

BOROUGH OF WHARTON

COUNTY OF MORRIS

REPORT OF AUDIT

2023

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF WHARTON
COUNTY OF MORRIS
REPORT OF AUDIT
2023

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BOROUGH OF WHARTON

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* – of the various funds of the Borough of Wharton in the County of Morris (the "Borough") as of, and for the years ended December 31, 2023 and 2022, and the related notes to financial statements, as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Borough of Wharton as of December 31, 2023 and 2022, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended on the basis of accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying 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 and account group of the Borough as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof 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 (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and Members
of the Borough Council
Borough of Wharton
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Borough on the basis of accounting practices prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment 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'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.

The Honorable Mayor and Members
of the Borough Council
Borough of Wharton
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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough'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 opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group 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 data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024 on our consideration of the Borough'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'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's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 10, 2024

NISIVOCCIA LLP

Raymond A. Sarinelli

Raymond A. Sarinelli
Registered Municipal Accountant No. 563
Certified Public Accountant

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
CURRENT FUND

BOROUGH OF WHARTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 6,448,462.46	\$ 5,969,080.66
Change Fund		100.00	100.00
		<u>6,448,562.46</u>	<u>5,969,180.66</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	337,221.73	378,660.31
Tax Title Liens Receivable	A-8	193,466.92	170,471.94
Property Acquired for Taxes at Assessed Valuation		71,300.00	71,300.00
Revenue Accounts Receivable	A-9	9,872.13	9,055.06
		<u>611,860.78</u>	<u>629,487.31</u>
Total Receivables and Other Assets with Full Reserves		<u>611,860.78</u>	<u>629,487.31</u>
Total Regular Fund		<u>7,060,423.24</u>	<u>6,598,667.97</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	590,524.95	668,190.66
Due from Current Fund	A	1,739.31	
Grants Receivable	A-10	250,977.65	135,266.65
		<u>843,241.91</u>	<u>803,457.31</u>
Total Federal and State Grant Fund		<u>843,241.91</u>	<u>803,457.31</u>
TOTAL ASSETS		<u><u>\$ 7,903,665.15</u></u>	<u><u>\$ 7,402,125.28</u></u>

BOROUGH OF WHARTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2023	2022
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 218,186.63	\$ 106,021.41
Unencumbered	A-3;A-11	1,115,101.24	1,113,546.37
		<u>1,333,287.87</u>	<u>1,219,567.78</u>
Contracts Payable - Vendors		246,434.12	207,945.44
Third Party Tax Title Lien Payable		6,984.54	
Due to Federal and State Grant Fund	A	1,739.31	
Due Other Trust Funds	B	18,110.97	
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		15,037.96	14,374.26
Marriage License Fees		700.00	
County Added and Omitted Taxes Payable		1,175.86	938.26
Prepaid Taxes		104,897.62	106,850.20
Tax Overpayments		20,828.18	43,537.54
Reserve for:			
Municipal Relief Fund Aid		57,337.84	28,675.06
Pending Tax Appeals		536,665.61	886,665.61
Sale of Municipal Assets		248,565.06	598,565.06
		<u>2,591,764.94</u>	<u>3,107,119.21</u>
Reserve for Receivables and Other Assets	A	611,860.78	629,487.31
Fund Balance	A-1	3,856,797.52	2,862,061.45
		<u>7,060,423.24</u>	<u>6,598,667.97</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves:			
Encumbered		8,146.95	12,279.60
Unencumbered	A-14	166,361.25	789,334.78
Unappropriated Reserves	A-15	2,099.70	1,842.93
Due to Water Utility Capital Fund	D	666,634.01	
		<u>843,241.91</u>	<u>803,457.31</u>
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 7,903,665.15</u>	<u>\$ 7,402,125.28</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,453,794.00	\$ 2,997,276.00
Miscellaneous Revenue Anticipated		5,973,125.15	3,584,698.29
Receipts from:			
Delinquent Taxes		411,192.34	270,369.95
Current Taxes		24,698,620.13	23,314,490.90
Nonbudget Revenue		1,294,699.73	1,161,438.33
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		997,728.22	983,197.11
Tax Overpayments Canceled		9,312.47	
		<u>35,838,472.04</u>	<u>32,311,470.58</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		12,135,937.64	10,460,515.39
County Taxes		2,266,073.82	2,080,562.71
Local School District Taxes		10,128,454.00	9,943,383.00
Regional High School Taxes		6,389,940.00	5,841,871.00
Special Garbage District Taxes		1,341,882.50	1,277,043.25
Local Open Space Taxes		125,654.01	119,219.49
Prior Year Senior Citizens' Deductions Disallowed		2,000.00	
		<u>32,389,941.97</u>	<u>29,722,594.84</u>
Excess in Revenues/Statutory Excess to Fund Balance		3,448,530.07	2,588,875.74
<u>Fund Balance</u>			
Balance January 1		<u>2,862,061.45</u>	<u>3,270,461.71</u>
		6,310,591.52	5,859,337.45
Decreased by:			
Utilized as Anticipated Revenue		<u>2,453,794.00</u>	<u>2,997,276.00</u>
Balance December 31	A	<u>\$ 3,856,797.52</u>	<u>\$ 2,862,061.45</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 2,453,794.00		\$ 2,453,794.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	7,000.00		7,260.00	\$ 260.00
Other	5,000.00		15,815.00	10,815.00
Fees and Permits - Other	73,000.00		61,217.30	11,782.70 *
Fines and Costs - Municipal Court	100,000.00		160,440.29	60,440.29
Interest and Costs on Taxes	50,000.00		89,046.02	39,046.02
Interest on Investments and Deposits	50,003.00		213,467.22	163,464.22
Rents - Borough Lease	47,000.00		50,160.00	3,160.00
Energy Receipts Tax	553,511.00		553,510.80	0.20 *
Reserve for Municipal Relief Fund Aid	28,675.06		28,675.06	
Uniform Construction Code Fees	98,000.00		340,553.00	242,553.00
Shared Service Agreement:				
Mine Hill Township	1,859,700.00		1,859,700.00	
Wharton Board of Education	44,100.00		49,082.72	4,982.72
Clean Communities Grant		\$ 14,384.22	14,384.22	
Alcohol Education and Rehabilitation Fund		259.59	259.59	
Municipal Alliance on Alcoholism and Drug Abuse		6,711.00	6,711.00	
Body Armor Replacement Fund	1,842.93		1,842.93	
American Rescue Plan -				
Firefighter Grant Program		35,000.00	35,000.00	
Local Recreational Improvement Grant		76,000.00	76,000.00	
Stormwater Assistance		15,000.00	15,000.00	
County of Morris Open Space		1,373,000.00	1,373,000.00	
Water Utility Operating Surplus of Prior Year	185,000.00		185,000.00	
Sewer Utility Operating Surplus of Prior Year	137,000.00		137,000.00	
Reserve for Sale of Municipal Assets	350,000.00		350,000.00	
Reserve for Pending Tax Appeals	350,000.00		350,000.00	
	<u>3,939,831.99</u>	<u>1,520,354.81</u>	<u>5,973,125.15</u>	<u>512,938.35</u>
Receipt from Delinquent Taxes	315,000.00		411,192.34	96,192.34
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	4,522,032.54		5,061,691.50	539,658.96
Minimum Library Tax	294,924.30		294,924.30	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>4,816,956.84</u>		<u>5,356,615.80</u>	<u>539,658.96</u>
Budget Totals	11,525,582.83	1,520,354.81	14,194,727.29	<u>\$ 1,148,789.65</u>
Nonbudget Revenue			1,294,699.73	
	<u>\$ 11,525,582.83</u>	<u>\$ 1,520,354.81</u>	<u>\$ 15,489,427.02</u>	

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 24,698,620.13
Allocated to County, Local School District, Regional High School and Local Open Space Taxes	20,252,004.33
	4,446,615.80
Balance for Support of Municipal Budget	4,446,615.80
Add: Appropriation "Reserve for Uncollected Taxes"	910,000.00
	910,000.00
Realized for Support of Municipal Budget	\$ 5,356,615.80

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 399,713.51
Tax Title Lien Collections	11,478.83
	411,192.34
Realized for Support of Municipal Budget	\$ 411,192.34

Analysis of Fees and Permits - Other:

Collected/Received by Treasurer	\$ 61,217.30
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Analysis of Interest on Investments and Deposits:

Collections	\$ 105,852.68
Received from Animal Control Fund	555.19
Received from Other Trust Funds	4,815.01
Received from General Capital Fund	102,244.34
	213,467.22
	\$ 213,467.22

Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Prior Year Appropriation Refunds	\$ 270,178.31
Outside Detail - Administrative Fees	67,212.86
Cable TV Franchise Fees	65,673.52
Sale of Assets	48,195.00
North Jersey Municipal Employee Benefits Fund	41,514.00
PSE&G Line Extension	19,823.84
State of New Jersey:	
Uniform Fire Code Local Enforcement Agency Rebates	20,445.45
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	630.78
Motor Vehicle Inspections	200.00
Cancellation of Stale Dated Checks	10,616.27
Fire Safety Fees	5,588.00
Application Fee	5,000.00
Scrap Metal	2,402.00
Police Reports/Copies/Fingerprinting	1,439.33
Police Officer Application Fees	230.00
Clerk Copies	60.45
Other Miscellaneous Revenue	3,082.76
	562,292.57

Tax Collector:

Payments in Lieu of Taxes	731,284.93
Other Miscellaneous Revenue	1,122.23
	732,407.16
	\$ 1,294,699.73

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 124,675.00	\$ 147,675.00	\$ 135,918.94	\$ 11,756.06
Other Expenses	65,250.00	65,250.00	56,642.75	8,607.25
Mayor and Council:				
Salaries and Wages	84,510.00	84,510.00	84,475.10	34.90
Other Expenses	79,500.00	84,500.00	82,133.81	2,366.19
Municipal Clerk:				
Salaries and Wages	55,010.00	55,010.00	45,663.76	9,346.24
Other Expenses	21,400.00	21,400.00	20,229.68	1,170.32
Financial Administration:				
Salaries and Wages	82,040.00	82,040.00	76,169.49	5,870.51
Other Expenses	23,000.00	23,000.00	12,643.65	10,356.35
Other Expenses - Computer Maintenance/Support	25,000.00	25,000.00	25,000.00	
Annual Audit	33,000.00	33,000.00		33,000.00
Tax Assessment Administration:				
Salaries and Wages	42,000.00	45,000.00	42,002.69	2,997.31
Other Expenses	2,800.00	2,800.00	2,479.29	320.71
Revision of Tax Map	10,100.00	10,100.00		10,100.00
Revenue Administration (Tax Collection):				
Salaries and Wages	55,820.00	55,820.00	50,834.16	4,985.84
Other Expenses	9,750.00	9,750.00	4,648.64	5,101.36

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT (Cont'd):				
Engineering Services and Costs:				
Other Expenses	\$ 34,650.00	\$ 34,650.00	\$ 13,295.25	\$ 21,354.75
Legal Services and Costs:				
Other Expenses	67,040.00	67,040.00	46,561.56	20,478.44
Codification of Ordinances	7,000.00	12,000.00	7,464.03	4,535.97
LAND USE ADMINISTRATION:				
Municipal Land Use Law (NJSA 40:55D-1):				
Land Use Board:				
Salaries and Wages	12,840.00	12,840.00	12,280.56	559.44
Other Expenses	17,660.00	35,660.00	26,726.00	8,934.00
Zoning Board of Adjustment:				
Salaries and Wages	100,070.00	100,070.00	94,118.37	5,951.63
INSURANCE:				
Workers' Compensation Insurance	30,307.75	30,307.75	30,307.75	
Liability Insurance	54,784.25	54,784.25	40,396.25	14,388.00
Group Insurance for Employees	574,273.00	371,773.00	264,872.66	106,900.34
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00	
PUBLIC SAFETY:				
Police:				
Salaries and Wages	1,317,760.00	1,127,760.00	978,482.88	149,277.12
Other Expenses	234,300.00	384,300.00	368,327.46	15,972.54
Dispatchers:				
Other Expenses	139,500.00	139,500.00		139,500.00

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC SAFETY (Cont'd):				
Emergency Management Services:				
Salaries and Wages	\$ 4,120.00	\$ 4,120.00	\$ 4,119.98	\$ 0.02
Other Expenses	1,350.00	1,350.00	485.14	864.86
Fire Department:				
Other Expenses - Building Rent	42,300.00	42,300.00	37,406.76	4,893.24
Aid to Volunteer Fire Company	54,345.00	54,345.00	42,574.84	11,770.16
PUBLIC WORKS:				
Street and Road Repairs and Maintenance:				
Salaries and Wages	319,135.00	361,135.00	345,354.43	15,780.57
Other Expenses	209,600.00	269,600.00	254,191.93	15,408.07
Public Buildings and Grounds:				
Salaries and Wages	38,560.00	38,560.00		38,560.00
Other Expenses	43,724.00	93,724.00	54,118.25	39,605.75
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	13,995.00	15,495.00	13,089.30	2,405.70
Other Expenses	106,475.00	106,475.00	99,222.00	7,253.00
Animal Control:				
Salaries and Wages	4,080.00	4,080.00		4,080.00
Other Expenses	13,350.00	13,350.00	12,457.52	892.48
Contribution to Senior Citizen Center (R.S. 40:48-9.4)	2,500.00	2,500.00	2,500.00	

