\$ 887
Borough Clerk	21,418		21,418	20,000	1,418
Financial Administration	493		493		493
Collection of Taxes	1		1		1
Assessment of Taxes	4		4		4
Planning Board	82		82		82
Police	30,504		30,504	21,632	8,872
Emergency Management Services	58		58		58
Uniform Fire Safety Act - Fire Official	1,438		1,438	886	552
Municipal Prosecutor	35		35		35
Municipal Court	42		42		42
Road Repairs and Maintenance	163,082		163,082	3,788	159,294
Recycling	1,500		1,500		1,500
Crestwood Lake Swimming & Rec. Facility	10,179		10,179		10,179
Construction Code Official	4,332		4,332	827	3,505
Plumbing Inspector	522		522		522
Electric Inspector	432		432		432
Fire Subcode Official	57		57		57
Zoning Officer/Property Maintenance	7,797		7,797	659	7,138
Salary and Wage Adjustment	106,000		106,000		106,000
<b>Other Expenses</b>					
Administrative and Executive	6,842		6,842	5,337	1,505
Borough Clerk	7,436		7,436	106	7,330
Mayor and Council	737		737	300	437
Financial Administration	3,916		3,916	2,090	1,826
Annual Audit	39,770		39,770	39,770	-
Collection of Taxes	3,026	1,000	4,026		4,026
Assessment of Taxes	3,568		3,568	2,887	681
Legal Services and Costs	86,220		86,220	8,981	77,239
Engineering	5,907		5,907	5,579	328
Planning Board	13,927		13,927	415	13,512
<b>Insurance</b>					
Other Insurance Premiums	31,959		31,959	200	31,759
Workers' Compensation Insurance		81	81		81
Group Insurance Plan for Employees	120,062		120,062	476	119,586
Health Benefit Waiver	1,494		1,494		1,494
Police	8,662		8,662	6,080	2,582
Emergency Management Services	503		503	113	390
Fire	31,090		31,090	1,831	29,259
Uniform Fire Safety Act - Fire Official	189		189	97	92
Municipal Court	3,648		3,648	187	3,461
Public Defender	1,600		1,600	200	1,400
Road Repairs and Maintenance	16,993	2,111	19,104		19,104

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

	Balance, January 1, 2023	Encumbrances Cancelled	Budget After Modification	Expended	Balance Lapsed
Other Expenses (Continued)					
Snow Removal	\$ 17,742		\$ 17,742	\$ 17,700	\$ 42
Shade Tree	3,877	\$ 1,512	5,389		5,389
Sewer System	3,409		3,409	875	2,534
Garbage and Trash Removal	41,152		41,152	38,719	2,433
Recycling	62,820		62,820	6,857	55,963
Public Buildings and Grounds	3,081	2,651	5,732		5,732
Board of Health	1,187		1,187		1,187
Senior Citizens	544		544		544
Animal Control	1,035		1,035	835	200
Municipal Alliance	3,500		3,500	683	2,817
Parks and Playgrounds	8,835		8,835		8,835
Crestwood Lake Swimming & Rec. Facility	9,479	19,637	29,116		29,116
Construction Official	790		790		790
Radio Equipment Maintenance	4,752		4,752	3,555	1,197
Electricity	24,659	1,269	25,928		25,928
Street Lighting	2,132		2,132	1,113	1,019
Telephone	2,294	29	2,323		2,323
Water	7,716		7,716	2,041	5,675
Natural Gas	435	264	699		699
Gasoline	20,185		20,185	3,908	16,277
Contingent	30,000		30,000		30,000
Public Employees' Retirement System	84		84		84
Social Security (O.A.S.I.)	37,848		37,848		37,848
Defined Contribution Retirement Plan	4,531		4,531	161	4,370
Borough of Waldwick - Well Baby	335		335	20	315
Borough of Hohokus - Municipal Court	14,447	-	14,447	10,532	3,915
	<u>\$ 1,043,280</u>	<u>\$ 28,555</u>	<u>\$ 1,071,835</u>	<u>\$ 209,440</u>	<u>\$ 862,395</u>
Appropriation Reserves			\$ 1,043,280		
Cancelled Prior Year Encumbrances			<u>28,555</u>		
			<u>\$ 1,071,835</u>		
Cash Disbursed				\$ 208,347	
Transfer to Accounts Payable				<u>1,093</u>	
				<u>\$ 209,440</u>	

**BOROUGH OF ALLENDALE  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2023		\$ 236,584
Increased by:		
Transfer from Current Appropriations		<u>52,782</u>
		289,366
Decreased by:		
Cash Disbursement	\$ 208,029	
Cancelled to Appropriation Reserves	<u>28,555</u>	
		<u>236,584</u>
Balance, December 31, 2023		<u>\$ 52,782</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Increased by:		
Transfer from Appropriation Reserves		<u>\$ 1,093</u>
Balance, December 31, 2023		<u>\$ 1,093</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2023	\$	225,659
Increased by:		
Cash Receipts		215,818
Decreased by:		
Applied to 2023 Taxes		441,477
		225,659
Balance, December 31, 2023	\$	215,818

EXHIBIT A-16

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Increased by:		
Levy Calendar Year, 2023	\$	17,470,190
Decreased by:		
Payments	\$	17,470,190

EXHIBIT A-17

**STATEMENT OF REGIONAL HIGH SCHOOL TAX**

Increased by:		
Levy Calendar Year, 2023	\$	10,602,890
Decreased by:		
Payments	\$	10,602,890