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
HEALTH AND HUMAN SERVICES (Cont'd):				
Senior Citizen Van:				
Salaries and Wages	\$ 76,000.00	\$ 76,000.00	\$ 51,310.47	\$ 24,689.53
Other Expenses	5,200.00	5,200.00	3,979.29	1,220.71
RECREATION AND EDUCATION:				
Parks and Playgrounds:				
Other Expenses	49,150.00	54,150.00	53,255.55	894.45
Recreation:				
Salaries and Wages	42,285.00	42,285.00	37,326.81	4,958.19
Other Expenses	36,894.00	36,894.00	23,538.20	13,355.80
UTILITIES:				
Bulk Utilities	242,740.00	242,740.00	192,848.03	49,891.97
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	176,645.00	190,645.00	144,731.75	45,913.25
Other Expenses	4,400.00	9,400.00	5,189.51	4,210.49
Other Code Enforcement Functions:				
Housing Inspector:				
Salaries and Wages	32,590.00	38,590.00	38,286.80	303.20
Other Expenses	3,800.00	3,800.00	3,642.65	157.35
Fire Safety:				
Salaries and Wages	18,760.00	22,760.00	20,919.20	1,840.80
Other Expenses	4,500.00	4,500.00	1,411.27	3,088.73

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
UNCLASSIFIED:				
Celebration of Public Events, Anniversary or Holiday (R.S. 40:48-5.4)	\$ 32,000.00	\$ 32,000.00	\$ 22,720.12	\$ 9,279.88
Regionalization Feasibility Study	3,000.00	3,000.00		3,000.00
Evaluation/Upgrade Office Hardware/Software:				
Other Expenses	12,500.00	12,500.00	11,131.80	1,368.20
Total Operations Within "CAPS"	4,903,038.00	4,902,038.00	4,002,486.33	899,551.67
Detail:				
Salaries and Wages	2,600,895.00	2,504,395.00	2,175,084.69	329,310.31
Other Expenses	2,302,143.00	2,397,643.00	1,827,401.64	570,241.36
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	171,300.00	171,300.00	171,300.00	
Social Security System (O.A.S.I.)	180,849.60	180,849.60	150,195.07	30,654.53
Police and Firemen's Retirement System of NJ	796,017.00	796,017.00	796,017.00	
Defined Contribution Retirement System	15,000.00	15,000.00	3,507.10	11,492.90
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,163,166.60	1,163,166.60	1,121,019.17	42,147.43
Total General Appropriations for Municipal Purposes Within "CAPS"	4,903,038.00	4,902,038.00	4,002,486.33	899,551.67

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operations Excluded from "CAPS":				
Maintenance of Free Public Library	\$ 294,924.30	\$ 294,924.30	\$ 294,924.30	\$ 19,500.00
Tax Appeals	27,000.00	27,000.00	7,500.00	
Public Employees' Retirement System Exclusion	10,345.00	10,345.00	10,345.00	
Police and Firemen's Retirement System of NJ Exclusion	94,121.00	94,121.00	94,121.00	
Shared Service Agreements:				
Mine Hill Township - Police Salaries and Wages	1,859,700.00	1,859,700.00	1,859,700.00	
Mount Arlington - Shared Court	195,200.00	195,200.00	42,186.36	153,013.64
Wharton Board of Education - Class III Special Officer	44,100.00	45,100.00	44,211.50	888.50
Public and Private Programs Offset by Revenue:				
Clean Communities Grant (NJSA 40A:4-87 +\$14,384.22)		14,384.22	14,384.22	
Municipal Alliance on Alcoholism and Drug Abuse:				
Grant Funds (NJSA 40A:4-87 +\$6,711.00)		6,711.00	6,711.00	
Matching Funds	5,000.00	5,000.00	5,000.00	
Body Armor Replacement Fund	1,842.93	1,842.93	1,842.93	
American Rescue Plan -				
Firefighter Grant Program (NJSA 40A:4-87 +\$35,000.00)		35,000.00	35,000.00	
Local Recreational Improvement Grant (NJSA 40A:4-87 +\$76,000.00)		76,000.00	76,000.00	
Stormwater Assistance (NJSA 40A:4-87 +\$15,000.00)		15,000.00	15,000.00	
County of Morris Open Space (NJSA 40A:4-87 +\$1,373,000.00)		1,373,000.00	1,373,000.00	
Alcohol Education, Rehabilitation and Enforcement Fund				
(NJSA 40A:4-87 +\$259.59)		259.59	259.59	
Total Operations Excluded from "CAPS"	2,532,233.23	4,053,588.04	3,880,185.90	173,402.14
Detail:				
Salaries and Wages	1,859,700.00	1,859,700.00	1,859,700.00	
Other Expenses	672,533.23	2,193,888.04	2,020,485.90	173,402.14

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Capital Improvements - Excluded from "CAPS":				
Capital Improvement Fund	\$ 1,978,645.00	\$ 1,978,645.00	\$ 1,978,645.00	
Down Payments on Improvements:				
Senior Bus	7,500.00	7,500.00	7,500.00	
Emergency Service Vehicles	31,000.00	31,000.00	31,000.00	
	<u>2,017,145.00</u>	<u>2,017,145.00</u>	<u>2,017,145.00</u>	
Total Capital Improvements - Excluded from "CAPS"				
Total General Appropriations - Excluded from "CAPS"	5,712,544.83	7,233,899.64	7,018,350.07	\$ 215,549.57
Subtotal General Appropriations	10,615,582.83	12,135,937.64	11,020,836.40	1,115,101.24
Reserve for Uncollected Taxes	910,000.00	910,000.00	910,000.00	
Total General Appropriations	<u>\$ 11,525,582.83</u>	<u>\$ 13,045,937.64</u>	<u>\$ 11,930,836.40</u>	<u>\$ 1,115,101.24</u>

Ref.

A

BOROUGH OF WHARTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023
(Continued)

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 11,525,582.83	
Added by NJSA 40A:4-87		1,520,354.81	
		\$ 13,045,937.64	
Reserve for Uncollected Taxes			\$ 910,000.00
Reserve for Encumbrances	A		218,186.63
Due Federal and State Grant Fund			1,527,197.74
Cash Disbursed			9,680,273.51
			12,335,657.88
Less: Appropriation Refunds Received			404,821.48
			\$ 11,930,836.40

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
TRUST FUNDS

BOROUGH OF WHARTON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 9,377.66	\$ 4,321.45
Change Fund - Collector		100.00	100.00
		<u>9,477.66</u>	<u>4,421.45</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	2,636,998.07	2,676,385.28
Police Outside Detail Receivable		57,392.75	
Due Current Fund	A	18,110.97	
		<u>2,712,501.79</u>	<u>2,676,385.28</u>
TOTAL ASSETS		<u>\$ 2,721,979.45</u>	<u>\$ 2,680,806.73</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 164.40	\$ 164.40
Reserve for Animal Control Expenditures	B-6	9,313.26	4,257.05
		<u>9,477.66</u>	<u>4,421.45</u>
Other Trust Funds:			
Due State of New Jersey - Department of Community Affairs State Training Fees		5,479.00	5,725.00
Special Deposits		518,432.21	561,023.32
Reserve for:			
Unemployment Insurance Fund		220,732.90	203,246.43
Municipal Court - Parking Offense Adjudication Act		1,768.00	1,504.00
Police Outside Detail		56,452.87	63,840.89
Police Forfeited Assets		38,098.23	36,107.18
Municipal Open Space		324,991.58	211,277.29
Housing Trust		247,015.80	229,496.88
Wharton Pride		234,163.91	231,510.25
Accumulated Absences		443,114.85	443,114.85
Relocation Assistance Fund		6,869.14	6,869.14
Self Insurance Deductible		150,202.63	150,202.63
Recreation Trust		13,154.11	13,154.11
Storm Recovery		452,026.56	519,313.31
		<u>2,712,501.79</u>	<u>2,676,385.28</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 2,721,979.45</u>	<u>\$ 2,680,806.73</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
GENERAL CAPITAL FUND

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,584,596.98	\$ 1,609,017.51
Grants Receivable:			
New Jersey Department of Transportation:			
Transportation Alternatives Program		1,685,771.31	1,685,771.31
Transportation Trust Fund		496,905.00	550,450.00
Morris County Historic Preservation Trust Fund		15,738.00	15,738.00
Morris County Community Development Block Grant			80,000.00
Morris County Trails Construction Grant		284,498.13	154,398.13
TOTAL ASSETS		\$ 4,067,509.42	\$ 4,095,374.95
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-5	\$ 3,596,860.18	3,642,893.49
Capital Improvement Fund	C-6	84,532.82	184,532.82
Reserve for:			
Emergency Service Vehicles		93,000.00	62,000.00
Garbage Truck		14,500.00	14,500.00
Main Street Improvements		25,037.41	75,037.41
Senior Bus		55,526.00	48,026.00
Purchase of Property		5,000.00	5,000.00
Environmental Cleanup		62,567.78	63,000.00
Fund Balance	C-1	130,485.23	385.23
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 4,067,509.42	\$ 4,095,374.95

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 385.23
Increased by:		
Improvement Authorizations Canceled		\$ 1,000,000.00
Grant Award for Fully Funded Ordinance: Morris County Trails Construction		130,100.00
		1,130,100.00
		1,130,485.23
Decreased by:		
Appropriated to Finance Improvement Authorizations		1,000,000.00
		1,000,000.00
Balance December 31, 2023	C	\$ 130,485.23

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
WATER UTILITY FUND

BOROUGH OF WHARTON
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2023	2022
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 2,040,337.34	\$ 1,727,241.10
Change Fund		100.00	100.00
		<u>2,040,437.34</u>	<u>1,727,341.10</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	170,441.62	211,052.60
		<u>170,441.62</u>	<u>211,052.60</u>
Total Operating Fund		<u>2,210,878.96</u>	<u>1,938,393.70</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	2,544,101.98	2,169,273.97
Due from Federal and State Grant Fund	A	666,634.01	
Fixed Capital	D-7	16,204,844.58	16,204,844.58
Fixed Capital Authorized and Uncompleted	D-8	3,700,000.00	2,475,000.00
		<u>23,115,580.57</u>	<u>20,849,118.55</u>
TOTAL ASSETS		<u>\$ 25,326,459.53</u>	<u>\$ 22,787,512.25</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 481,727.35	\$ 601,556.70
Encumbered	D-3;D-9	13,048.09	20,706.18
		<u>494,775.44</u>	<u>622,262.88</u>
Water Rent Overpayments		11,876.84	9,167.20
Accrued Interest on Loans		546.88	820.32
Reserve for American Rescue Plan		12,555.03	676.53
		<u>519,754.19</u>	<u>632,926.93</u>
Reserve for Receivables	D	170,441.62	211,052.60
Fund Balance	D-1	1,520,683.15	1,094,414.17
		<u>1,520,683.15</u>	<u>1,094,414.17</u>
Total Operating Fund		<u>2,210,878.96</u>	<u>1,938,393.70</u>
Capital Fund:			
NJIB Loan Payable	D-16	50,678.59	76,654.51
Improvement Authorizations:			
Funded	D-10	2,145,410.13	1,320,582.12
Capital Improvement Fund	D-11	150,229.48	600,229.48
Reserve for Sterling Street WaterTank Rehabilitation		666,634.01	
Reserve for Amortization	D-12	16,154,165.99	16,128,190.07
Deferred Reserve for Amortization	D-13	3,700,000.00	2,475,000.00
Fund Balance	D-1A	248,462.37	248,462.37
		<u>23,115,580.57</u>	<u>20,849,118.55</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		<u>\$ 25,326,459.53</u>	<u>\$ 22,787,512.25</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 550,000.00	\$ 607,000.00
Water Rents		2,854,043.80	2,573,472.80
Miscellaneous Revenue Anticipated		160,128.26	49,795.82
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		523,867.28	584,813.91
		<u>4,088,039.34</u>	<u>3,815,082.53</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,975,737.00	1,947,647.75
Capital Improvements		835,000.00	835,000.00
Debt Service		26,133.36	27,150.69
Deferred Charges and Statutory Expenditures		89,900.00	82,340.00
		<u>2,926,770.36</u>	<u>2,892,138.44</u>
Excess in Revenues/Statutory Excess to Fund Balance		1,161,268.98	922,944.09
<u>Fund Balance</u>			
Balance January 1		1,094,414.17	939,470.08
		<u>2,255,683.15</u>	<u>1,862,414.17</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Water Utility Operating Budget		550,000.00	607,000.00
Current Fund Budget		185,000.00	161,000.00
		<u>1,520,683.15</u>	<u>1,094,414.17</u>
Balance December 31	D	<u>\$ 1,520,683.15</u>	<u>\$ 1,094,414.17</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	D	<u>\$ 248,462.37</u>
Balance December 31, 2023	D	<u><u>\$ 248,462.37</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Operating Surplus Anticipated	\$ 550,000.00	\$ 550,000.00	
Water Rents	2,365,637.00	2,854,043.80	\$ 488,406.80
Miscellaneous	20,000.00	160,128.26	140,128.26
	<u>2,935,637.00</u>	<u>3,564,172.06</u>	<u>\$ 628,535.06</u>

Analysis of Water Rents

Collections	\$ 2,845,091.73	
Overpayments Applied	<u>8,952.07</u>	
		<u>\$ 2,854,043.80</u>

Analysis of Miscellaneous Revenue

Collector:		
New Meter Fees	\$ 3,485.00	
Fines	180.04	
Final Fees	1,889.29	
Interest and Costs on Delinquent Water Rents	7,592.03	
Fire Standby Fees	7,500.00	
Connection Fee	5,399.26	
Water Turn On/Off Fees	1,050.00	
Hydrant Permits	<u>200.00</u>	
		\$ 27,295.62
Treasurer:		
Interest on Investments and Deposits:		
Collected/Received by Treasurer	<u>132,832.64</u>	
		<u>132,832.64</u>
		<u>\$ 160,128.26</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 509,510.00	\$ 509,510.00	\$ 399,786.16	\$ 109,723.84	
Other Expenses	1,466,227.00	1,466,227.00	1,164,216.17	302,010.83	
Capital Improvements:					
Capital Improvement Fund	775,000.00	775,000.00	775,000.00		
Capital Outlay	60,000.00	60,000.00		60,000.00	
Debt Service:					
NJIB Loan - Principal and Interest	35,000.00	35,000.00	26,133.36		\$ 8,866.64
Statutory Expenditures:					
Public Employees' Retirement System	43,900.00	43,900.00	43,900.00		
Contribution to Social Security System (O.A.S.I.)	41,000.00	41,000.00	31,007.32	9,992.68	
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		
	<u>\$ 2,935,637.00</u>	<u>\$ 2,935,637.00</u>	<u>\$ 2,445,043.01</u>	<u>\$ 481,727.35</u>	<u>\$ 8,866.64</u>

Ref.