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

Balance, January 1, 2023		\$	8,684
Increased by:			
2023 County Tax Levy	\$ 4,717,464		
2023 County Open Space Tax Levy	206,709		
County Added and Omitted Taxes	<u>7,471</u>		
			<u>4,931,644</u>
			4,940,328
Decreased by:			
Payments			<u>4,932,857</u>
Balance, December 31, 2023		\$	<u><u>7,471</u></u>

EXHIBIT A-19

**STATEMENT OF DUE TO MUNICIPAL OPEN SPACE TRUST FUND**

Increased by:			
Tax Levy- 2023	\$ 101,797		
Added and Omitted Taxes	<u>154</u>		
		\$	101,951
Decreased by:			
Cash Disbursed			<u>101,797</u>
Balance, December 31, 2023		\$	<u><u>154</u></u>

EXHIBIT A-20

**STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2023		\$	<u>1,005</u>
Decreased by:			
Cash Disbursements			<u><u>1,005</u></u>

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

Balance, January 1, 2023	\$	401,149
Increased by:		
Transfer from Current Year Appropriations		75,000
		476,149
Decreased by:		
Cash Disbursements		21,059
Balance, December 31, 2023	\$	455,090

**STATEMENT OF STATE FEES PAYABLE**

	<u>Balance, January 1, 2023</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, December 31, 2023</u>
Construction- DCA	\$ 6,269	\$ 26,523	\$ 29,477	\$ 3,315
Parking Sales Tax	582	1,606	1,789	399
	<u>\$ 6,851</u>	<u>\$ 28,129</u>	<u>\$ 31,266</u>	<u>\$ 3,714</u>

**STATEMENT OF DEFERRED CHARGES**

	<u>Balance, January 1, 2023</u>	<u>Authorized in 2023</u>	<u>2023 Budget Appropriation</u>	<u>Balance, December 31, 2023</u>
Special Emergency Authorization - COVID19	\$ 192,000	-	\$ 52,000	\$ 140,000
	<u>\$ 192,000</u>	<u>-</u>	<u>\$ 52,000</u>	<u>\$ 140,000</u>

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

<u>Grant</u>	<u>Balance, January 1, 2023</u>	<u>Accrued</u>	<u>Cash Receipts</u>	<u>Balance, December 31, 2023</u>
State Grants:				
Recycling Tonnage Grant		\$ 8,048	\$ 8,048	
Body Armor Replacement Fund		1,359	1,359	
Body Worn Cameras	-	38,722	38,722	-
	<u>-</u>	<u>38,722</u>	<u>38,722</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 48,129</u>	<u>\$ 48,129</u>	<u>\$ -</u>

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

<u>Grant</u>	<u>Balance, January 1, 2023</u>	<u>Transfer From Current Appropriations</u>	<u>Cash Disbursed</u>	<u>Balance, December 31, 2023</u>
Drunk Driving Enforcement Fund	\$ 2,193		\$ 240	\$ 1,953
Recycling Grant	30,288	\$ 8,048		38,336
Clean Communities Grant	42,405	13,958	(75)	56,438
Body Armor Replacement Fund	31	3,799	1,358	2,472
Body Worn Cameras	-	38,722	38,722	-
	<u>-</u>	<u>38,722</u>	<u>38,722</u>	<u>-</u>
	<u>\$ 74,917</u>	<u>\$ 64,527</u>	<u>\$ 40,245</u>	<u>\$ 99,199</u>

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

<u>Grant</u>	<u>Balance,</u> <u>January 1, 2023</u>	<u>Realized as</u> <u>Budgeted</u> <u>Revenue</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance,</u> <u>December 31, 2023</u>
Body Armor Replacement Fund	\$ 2,440	\$ 2,440	\$ 229	\$ 229
American Rescue Plan	652,838	52,000		600,838
Stormwater Grant			15,000	15,000
Clean Communities	<u>13,958</u>	<u>13,958</u>	<u>15,656</u>	<u>15,656</u>
	<u>\$ 669,236</u>	<u>\$ 68,398</u>	<u>\$ 30,885</u>	<u>\$ 631,723</u>

EXHIBIT A-27

**SCHEDULE OF RESERVE FOR MUNICIPAL RELIEF FUND AID**

Balance, January 1, 2023	\$ 55,756
Increased by:	
Cash Receipts	<u>111,490</u>
	167,246
Decreased by:	
Realized as Current Fund Budgeted Revenue	<u>55,756</u>
Balance, December 31, 2023	<u>\$ 111,490</u>

**TRUST FUNDS**

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

	<u>Animal Control Fund</u>		<u>Other Trust Fund</u>		<u>Municipal Open Space Preservation Trust Fund</u>
Balance, January 1, 2023	\$ 12,707		\$ 1,219,940		\$ 97,024
Increased by Receipts:					
Animal License Fees - Borough Share	\$ 3,577				
Dog License Fees - State Share	460				
Miscellaneous Reserves		\$ 442,028			
Employee Contributions - Unemployment		6,552			
Municipal Open Space Tax Levy				\$ 101,797	
Payroll Salaries and Withholdings		7,913,222			
Interest on Deposits	-	4,095		5,390	
	<u>16,744</u>		<u>8,365,897</u>		<u>107,187</u>
		16,744		9,585,837	204,211
Decreased by:					
Reserve for Animal Expenditures	1,450				
State Share - Dog Licenses	453				
Miscellaneous Reserves		486,460			
Payroll Salaries and Withholdings		7,913,740			
Reserve for Unemployment	-	7,760		-	
	<u>1,903</u>		<u>8,407,960</u>		<u>-</u>
Balance, December 31, 2023	<u>\$ 14,841</u>		<u>\$ 1,177,877</u>		<u>\$ 204,211</u>

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

Balance, January 1, 2023		\$	7,892
Increased by:			
Dog License Fees	\$		3,262
Cat License Fees			166
Late Fees			149
			3,577
			11,469
Decreased by:			
Expenditures R.S. 4:19-1511			1,450
Statutory Excess			2,697
			4,147
Balance, December 31, 2023		\$	7,322

**Animal License Fees Collected**

<u>Year</u>	<u>Amount</u>
2021	\$ 3,863
2022	3,459
	\$ 7,322

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

Balance, January 1, 2023		\$	14
Increased by:			
State Fees Collected			460
			474
Decreased by:			
Payments to State			453
Balance, December 31, 2023		\$	21

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

Balance, January 1, 2023		\$	4,801
Increased by:			
Statutory Excess			2,697
Balance, December 31, 2023		\$	7,498

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

Balance, January 1, 2023		\$	97,024
Increased by:			
2023 Tax Levy	\$	101,797	
2023 Added Taxes		154	
Interest Earned on Deposits		5,390	
			107,341
Balance, December 31, 2023		\$	204,365

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

Balance, January 1, 2022		\$	100,518
Increased by:			
Employee Contributions	\$	6,552	
Interest Earned on Deposits		4,095	
			10,647
			111,165
Decreased by:			
Unemployment Insurance Benefit Claims			7,760
Balance, December 31, 2023		\$	103,405



**BOROUGH OF ALLENDALE  
STATEMENT OF MISCELLANEOUS RESERVES  
OTHER TRUST FUND**

	Balance <u>January 1, 2023</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>December 31, 2023</u>
Developers Escrow Administrator	\$ 162,157	\$ 12,082	\$ 7,748	\$ 166,491
Municipal Court - P.O.A.A.	64	40		104
Recycling	58,550	5,991	7,998	56,543
Escrow Deposits Payable	235,648	107,023	140,406	202,265
Vacant Property Escrow	14,000	8,000	6,000	16,000
Housing Trust	440,237	175,033	214,215	401,055
Municipal Alliance Donations	53		53	
Rental Deposits	4,200			4,200
ATT Tower	12,008	502		12,510
Improvement and Beautification	35,680	4,125	10,797	29,008
9/11 Memorial	16,136	255	-	16,391
Police Donations	17,772	2,020	17,474	2,318
Orchard Commons Donation	4,488			4,488
CERT Donations	283		283	-
Flex Spending	197	12,673	12,636	234
Crestwood Cruisers	22,848	10,775	8,598	25,025
Storm Recovery	17,469	63,354	16,870	63,953
Police Outside Duty	40,970	40,155	43,382	37,743
	<u>\$ 1,082,760</u>	<u>\$ 442,028</u>	<u>\$ 486,460</u>	<u>\$ 1,038,328</u>

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

Balance, January 1, 2023	\$	36,662
Increased by:		
Cash Receipts		<u>7,913,222</u>
		7,949,884
Decreased by:		
Cash Disbursements		<u>7,913,740</u>
Balance, December 31, 2023	\$	<u><u>36,144</u></u>

**GENERAL CAPITAL FUND**

**BOROUGH OF ALLENDALE  
STATEMENT OF GENERAL CAPITAL CASH**

Balance, January 1, 2023		\$ 3,249,754
Increased by Receipts:		
Grants Receivable	\$ 763,249	
Reserve for Payment Debt	4,255	
Receipts from Water Utility Operating Fund	10,923,815	
Capital Improvement Fund	<u>953,000</u>	
		<u>12,644,319</u>
		15,894,073
Decreased by Disbursements:		
Bond Anticipation Notes	174,025	
Improvement Authorizations	811,825	
Contracts Payable	449,582	
Reserve for Community Center	850,000	
Reserve for Municipal Improvements	3,491	
Payments for Debt Defeasance	10,669,650	
Payments to Water Utility Operating Fund	<u>254,165</u>	
		<u>13,212,738</u>
Balance, December 31, 2023		<u>\$ 2,681,335</u>

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

		Balance, December 31, <u>2023</u>
Fund Balance		\$ 90,227
Grant/Other Receivables		(321,473)
Deferred Charge - Cancelled Grant Receivables		(5,028)
Capital Improvement Fund		97,309
Reserve for Municipal Improvements		3,643
Reserve for Debt Service		4,721
Reserve for Community Center		1,712,832
Contacts Payable		3,939,929
 Ord.		
<u>No.</u>	<u>Improvement Authorization</u>	
07-13	Acquisition of Real Property	(14,100)
12-05	Various Improvements	67
19-06	Various Improvements	49,592
20-08	Various Improvements	65,727
21-11	Various Public Improvements	143,013
22-07	Various Public Improvements	368,955
23-09	Various Public Improvements	136,621
23-14	Various Public Improvements	<u>(3,590,700)</u>
		<u>\$ 2,681,335</u>

EXHIBIT C-4

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

Balance, January 1, 2023		\$ <u>2,090,000</u>
Decreased by:		
Budget Appropriation to Pay Bonds	\$ 100,000	
Reserve for Sale of Assets - Debt Defeasance	<u>1,990,000</u>	
		\$ <u>2,090,000</u>