D

Cash Disbursed	\$ 2,431,837.48
Accrued Interest on NJIB Loan	157.44
Encumbrances	13,048.09
	<u>\$ 2,445,043.01</u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
SEWER UTILITY FUND

BOROUGH OF WHARTON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	December 31,	
		<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-4	\$ 1,530,996.31	\$ 1,395,704.99
Change Fund		100.00	100.00
		<u>1,531,096.31</u>	<u>1,395,804.99</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-6	74,223.99	76,982.43
		<u>74,223.99</u>	<u>76,982.43</u>
Total Receivables with Full Reserves		<u>74,223.99</u>	<u>76,982.43</u>
Total Operating Fund		<u>1,605,320.30</u>	<u>1,472,787.42</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	1,381,317.33	1,039,161.39
Fixed Capital	E-7	6,278,372.60	6,278,372.60
Fixed Capital Authorized and Uncompleted	E-8	930,000.00	465,000.00
Total Capital Fund		<u>8,589,689.93</u>	<u>7,782,533.99</u>
TOTAL ASSETS		<u><u>\$ 10,195,010.23</u></u>	<u><u>\$ 9,255,321.41</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 601,583.48	\$ 564,083.96
Encumbered	E-3;E-9	1,921.86	7,493.77
		<u>603,505.34</u>	<u>571,577.73</u>
Other Accounts Payable		2,800.00	2,800.00
Contracts Payable		464.49	14,464.49
Sewer Rent Overpayments		13,308.82	11,337.92
Reserve for American Rescue Plan		676.54	676.54
		<u>620,755.19</u>	<u>600,856.68</u>
Reserve for Receivables	E	74,223.99	76,982.43
Fund Balance	E-1	910,341.12	794,948.31
Total Operating Fund		<u>1,605,320.30</u>	<u>1,472,787.42</u>
Capital Fund:			
Improvement Authorizations - Funded	E-10	807,155.94	465,000.00
Capital Improvement Fund	E-11	573,569.47	573,569.47
Reserve for Amortization	E-12	6,278,372.60	6,278,372.60
Deferred Reserve for Amortization	E-13	930,000.00	465,000.00
Fund Balance	E-1A	591.92	591.92
Total Capital Fund		<u>8,589,689.93</u>	<u>7,782,533.99</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		<u><u>\$ 10,195,010.23</u></u>	<u><u>\$ 9,255,321.41</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2023	2022
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 550,000.00	\$ 577,143.75
Sewer User Charges		2,080,956.84	2,047,871.95
Miscellaneous Revenue Anticipated		82,806.40	33,678.24
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		542,945.57	460,955.17
		<u>3,256,708.81</u>	<u>3,119,649.11</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,901,277.25	1,851,528.75
Capital Improvements		465,000.00	465,000.00
Deferred Charges and Statutory Expenditures		88,038.75	78,615.00
		<u>2,454,316.00</u>	<u>2,395,143.75</u>
Excess in Revenues/Statutory Excess to Fund Balance		802,392.81	724,505.36
<u>Fund Balance</u>			
Balance January 1		<u>794,948.31</u>	<u>808,586.70</u>
		1,597,341.12	1,533,092.06
Decreased by:			
Utilized as Anticipated Revenue:			
Sewer Utility Operating Budget		550,000.00	577,143.75
Current Fund Budget		137,000.00	161,000.00
		<u>910,341.12</u>	<u>794,948.31</u>
Balance December 31	E	<u>\$ 910,341.12</u>	<u>\$ 794,948.31</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 591.92
Balance December 31, 2023	E	\$ 591.92

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Operating Surplus Anticipated	\$ 550,000.00	\$ 550,000.00	
Sewer User Charges	1,886,316.00	2,080,956.84	\$ 194,640.84
Miscellaneous Revenue	18,000.00	82,806.40	64,806.40
	<u>\$ 2,454,316.00</u>	<u>\$ 2,713,763.24</u>	<u>\$ 259,447.24</u>

Analysis of Sewer User Charges

Collections	\$ 2,071,232.03	
Overpayments Applied	9,724.81	
	<u> </u>	<u>\$ 2,080,956.84</u>

Analysis of Miscellaneous Revenue

Collector:

Interest and Costs on Delinquent Sewer

 User Charges

 Miscellaneous

\$ 7,911.41	
809.55	
<u> </u>	\$ 8,720.96

Treasurer:

Interest on Investments and Deposits:

 Collected/Received by Treasurer

74,085.44
<u> </u>
<u>\$ 82,806.40</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 410,745.00	\$ 410,745.00	\$ 311,104.54	\$ 99,640.46
Other Expenses	1,490,532.25	1,490,532.25	1,006,196.72	484,335.53
Capital Improvements:				
Capital Improvement Fund	465,000.00	465,000.00	465,000.00	
Statutory Expenditures:				
Public Employees' Retirement System	43,900.00	43,900.00	43,900.00	
Contribution to Social Security System (O.A.S.I.)	39,138.75	39,138.75	21,531.26	17,607.49
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00	
	<u>\$ 2,454,316.00</u>	<u>\$ 2,454,316.00</u>	<u>\$ 1,852,732.52</u>	<u>\$ 601,583.48</u>

Ref.

E

Cash Disbursed	\$ 1,850,810.66
Encumbrances Payable	1,921.86
	<u>\$ 1,852,732.52</u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
SPECIAL GARBAGE DISTRICT FUND

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	H-4	\$ 1,070,166.39	\$ 926,971.17
TOTAL ASSETS		<u>\$ 1,070,166.39</u>	<u>\$ 926,971.17</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	H-3;H-6	\$ 178,515.64	\$ 224,640.54
Encumbered	H-3;H-6	44,938.02	9,435.94
		<u>223,453.66</u>	<u>234,076.48</u>
Other Accounts Payable		53,036.00	
Fund Balance	H-1	793,676.73	692,894.69
TOTAL RESERVES AND FUND BALANCE		<u>\$ 1,070,166.39</u>	<u>\$ 926,971.17</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	<u>Year Ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated		\$ 84,600.00	\$ 82,900.00
District Tax		1,341,882.50	1,277,043.25
Nonbudget Revenue		41,356.48	37,896.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		144,025.56	129,216.93
		<u>1,611,864.54</u>	<u>1,527,057.16</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,260,097.50	1,227,903.25
Capital Projects		80,000.00	55,000.00
Statutory Expenditures		86,385.00	77,040.00
		<u>1,426,482.50</u>	<u>1,359,943.25</u>
Excess in Revenues/Statutory Excess to Fund Balance		185,382.04	167,113.91
<u>Fund Balance</u>			
Balance January 1		692,894.69	608,680.78
		<u>878,276.73</u>	<u>775,794.69</u>
Decreased by:			
Utilized as Anticipated Revenue		84,600.00	82,900.00
		<u>84,600.00</u>	<u>82,900.00</u>
Balance December 31	H	<u>\$ 793,676.73</u>	<u>\$ 692,894.69</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 84,600.00	\$ 84,600.00	
Special District Tax	1,341,882.50	1,341,882.50	
	<u>1,426,482.50</u>	<u>1,426,482.50</u>	<u>\$ - 0 -</u>
Nonbudget Revenue		41,356.48	41,356.48
	<u>\$ 1,426,482.50</u>	<u>\$ 1,467,838.98</u>	<u>\$ 41,356.48</u>

Analysis of Nonbudget Revenue

Interest on Investments and Deposits	\$ 10,612.91
Sale of Garbage Stickers	5,465.00
Recycling Tonnage Grant	24,333.97
Miscellaneous	944.60
	<u>\$ 41,356.48</u>

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2023

	<u>Appropriation</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 390,865.00	\$ 390,865.00	\$ 381,742.30	\$ 9,122.70
Other Expenses	622,299.50	705,786.50	590,023.91	115,762.59
Group Insurance for Employees	246,933.00	163,446.00	163,446.00	
Capital Projects	80,000.00	80,000.00	33,900.09	46,099.91
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	43,900.00	43,900.00	43,900.00	
Social Security System (O.A.S.I.)	37,485.00	37,485.00	29,954.56	7,530.44
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00	
	<u>\$ 1,426,482.50</u>	<u>\$ 1,426,482.50</u>	<u>\$ 1,247,966.86</u>	<u>\$ 178,515.64</u>
	<u>Ref.</u>			H
Cash Disbursed			\$ 1,203,028.84	
Encumbrances	H		44,938.02	
			<u>\$ 1,247,966.86</u>	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF WHARTON
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Land and Improvements	\$ 19,852,185.00	\$ 18,986,525.00
Buildings and Improvements	7,171,892.00	7,115,578.00
Equipment	9,315,069.00	8,240,883.00
TOTAL ASSETS	<u>\$ 36,339,146.00</u>	<u>\$ 34,342,986.00</u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 36,339,146.00</u>	<u>\$ 34,342,986.00</u>
TOTAL RESERVES	<u>\$ 36,339,146.00</u>	<u>\$ 34,342,986.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Wharton include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Wharton, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Wharton do not include the operations of the municipal library or the Volunteer Emergency Services.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Wharton conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 of Wharton accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Trust Fund - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

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

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

Special Garbage District Fund - Collection of special district taxes to provide for the costs of garbage collection.

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - "Other significant accounting policies".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; fixed assets purchased by the Utility Capital Funds would be depreciated; investments would generally be stated at fair value; and the Borough's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

- D. Deferred Charges to Future Taxation - The General Capital Fund balance sheet includes unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans or by financed purchase agreements.

- E. Other significant accounting policies include:

Management Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments - Investments are stated at cost.

Grants Receivable - Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts - No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Compensated Absences - Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved.

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.

Inventories of Supplies - The cost 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.

General Fixed Assets

In accordance with New Jersey Administrative Code Accounting Requirements, as promulgated by Division of Local Government Services, General fixed assets are recorded at cost except for land and buildings, which are recorded at estimated historical cost as estimated by the independent appraisal company which conducted the inventory of the Borough's assets. Infrastructure assets are not included in general fixed assets; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Utility Funds. The values recorded in the General Fixed Asset Account Group and the Current and Capital Funds may not always agree due to differences in valuation methods, timing or recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Utility Funds is recorded in the Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

F. Budget/Budgetary Control - Annual appropriated budgets are usually prepared in the first quarter for the Current operating, utility, Special Garbage District and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Issued:</u>			
Water Utility - Loans	\$ 50,679	\$ 76,655	\$ 103,055
Total Issued	<u>50,679</u>	<u>76,655</u>	<u>103,055</u>
<u>Authorized but not Issued:</u>			
General - Bonds and Notes			1,000,000
Total Authorized but not Issued	<u>- 0 -</u>	<u>-0-</u>	<u>1,000,000</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 50,679</u>	<u>\$ 76,655</u>	<u>\$ 1,103,055</u>

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/23</u>
Loans Payable:				
Water Utility - NJIB	\$ 76,655		\$ 25,976	\$ 50,679
Total	<u>\$ 76,655</u>	<u>\$ - 0 -</u>	<u>\$ 25,976</u>	<u>\$ 50,679</u>
	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/22</u>
Loans Payable:				
Water Utility - NJIB	103,055		\$ 26,400	\$ 76,655
Total	<u>\$ 103,055</u>	<u>\$ -0-</u>	<u>\$ 26,400</u>	<u>\$ 76,655</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.00%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District Debt	\$ 1,121,931	\$ 1,121,931	
Local School District Debt	- 0 -		
Water Utility Debt	50,679	50,679	
General Debt	- 0 -		
	<u>\$ 1,172,610</u>	<u>\$ 1,172,610</u>	<u>\$ - 0 -</u>

Net Debt: \$- 0 - divided by Average Equalized Valuations of \$862,136,344 of Real Property = 0.00%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 30,174,772
Net Debt	<u>- 0 -</u>
Remaining Borrowing Power	<u>\$ 30,174,772</u>

Calculation of "Self-Liquidating Purpose", Water Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 3,564,172
Deductions:	
Operating and Maintenance Cost	\$2,065,637
Debt Service	<u>26,133</u>
Total Deductions	<u>2,091,770</u>
Excess in Revenue	<u>\$ 1,472,402</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

Calculation of "Self-Liquidating Purpose", Sewer Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$	2,713,763
Deductions:		
Operating and Maintenance Cost	\$	1,989,316
Debt Service		<u>- 0 -</u>
Total Deductions		<u>1,989,316</u>
Excess in Revenue	\$	<u>724,447</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

The Borough's debt issued and outstanding on December 31, 2023 is described as follows:

Water Utility Capital NJIB Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2023</u>
Various Water System Improvements	11/10/05	08/01/25	4.375%	<u>\$ 50,679</u>
Total Debt Issued and Outstanding				<u>\$ 50,679</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Three Years

<u>Calendar Year</u>	<u>Water Utility Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 25,552	\$ 1,313	\$ 26,865
2025	<u>25,127</u>	<u>656</u>	<u>25,783</u>
Total	<u>\$ 50,679</u>	<u>\$ 1,969</u>	<u>\$ 52,648</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Long-Term Debt (Cont'd)

NJ Infrastructure Bank (NJIB) Loan

On November 1, 2005, the Borough of Wharton entered into a NJ Infrastructure Bank Financing Program loan agreement with the State of New Jersey, acting by and through the NJ Department of Environmental Protection. The Fund loan portion is \$230,596 and the Trust loan portion is \$235,000. The aggregate amount of \$465,596 represents direct obligations of the Borough. The loan proceeds were obtained to finance a portion of the cost of water system improvement projects. At December 31, 2023, the Borough had borrowed or "drawn down" \$465,596 for these projects. The loan balance as of the end of the year is \$50,679.

Principal payments to the Fund commenced August 1, 2006 and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the Trust commenced August 1, 2007 and will continue on a semiannual basis over 19 years at 4.0%-5.0% interest. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings on the debt service reserve fund (as defined in the bond resolution) will be transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of up to one percent (1.0%) of the initial principal amount of the loan or such lesser amount, if any, as may be authorized by any act of the NJ State Legislature and as the State may approve from time to time is payable on this loan.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2023 which were appropriated and included as anticipated revenue in their own respective funds in the adopted budget for the year ending December 31, 2024 were as follows:

Current Fund	\$ 3,554,950
Water Utility Operating Fund	550,000
Sewer Utility Operating Fund	550,000
Special Garbage District Fund	150,000

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2023, the Borough had no deferred charges.

Note 5: Local or Regional School District Taxes

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

The Borough of Wharton has elected not to defer school taxes.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 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 a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

Borough contributions to PERS amounted to \$313,345 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$7,890 to the PERS for normal pension benefits on behalf of the Borough.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2022, the Borough's liability was \$3,749,903 for its proportionate share of the 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 which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

At June 30, 2022, the Borough's proportion was .0248%, which was an increase of .0027% from its proportion measured as of June 30, 2021. The Borough has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2022.

For the year ended December 31, 2023, the Borough recognized actual pension expense in the amount of \$313,345.

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was 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:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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 a 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 a 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 WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the table below.

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

Discount Rate

The discount rate used to measure the total pension liability 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 upon 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 to determine the total pension liability.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed on the previous page, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 4,817,527	\$ 3,749,903	\$ 2,841,312

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement 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.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2022, the State contributed an amount more than the actuarially determined amount.

The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of the retirement system, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual amounts over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State 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 local participating employers 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. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation (Cont'd)

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Borough contributions to PFRS amounted to \$890,138 for the year ended December 31, 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$167,725 to the PFRS for normal pension benefits on behalf of the Borough, which is more than the contractually required contribution of \$155,436.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2022, the Borough's liability for its proportionate share of the net pension liability was \$7,570,013. 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 which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the Borough's proportion was 0.0661%, which was an increase of 0.0028% from its proportion measured as of June 30, 2021. The Borough has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2022 information in the Notes to the Financial Statements as the June 30, 2023 information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$1,347,240 as of June 30, 2022. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the State's proportion was 0.0661%, which was an increase of 0.0028% from its proportion measured as of June 30, 2021 which is the same proportion as the Borough's.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Borough's Proportionate Share of the Net Pension Liability	\$ 7,570,013
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>1,347,240</u>
Total Net Pension Liability	<u>\$ 8,917,253</u>

For the year ended December 31, 2023, the Borough recognized total pension expense of \$890,138.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was 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:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 16.25% based on years of service
Investment Rate of Return	7.00%

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 a 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 WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

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

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability 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 upon 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 to determine the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1%	At Current	At 1%
	Decrease (6.00%)	Discount Rate (7.00%)	Increase (8.00%)
Borough's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 12,235,434	\$ 8,917,253	\$ 6,154,851

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized a pension expense of \$3,507 for 2023. Employee contributions to DCRP were \$6,384 for 2023.

Note 7: Accrued Sick and Vacation Benefits

Members of the Borough Police and Public Works Departments are permitted to accrue a limited amount of unused sick and compensatory time, which may be taken as time off or paid upon retirement at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$577,523. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation will be included in the Borough's budget operating expenditures in the year in which it is used.

Municipal (nonunion) employees are permitted to accrue unused vacation up to a maximum of 10 days and unused sick time up to a certain maximum depending upon years of service ranging from 15 to 25 years which may be taken as time off or paid upon retirement at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$160,207. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation could be included in the Borough's budget operating expenditures in the year in which it is used.

The above amounts are partially funded by the Reserve for Accumulated Absences of \$443,115 on the Other Trust Funds balance sheet at December 31, 2023.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 8: Deferred Compensation Plan

The Borough offers its employees deferred compensation plans (the “plans”) created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by The Hartford Life Insurance Company and Equitable, are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 9: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Tax Rate</u>	\$ 2.994	\$ 2.988	\$ 3.051
<u>Apportionment of Tax Rate</u>			
Municipal	0.554	0.542	0.534
Municipal Library	0.035	0.033	0.033
County	0.271	0.263	0.264
Local School	1.210	1.253	1.294
Regional High School	0.763	0.736	0.767
Special District	0.161	0.161	0.159
<u>Assessed Valuations</u>			
2023	<u>\$ 837,693,400</u>		
2022		<u>\$ 794,084,700</u>	
2021			<u>\$ 755,068,800</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 9: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collections Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2023	\$ 25,091,000	\$ 24,698,620	98.43%
2022	23,735,703	23,314,491	98.22%
2021	23,081,149	22,784,787	98.71%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 10: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investments section of this note.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Deposits: (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (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;
- (6) Local government investment pools;
- (7) 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); or

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

New Jersey statutes permit the Borough to purchase the following types of securities: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2023, cash and cash equivalents of the Borough of Wharton consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 100	\$ 6,448,463	\$ 6,448,563
Federal and State Grant		590,525	590,525
Animal Control	100	9,378	9,478
Other Trust		2,636,998	2,636,998
General Capital		1,584,597	1,584,597
Water Utility Operating	100	2,040,337	2,040,437
Water Utility Capital		2,544,102	2,544,102
Sewer Utility Operating	100	1,530,996	1,531,096
Sewer Utility Capital		1,381,317	1,381,317
Special Garbage District		1,070,166	1,070,166
	<u>\$ 400</u>	<u>\$ 19,836,879</u>	<u>\$ 19,837,279</u>

During the year ended December 31, 2023, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2023, was \$19,837,279 and the bank balance was \$19,600,206.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 18,111	\$ 1,739
Federal and State Grant Fund	1,739	666,634
Other Trust Funds		18,111
Water Utility Capital Fund	<u>666,634</u>	
	<u>\$ 686,484</u>	<u>\$ 686,484</u>

Interest earned in the General Capital and Utility Capital Funds during the year was transferred to the Current and Utility Operating Funds, respectively.

Note 12: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the North Jersey Municipal Employee Benefits Fund.

Property and Liability

The Borough of Wharton is a member of the Morris County Municipal Joint Insurance Fund. The Fund is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 12: Risk Management (Cont'd)

Summarized selected financial information for the Fund as of December 31, 2023 is as follows:

Total Assets	<u>\$ 38,605,475</u>
Net Position	<u>\$ 14,033,264</u>
Total Revenue	<u>\$ 25,319,250</u>
Total Expenses	<u>\$ 21,461,784</u>
Member Dividends	<u>\$ 324,246</u>
Change in Net Position for the Year Ended December 31	<u>\$ 3,533,220</u>

Financial statements for the Fund are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

Health Benefits

The Borough of Wharton is also a member of the North Jersey Municipal Employee Benefits Fund, (the "NJMEBF"). The NJMEBF is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following health benefit coverages are offered by the NJMEBF to its members:

- a.) Medical
- b.) Prescription
- c.) Dental

As a member of the NJMEBF, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJMEBF were to be exhausted, members would become responsible for their respective shares of the NJMEBF's liabilities.

The NJMEBF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 12: Risk Management (Cont'd)

Health Benefits (Cont'd)

Summarized selected financial information for the Fund as of December 31, 2023 is as follows:

Total Assets	<u>\$ 18,604,219</u>
Net Position	<u>\$ 11,915,533</u>
Total Revenue	<u>\$ 52,081,686</u>
Total Expenses	<u>\$ 51,448,063</u>
Member Dividends	<u>\$ 1,991,409</u>
Change in Net Position for the Year Ended December 31	<u>\$ (1,357,786)</u>

Financial statements for the NJMEBF are available at the Office of the Executive Director:

North Jersey Municipal Employee Benefits Fund
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

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 and employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 20,000	\$ 9,483	\$ 2,705	\$ 14,701	\$ 220,733
2022	20,000	7,466	896	9,922	203,246
2021	20,000	6,641	325	12,581	184,806

Self-Insurance Deductible

The Reserve for Self-Insurance Deductible account was established in the Other Trust Funds to fund the Borough's self-insured retention for Employment Practices Liability ("EPL") and Proof of Loss ("POL") claims should they occur. The Borough's obligation or exposure on an EPL/POL claim is the first \$20,000 of the claim and then 20% of the first \$250,000 for a combined possible exposure of \$70,000 per claim.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 13: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. It also deals with potential unasserted claims in the course of Borough business. The Borough vigorously contests these lawsuits and unasserted claims and believes the ultimate resolution will not have a material adverse effect on its financial position.

The municipality has been advised that a number of tax appeals have been filed. A reserve for pending tax appeals in the amount of \$536,666 has been recorded as a liability as of December 31, 2023, which it feels should be sufficient to cover these tax appeals.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Note 14: Open Space Trust Fund

The Borough created an Open Space Trust Fund with a tax levy of \$.01 per \$100 of assessed valuation in 1999. The tax levy was increased to \$.02 per \$100 of assessed valuation in 2004. The funds collected are used to acquire and maintain open space property in the Borough. To date, \$2,196,201 has been collected and the balances in the Open Space Trust Fund at December 31, 2023 and 2022 were \$324,992 and \$211,277, respectively.

Note 15: Economic Dependency

The Borough receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 16: Fixed Assets

The schedules below and on the following page are a summarization of the general fixed assets account group for the years ended December 31, 2023 and 2022:

	Balance			Balance
	Dec. 31, 2022	Additions	Deletions	Dec. 31, 2023
Land and Improvements	\$ 18,986,525	\$ 865,660		\$ 19,852,185
Buildings and Improvements	7,115,578	56,314		7,171,892
Equipment	8,240,883	1,074,186		9,315,069
	<u>\$ 34,342,986</u>	<u>\$ 1,996,160</u>	<u>\$ - 0 -</u>	<u>\$ 36,339,146</u>

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 16: Fixed Assets (Cont'd)

The following schedules are a summarization of the general fixed assets account group for the years ended December 31, 2023 and 2022:

	Balance			Balance
	Dec. 31, 2021	Additions	Deletions	Dec. 31, 2022
Land and Improvements	\$ 16,306,066	\$ 2,680,459		\$ 18,986,525
Buildings and Improvements	6,501,301	614,277		7,115,578
Equipment	8,270,027	296,856	\$ 326,000	8,240,883
	<u>\$ 31,077,394</u>	<u>\$ 3,591,592</u>	<u>\$ 326,000</u>	<u>\$ 34,342,986</u>

Note 17: Tax Abatements

As of December 31, 2023, the Borough provides a tax abatement to a redeveloper for its 248 residential apartment unit property in the Borough pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Borough and the redeveloper. The agreement is for a period of 30 years. 2011 was the first year in which the payments under this agreement was effective. In consideration of the Borough granting the redeveloper this tax abatement the developer will be required to pay to the Borough an annual service charge as follows: Stage One (years 1-15) – the annual service charge will be the greater of the minimum annual service charge or 10% of gross revenue; Stage Two (years 16-21) – the annual service charge as defined in Stage One or 20% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 3 (years 22-27) – the annual service charge as defined in Stage One or 40% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 4 (years 28-29) - – the annual service charge as defined in Stage One or 60% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 5 (year 30) – the annual service charge as defined in Stage One or 80% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater.

The minimum annual service charge per the agreement shall be the amount of total taxes levied against all real property in the area covered under this tax abatement in the last full tax year in which that area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the other provisions of the financial agreement would result in less than the minimum annual service charge being paid. In the event that the net profits on the redevelopment property exceed the allowable net profits for such period the redeveloper shall pay such excess net profits to the Borough as an additional service charge. Additionally, the Borough shall remit to the County of Morris on a quarterly basis, 5% of the Annual Service Charge received from the redeveloper in accordance with N.J.S.A. 40A:20-12b. The Borough recognized revenue in the amount of \$731,285 from this annual service charge or payment in lieu of taxes recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on this property for 2023 without the abatement would have been \$959,894 of which \$240,455 would have been for the local municipal tax, minimum library tax, municipal open space tax and special district tax.

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Borough has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Borough.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 18: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage 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) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 18: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Contributions

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 of coverage.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB benefit expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB benefit expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 18: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense Related to OPEB

The Borough has rolled forward the net OPEB liability as of June 30, 2022 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2022 OPEB information in the Notes to the Financial Statements as the June 30, 2022 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The State of New Jersey's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2022 was \$7,387,901. At June 30, 2022, the State's proportion related to the Borough was .218978% which was an increase of .009734% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022 the Borough's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$1,211,771.

Actuarial Assumptions and Other Inputs

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.