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

Ordinance Number	Improvement Description	Balance, January 1, 2023	2023 Authorizations	Bond Anticipation Notes Paid	Balance, December 31, 2023	Analysis of Balance, December 31, 2023	
						Expenditures	Improvement Authorizations Unfunded
07-13	Acquisition of Real Property	\$ 14,100			\$ 14,100	\$ 14,100	
16-04	Various Improvements	372,509		\$ 372,509			
17-02/20-21	Acquisition of Real Property	4,214,180		4,214,180			
17-05	Various Improvements	431,087		431,087			
18-09	Various Improvements	786,867		786,867			
19-06	Various Improvements	761,425		761,425			
20-08	Various Improvements	782,000		781,662	338		\$ 338
21-11	Various Public Improvements	440,000		440,000			
22-07	Various Public Improvements	836,000		836,000			
23-09	Various Public Improvements		\$ 920,975		920,975		920,975
23-14	Various Public Improvements	-	3,790,000	-	3,790,000	3,590,700	199,300
		<u>\$ 8,638,168</u>	<u>\$ 4,710,975</u>	<u>\$ 8,623,730</u>	<u>\$ 4,725,413</u>	<u>\$ 3,604,800</u>	<u>\$ 1,120,613</u>
							Improvement Authorizations Unfunded <u>\$ 1,120,613</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2023		2023 Authorizations		Paid or Charged	Authorizations Cancelled	Balance, December 31, 2023		
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded			Funded	Unfunded	
<b>General Improvements</b>												
12-05	Various Improvements	3/22/2012	\$ 181,000	\$ 10,366				\$ 10,299		\$ 67		
15-04	Various Improvements	3/12/2015	1,081,000	6,335				6,335				
16-04	Various Improvements	3/10/2016	645,000		\$ 2,443			2,443				
17-02/20-21	Acquisition of Real Property	1/26/2017, 12/17/2020	14,470,000		4,950			2,350	\$ 2,600			
18-09	Various Improvements	4/12/2018	1,138,200		476			476				
19-06	Various Improvements	4/25/2019	1,142,500		66,830			17,238		49,592		
20-08	Various Improvements	4/16/2020	1,575,604		77,362			11,297		65,727	\$ 338	
21-11	Various Public Improvements	10/14/2021	810,000		203,626			60,613		143,013		
22-07	Various Public Improvements	7/21/2022	955,000		579,930			210,975		368,955		
23-09	Various Public Improvements	5/11/2023	1,390,500			\$ 469,525	\$ 920,975	332,904		136,621	920,975	
23-14	Various Public Improvements	10/26/2023	4,200,000		-	410,000	3,790,000	4,000,700		-	199,300	
					<u>\$ 16,701</u>	<u>\$ 935,617</u>	<u>\$ 879,525</u>	<u>\$ 4,710,975</u>	<u>\$ 4,655,630</u>	<u>\$ 2,600</u>	<u>\$ 763,975</u>	<u>\$ 1,120,613</u>
							Cash Disbursed	\$ 811,825				
							Contracts Payable	<u>3,843,805</u>				
								<u>\$4,655,630</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, 2023</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2023</u>	<u>Decreased</u>	<u>Balance, December 31, 2023</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	5/7/2015	3,580,000				\$ 1,275,000	\$ 1,275,000	
General Improvements	1/23/2020	985,000				<u>815,000</u>	<u>815,000</u>	<u>-</u>
						<u>\$ 2,090,000</u>	<u>\$ 2,090,000</u>	<u>\$ -</u>
						Budget Appropriation	\$ 100,000	
						Reserve for Sale of Assets		
						- Debt Defeasance	<u>1,990,000</u>	
							<u>\$ 2,090,000</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, 2023	Increased	Decreased	Balance, December 31, 2023
17-02	Acquisition of Real Property	4/26/2017	4/22/2022	4/21/2023	1.40 %	\$ 4,122,277		\$ 4,122,277	
16-04	Various Improvements	9/26/2017	9/23/2022	3/23/2023	2.97	396,858		396,858	
17-05	Various Improvements	9/26/2017	9/23/2022	3/23/2023	2.97	461,736		461,736	
18-09	Various Improvements	9/26/2019	9/23/2022	3/23/2023	2.97	798,642		798,642	
19-06	Various Improvements	9/26/2019	9/23/2022	3/23/2023	2.97	771,580		771,580	
20-08	Various Improvements	9/25/2020	9/23/2022	3/23/2023	2.97	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	
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	<u>836,000</u>	-	<u>836,000</u>	-
						<u>\$ 8,797,755</u>	<u>\$ -</u>	<u>\$ 8,797,755</u>	<u>\$ -</u>
						Reserve for Sale of Assets			
						- Debt Defeasance		\$ 8,623,730	
						Paid with Excess Proceeds		<u>174,025</u>	
								<u>\$ 8,797,755</u>	

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

	<u>Balance,</u> <u>January 1, 2023</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance,</u> <u>December 31, 2023</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	62,527	\$ 171,473
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>75,000</u>	<u>-</u>	<u>75,000</u>
	<u>\$ 1,084,722</u>	<u>\$ 763,249</u>	<u>\$ 321,473</u>

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

Balance, January 1, 2023	\$	23,834
Increased by:		
2023 Budget Appropriation		953,000
Decreased by:		
Appropriated to Finance Improvement Authorizations		879,525
Balance, December 31, 2023	\$	97,309