Salary Increases:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% - 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

BOROUGH OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 18: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

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

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

Health Care Trend Assumption

For pre-Medicare medical benefits, the trend rate is 6.25% for fiscal year 2023 and decreases to a 4.50% long term trend rate in 2030. For PPO post 65 medical benefits, the trend rate is -1.89% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For HMO Post 65 medical benefits, the trend rate is -1.99% in fiscal year 2023 and increases to a 4.50% trend rate starting with fiscal year 2033 and later. For prescription drug benefits, the trend rate is 8.00% for fiscal year 2023 and decreases to a 4.50% trend rate in 2030 and later.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond 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.

Note 19: Leases

The Borough implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the current year.

The Borough entered into a lease agreement for the lease of space on the Borough's property on which there is an existing cell tower for the development of the premises as a wireless communications facility including the structure, equipment and related facilities. The initial term of the lease was 5 years commencing on November 26, 1990. The lease has been amended three times. The current term of the lease is five years commencing on August 1, 2016 with automatic renewal for an additional five terms of five years each. The initial annual lease payment under the most recent amendment was \$45,600 with an increase of 10% at the beginning of each renewal term.

BOROUGH OF WHARTON

SUPPLEMENTARY DATA

BOROUGH OF WHARTON
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

<u>Name</u>		<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
William Chegwidden	Mayor		
Vincent Binkoski	Council President		
Sandra Hayes	Council		
Robert Norton	Council		
Paola Vasquez	Council		
Nicole Wickenheisser	Council		
Thomas Yeager	Council		
Gabrielle Evangelista	Borough Clerk	(A)	
Cheryl Muzzillo	Deputy Borough Clerk	(A)	
Joseph Kovalcik, Jr.	Borough Administrator; Chief Financial Officer	(A)	
Yolanda Dykes	Treasurer	\$ 1,000,000	Municipal Excess Liability JIF
Diana Spina	Tax Collector	1,000,000	Municipal Excess Liability JIF
Glen Sherman	Tax Assessor	(A)	
Sandi Critchlaw	Water/Sewer Clerk (from 08/08/22)	1,000,000	Municipal Excess Liability JIF
Scott Hutchins	Director of Public Works	(A)	
Andre Brezina	Construction Official	(A)	
Roman B. Hirniak	Borough Attorney		
Van Cleef Engineering Associates, LLC	Borough Engineer		

(A) All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
CURRENT FUND

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 5,969,080.66
Increased by Receipts:		
Tax Collector	\$ 26,066,211.32	
Revenue Accounts Receivable	3,419,739.11	
Miscellaneous Revenue Not Anticipated	562,292.57	
Change Fund Returned	300.00	
Petty Cash Returned	250.00	
Interest on Investments and Deposits	105,852.68	
Due Federal and State Grant Fund:		
Unappropriated Grant Funds Received	2,099.70	
Due Animal Control Fund - Interest Income	555.19	
Due Other Trust Funds:		
Interest Income	4,815.01	
Interfund Advanced	18,110.97	
Due General Capital Fund - Interest Income	102,244.34	
Reserve for Municipal Relief Fund Aid	57,337.84	
Due State of New Jersey:		
Marriage License Fees	1,125.00	
Senior Citizens' and Veterans' Deductions	31,539.04	
Contracts Payable	38,488.68	
Appropriation Refunds	404,821.48	
	30,815,782.93	
		36,784,863.59
Decreased by Disbursements:		
2023 Appropriation Expenditures	9,680,273.51	
2022 Appropriation Reserve Expenditures	221,839.56	
Change Fund Advanced	300.00	
Petty Cash Advanced	250.00	
Local School District Taxes	10,128,454.00	
Regional High School Taxes	6,389,940.00	
County Taxes	2,265,836.22	
Special Garbage District Taxes	1,341,882.50	
Due Federal and State Grant Fund:		
Matching Funds	5,000.00	
Current Year Expenditures	360.39	
Due Other Trust Funds:		
Municipal Open Space Tax Levy	125,654.01	
Reserve for Premium on Tax Sale Certificates	52,600.00	
Due State of New Jersey - Marriage License Fees	425.00	
Third Party Tax Title Lien Redemptions	97,796.91	
Refund of Tax Overpayments	25,789.03	
	30,336,401.13	
Balance December 31, 2023	A	\$ 6,448,462.46

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2023

Increased by Receipts:

Taxes Receivable	\$ 24,924,291.38	
Interest and Costs on Taxes	89,046.02	
2024 Prepaid Taxes	104,897.62	
Tax Overpayments	46,708.86	
Third Party Tax Title Liens	104,781.45	
Tax Title Liens	11,478.83	
Premium on Tax Sale Certificates	52,600.00	
Miscellaneous Revenue Not Anticipated	732,407.16	

\$ 26,066,211.32

Decreased by:

Payments to Municipal Treasurer

\$ 26,066,211.32

CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2023

Ref.

Balance December 31, 2022	A	\$ 668,190.66
Increased by Receipts:		
Current Year Grants Receivable		\$ 1,402,643.81
Prior Year Grants Receivable		2,000.00
Budget Appropriation - Matching Funds		5,000.00
		1,409,643.81
		2,077,834.47
Decreased by Disbursements:		
Current Year Expenditures		1,486,328.16
Prior Year Encumbrances		981.36
		1,487,309.52
		1,487,309.52
Balance December 31, 2023	A	<u>\$ 590,524.95</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2022	2023 Levy	Added Taxes	Collections		Over- payments Applied	State of NJ Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2023
				2022	2023					
2022	\$ 378,660.31		\$ 19,053.20	\$ 106,850.20	\$ 399,713.51	\$ 34,316.72	\$ (2,000.00)	\$ 22,555.84	\$ 32,602.06	\$ 337,221.73
2023	\$ 378,660.31	\$ 25,090,999.76	\$ 19,053.20	\$ 106,850.20	\$ 24,924,291.38	\$ 34,316.72	\$ 30,875.34	\$ 22,555.84	\$ 32,602.06	\$ 337,221.73

Ref. A

Analysis of 2023 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 25,078,006.89
Added and Omitted Taxes	12,992.87
	<u>\$ 25,090,999.76</u>

Tax Levy:

Local School District Taxes	\$ 10,128,454.00
Regional High School Taxes	6,389,940.00
Special Garbage District Taxes	1,341,882.50
Local Open Space Taxes	125,654.01
County Taxes:	
General Tax	\$ 2,209,151.68
Open Space	55,746.28
Due County for Added and Omitted Taxes	1,175.86
	<u>2,266,073.82</u>
	<u>20,252,004.33</u>

Local Tax for Municipal Purposes Levied
 Library Tax Levied

	4,522,032.54
	294,924.30
	4,816,956.84
	<u>22,038.59</u>
Add: Additional Tax Levied	4,838,995.43
	<u>\$ 25,090,999.76</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2022	A	\$ 170,471.94
Increased by:		
Transfer from Taxes Receivable		\$ 32,602.06
Interest and Costs on Liens		1,871.75
		<hr/>
		34,473.81
		<hr/>
		204,945.75
Decreased by:		
Cash Collections		11,478.83
		<hr/>
Balance December 31, 2023	A	<u><u>\$ 193,466.92</u></u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Accrued in</u> <u>2023</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2023</u>
Licenses:				
Alcoholic Beverages		\$ 7,260.00	\$ 7,260.00	
Other		15,815.00	15,815.00	
Fees and Permits - Other		61,217.30	61,217.30	
Fines and Costs - Municipal Court	\$ 9,055.06	161,257.36	160,440.29	\$ 9,872.13
Rents - Borough Lease		50,160.00	50,160.00	
Energy Receipts Tax		553,510.80	553,510.80	
Construction Code Official		340,553.00	340,553.00	
Shared Service Agreement:				
Mine Hill Township		1,859,700.00	1,859,700.00	
Wharton Board of Education		49,082.72	49,082.72	
Water Utility Operating Surplus of Prior Year		185,000.00	185,000.00	
Sewer Utility Operating Surplus of Prior Year		137,000.00	137,000.00	
	<u>\$ 9,055.06</u>	<u>\$ 3,420,556.18</u>	<u>\$ 3,419,739.11</u>	<u>\$ 9,872.13</u>

Ref. A

A

BOROUGH OF WHARTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

Grant Description	Balance Dec. 31, 2022	Accrued in 2023	Received	Balance Dec. 31, 2023
Clean Communities Grant		\$ 14,384.22	\$ 14,384.22	
Alcohol Education, Rehabilitation and Enforcement Fund		259.59	259.59	
Municipal Alliance on Alcoholism and Drug Abuse	\$ 6,711.00	6,711.00	2,000.00	\$ 11,422.00
Body Armor Replacement Fund		1,842.93	1,842.93	
Body Worn Camera Grant	4,059.70			4,059.70
American Rescue Plan - Firefighter Grant Program		35,000.00		35,000.00
Local Recreational Improvement Grant		76,000.00		76,000.00
Stormwater Assistance		15,000.00	15,000.00	
County of Morris Open Space Highlands Council		1,373,000.00	1,373,000.00	
	<u>124,495.95</u>			<u>124,495.95</u>
	<u>\$ 135,266.65</u>	<u>\$ 1,522,197.74</u>	<u>\$ 1,406,486.74</u>	<u>\$ 250,977.65</u>

Ref.

A

A

Current Year Receivable

\$ 1,402,643.81

Prior Year Receivable:

Received

2,000.00

\$ 1,406,486.74

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 1,203.28	\$ 1,203.28		\$ 1,203.28
Other Expenses	49,404.52	49,404.52	\$ 174.80	49,229.72
Mayor and Council:				
Salaries and Wages	5.06	5.06		5.06
Other Expenses	4,084.40	4,084.40		4,084.40
Municipal Clerk:				
Salaries and Wages	1,775.44	1,775.44		1,775.44
Other Expenses	4,063.72	4,063.72	1,425.12	2,638.60
Financial Administration:				
Salaries and Wages	4,938.76	4,938.76		4,938.76
Other Expenses	11,208.01	11,208.01	801.24	10,406.77
Other Expenses - Computer Maintenance/Support	15,000.00	15,000.00		15,000.00
Annual Audit	32,225.00	32,225.00	32,225.00	
Workers' Compensation Insurance				
Liability Insurance	18,283.00	18,283.00	3,250.00	15,033.00
Group Insurance for Employees	293,512.51	198,512.51	3,000.00	195,512.51
Tax Assessment Administration:				
Salaries and Wages	2,230.42	2,230.42		2,230.42
Other Expenses	1,031.96	1,031.96		1,031.96
Revision of Tax Map	10,100.00	10,100.00		10,100.00
Revenue Administration (Tax Collection):				
Salaries and Wages	2,886.04	2,886.04		2,886.04
Other Expenses	5,489.18	5,489.18	368.57	5,120.61
Engineering Services and Costs:				
Other Expenses	27,077.50	27,077.50	6,591.75	20,485.75
Legal Services and Costs:				
Other Expenses	18,715.50	18,715.50	105.00	18,610.50
Codification of Ordinances	6,920.45	6,920.45		6,920.45
Public Buildings and Grounds:				
Salaries and Wages	15,285.00	7,285.00		7,285.00
Other Expenses	46,914.32	46,914.32	25,685.69	21,228.63
Municipal Land Use Law (NJSA 40:55D-1):				
Land Use Board:				
Salaries and Wages	1,845.02	1,845.02		1,845.02
Other Expenses	14,648.58	14,648.58	1,014.00	13,634.58
Zoning Board of Adjustment:				
Salaries and Wages	5,338.06	5,338.06		5,338.06
PUBLIC SAFETY:				
Aid to Volunteer Fire Company	9,625.43	9,625.43	9,235.02	390.41
Fire Department:				
Other Expenses - Building Rent	4,400.00	4,400.00	4,400.00	
Police:				
Salaries and Wages	80,630.29	80,630.29		80,630.29
Other Expenses	71,053.58	71,053.58	63,887.55	7,166.03

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023
(Continued)

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY (Cont'd):				
Dispatchers:				
Other Expenses	\$ 1,406.39	\$ 1,406.39		\$ 1,406.39
Emergency Management Services:				
Salaries and Wages	0.01	0.01		0.01
Other Expenses	1,350.00	1,350.00		1,350.00
PUBLIC WORKS:				
Street and Road Repairs and Maintenance:				
Salaries and Wages	44,730.86	44,730.86		44,730.86
Other Expenses	23,203.65	103,203.65	\$ 22,520.22	80,683.43
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	2,161.57	2,161.57		2,161.57
Other Expenses	7,096.35	7,096.35		7,096.35
Animal Control:				
Salaries and Wages	2,500.00	2,500.00		2,500.00
Other Expenses	683.00	8,683.00	6,658.00	2,025.00
RECREATION AND EDUCATION:				
Parks and Playgrounds:				
Other Expenses	6,989.90	6,989.90	1,543.52	5,446.38
Recreation:				
Salaries and Wages	5,183.20	5,183.20		5,183.20
Other Expenses	9,423.95	9,423.95	7,406.15	2,017.80
Celebration of Public Events, Anniversary or Holiday - (R.S. 40:48-5.4)	10,408.14	10,408.14	10,313.13	95.01
Senior Citizen Van:				
Salaries and Wages	161.93	161.93		161.93
Other Expenses	3,363.22	3,363.22	353.55	3,009.67
UTILITIES:				
Bulk Utilities	89,765.21	89,765.21	18,945.34	70,819.87
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	20,567.91	35,567.91		35,567.91
Other Expenses	2,169.44	2,169.44	56.00	2,113.44
Other Code Enforcement Functions:				
Housing Inspector:				
Salaries and Wages	828.46	828.46		828.46
Other Expenses	2,104.69	2,104.69	32.49	2,072.20
Fire Safety:				
Salaries and Wages	2,596.22	2,596.22		2,596.22
Other Expenses	2,560.52	2,560.52	75.28	2,485.24
UNCLASSIFIED:				
Regionalization Feasibility Study	3,000.00	3,000.00		3,000.00
Evaluation/Upgrade Office Hardware/Software:				
Other Expenses	17,500.00	17,500.00		17,500.00