EXHIBIT C-11

**STATEMENT OF RESERVE FOR MUNICIPAL IMPROVEMENTS**

Balance, January 1, 2023	\$	7,134
Decreased by:		
Cash Disbursements		3,491
Balance, December 31, 2023	\$	3,643

EXHIBIT C-12

**STATEMENT OF RESERVE FOR DEBT SERVICE**

Balance, January 1, 2023	\$	466
Increased by:		
Refund of Escrow		4,255
Balance, December 31, 2023	\$	4,721

**BOROUGH OF ALLENDALE  
STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2023	\$	545,706
Increased by:		
Contract Awards		3,843,805
		4,389,511
Decreased by:		
Cash Disbursements		449,582
Balance, December 31, 2023	\$	3,939,929

EXHIBIT C-14

**STATEMENT OF RESERVE FOR COMMUNITY CENTER**

Balance, January 1, 2023	\$	2,562,832
Decreased by:		
Cash Disbursement to Escrow		850,000
Balance, December 31, 2023	\$	1,712,832

EXHIBIT C-15

**STATEMENT OF RESERVE FOR SALE OF ASSETS - DEBT DEFEASANCE**

Balance, January 1, 2023	\$	10,923,815
Decreased by:		
Serial Bonds Defeased		
Principal	\$ 1,990,000	
Interest	8,918	
Bond Anticipation Notes Defeased		
Principal	8,623,730	
Interest	47,002	
Payments to Water Utility Operating Fund		254,165
	\$	10,923,815

EXHIBIT C-16

**STATEMENT OF DEFERRED CHARGE - CANCELLED GRANTS RECEIVABLES**

Balance, January 1, 2023	\$	5,028
Balance, December 31, 2023	\$	5,028

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2023</u>	<u>2023 Authorizations</u>	<u>Balance, December 31, 2023</u>
07-13	Acquisition of Real Property	\$ 14,100		\$ 14,100
20-08	Various Improvements	338		338
23-09	Various Public Improvements		\$ 920,975	920,975
23-14	Various Public Improvements	<u>-</u>	<u>3,790,000</u>	<u>3,790,000</u>
		<u>\$ 14,438</u>	<u>\$ 4,710,975</u>	<u>\$ 4,725,413</u>

**WATER UTILITY FUND**

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

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2023	\$ 20,108,000	\$ 1,074,954
Increased by Receipts:		
Miscellaneous Revenue	\$ 289,040	
Interest on Funds Held in Escrow	7,943	
Receipts from General Capital Fund	254,165	
Receipts from Water Utility Operating Fund	<u>-</u>	<u>\$ 1,697,949</u>
	<u>551,148</u>	<u>1,697,949</u>
	20,659,148	2,772,903
Decreased by Disbursements:		
2023 Budget Appropriations	134,285	
2022 Appropriation Reserves	95,124	
Encumbrances Payable	17,813	
Accrued Interest	15,468	
Debt Defeasance		\$ 1,697,949
Payments to General Capital Fund	10,923,815	
Payments to Water Utility Capital Fund	1,697,949	
Improvement Authorizations	<u>-</u>	<u>32,567</u>
	<u>12,884,454</u>	<u>1,730,516</u>
Balance, December 31, 2023	<u>\$ 7,774,694</u>	<u>\$ 1,042,387</u>
Cash	\$ 4,666,751	\$ 1,042,387
Cash with Fiscal Agents	<u>3,107,943</u>	<u>-</u>
	<u>\$ 7,774,694</u>	<u>\$ 1,042,387</u>

EXHIBIT D-6

**ANALYSIS OF WATER UTILITY CAPITAL CASH**

	Balance, <u>December 31, 2023</u>
Fund Balance	<u>\$ 1,042,387</u>

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

Balance, January 1, 2023	\$ <u>17,813</u>
Decreased by:	
Cash Disbursements	\$ <u>17,813</u>

EXHIBIT D-8

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

	<u>Balance, January 1, 2023</u>	<u>Cancelled Encumbrances</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<b>OPERATING</b>					
Salaries & Wages	\$ 10,283		\$ 10,283		\$ 10,283
Other Expenses	248,256		248,256	\$ 78,183	170,073
Purchase of Water	105,025		105,025	16,941	88,084
<b>CAPITAL IMPROVEMENTS</b>					
Capital Infrastructure	187,940		187,940		187,940
<b>STATUTORY EXPENDITURES</b>					
Social Security System (O.A.S.I.)	<u>1,032</u>	<u>-</u>	<u>1,032</u>	<u>-</u>	<u>1,032</u>
	<u>\$ 552,536</u>	<u>\$ -</u>	<u>\$ 552,536</u>	<u>\$ 95,124</u>	<u>\$ 457,412</u>
Appropriation Reserves			<u>\$ 552,536</u>		
Cash Disbursements				<u>\$ 95,124</u>	

EXHIBIT D-9

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

Balance, January 1, 2023	\$ 12,697
Increased by:	
2023 Budget Appropriation	<u>2,771</u>
	<u>15,468</u>
Decreased by:	
Interest Paid	<u>\$ 15,468</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>Balance, January 1, 2023</u>	<u>Decreased</u>	<u>Balance, December 31, 2023</u>
Water Bonds of 2010	2/15/2010	\$ 946,000	\$ 831,000	\$ 831,000	
Refunding Bonds of 2012	10/25/2012	2,620,000	120,000	120,000	
Water Bonds of 2015	5/1/2015	1,075,000	<u>585,000</u>	<u>585,000</u>	<u>-</u>
			<u>\$ 1,536,000</u>	<u>\$ 1,536,000</u>	<u>\$ -</u>
				\$ 125,000	
				<u>1,411,000</u>	
				<u>1,536,000</u>	

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

Ord. <u>No.</u>	<u>Improvement Description</u>	Date of Issue of Original <u>Notes</u>	Date of <u>Issue</u>	Date of <u>Maturity</u>	Interest <u>Rate</u>	Balance, <u>January 1, 2023</u>	<u>Decreased</u>	Balance, <u>December 31, 2023</u>
16-05	Various Improvements	9/26/2017	9/23/2022	3/23/2023	2.97 %	\$ <u>268,806</u>	\$ <u>268,806</u>	\$ <u>-</u>
						\$ <u>268,806</u>	\$ <u>268,806</u>	\$ <u>-</u>
					Reserve for Sale of Assets - Debt Defeasance		\$ <u>268,806</u>	

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2023		Contracts Payable Cancelled	Paid or Charged	Authorizations Cancelled	Balance, December 31, 2023	
				Funded	Unfunded				Funded	Unfunded
12-06	Various Public Improvements	3/22/2012	44,000	\$ 15,372				\$ 15,372		
14-06	Various Improvements	4/24/2014	785,000	6,651				6,651		
15-05	Various Improvements	3/12/2015	479,000	37,580	\$ 2,550			40,130		
16-05	Various Improvements	3/10/2016	350,000		90,100	\$ 3,760		93,860		
18-10	Various Improvements	4/12/2018	325,000		298,288		\$ 32,567	265,721		
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	127,008	-	4,980	-	131,988	-	-
				<u>\$ 188,491</u>	<u>\$ 390,938</u>	<u>\$ 8,740</u>	<u>\$ 32,567</u>	<u>\$ 555,602</u>	<u>\$ -</u>	<u>\$ -</u>
							Cash Disbursed	<u>\$ 32,567</u>		

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

Balance, January 1, 2023	\$ <u>793,893</u>
Decreased by:	
Cancelled to Water Utility Capital Fund Balance	\$ <u>793,893</u>

EXHIBIT D-14

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

Balance, January 1, 2023	\$ <u>8,740</u>
Decreased by:	
Cancelled and Restored to Improvement Authorizations	\$ <u>8,740</u>

EXHIBIT D-15

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

Balance, January 1, 2023	\$ <u>3</u>
Decrease by:	
Cancelled to Water Utility Capital Fund Balance	\$ <u>3</u>

EXHIBIT D-16

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

Increased by:	
Transfer from Deferred Reserve for Amortization	
Principal Paid on Serial Bonds Payable	\$ <u>125,000</u>
Decreased by:	
Cancelled to Deferred Charge - Debt Defeasance	\$ <u>125,000</u>

EXHIBIT D-17

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, January 1, 2023	\$ <u>426</u>
Decreased by:	
Cancelled to Water Utility Capital Fund Balance	\$ <u>426</u>

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

Balance, January 1, 2023		\$ 10,923,815
Increased by:		
Receipts from General Capital Fund		<u>254,165</u>
		<u>11,177,980</u>
Decreased by:		
Payments to General Capital Fund	\$ 10,923,815	
Unexpended Reserve for Debt Defeasance	<u>254,165</u>	
		<u>\$ 11,177,980</u>

EXHIBIT D-19

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

Balance, January 1, 2023		<u>\$ 1,697,949</u>
Decreased by:		
Payments to Water Utility Capital Fund		<u>\$ 1,697,949</u>

EXHIBIT D-20

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

Increased by:		
Anticipated as Current Fund Budgeted Revenue		
Reserve for Sale of Assets		<u>\$ 105,416</u>
Balance, December 31, 2023		<u>\$ 105,416</u>

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

Balance, January 1, 2023		\$ <u>150,000</u>
Balance, December 31, 2023		\$ <u><u>150,000</u></u>

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

Balance, January 1, 2023		\$ 5,378,236
Increased by:		
Receipts from General Capital Fund	\$ 254,165	
Interest Earned on Funds Held in Escrow	<u>7,943</u>	
		<u>262,108</u>
		5,640,344
Decreased by:		
Anticipated as Current Fund Budgeted Revenue		<u>105,416</u>
Balance, December 31, 2023		\$ <u><u>5,534,928</u></u>

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

Balance, January 1, 2023		\$ <u>2,132,356</u>
Decreased by:		
Liquidation of Reserve for Amortization	\$ 125,000	
Debt Defeased:		
Serial Bonds	1,411,000	
Bond Anticipation Notes	268,806	
Cancellation of Debt Authorized but not Issued	<u>327,550</u>	
		<u>\$ 2,132,356</u>

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

Balance, January 1, 2023		\$ <u>1,697,949</u>
Decreased by:		
Serial Bonds Defeased		
Principal	\$ 1,411,000	
Interest	14,151	
Bond Anticipation Notes Defeased		
Principal	268,806	
Interest	<u>3,992</u>	
		<u>\$ 1,697,949</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Balance,</u> <u>January 1, 2023</u>	<u>Authorizations</u> <u>Cancelled</u>	<u>Balance,</u> <u>December 31, 2023</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>\$ -</u>
		<u>\$ 327,550</u>	<u>\$ 327,550</u>	<u>\$ -</u>



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

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**PART II**

**GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**



# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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JOHN CUIFFO, CPA, PSA

## 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, 2023, and the related notes to the financial statements, and have issued our report thereon dated July 8, 2024. 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.