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023
(Continued)

	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	\$ 42,680.83	\$ 42,680.83	\$ 562.14	\$ 42,118.69
Defined Contribution Retirement System	10,236.76	10,236.76		10,236.76
Other Expenses - Tax Appeals	15,237.50	15,237.50	250.00	14,987.50
Shared Service Agreement:				
Mount Arlington - Shared Court	105,784.26	105,784.26	960.00	104,824.26
Wharton Board of Education - Class III Special Officer	25,978.78	25,978.78		25,978.78
	<u>\$ 1,219,567.78</u>	<u>\$ 1,219,567.78</u>	<u>\$ 221,839.56</u>	<u>\$ 997,728.22</u>

Analysis of Balance December 31, 2022:

	<u>Ref.</u>	
Encumbered	A	\$ 106,021.41
Unencumbered	A	1,113,546.37
		<u>\$ 1,219,567.78</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2023

Increased by:

Levy - Calendar Year 2023	\$	10,128,454.00
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Decreased by:

Payments to Local School District	\$	10,128,454.00
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CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2023

Increased by:

Levy - Calendar Year 2023	\$	6,389,940.00
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Decreased by:

Payments to Regional High School District	\$	6,389,940.00
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**BOROUGH OF WHARTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES**

Grant Description	Balance Dec. 31, 2022	Transferred from 2023 Budget Appropriations	Expended	Prior Year Encumbrances Canceled	Canceled	Balance Dec. 31, 2023
Municipal Alliance on Alcoholism and Drug Abuse:						
2023		\$ 6,711.00	\$ 6,711.00			
2022	\$ 4,711.00					\$ 4,711.00
Matching Funds:						
2023		5,000.00	3,520.74			1,479.26
2022	4,000.00					4,000.00
2021	2,486.41					2,486.41
2019	1,191.37					1,191.37
Clean Communities Grant:						
2023		14,384.22				14,384.22
2022	11,569.45		3,542.62			8,026.83
2021			2,983.76	\$ 2,983.76		
2018	895.92		895.92			
Drunk Driving Enforcement Fund:						
2019	28,498.41		14,171.75			14,326.66
Alcohol Education, Rehabilitation and Enforcement Fund:						
2023		259.59				259.59
2020	416.77					416.77
2019	482.25					482.25
2018	659.09					659.09
2014	413.56					413.56
2010	1,106.01					1,106.01
2008	1,221.38					1,221.38
Body Armor Replacement Fund:						
2023		1,842.93	1,842.93			
2022			317.53	317.53		
Body Worn Camera Grant	48,912.00		44,852.30			4,059.70
American Rescue Plan - Coronavirus State and Local Fiscal Recovery Funds	666,634.01				\$ 666,634.01	
Firefighter Grant Program		35,000.00	35,000.00			
Safe Corridors	7,468.00					7,468.00
Safe Kids / Safe Communities	245.00					245.00
Local Recreational Improvement Grant		76,000.00				76,000.00
Stormwater Assistance		15,000.00				15,000.00
County of Morris Open Space		1,373,000.00	1,373,000.00			
Highlands Council:						
Master Plan	2,116.25					2,116.25
Drainage Study	6,300.00					6,300.00
Pond Management Plan	7.90					7.90
	<u>\$ 789,334.78</u>	<u>\$ 1,527,197.74</u>	<u>\$ 1,486,838.55</u>	<u>\$ 3,301.29</u>	<u>\$ 666,634.01</u>	<u>\$ 166,361.25</u>

Ref.

A

A

Original Budget	\$ 6,842.93
Added by NJSA 40A:4-87	<u>1,520,354.81</u>
	<u>\$ 1,527,197.74</u>

Cash Disbursed	\$ 1,486,328.16
Due to Current Fund	360.39
Encumbrances Payable	150.00
	<u>1,486,838.55</u>
Less: Refunds Received	
	<u>\$ 1,486,838.55</u>

Due Water Utility Capital Fund - Reserve for Sterling Street WaterTank Rehabilitation

\$ 666,634.01

BOROUGH OF WHARTON
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2023

<u>Grant Description</u>	<u>Balance Dec. 31, 2022</u>	<u>Received</u>	<u>Transferred to 2023 Budget Revenue</u>	<u>Balance Dec. 31, 2023</u>
Body Armor Replacement Fund	\$ 1,842.93	\$ 2,099.70	\$ 1,842.93	\$ 2,099.70
	<u>\$ 1,842.93</u>	<u>\$ 2,099.70</u>	<u>\$ 1,842.93</u>	<u>\$ 2,099.70</u>
	<u>Ref.</u> A			A
Due from Current Fund		<u>\$ 2,099.70</u>		

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
TRUST FUNDS

BOROUGH OF WHARTON
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2022	B	\$ 4,321.45	\$ 2,676,385.28
Increased by Receipts:			
Animal Control License Fees:			
Dog License Fees		\$ 6,195.20	
Cat License Fees		1,921.00	
State Dog License Fees		823.80	
Late, Impound and Boarding Fees		1,522.00	
Due Current Fund:			
Interest Income		555.19	\$ 4,815.01
Municipal Open Space Tax Levy			125,654.01
Interest on Municipal Open Space Deposits			11,671.82
Due to State of New Jersey - Department of Community Affairs State Training Fees			11,310.00
Special Deposits			610,464.57
Police Outside Detail			273,006.77
Municipal Court:			
Parking Offense Adjudication Act Late Parking Fees			264.00
Deposits and Interest:			
Unemployment Insurance Fund			32,187.92
Housing Trust			17,518.92
Police Forfeited Assets			1,991.05
Storm Recovery			5,955.16
Wharton Pride			11,231.94
		<u>11,017.19</u>	<u>1,106,071.17</u>
		15,338.64	3,782,456.45
Decreased by Disbursements:			
Administrative Expenses		4,581.99	
Due to State of New Jersey		823.80	
Due Current Fund:			
Interest Income		555.19	4,815.01
Interfund Advanced			18,110.97
Due to State of New Jersey - Department of Community Affairs State Training Fees			11,556.00
Special Deposits - Refunds, Charges and Withdrawals			653,055.68
Police Outside Detail			337,787.54
Wharton Pride			8,578.28
Unemployment Insurance Fund			14,701.45
Municipal Open Space:			
Other Expenses			23,611.54
Storm Recovery			73,241.91
		<u>5,960.98</u>	<u>1,145,458.38</u>
Balance December 31, 2023	B	<u>\$ 9,377.66</u>	<u>\$ 2,636,998.07</u>

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2022	B	\$ 4,257.05
Increased by:		
Animal Control License Fees:		
Received:		
Dog Licenses		\$ 6,195.20
Cat Licenses		1,921.00
Late, Impound and Boarding Fees		1,522.00
		9,638.20
		13,895.25
Decreased by:		
Animal Control Expenditures		4,581.99
		4,581.99
Balance December 31, 2023	B	\$ 9,313.26

License Fees Collected:

<u>Year</u>		
2021		\$ 9,584.20
2022		8,243.60
		17,827.80
Maximum Allowable Reserve		\$ 17,827.80

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
GENERAL CAPITAL FUND

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 1,609,017.51
Increased by Receipts:		
Grants Receivable:		
New Jersey Department of Transportation:		
Transportation Trust Fund		\$ 203,400.00
Morris County Community Development Block Grant		80,000.00
Budget Appropriations:		
Capital Improvement Fund		1,978,645.00
Reserve for:		
Emergency Service Vehicles		31,000.00
Senior Bus		7,500.00
Due Current Fund - Interest Income		102,244.34
Improvement Authorization Refunds		12,878.99
		<u>2,415,668.33</u>
		4,024,685.84
Decreased by Disbursements:		
Improvement Authorization Expenditures		2,337,412.30
Reserve for Environmental Cleanup		432.22
Due Current Fund - Interest Income		102,244.34
		<u>2,440,088.86</u>
Balance December 31, 2023	C	<u><u>\$ 1,584,596.98</u></u>

**BOROUGH OF WHARTON
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance/ (Deficit) Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2023
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 385.23							\$ 130,485.23
Capital Improvement Fund	184,532.82	\$ 1,978,645.00				\$ 1,000,000.00	\$ 1,130,100.00	84,532.82
Grants Receivable:						2,078,645.00		
New Jersey Department of Transportation:								
Transportation Trust Fund	(550,450.00)		\$ 203,400.00			149,855.00		(496,905.00)
Transportation Alternatives Program	(1,685,771.31)							(1,685,771.31)
Morris County Historic Preservation Trust Fund	(15,738.00)							(15,738.00)
Morris County Community Development Block Grant	(80,000.00)		80,000.00					
Morris County Trails Construction Grant	(154,398.13)					130,100.00		(284,498.13)
Due Current Fund			102,244.34					
Reserve for:						\$ 102,244.34		
Emergency Service Vehicles	62,000.00							93,000.00
Garbage Truck	14,500.00	31,000.00						14,500.00
Main Street Improvement	75,037.41					50,000.00		25,037.41
Senior Bus	48,026.00	7,500.00						55,526.00
Purchase of Property	5,000.00							5,000.00
Environmental Cleanup	63,000.00					432.22		62,567.78
Ordinance								
Date	No.	Improvement Authorizations						
2/6/2017	01-17	Various Improvements						1,168.50
9/11/2017	11-17	Various Improvements						1,727.95
2/12/2018	02-18	Various Improvements		\$	5,001.25			5,001.25
3/26/2018	06-18	Various Improvements			117,130.06			117,130.06
4/9/2018	08-18	Police Equipment			757.88			757.88
3/11/2019	03-19	Morris Canal Lock 2 East				7,878.99		
4/22/2019	09-19	Various Improvements						4,893.49
5/6/2019	13-19	Canal Restoration Project						18,475.00
12/30/2019	23-19	Canal Restoration Project						34,557.10
2/24/2020	01-20	Various Improvements						108,773.48
2/24/2020	04-20	St. Mary's Street Improvements			82,702.83			82,702.83
10/19/2020	16-20	Purchase of a Fire Truck						96,315.80
2/8/2021	01-21	Various Improvements						11,616.25
2/8/2021	02-21	Morris Canal Lock 2 East						1,653.63
4/19/2021	08-21	Lafayette Street Improvements						87,468.58
5/3/2021	10-21	Various Improvements			231,700.00			231,700.00
9/27/2021	16-21	Acquisition of Lands			123,950.43			137,561.68
3/28/2022	04-22	Various Improvements			121,311.76			1,454,043.92
6/13/2022	11-22	Various Improvements			584,719.63			919,057.28
5/8/2023	07-23	Various Improvements			593,428.79			235,165.00
6/12/2023	12-23	Real Property and Land Acquisition			383,504.60			1,685,071.21
						2,278,500.00		1,685,071.21
						1,000,000.00		235,165.00
								616,495.40
						\$ 4,408,600.00		\$ 1,584,596.98
						\$ 102,676.56		\$ 102,676.56
						\$ 398,523.33		\$ 398,523.33
						\$ 2,017,145.00		\$ 2,017,145.00
						\$ 2,337,412.30		\$ 2,337,412.30
						\$ 4,408,600.00		\$ 4,408,600.00
						\$ 1,000,000.00		\$ 1,000,000.00
						\$ 4,408,600.00		\$ 4,408,600.00

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

**BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	No.	Ordinance Date	Amount	2023 Authorizations		Improvement Authorizations Canceled	Paid or Charged	Balance Dec. 31, 2023 Funded	
				Balance Dec. 31, 2022 Funded	Capital Improvement Fund				Other Sources
Various Improvements	01-17	2/6/2017	\$ 1,000,000.00	\$ 1,168.50				\$ 1,168.50	
Various Improvements	11-17	9/11/2017	400,000.00	1,727.95				1,727.95	
Various Improvements	02-18	2/12/2018	1,000,000.00	5,001.25			\$ 5,001.25		
Various Improvements	06-18	3/26/2018	1,031,500.00	280,176.16			117,130.06	163,046.10	
Police Equipment	08-18	4/9/2018	6,498.89	757.88			757.88		
Morris Canal Lock 2 East	03-19	3/11/2019	38,250.00	2,835.00			(7,878.99)	10,713.99	
Various Improvements	09-19	4/22/2019	766,500.00	14,839.03			4,893.49	9,945.54	
Canal Restoration Project	13-19	5/6/2019	38,790.00	18,475.00				18,475.00	
Canal Restoration Project	23-19	12/30/2019	2,759,852.00	34,557.10				34,557.10	
Various Improvements	01-20	2/24/2020	466,500.00	108,773.48			82,702.83	26,070.65	
St. Mary's Street Improvements	04-20	2/24/2020	257,000.00	96,315.80				96,315.80	
Purchase of a Fire Truck	16-20	10/19/2020	700,000.00	11,616.25				11,616.25	
Various Improvements	01-21	2/8/2021	1,000,000.00	1,653.63			843.00	810.63	
Morris Canal Lock 2 East	02-21	2/8/2021	1,123,060.00	87,468.58			87,468.58		
Lafayette Street Improvements	08-21	4/19/2021	231,700.00	231,700.00			231,700.00		
Various Improvements	10-21	5/3/2021	729,000.00	137,561.68			123,950.43	13,611.25	
Acquisition of Lands	16-21	9/27/2021	2,000,000.00	1,454,043.92		\$ 1,000,000.00	116,311.76	337,732.16	
Various Improvements	04-22	3/28/2022	1,000,000.00	919,057.28			584,719.63	334,337.65	
Various Improvements	11-22	6/13/2022	235,165.00	235,165.00				235,165.00	
Various Improvements	07-23	5/8/2023	2,278,500.00		\$ 2,078,645.00	\$ 199,855.00	593,428.79	1,685,071.21	
Real Property and Land Acquisition	12-23	6/12/2023	1,000,000.00			1,000,000.00	383,504.60	616,495.40	
				<u>\$ 3,642,893.49</u>	<u>\$ 2,078,645.00</u>	<u>\$ 1,199,855.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 2,324,533.31</u>	<u>\$ 3,596,860.18</u>

Ref.

C

C

Capital Fund Balance \$ 1,000,000.00
 Reserve for Main Street Improvements 50,000.00
 Grants Receivable:
 New Jersey Department of Transportation:
 Transportation Trust Fund 149,855.00
\$ 1,199,855.00

Capital Fund Balance \$ 1,000,000.00

Cash Disbursed \$ 2,337,412.30
 Less: Improvement Authorization Refunds 12,878.99
\$ 2,324,533.31

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	C	\$ 184,532.82
Increased by:		
2023 Budget Appropriation		1,978,645.00
		<u>2,163,177.82</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		2,078,645.00
		<u>2,078,645.00</u>
Balance December 31, 2023	C	<u><u>\$ 84,532.82</u></u>

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
WATER UTILITY FUND

BOROUGH OF WHARTON
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2022	D	\$ 1,727,241.10	\$ 2,169,273.97
Increased by Receipts:			
Water Utility Collector		\$ 2,884,049.06	
Due Water Utility Capital Fund:			
Interest Earned		109,560.86	
Interest Earned		23,271.78	
American Rescue Plan Grant		11,878.50	
Budget Appropriation:			
Capital Improvement Fund			\$ 775,000.00
Due Water Utility Operating Fund:			
Interest Earned			109,560.86
		<u>3,028,760.20</u>	<u>884,560.86</u>
		4,756,001.30	3,053,834.83
Decreased by Disbursements:			
2023 Appropriation Expenditures		2,431,837.48	
2022 Appropriation Reserve Expenditures		98,395.60	
Accrued Interest on NJIB Loan		430.88	
Fund Balance Anticipated in Current Fund		185,000.00	
Due Water Utility Operating Fund:			
Interest Earned			109,560.86
Improvement Authorizations			400,171.99
		<u>2,715,663.96</u>	<u>509,732.85</u>
Balance December 31, 2023	D	<u>\$ 2,040,337.34</u>	<u>\$ 2,544,101.98</u>

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2023

Increased by Receipts:

Consumer Accounts Receivable:

Water Rents	\$ 2,845,091.73
Miscellaneous Revenue	27,295.62
Total Consumer Accounts Receivable	<u>2,872,387.35</u>

Water Rent Overpayments

11,661.71
<u>2,884,049.06</u>

Decreased by Disbursements:

Paid to Treasurer	<u>\$ 2,884,049.06</u>
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BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance Dec. 31, 2023
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 248,462.37							\$ 248,462.37
Capital Improvement Fund	600,229.48	\$ 775,000.00			\$ 1,225,000.00			150,229.48
Due Federal and State Grant Fund					666,634.01			(666,634.01)
Due Water Utility Operating Fund			\$ 109,560.86		\$ 109,560.86			
Reserve for Sterling Street WaterTank Rehabilitation						\$ 666,634.01		666,634.01
<u>Ordinance</u>	<u>Date</u>	<u>No.</u>	<u>Improvement Authorizations</u>					
	5/6/2019	12-19	Supervisory Control and Data Acquisition (SCADA) System	\$ 4,036.75				18.64
	2/24/2020	03-20	East Dewey Avenue Water Main	205,000.00				79,997.89
	4/20/2020	08-20	Water System Improvements	46,767.72				85,134.02
	9/28/2020	14-20	Supervisory Control and Data Acquisition (SCADA) System					7,698.30
	6/28/2021	14-21	Single Axle Dump Truck					2,438.80
	3/28/2022	05-22	Water System Improvements					500,000.00
	6/13/2022	13-22	Water System Improvements	15,068.90				374,421.10
	5/8/2023	08-23	Water System Improvements	129,298.62			1,225,000.00	1,095,701.38
				\$ 400,171.99	\$ 109,560.86	\$ 1,891,634.01	\$ 1,891,634.01	\$ 2,544,101.98

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 211,052.60
Increased by:		
Water Rents Levied	\$ 2,813,432.82	
Miscellaneous Fees Levied	27,295.62	
		2,840,728.44
		3,051,781.04
Decreased by:		
Collections:		
Water Rents:		
Received	\$ 2,845,091.73	
Overpayments Applied	8,952.07	
		2,854,043.80
Miscellaneous Fees	27,295.62	
		2,881,339.42
Balance December 31, 2023	D	\$ 170,441.62

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2022	D	<u>\$ 16,204,844.58</u>
Balance December 31, 2023	D	<u><u>\$ 16,204,844.58</u></u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	No.	Ordinance		Balance Dec. 31, 2022	2023 Authorizations	Balance Dec. 31, 2023
		Date	Amount			
Supervisory Control and Data Acquisition (SCADA) System	12-19	5/6/2019	\$ 300,000.00	\$ 300,000.00		\$ 300,000.00
East Dewey Avenue Water Main	03-20	2/24/2020	500,000.00	500,000.00		500,000.00
Water System Improvements	08-20	4/20/2020	250,000.00	250,000.00		250,000.00
Supervisory Control and Data Acquisition (SCADA) System	14-20	9/28/2020	300,000.00	300,000.00		300,000.00
Single Axle Dump Truck	14-21	6/28/2021	225,000.00	225,000.00		225,000.00
Water System Improvements	05-22	3/28/2022	500,000.00	500,000.00		500,000.00
Water System Improvements	13-22	6/13/2022	400,000.00	400,000.00		400,000.00
Water System Improvements	08-23	5/8/2023	1,225,000.00	\$ 1,225,000.00		1,225,000.00
				<u>\$ 2,475,000.00</u>	<u>\$ 1,225,000.00</u>	<u>\$ 3,700,000.00</u>

Ref. D D

BOROUGH OF WHARTON
WATER UTILITY OPERATING FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 103,265.22	\$ 103,265.22		\$ 103,265.22
Other Expenses	448,278.13	448,278.13	\$ 98,395.60	349,882.53
Capital Improvements:				
Capital Outlay	60,000.00	60,000.00		60,000.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	10,719.53	10,719.53		10,719.53
	<u>\$ 622,262.88</u>	<u>\$ 622,262.88</u>	<u>\$ 98,395.60</u>	<u>\$ 523,867.28</u>

Ref.

Analysis of Balance December 31, 2022:

Appropriation Reserves:		
Unencumbered	D	\$ 601,556.70
Encumbered	D	20,706.18
		<u>\$ 622,262.88</u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	No.	Date	Ordinance	Amount	Balance		2023		Paid or Charged	Balance Dec. 31, 2023
					Dec. 31, 2022	Funded	Authorizations			
					Funded	Improvement Fund	Capital	Funded		
Supervisory Control and Data Acquisition (SCADA) System	12-19	5/6/2019	\$ 300,000.00	\$ 4,055.39	\$ 4,036.75	\$ 18.64				
East Dewey Avenue Water Main	03-20	2/24/2020	500,000.00	284,997.89	205,000.00	79,997.89				
Water System Improvements	08-20	4/20/2020	250,000.00	131,901.74	46,767.72	85,134.02				
Supervisory Control and Data Acquisition (SCADA) System	14-20	9/28/2020	300,000.00	7,698.30						
Single Axle Dump Truck	14-21	6/28/2021	225,000.00	2,438.80						
Water System Improvements	05-22	3/28/2022	500,000.00	500,000.00						
Water System Improvements	13-22	6/13/2022	400,000.00	389,490.00	15,068.90	374,421.10				
Water System Improvements	08-23	5/8/2023	1,225,000.00		129,298.62	1,095,701.38				
				\$ 1,320,582.12	\$ 400,171.99	\$ 2,145,410.13				
				\$ 1,225,000.00	\$ 1,225,000.00	\$ 2,145,410.13				

Ref. D

D

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 600,229.48
Increased by:		
2023 Budget Appropriation		775,000.00
		<u>1,375,229.48</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>1,225,000.00</u>
Balance December 31, 2023	D	<u><u>\$ 150,229.48</u></u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 16,128,190.07
Increased by:		
Paid by Water Utility Operating Budget:		
NJIB Loan		<u>25,975.92</u>
Balance December 31, 2023	D	<u><u>\$ 16,154,165.99</u></u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Improvement Description	Ordinance		Balance	2023	Balance
	No.	Date	Dec. 31, 2022	Authorizations	Dec. 31, 2023
Supervisory Control and Data Acquisition (SCADA) System	12-19	5/6/2019	\$ 300,000.00		\$ 300,000.00
East Dewey Avenue Water Main	03-20	2/24/2020	500,000.00		500,000.00
Water System Improvements	08-20	4/20/2020	250,000.00		250,000.00
Supervisory Control and Data Acquisition (SCADA) System	14-20	9/28/2020	300,000.00		300,000.00
Single Axle Dump Truck	14-21	6/28/2021	225,000.00		225,000.00
Water System Improvements	05-22	3/28/2022	500,000.00		500,000.00
Water System Improvements	13-22	6/13/2022	400,000.00		400,000.00
Water System Improvements	08-23	5/8/2023		\$ 1,225,000.00	1,225,000.00
			<u>\$ 2,475,000.00</u>	<u>\$ 1,225,000.00</u>	<u>\$ 3,700,000.00</u>
			<u>Ref.</u>	D	D

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY INFRASTRUCTURE BANK
(NJIB) LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2022	D	\$ 76,654.51
Decreased by:		
Principal Matured		<u>25,975.92</u>
Balance December 31, 2023	D	<u><u>\$ 50,678.59</u></u>

Schedule of Principal and Interest Payments Outstanding December 31, 2023

<u>Payment Number</u>	<u>Due</u>	<u>Fund Loan Principal</u>	<u>Trust Loan Principal</u>	<u>Trust Loan Interest</u>	<u>Loan Balance</u>
					\$ 50,678.59
36	2/1/2024	\$ 424.48		\$ 656.25	50,254.11
37	8/1/2024	10,126.96	\$ 15,000.00	656.25	25,127.15
38	2/1/2025	212.24		328.13	24,914.91
39	8/1/2025	9,914.91	15,000.00	328.13	
		<u>\$ 20,678.59</u>	<u>\$ 30,000.00</u>	<u>\$ 1,968.76</u>	

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
SEWER UTILITY FUND

BOROUGH OF WHARTON
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2022	E	\$ 1,395,704.99	\$ 1,039,161.39
Increased by Receipts:			
Sewer Utility Collector		\$ 2,091,648.70	
Due Sewer Utility Capital Fund:			
Interest Earned		53,516.20	
Interest Earned		20,569.24	
Budget Appropriation:			
Capital Improvement Fund			\$ 465,000.00
Due Sewer Utility Operating Fund:			
Interest Earned			53,516.20
		<u>2,165,734.14</u>	<u>518,516.20</u>
		3,561,439.13	1,557,677.59
Decreased by Disbursements:			
2023 Appropriation Expenditures		1,850,810.66	
2022 Appropriation Reserve Expenditures		28,632.16	
Contracts Payable		14,000.00	
Fund Balance Anticipated in Current Fund		137,000.00	
Due Sewer Utility Operating Fund:			
Interest Earned			53,516.20
Improvement Authorizations			122,844.06
		<u>2,030,442.82</u>	<u>176,360.26</u>
Balance December 31, 2023	E	<u>\$ 1,530,996.31</u>	<u>\$ 1,381,317.33</u>

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2023

Increased by Receipts:

Consumer Accounts Receivable:

Sewer User Charges	\$ 2,071,232.03
Miscellaneous Revenue	8,720.96
Total Consumer Accounts Receivable	<u>2,079,952.99</u>

Sewer User Charge Overpayments	11,695.71
	<u>2,091,648.70</u>

Decreased by Disbursements:

Paid to Treasurer	<u>\$ 2,091,648.70</u>
-------------------	------------------------

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 76,982.43
Increased by:		
Sewer Rents Levied		\$ 2,078,198.40
Miscellaneous Fees Levied		8,720.96
		2,086,919.36
		2,163,901.79
Decreased by:		
Collections:		
Sewer User Charges:		
Received		2,071,232.03
Overpayments Applied		9,724.81
		2,080,956.84
Miscellaneous Fees		8,720.96
		2,089,677.80
Balance December 31, 2023	E	\$ 74,223.99

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2022	E	<u>\$ 6,278,372.60</u>
Balance December 31, 2023	E	<u><u>\$ 6,278,372.60</u></u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>			<u>Balance</u>	<u>2023</u>	<u>Balance</u>
	<u>No.</u>	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2022</u>	<u>Authorizations</u>	<u>Dec. 31, 2023</u>
Sewer System Improvements	06-22	3/28/2022	\$ 400,000.00	\$ 400,000.00		\$ 400,000.00
Sewer System Improvements	12-22	6/13/2022	65,000.00	65,000.00		65,000.00
Sewer System Improvements	09-23	5/8/2023	465,000.00		\$ 465,000.00	465,000.00
				<u>\$ 465,000.00</u>	<u>\$ 465,000.00</u>	<u>\$ 930,000.00</u>
			<u>Ref.</u>	E		E

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	<u>Balance Dec. 31, 2022</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 101,273.00	\$ 101,273.00		\$ 101,273.00
Other Expenses	454,489.68	454,489.68	\$ 28,632.16	425,857.52
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	15,815.05	15,815.05		15,815.05
	<u>\$ 571,577.73</u>	<u>\$ 571,577.73</u>	<u>\$ 28,632.16</u>	<u>\$ 542,945.57</u>

Ref.