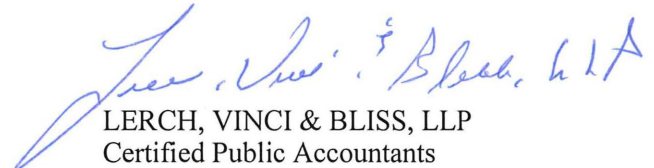
**Report on Compliance and Other Matters**

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.

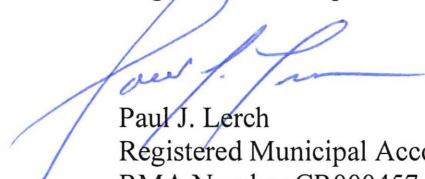
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Allendale in Part III of this report of audit entitled, “Letter of Comments and Recommendations”.

**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 CR000457

Fair Lawn, New Jersey  
July 8, 2024

**BOROUGH OF ALLENDALE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

CFDA Number	Grant Year	Grant Award Amount	2023 Receipts	Balance, January 1, 2023	Revenue Realized	Expenditures	Adjustments/ Cancellations	Balance, December 31, 2023	Cumulative Expenditures
<b>U.S. Department of Treasury</b>									
<b>(Passed Through State Dept. of Community Affairs)</b>									
Coronavirus State and Local Fiscal Recovery Funds									
American Rescue Plan									
21.027	2021,2022	704,838			\$ 52,000	\$ 52,000			\$ 104,000
<b>U.S. Department of Homeland Security</b>									
<b>(Passed Through State Dept. of Law and Public Safety)</b>									
Public Assistance Grants									
97.036	2023	3,354	3,354	-	3,354	3,354	-	-	3,354
				<u>\$ -</u>	<u>\$ 55,354</u>	<u>\$ 55,354</u>	<u>\$ -</u>	<u>\$ -</u>	

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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, 2023**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2023</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment/ Cancellations</u>	<u>Balance, December 31, 2023</u>	<u>Cumulative Expenditures</u>
<b>Department of Environmental Protection</b>										
Clean Communities Grant	4900-765-004	2024	\$ 15,656	\$ 15,656						
		2023	13,958			\$ 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		1,537		\$ (75)		1,612	\$ 11,185
Recycling Tonnage Grant	4910-100-224	2023	8,048	8,048		8,048			8,048	
		2022	7,361		7,361				7,361	
		2021	9,607		9,607				9,607	
		2020	8,459		8,459				8,459	
		2019	7,725		4,861				4,861	2,864
		2018	7,834							7,834
Stormwater Assistance Grant		2023	15,000	15,000						
<b>Div. of Highway Traffic Safety</b>										
Drunk Driving Enforcement Fund	6400-100-078	2019	6,243		2,193		240		1,953	4,290
Body Worn Cameras	N/A	2023	38,722			38,722	38,722			38,722
<b>Department of Transportation - Local Municipal Aid</b>										
DOT - Ord. 21-11	480-078-6320	2021	234,000	62,527	203,626		60,613		143,013	90,987
<b>Dept. of Law and Public Safety</b>										
Body Armor Replacement	066-1020-718-001	2023	1,359	1,359		1,359			1,359	
Body Armor Replacement	066-1020-718-001	2022	2,440			2,440	1,358		1,082	1,358
Body Armor Replacement	066-1020-718-001	2021	1,421		31				31	1,390
Body Armor Replacement	066-1020-718-001	2019	1,865		-	-	-	-	-	1,865
					<u>\$ 278,543</u>	<u>\$ 64,527</u>	<u>\$ 100,858</u>	<u>\$ -</u>	<u>\$ 242,212</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, 2023**

**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	<u>\$ 55,354</u>	<u>\$ 64,527</u>	<u>\$ 119,881</u>
	<u>\$ 55,354</u>	<u>\$ 64,527</u>	<u>\$ 119,881</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, 2023**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

Type of auditors' report issued on financial statements      Unmodified-Regulatory Basis

Internal control over financial reporting:

1) Material weakness(es) identified                              \_\_\_\_\_ yes        X   no

2) Significant deficiency(ies) that are not  
considered to be material weakness(es)?                      \_\_\_\_\_ yes        X   none reported

Noncompliance material to the financial  
statements noted?                                                      \_\_\_\_\_ yes        X   no

**Federal Awards Section**

Not Applicable

**State Awards Section**

Not Applicable



**BOROUGH OF ALLENDALE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

*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, 2023**

*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, 2023**

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**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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