Analysis of Balance December 31, 2022:

Appropriation Reserves:			
Unencumbered	E	\$ 564,083.96	
Encumbered	E	7,493.77	
		<u>\$ 571,577.73</u>	

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2023

Improvement Description	Ordinance			Balance Dec. 31, 2022 Funded	2023 Authorizations	Paid or Charged	Balance Dec. 31, 2023 Funded
	No.	Date	Amount		Capital Improvement Fund		
Sewer System Improvements	06-22	3/28/2022	\$ 400,000.00	\$ 400,000.00		\$ 122,844.06	\$ 277,155.94
Sewer System Improvements	12-22	6/13/2022	65,000.00	65,000.00			65,000.00
Sewer System Improvements	09-23	5/8/2023	465,000.00		\$ 465,000.00		465,000.00
				<u>\$ 465,000.00</u>	<u>\$ 465,000.00</u>	<u>\$ 122,844.06</u>	<u>\$ 807,155.94</u>
				<u>Ref.</u>	E		E

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2022	E	\$ 573,569.47
Increased by:		
2023 Budget Appropriation		465,000.00
		1,038,569.47
Decreased by:		
Appropriated to Finance Improvement Authorizations		465,000.00
		465,000.00
Balance December 31, 2023	E	\$ 573,569.47

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2022	E	<u>\$ 6,278,372.60</u>
Balance December 31, 2023	E	<u><u>\$ 6,278,372.60</u></u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>2023</u>	<u>Balance</u>
	<u>No.</u>	<u>Date</u>	<u>Dec. 31, 2022</u>	<u>Authorizations</u>	<u>Dec. 31, 2023</u>
Sewer System Improvements	06-22	3/28/2022	\$ 400,000.00		\$ 400,000.00
Sewer System Improvements	12-22	6/13/2022	65,000.00		65,000.00
Sewer System Improvements	09-23	5/8/2023		\$ 465,000.00	465,000.00
			<u>\$ 465,000.00</u>	<u>\$ 465,000.00</u>	<u>\$ 930,000.00</u>
		<u>Ref.</u>	E		E

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2023

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2023
SPECIAL GARBAGE DISTRICT FUND

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2022	H	\$ 926,971.17
Increased by Receipts:		
Due Current Fund - District Taxes		\$ 1,341,882.50
Miscellaneous Revenue		41,356.48
		1,383,238.98
		2,310,210.15
Decreased by Disbursements:		
2023 Appropriation Expenditures		1,203,028.84
2022 Appropriation Reserve Expenditures		37,014.92
		1,240,043.76
Balance December 31, 2023	H	\$ 1,070,166.39

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF DISTRICT TAXES RECEIVABLE
YEAR ENDED DECEMBER 31, 2023

Increased by:	
2023 Tax Levy	\$ 1,341,882.50
Decreased by:	
Received from Current Fund	<u>\$ 1,341,882.50</u>

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF 2022 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 20,918.38	\$ 20,918.38		\$ 20,918.38
Other Expenses	73,254.60	73,254.60	\$ 35,050.92	38,203.68
Group Insurance for Employees	78,243.75	78,243.75		78,243.75
Capital Projects	55,000.00	55,000.00	55,000.00	
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	6,659.75	6,659.75		6,659.75
	<u>\$ 234,076.48</u>	<u>\$ 234,076.48</u>	<u>\$ 90,050.92</u>	<u>\$ 144,025.56</u>

Ref.

Analysis of Balance December 31, 2022:

Appropriation Reserves:			
Unencumbered	H	\$ 224,640.54	
Encumbered	H	9,435.94	
		<u>\$ 234,076.48</u>	

Cash Disbursed	\$ 37,014.92
Other Accounts Payable	53,036.00
	<u>\$ 90,050.92</u>

BOROUGH OF WHARTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2023

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

Federal Department/ Pass Through Grantor/Cluster Title	Assistance Listing Number	State Program Account Number	Program	Project	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO	
							From	To		Cumulative Total Expenditures	Amounts Provided to Subrecipients
U.S. Department of Housing and Urban Development CDBG - Entitlement Grants Cluster (Passed through Morris County Office of Community Development)	14.218	N/A	Community Development Block Grant	Library Parking Lot Improvements	\$ 80,000.00	\$ 80,000.00	01/01/21	12/31/21	\$ - 0 -	80,000.00	\$ - 0 -
Total U.S. Department of Housing and Urban Development					\$ 80,000.00	80,000.00			\$ - 0 -	80,000.00	\$ - 0 -
U.S. Department of Transportation: Highway Planning and Construction Cluster: (Passed through NJ Department of Transportation)	20.205	480-078-6300- HSP-378367	Transportation Alternatives Program	Morris Canal Lock 2 East	1,123,060.00		2/8/21	12/31/23	87,468.58	1,123,060.00	
Subtotal Highway Planning and Construction Cluster						-0-			87,468.58	1,123,060.00	
Total U.S. Department of Transportation						-0-			87,468.58	1,123,060.00	-0-
US Department of Treasury: Passed through NJ Department of Community Affairs	21.027	100-022-8030- 687-046010	COVID-19 - American Rescue Plan Act: Firefighter Grant Progr	N/A	35,000.00		01/01/23	12/31/23	35,000.00	35,000.00	-0-
Total U.S. Department of Treasury									35,000.00	35,000.00	-0-
TOTAL FEDERAL AWARDS						\$ 80,000.00			\$ 122,468.58	\$ 1,238,060.00	\$ - 0 -

N/A - Not Applicable/Available.

BOROUGH OF WHARTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO Cumulative Total Expenditures
					From	To		
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-178910	\$ 11,072.40		01/01/18	12/31/23	\$ 895.92	\$ 11,072.40
			11,860.15		01/01/21	12/31/23	2,983.76	11,860.15
			12,824.45		01/01/22	12/31/24	3,542.62	4,797.62
			14,384.22	\$ 14,384.22	01/01/23	12/31/24		
			14,384.22				7,422.30	27,730.17
	Water Resources Monitoring and Planning - Constitutional Dedication: Stormwater Assistance	100-042-4850-099-290400	15,000.00		01/01/23	12/31/24		
	Recycling Tonnage Grant	752-042-4900-004-178840	24,333.97	24,333.97	01/01/22	12/31/22	24,333.97 *	24,333.97
	Total Department of Environmental Protection			39,333.97			24,333.97	24,333.97
Department of Law and Public Safety	Safe and Secure Communities Program	100-066-1020-232-090940	30,000.00	5,850.00	10/01/21	09/30/23	5,850.00	16,200.00
			30,000.00	10,395.00	10/01/22	09/30/24	10,395.00	10,395.00
				16,245.00			16,245.00	26,595.00
			61,395.10	- 0 -	01/01/19	12/31/24	14,171.75	47,068.44
	Drunk Driving Enforcement Fund	100-066-1110-260-YYYY					14,171.75	47,068.44
	Body Armor Replacement Fund	718-066-1020-001-090160	1,298.89		01/01/22	12/31/23	1,298.89	1,298.89
		001-090160	1,842.93		01/01/22	12/31/23	1,842.93	1,842.93
		001-090160	2,099.70	2,099.70	01/01/23	12/31/24		
				2,099.70			3,141.82	3,141.82
	Body-Worn Camera Grant Program	495-066-1020-100-092120	48,912.00		01/01/21	12/31/24	44,852.30	44,852.30
	Total Department of Law and Public Safety			18,344.70			78,410.87	121,657.56

* - Expended in prior year(s).

BOROUGH OF WHARTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023
 (Continued)

State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO Cumulative Total Expenditures
					From	To		
Department of Treasury (Passed through the County of Morris)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance Program	100-082-2000-	\$ 6,711.00	\$ 2,000.00	07/01/22	12/31/23		\$ 2,000.00
		044-995120	6,711.00	2,000.00	07/01/23	12/31/24	\$ 6,711.00	6,711.00
	Total Department of Treasury		2,000.00				6,711.00	8,711.00
Department of Health and Senior Services	Alcohol Education, Rehabilitation and Enforcement Fund (Trust)	760-098-9735-	259.59	259.59	01/01/23	12/31/24		
		001-060000					-0-	
	Total Department of Health and Senior Services			259.59			-0-	
Department of Transportation	NJ Municipal Trust Fund Authority Act	480-078-6320-	231,700.00		01/01/21	12/31/23	231,700.00	231,700.00
		AM2-605178						
		480-078-6320-	271,200.00	203,400.00	01/01/23	12/31/24		
	Total Department of Transportation			203,400.00		231,700.00	231,700.00	
	TOTAL STATE AWARDS			\$ 263,338.26		\$ 341,155.84	\$ 386,402.53	

* - Expended in prior year(s).

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF WHARTON
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2023

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the “Schedules”) includes the federal and state grant activity of the Borough of Wharton under programs of the federal and state governments for the year ended December 31, 2023. The information in these schedules is presented in accordance with the requirements of the 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough of Wharton, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough of Wharton.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

D. STATE LOAN OUTSTANDING

The Borough of Wharton has the following loan outstanding as of December 31, 2023:

Water Utility Capital Fund:

NJIB Loan	<u>\$ 50,679</u>
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The project which relates to the above loan is complete and there were no current year receipts or expenditures on the loan.

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 Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Borough of Wharton, in the County of Morris (the "Borough") as of, and for the years ended, December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated June 10, 2024. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the 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 or significant deficiencies may exist that were not identified.

The Honorable Mayor and Members
of the Borough Council
Borough of Wharton
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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

Mount Arlington, New Jersey
June 10, 2024

NISIVOCCIA LLP

Raymond A. Sarinelli

Raymond A. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 563

BOROUGH OF WHARTON
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2023 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold.

BOROUGH OF WHARTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2023

The Borough had no prior year audit findings.

BOROUGH OF WHARTON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, C.198 (N.J.S. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Borough of Wharton has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS
 (Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

On January 3, 2023, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

BE IT RESOLVED by the Borough Council of the Borough of Wharton, Morris County, New Jersey, that the rate of interest to be paid upon delinquent taxes and utility charges for the year 2023 shall be fixed at the rate of 8% per annum to \$1,500 and any amount in excess of \$1,500 shall be fixed at the rate of 18% per annum. However, interest shall not be collected upon taxes and utility charges that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000 at year end.

It appears from a test of the Tax Collector's and Water and Sewer Utility Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 12, 2023 and all eligible properties were transferred to lien.

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

Year	Number of Liens
2023	10
2022	11
2021	12

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Accounting Requirements Under New Jersey Administrative Code

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough currently maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger system.

Municipal Court

Wharton Municipal Court is served by another municipality as a Shared Municipal Court. The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2023.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	Balance Dec. 31, 2022	Receipts	Disbursements	Balance Dec. 31, 2023
Municipal Treasurer:				
Fines and Fees	\$ 9,055.06	\$ 161,257.36	\$ 160,440.29	\$ 9,872.13
Parking Offense Adjudication Act	14.00	258.00	264.00	8.00
Public Defender		4,050.00	3,850.00	200.00
State Treasurer	7,435.18	101,703.84	103,593.73	5,545.29
County Treasurer	3,975.00	70,041.00	69,966.50	4,049.50
Weights and Measures	3,200.00	50,550.00	48,350.00	5,400.00
Restitution		2,500.00	2,500.00	
Conditional Dismissal/Discharge	75.00	670.00	615.00	130.00
Bail Account	2,100.00	35,205.00	33,155.00	4,150.00
	<u>\$ 25,854.24</u>	<u>\$ 426,235.20</u>	<u>\$ 422,734.52</u>	<u>\$ 29,354.92</u>

During our review of the tickets assigned but not issued report, it was noted that there were tickets assigned to officers that were older than six months and had not yet been issued. It is recommended that all Municipal Court tickets assigned be recalled and reissued to officers if they have not been issued in a six-month period.

Management's Response

The Municipal Court will ensure that all tickets assigned be recalled and reissued to officers if they have not been issued in a six-month period.

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions:

Other Trust Funds – Police Outside Duty

The billings and collections activity for police salaries for special outside duties are not always occurring prior to the performance of services and payments of salaries to the police officers which is not in accordance with Local Finance Notice 2000-14, however the Borough switched to an outside service to ensure compliance with Local Finance Notice 2000-14.

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 101, *Compensated Absences*, is effective for the year ended December 31, 2024. This statement requires that the liability for compensated absences to be calculated for 1 – leave that has not been used and 2 – leave that has been used but not yet paid. The liability should be recognized for leave that has not been used if (a) – the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. The Statement directs that for leave that has not been used the calculation should generally use an employee’s pay rate as of the date of the financial statements.

COVID-19 Federal Funding

It is possible that the Borough will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Borough ensures that these funds are utilized in accordance with the applicable federal requirements, especially with respect to procurement. Additionally, we strongly suggest that the Borough ensures that these funds are separately accounted for in the Borough’s accounting records and that any applicable Borough policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

The American Rescue Plan funding must be obligated by December 31, 2024 and the liquidation of the obligation must be completed by December 31, 2026.

Grants Receivable

It is suggested that the Borough continue to monitor federal and state capital grants for collection.

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions: (Cont'd)

Accrued Sick and Vacation Benefits

It is suggested that the Borough continue to review all its negotiated labor contracts, individual employee arrangements and employee policies, as applicable, to ensure they are in accordance with New Jersey statutes regarding unused sick and vacation leave.

Status of Prior Year Recommendations

The prior year recommendation with regard to Municipal Court tickets assigned being recalled and reissued to officers if they have not been issued in a six-month period was not resolved and is included in the current year report.

BOROUGH OF WHARTON
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. All Municipal Court tickets assigned be recalled and reissued to officers if they have not been issued in a six-month period.

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