	<u>Year 2023</u>			<u>Year 2022</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>					
Fund Balance Utilized	\$ 1,100,000	2.18 %		\$ 1,246,000	2.55 %
Miscellaneous - From Other Than Local					
Property Tax Levies	3,900,005	7.74		3,320,963	6.80
Collection of Delinquent Taxes and Tax Title Liens	193,359	0.38		393,741	0.81
Collection of Current Tax Levy	44,425,558	87.99		43,520,337	89.12
Other Credits	<u>865,092</u>	<u>1.71</u>		<u>345,048</u>	<u>0.71</u>
 Total Income	 <u>50,484,014</u>	 <u>100.00</u> %		 <u>48,826,089</u>	 <u>100.00</u> %
<b>EXPENDITURES</b>					
Budget Expenditures					
Municipal Purposes	15,203,911	31.40 %		15,236,747	32.19 %
Local School Taxes	17,470,190	36.07		16,875,576	35.65
Regional School Taxes	10,602,890	21.89		10,459,375	22.10
County Taxes	4,931,644	10.18		4,654,541	9.83
Municipal Open Space Taxes	101,951	0.21		96,167	0.18
Other Expenditures	<u>118,949</u>	<u>0.25</u>		<u>14,706</u>	<u>0.04</u>
 Total Expenditures	 <u>48,429,535</u>	 <u>100.00</u> %		 <u>47,337,112</u>	 <u>100.00</u> %
 Excess in Revenue	 2,054,479			 1,488,977	
 Fund Balance, January 1	 <u>2,666,155</u>			 <u>2,423,178</u>	
	4,720,634			3,912,155	
 Less Utilization as Anticipated Revenue	 <u>1,100,000</u>			 <u>1,246,000</u>	
 Fund Balance, December 31	 <u>\$ 3,620,634</u>			 <u>\$ 2,666,155</u>	

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

	<u>Year 2023</u>		<u>Year 2022</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 140,000	15.79 %	\$ 153,000	4.64 %
Collection of Water Service Charges			2,456,391	74.57
Miscellaneous - From Other Than Water Rents	<u>746,452</u>	<u>84.21</u>	<u>685,204</u>	<u>20.80</u>
Total Income	<u>886,452</u>	<u>100.00 %</u>	<u>3,294,595</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	10,000	7.26 %	1,660,293	74.97 %
Deferred Charges and Statutory Expenditures			1,500	0.07
Capital Improvements			230,000	10.38
Debt Service	<u>127,771</u>	<u>92.74</u>	<u>322,686</u>	<u>14.57</u>
Total Expenditures	<u>137,771</u>	<u>100.00 %</u>	<u>2,214,479</u>	<u>100.00 %</u>
Excess in Revenue	<u>748,681</u>		<u>1,080,116</u>	
Statutory Excess to Surplus	748,681		1,080,116	
Fund Balance, January 1	<u>1,374,954</u>		<u>447,838</u>	
	2,123,635		1,527,954	
Decreased by:				
Utilized in Water Operating Budget	<u>140,000</u>		<u>153,000</u>	
Fund Balance, December 31	<u>\$ 1,983,635</u>		<u>\$ 1,374,954</u>	

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	\$ <u>2.199</u>	\$ <u>2.277</u>	\$ <u>2.349</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Including Municipal Library)	\$ 0.572	\$ 0.605	\$ 0.606
Municipal Open Space	0.005	0.005	0.005
County (Including Open Space)	0.243	0.243	0.252
District School	0.859	0.880	0.920
Regional School	0.520	0.544	0.566
<u>Assessed Valuation</u>			
2023	\$ <u>2,035,931,500</u>		
2022	\$ <u>1,919,752,300</u>		
2021	\$ <u>1,800,689,700</u>		

**COMPARISON OF WATER UTILITY LEVIES**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2023 (2)	Not Applicable	
2022	2,162,138	2,456,391
2021	1,952,444	1,912,995

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

(2) The Borough completed a sale of its water system during 2022.

**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>
2023	\$ 44,837,740	\$ 44,425,558	99.08%
2022	43,794,134	43,520,337	99.37%
2021	42,319,263	41,888,673	98.98%

**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>
2023	\$ 263,490	\$ 94,217	\$ 357,707	0.80%
2022	193,109	91,479	284,588	0.65%
2021	399,244	88,645	487,889	1.15%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

No properties have been acquired in 2023 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>
2023	\$4,900
2022	4,900
2021	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>	2023	\$ 3,620,634	\$ 1,100,000
	2022	2,666,155	1,100,000
	2021	2,423,178	1,246,000
<u>Water Utility Operating Fund</u>	2023	\$ 1,983,635	\$-0-
	2022	1,374,954	140,000
	2021	447,838	153,000



**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>
Amy Wilczynski	Mayor	None
Elizabeth Homan	Council President	None
Joseph Daloisio	Council Member	None
Susanne Lovisolo	Council Member	None
Edward O'Connell	Council Member	None
Matthew O'Toole	Council Member	None
Tyler Yaccarino	Council Member	None
Alissa Mayer	Chief Financial Officer/Water Collector (1/1/2023-2/28/2023)	\$1,000,000
Alison Altano	Chief Financial Officer/Water Collector (3/1/2023-12/21/2023)	\$1,000,000
Linda Cervino	Borough Clerk	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
Angela M. Mattiace	Assessor	None

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

**GENERAL COMMENTS**

Our audit indicated that payments for general construction services, the cost of which exceeded the bid threshold, were made without solicitation of bids through public advertisement. It is recommended that bids be sought through public advertisement for general construction services.

Our audit indicated that professional service contracts were not advertised upon award. It is recommended that professional service contracts be advertised upon award.

Our audit of the municipal court indicated numerous tickets, in excess of six (6) months in age, have been assigned to police officers have not been issued. It is recommended that tickets assigned in excess of the six (6) months in age which have not been issued be recalled.

**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:

- Allendale Community Center
- Snow Plowing and Removal Services
- Firehouse Bathroom Renovations

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>
2023	4
2022	4
2021	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 5, 2023 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. Bids be sought through public advertisement for general construction services.
2. Professional service contracts be advertised upon award.
3. With respect to the municipal court, tickets assigned in excess of the six (6) months in age which have not been issued be recalled.

Status of Prior Years' Audit Findings/Recommendations


Corrective action has been taken on the 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 CR000457